

10/10/67  
ART 15  
657.3

The Highlands and Islands Development Board has been set up by Act of Parliament to assist in the economic and social development of the area. This will provide new opportunities and jobs.

# Highlands and Islands Development Board

## First Report

(1st November 1965 to 31st December 1966)

Presented to Parliament in pursuance of Section 3 (1e) of the  
Highlands and Islands Development (Scotland) Act, 1965



- Key
- (1) Shetland
  - (2) Orkney
  - (3) Caithness
  - (4) Sutherland
  - (5) Ross and Cromarty
  - (6) Inverness
  - (7) Argyll
  - (8) Skye
  - (9) Outer Hebrides
  - (0) No special preference

INVERNESS  
HIGHLANDS AND ISLANDS DEVELOPMENT BOARD  
1967

IN CONFIDENCE

Telephone: INVERNESS 24171  
STD ON3

**HIGHLANDS AND ISLANDS DEVELOPMENT BOARD**  
6 CASTLE WYND, INVERNESS

This is a form in reply to your enquiry indicating interest in obtaining employment either within the Board organisation, or with a prospective employer negotiating with the Board for personnel to work in the area outlined on the reverse side of this form. The completion of this form and its details will be maintained in confidence until your approval to grant open discussions regarding likely employment. Completion of the form is by way of an acknowledgement of the Board's interest in you, and does not constitute an offer of employment. There will be no immediate acknowledgement of the completed form, but you will receive a letter periodically to outline the Board's activities. (PRINT THROUGHOUT IN INK OR BLACK BIRO: DELETE THE TEXT IN BOXES WHEN NOT APPLICABLE)

**GENERAL**

Surname: ..... Date form completed: .....

Full Christian Name(s): .....

Regular Address: .....

Telephone No.: ..... Date of Birth: ..... Sex  M  F

Marital Status  Single  Married  Widowed

Registered Disabled  Yes  No

Years of Birth Sex  M/F 

--	--	--	--	--	--	--	--	--	--

 Children

**EXPERIENCE**

Occupation(s)	No. of yrs	Brief general comments

Have you served an apprenticeship?  Yes  No

Academic Qualification(s) .....

Membership of Trade Union/Professional Association(s) .....

**REQUIREMENTS To meet from my present position I require:--**

- A house to  Rent  Buy with a total number  of main rooms
- Previously employment situated in area reference number  (as shown on the other side of this sheet)
- I am  Not  an ex-army Highlander. I have spent  years in the Highlands.
- I am  Not  in agreement that this form be used by The Ministry of Labour Offices.

The Highlands and Islands Development Board would like to thank you for your interest in completing this form which should be sent, with all relevant future amendments, to:--

Signature: .....

*Project*  
**COUNTERDRIFT**

6 CASTLE WYND,  
INVERNESS, SCOTLAND

For Official Use Only

Grants and Loans Applications Received, Approved, etc., to  
31st December 1966

	No.	Loans £	Grants £	Social £	Total £	Additional Employment Forecast
<i>Applications Received</i>						
Manufacturing . . . . .	55	365,567	61,970		427,537	
Tourism . . . . .	167	666,553	170,953	5,345	842,851	
Others . . . . .	227	772,138	107,562	3,400	883,100	
	449	1,804,258	340,485	8,745	2,153,488	
<i>Applications Approved</i>						
Manufacturing . . . . .	24	169,530	24,433	—	193,963	303
Tourism . . . . .	65	221,440	70,894	2,945	295,279	280
Others . . . . .	87	317,665	30,985	400	349,050	441
	176	708,635	126,312	3,345	838,292	1,024
<i>Applications Refused</i>						
Manufacturing . . . . .	3	3,700	700	—	4,400	
Tourism . . . . .	19	88,300	3,062	—	91,362	
Others . . . . .	30	99,780	12,330	2,000	114,110	
	52	191,780	16,092	2,000	209,872	
<i>Applications Withdrawn</i>						
Manufacturing . . . . .	5	40,300	5,848	—	46,148	
Tourism . . . . .	23	73,880	10,246	—	84,126	
Others . . . . .	29	70,465	22,921	—	93,386	
	57	184,645	39,015	—	223,660	
<i>Amounts Paid</i>						
Manufacturing . . . . .		120,230	11,102	—	131,332	
Tourism . . . . .		128,750	7,588	—	136,338	
Others . . . . .		123,910	3,638	—	127,548	
		372,890	22,328	—	395,218	

To the Right Honourable  
WILLIAM ROSS, M.B.E., M.P.,  
*Her Majesty's Secretary of State  
for Scotland*

Sir,

I have the honour to present the First Report of the Highlands and Islands Development Board for the period 1st November 1965 to 31st December 1966.

I am, Sir,

Your obedient Servant,

(Sgd.) ROBERT GRIEVE  
*Chairman*

Highlands and Islands Development Board,  
6 Castle Wynd,  
INVERNESS.  
May 1967

*Appendix X*

**Summary of Scheme of Financial Assistance under Section 8 of the Highlands and Islands Development (Scotland) Act 1965**

1. **Eligibility.** Financial assistance by way of loan or grant or both may be given "to any person carrying on or proposing to carry on any industrial, commercial or other undertaking or any activity which in the opinion of the Board will contribute to the economic or social development of the Highlands and Islands". This, generally, means that projects to qualify for grant-aid should be located wholly or partly within the Board's region. Assistance may be given either for "economic" projects (which will normally be industrial or commercial ventures) or "non-economic" projects (which will normally be for social purposes).
2. **Financial and Other Limitations.** Normally the Board's scheme is limited to applications where the extent of the total assistance asked for does not exceed £25,000. Applications for larger sums are intended to be submitted, as before, to the Board of Trade under the Local Employment Acts. This limitation is to be the subject of review in the light of administering the scheme.
3. Applicants will not be eligible to receive assistance both from the Highlands and Islands Development Board and from the Board of Trade for the same project at the same time. No application for a project rejected by the Board of Trade will be considered by the Highlands and Islands Development Board within a period of twelve months from the date of the Board of Trade's rejection.
4. **Assistance for Economic Projects.** Financial help is divided into two categories viz., (a) "normal" assistance and (b) "special" or supplementary assistance.
5. **Building Grant** can be applied for at the standard Local Employment Act rate (at present 25% or 35% of approved cost according to circumstances) for new constructions or for extensions or substantial modifications to existing buildings provided there are development implications.
6. **Building Loans** (of up to 80% of approved cost) can be advanced, repayable normally over a period of up to 15 years for the same kind of work as is eligible for grants. (Note: applicants may apply *either* for a building grant *or* a building loan; they cannot get both for the same building work).
7. **Plant and Equipment Loans**, repayable normally over a 5 year period, can be advanced on the cost of essential approved items, less any grant assistance which may be obtained from other Government sources.
8. **Working Capital Loans** related to expansion, development or reorganisation, and repayable normally over a period of 5 years, can be given.
9. **Special Assistance.** This is available for suitable projects by way of grant-aid only. All cases are considered very carefully on their merits, but generally, the Board expect that to be successful, applications for "special" grant-aid must satisfy all the following criteria — given the assistance asked for, the project shows reasonable prospects of eventual economic success; the project is not likely to develop or succeed if only "normal" assistance is given; the project is needed to ensure the proper development of the area in which it is to be located.
10. Other factors which are taken into account are whether there are any special cost features (e.g. special training needs not met from normal sources of financial help, high cost of building or equipping because of remoteness) or whether the project is of special significance and potential for the development of ancillary and other enterprises in the area where it is to be located.
11. **Employment Implications.** No application for assistance for an "economic" project can be favourably considered by the Board unless the project results in additional employment for people living in the Highlands and Islands; or is necessary to prevent unemployment in the region. In considering applications the Board must have regard to the amount of assistance requested in relation to the number of new jobs likely to be created.
12. **Assistance for Non-economic Projects.** Financial help by way of grant or loan may be made for projects which are non-economic, i.e. which are social or partly social in character.
13. Detailed procedures have been worked out by the Board for the proper administration of the scheme, and conditions relative to the granting of applications have been formulated. The Board are willing to advise intending applicants on these procedures and conditions.

## LIAISON

The following list of bodies met by the Board, which does not claim to be exhaustive, indicates the range of the Board's activities.

Scottish and U.K. Government Departments  
 Highland Local Authorities, including County, District and Burgh Councils  
 Aberdeen County Council  
 Northern Burghs Association  
 United Kingdom Atomic Energy Authority, Reactor Group  
 North of Scotland Hydro-Electric Board  
 Highland Transport Board  
 British Transport Docks Board  
 Scottish Council (Development and Industry)  
 Local Development Associations  
 Scottish Trades Union Congress  
 Scottish Tourist Board  
 British Travel Association  
 Scottish Council of Physical Recreation  
 British Federation of Sea Anglers  
 British Federation of Land and Sand Yacht Clubs  
 Herring Industry Board  
 White Fish Authority (Committee for Scotland and Northern Ireland)  
 Fishermen's Associations and Societies  
 Crofters Commission  
 Federation of Crofters Unions  
 Scottish Landowners Federation  
 Agricultural Colleges  
 Scottish Agricultural Organisation Society Ltd.  
 Scottish Agricultural Improvement Council  
 Agricultural Research Institutes  
 Hill Farming Research Organisation  
 National Trust for Scotland  
 Nature Conservancy  
 Scottish Council of Social Service and Local Councils of Social Service  
 Universities (Edinburgh, Strathclyde, Aberdeen)  
 An Comunn Gaidhealach  
 Highland Fund Ltd.

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**MEMBERSHIP OF HIGHLANDS AND ISLANDS DEVELOPMENT  
CONSULTATIVE COUNCIL**

(Showing membership of the various sub committees)

**CHAIRMAN**

The Hon. Lord Cameron, D.S.C., LL.D.

**MEMBERS**

R. H. W. Bruce, Esq.	Local Government Sub Committee
W. F. Dunnett, J.P.	Education Sub Committee/
W. Fraser, M.B.E.	Roads Sub Committee
J. F. A. Gibson, C.A.	Roads Sub Committee
J. S. Grant, O.B.E., M.A., J.P.	Local Government Sub Committee

I. R. Hilleary, J.P.	Roads Sub Committee
Dr J. M. Holm, B.Sc., Ph.D.	Local Government Sub Committee
A. N. S. Kinnear, V.K.D., B.Sc.	Roads Sub Committee
A. MacDonald, Esq.	Roads Sub Committee

J. MacDonald, Esq.	Roads Sub Committee
Dr J. C. MacGown, D.F.C., M.D.	Local Government Sub Committee

A. I. MacIntyre, Esq.	Education Sub Committee
I. H. MacKay, Esq.	Education Sub Committee/
W. J. MacKay, Esq.	Roads Sub Committee
Farguhar Macintosh, M.A.	Education Sub Committee
Charles MacLeod, M.A.	Education Sub Committee

Miss K. B. Matheson	Education Sub Committee
D. I. MacMillan, Esq.	Education Sub Committee
J. G. Mathieson, C.B.E., M.C., J.P.	Local Government Sub Committee/
Lady N. Mitchison	Roads Sub Committee
T. Nicolson, B.Sc., C.Eng., A.M.I.E.E.	Local Government Sub Committee

W. P. Reid, Esq.	Local Government Sub Committee
Col. H. W. Scarth, J.P.	Local Government Sub Committee/
J. Sinclair, M.B.E., J.P.	Roads Sub Committee
W. Sinclair, J.P.	Local Government Sub Committee
W. Scholes, Esq.	Local Government Sub Committee
E. Thomason, Esq.	Local Government Sub Committee
Sir Francis W. Walker, C.B.E., J.P.	Education Sub Committee
R. D. Winton, C.A.	Education Sub Committee

# Foreword

from the chairman, Professor Robert Grieve.

1. The Scot easily falls into a belief that he and his attitudes are of world interest. He certainly has a world image, some facets of which are truly admirable but a great number of which are either romantic or out of date to the point of standing in the path of his true progress.
2. It is therefore easy to flatter ourselves that an experiment in regional development such as the Board is carrying out is of world interest. However, such a statement is absolutely and strictly true.
3. It is essential that we should realise this, all of us in Britain, and recognise that the Board is setting out to do a job now recognised as one of the important preoccupations of government in western civilisation. The job is to tackle the areas of their countries that the various revolutions in agriculture, industry and technology have passed by. In all cases, almost everywhere that one can think of, these countries wish to "develop" such areas but, at the same time, have strong emotional feelings about a way of life in them which has its virtues and values, dimly seen to be necessary ingredients in any healthy society.
4. Whether the areas, as in the United States, are called "poverty areas", whether, as in the south of Italy, with its *Cassa per il Mezzogiorno*, the problem affects a congested and poor people living in the conditions of the last century; whether, as in Norway and similar countries, the problem is of small numbers of people holding down, and keeping civilised, enormous areas of difficult territory; whether, as in Holland, it is the attempt to do "land consolidation" schemes to bring backward agricultural areas into a more productive arena of activity, whether, as in Eire, it is a country suffering from a kind of economic anaemia and making admirable efforts to give new life and purpose to its people; the effort and methods have a general similarity throughout. The Tennessee Valley Authority was a great inspiration to those people all over the world 30 years ago who believed in doing something vigorous and specific about these problems.
5. The Highlands and Islands Development Act gives very great powers to this Board; powers regarded as being concordant with the intractable character of the problems involved. These emerged from a general build-up of feeling about the need for something to be done in the Highlands and from a study of all these concurrent attempts being made in western civilisation and elsewhere. It is therefore, as I say, no exaggeration to claim that the efforts of this Board will have world significance.
6. The Board is deeply aware of all this and recognises that a greater pride and tenacity, and some sense of nobility, may emerge from a realisation of this by the people of the Highlands; and that they may soon be leading the world in an exciting effort. Our Board has tried to express within itself a simple aim—the aim of adding another perfectly possible way of life to that in the great cities. In offering that alternative to the important minority in any urbanised country who wish to take it, the Board will also be engendering a greater flow of products for the United Kingdom.
7. That is the measure of our activity; that is the challenge which the Board has knowingly accepted.

requested the advice of the Council in this matter and the Council's report was submitted by the Board to the Secretary of State together with certain specific proposals. At the close of the year it was understood that Scottish Education Department intended to circulate the report to education authorities in the Highlands for their consideration and comment.

13. **Medical services.** In April 1966 the Board was invited to submit views to the committee which, with Lord Birsay as its chairman, had been appointed by the Secretary of State "to consider the arrangements for the provision of general medical services in the Highlands and Islands within the framework of the health services generally; and to make recommendations." They sought the Council's advice and adopted *in toto* for submission to the Birsay Committee the Council's recommendations on the organisation of medical services in the Highlands and Islands.
14. **Youth activities.** By the close of the year the education sub-committee of the Council had embarked on a study of youth activities in the Highlands and Islands. This study was based on a report prepared by a member of the Board's staff and embraced such subjects as adventure schools, voluntary organisations, youth movements.
15. **Local government.** The Royal Commission which, under the chairmanship of Lord Wheatley, is considering the structure of local government in Scotland, invited the Board to submit evidence. This is a matter which could vitally affect the Board's work but as they had not had time fully to formulate their long-term plans and to judge the relationship of these plans to the powers and duties of local government they invited the Council to give them advice of both a general and specific character as to possible changes in the structure of local government. A sub-committee which was dealing with this remit was expected to report early in 1967.
16. **Roads.** At their meeting on 30th September the Council appointed a sub-committee to deal with the Board's request for advice on the need for new roads in the Highlands and Islands and the possibility of reviewing the priority lists and needs for access roads to crofter townships. These matters will require careful study before the sub-committee reports to the Council.
17. **Housing.** The Minister of State had requested the Board to consider the problem of providing houses for forestry workers. It is within the powers of the Forestry Commission to provide houses for their workers but for a number of reasons—e.g. allowing the Commission to concentrate on the expansion of the planting programme without requiring to plan housing; building houses in existing communities etc.—it was felt that the necessary houses should be provided by the local authorities.
18. Taking the view that this was part of the general problem of providing houses for workers connected with expanding or new industries in the region, the Board requested the Council's advice on the best method of providing houses for these workers. This was considered by the Council at their meeting on 16th December 1966, and their recommendations were to be considered by the Board early in 1967.

**Consultative Council**

1. In accordance with the terms of Section 2(2) of the Highlands and Islands Development (Scotland) Act, 1965, the Secretary of State constituted a Highlands and Islands Development Consultative Council to advise the Board on the exercise and performance of its functions. The effective date of the appointment was 1st April 1966, and membership was for a period not exceeding four years.
2. As chairman of the Council the Secretary of State appointed the Hon. Lord Cameron, D.S.C., LL.D.
3. The membership of the Council, which is drawn from outside as well as from within the region, is representative of a wide range of knowledge and experience relevant to conditions in, and the potential of, the Highlands and Islands. A list of members is at Appendix VIII. The only change of membership during the year was that, following a re-organisation of functions amongst Board members, Mr W. Scholtes re-placed Mr Prophet Smith on the Council with effect from 28th November 1966.
4. In terms of paragraph 6 of Schedule II of the Act, the Board appointed Mr T. Johnston, a member of their staff, to act as secretary of the Council from 1st April 1966.

**MEETINGS**

5. The Council met four times in plenary session during 1966 — 6th April, 24th June, 30th September and 16th December.
6. Three sub-committees of the Council were set up during the year to deal with the effects of the introduction of comprehensive secondary education in the Highlands and Islands and youth activities in the Highlands and Islands; the need for new roads; the structure of local government. The education sub-committee met on four occasions; the other two sub-committees had not commenced their work before the end of the year.

**FUNCTIONS**

7. The first consideration of the Council was its relationship to the Board and the scope of its functions as the advisory body to the Board. From this consideration it became readily evident that the Council would operate within three clearly defined but closely related fields of work.
8. The first of these was to act as an additional line of communication between the Board and the people of the Highlands and Islands, who would be affected by the work of the Board. In spite of the fact that present day communications are the most sophisticated in history it is still possible for sections of the public to be left unaware or to be only partly informed of the Board's work and intentions. It is important, therefore, that individual members of the Council should have a local educative function as well as, through the Council, making the Board aware of local views and feelings.
9. If the Board are to succeed in their performance of the duties laid upon them by Parliament there must be development and inevitably development means change. The Council conceive it as their duty to protect the Board from over-critical reaction to, and at the same time prepare the way for, change and to advise the Board on how to bring about changes in harmony with local opinion. Accordingly there must be a bilateral exchange of views and information between the Board and the Council.
10. Secondly, the Council could initiate and offer to the Board advice on matters affecting the development of the Highlands and Islands.
11. The Council's third function was to deal with remits and requests from the Board and it was in this field that the Council carried out most of its work in the first nine months of its existence.

**SUBJECTS CONSIDERED BY THE COUNCIL**

12. **Comprehensive secondary education.** In March 1966 the Secretary of State asked the Board to consider the policy enunciated by the Government in S.E.D. Circular No. 600 and to advise him on the way they thought the principle of comprehensive education should be applied to the rural areas of the Highlands and Islands. The Board



Proposals submitted to Secretary of State in the period ending  
31st December 1966

<i>Date of Submission</i>	<i>Brief Description of Proposals</i>	<i>Date of Approval</i>
7th February 1966	<b>Fisheries Development Scheme</b> To add 25 boats to the Highlands and Islands fishing fleet and to train crews	9th March 1966
11th August 1966	<b>Hotel/Motel Development</b> To provide hotels/motels in the Islands and remoter mainland areas	29th November 1966 (in principle)
4th November 1966	<b>Seamen's Strike</b> Measures to mitigate the social and economic effects of the Seamen's Strike on the Highlands and Islands particularly the western and northern Isles	30th November 1966
28th December 1966	<b>Moray Firth Development</b> To initiate the necessary studies and consultations in preparation for the consideration and decisions that would arise if any specific project or prospects should materialise	Awaited

## The challenge

8. The creation of the Board must be taken as evidence of a special problem requiring a special agency for its solution. From that it is clear that there has been dissatisfaction with past policies—although that by no means proves that all or even the majority of these policies were fundamentally wrong. Some may indeed have been wrong only in time or scale. The important thing is that general agreement seems to exist on the proposition that they did not solve the “Highland Problem”.

9. If it were not clear to the Board before, it is very clear now after its first year that a substantial step forward towards a solution is quite possible if even a broad measure of agreement were visible on the elements of the “Highland Problem”. But it is probably the measure of the problem that a host of definitions exist, are passionately pressed upon us, and are so often mutually exclusive. This is not to make a debating point—it is only too painfully and evidently true.

10. The Board has, in real fact, paid great attention to all points of view; has studied all the reports and papers that have been produced in such abundance over the decades; and has attempted to keep up-to-date with similar efforts in other parts of the world. A constant stream of information comes into us; we will engender more and we will seek new techniques of development wherever they are to be found, here or in any other country. Every member of the Board and many of the staff have been deeply interested

in Highland affairs for a long time and have been involved in working on them in one way or another.

11. In the midst of such a complexity of opinion, some simple facts and aims must be the basis of understanding and the impetus for action. What are they?

12. It is significant that most opinions, as we have studied and listened to them, accept that depopulation of the area is the central problem—indeed, it is almost the only common factor. The only exception to that is a curiously diverse group of attitudes, almost wholly urban in origin, which sees the Highlands as the natural relief valve for an over-urbanised country—in fact, as a kind of “national wilderness”. We have heard this opinion expressed frequently, although not often publicly, by influential and responsible people.

13. But this attitude would, if openly expressed, be rejected by the great majority of the Scottish people at least—and particularly by resident Highlanders. The difficulty of those, however, who wish to see the Highlands a thriving, populated area is in expressing some mutually acceptable attitude or solution to the problem of holding people in the Highlands.

#### RANGE OF SOLUTIONS

14. The common range of solutions here extends from the extreme “Highland way of life” concept, which seems to mean crofters of an idealised character exempt from the ordinary laws of making a real livelihood, to an admittedly more efficient, but fundamentally, agricultural economy with very small “light industries” here and there largely to justify the continuance of certain necessary and comforting services; and with forestry represented very largely by its capacity to shelter stock. In this context industry and tourism are accepted as necessary evils and forestry suspect either as (a) something which pre-empt land that should produce food or (b) a sinister monoculture that will blanket, before its inevitable ecological disaster, the beauty and variety of the “traditional” Highlands—forgetting that much of the bare and spectacular beauty of the Highlands is, in sober fact, a standing example of such a disaster.

15. The Board can see and appreciate all the historic, romantic, economic, preservationist, social and even music-hall influences that have produced this confusion of ideals and attitudes—but is aware of the vested interests, cultural, economic and sporting, that use the various elements of them as they suit their arguments. We are belaboured equally by those who say we should be taking over great areas of land and splitting them up into small farms; and by those who regard thecrofting way of life as false, uneconomic, rotted by subsidies and leading to an inevitable, if euphoric, death.

16. We are pressed strongly by some areas to get on with tourism, and by others to abjure this threat to a “way of life”. Here, as elsewhere, there is an implicit assumption that any manufacturing industry, no matter how use-less or dubious its product in terms of sense, is somehow more honourable than an industry which is designed to give a visitor a warm welcome, a comfortable bed and good food.

17. This is, of course, a cartoon of a much more subtle amalgam of attitudes; the thing the Board wishes to express here is that there must be

#### Appendix V

#### Enquiries, Investigations and Researches Commissioned to 31st December 1966 (Section 9(1)(c) of the Act)

No.	Survey	By	Date of Commission	Date of Report
1.	Survey and watershed mapping of Strath Oykel and Strath Glass	Inverness Royal Academy	5th November 1965	Report awaited
2.	Survey of land use in Strath of Kildonan	Inverness High School Department of Agriculture and Fisheries	23rd December 1965	12th May 1966
3.	Layout and design of Achnacon camping and caravan site	Architectural Research Unit Department of Architecture University of Edinburgh	27th January 1966	Report awaited
4.	Peat Survey into mechanical cutting of peat on Isle of Islay	Anders Tomter	21st March 1966	1st April 1966
5.	Farming survey of Orkney	Kinord Associates, Aberdeen	24th March 1966	16th October 1966
6.	Fishing survey of Orkney Moray Firth Industrial Credibility Study	Kinord Associates, Aberdeen Product Planning Ltd.	24th March 1966 6th April 1966	Report awaited 15th August 1966
	<i>Ancillary Studies:—</i>			
	Fertiliser Distribution Study			October 1966
	Invergordon harbour development			November 1966
	Possible Use of Energy from the North Sea			November 1966
7.	Land Survey of Moray Firth Growth Area			
7.	Survey of Male and Female labour availability in Gairloch, Poolewe and Aultbea area	Gairloch District Council	13th April 1966	1st September 1966
8.	Soil Survey on the Ross of Mull	Macauley Institute for Soil Research, Aberdeen	30th April 1966	Report awaited
9.	Land Survey in Mull	D.A.F.S. and Forestry Commission	12th May 1966	Report awaited
10.	Mineral Research in connection with possible exploitation of Serpentine and Olivine deposits at Balmacaan Quarries	R. H. S. Robertson, M.A. (Cantab) F.G.S. Minerologist, Pitlochry	1st June 1966	24th June 1966
11.	Survey of Visitors to the Highlands and Islands (Jointly with Scottish Tourist Board)	R. W. Butler, Department of Geography, University of Glasgow	9th June 1966	21st October 1966
12.	Sinking of trial bores to prove the existence of new resources of coal at Brora	James Raeburn & Sons Ltd. Airdrie (preliminary work by National Coal Board)	21st July 1966	December 1966
13.	Investigation and development of television reception in difficult areas in Argyll Further survey in other areas	Medical Aids Electronic Development Co., Ltd. Medical Aids Electronic Development Co., Ltd.	8th September 1966 9th December 1966	7th October 1966 and 22nd November 1966 Report awaited
14.	Investigation into Norwegian Fisheries	A. Goodlad, Department of Geography, University of Aberdeen	9th December 1966	Report awaited

(In addition the Board commissioned two investigations into the affairs of enterprises which had approached them for assistance)

**Grant-in-Aid**  
**Statement of Receipts and Payments for the Period 1st November 1965**  
**to 31st March 1966 compared with estimate**

	RECEIPTS	PAYMENTS	Estimated	Actual
	£	£	£	£
Grant-in-Aid .....	150,000		20,000	19,256
Other Receipts .....	11		2,000	2,375
			21,000	19,036
			1,000	—
			5,000	5,000
			75,000	59,500
			26,000	—
			—	1,544
	150,000		150,000	106,711
	150,000		150,000	106,711

**Note:**

The Income and Expenditure Account (Appendix II) and Balance Sheet (Appendix III) of the Board are published separately as House of Commons Paper No. 318 dated 27th January 1967.

few areas in Britain which demonstrate so much difficulty in presenting, and having roughly accepted, a common set of policies. We recognise elements of genuine concern and genuine truth in all the attitudes touched on but we suggest that public relations is not an easy problem within such a confusion of aims.

18. We know, and all should appreciate, that the Highlands and Islands are a huge area, one-fifth of Britain, one-half of Scotland, and it is no truckling to easy compromise to say that all of these attitudes can find real expression in such a vast and varied area. The Board, therefore, must take the lead here and declare a broad set of policies which, it believes, can meet the needs and desires of the country in general, the Highlander in particular and lead to an eventual solution of the Highland problem. We can express them simply and present them as the alignment along which our whole strategy is set. This point in time, after one year's work, must be the point where they are presented for discussion by all those concerned, and for our instruction and advice relevant to our future work.

19. We see, therefore, relevant weights and priorities something as follows:

20. **Agriculture**, which, it must be remembered, so often simply has meant sheep rearing in the Highlands, will, as it is practised at present, worsen the de-population problem and also the problem of greater production. It must remain, however, an important part of the Highland economy. The Board believes that much more can be produced from the Highlands but is very clear that this is highly unlikely to be accompanied by an increasing population in these activities; rather is it likely to be accompanied by a drop because of more efficient and mechanised methods. The Board will back any move in the direction of more production and where, as in certain highly productive enterprises, it means also more jobs the Board will redouble its efforts to help. Here, therefore, the result would be more food from the Highlands for the rest of the country rather than more people for the Highlands.

21. **Forestry** is of great importance and this is universally recognised. Indeed, its acreage in the Highlands must be extended, but more and more purposefully in its location relative to the transport and utilisation of the timber; and more carefully, bearing in mind the recreational and tourist value of the Highlands, in its effect on the appearance of landscape. Forestry is one of the three great hopes for rural employment and a more secure Highland economy; its excellent research work gives hope, too, for planting in areas hitherto regarded as impossible. Finally, and simply, we are a grossly under-forested country relative to most other comparable countries in the world.

22. **Tourism** is the second great prop available to us but unlike forestry, whose effects must necessarily be long-term, tourism can make a rapid impact on the economy of the Highlands and on the numbers of people that the area can support. Its potential is great but it must:

- (a) be more selective in its planning and publicity for specialised markets offering facilities that range from the sophisticated sports centre to the various kinds of accommodation catering for those city dwellers who search for peace and relaxation in an atmosphere of great natural beauty;
- (b) search constantly for ways of extending the season;

(c) be capable of development without spoiling one of the last great, unspoiled, beautiful landscapes of Europe.

23. Fishing is very important where it really counts and that is largely in certain island and other communities where the tradition is still strong and where processing of the fish can be the basis of a land-rooted industry. The Board's plans for development of the industry take special account of this geographical significance.

24. Manufacturing Industry is the third main prop and we increasingly regard it as the most urgent of all relative to the immediate need to stem a substantial proportion of the emigration of talented sons and daughters from the Highlands and Islands. Forestry, in the public sector, is the job of a powerful organisation backed by Government policy and finance; and tourism is supported by the unquestionable appearance every year of more visitors. The problems in these sectors are really those of place and timing of development, level of investment and the communications to optimise them. But there has been no agency with the direct responsibilities and requisite powers to promote industrial growth in a thoroughly determined manner; and industrialists, unlike tourists, do not flood in voluntarily, or even through general publicity drives. It is our clear duty to see that this most important and most deficient element in the Highland economy is furnished; it should be recognised by all that we must devote a substantial proportion of our effort to it. Manufacturing industry is very poorly represented in the Highlands and Islands. Without it, the region will continue to lack any real possibility of a substantial enough rise in numbers to give credibility to Highland regeneration. Numbers are important in the justification or provision of all services internal to the Highlands and in major improvements in communications between the Highlands and the South. Modern industrial enterprises are absolutely essential in providing more of the kind of skills and initiative which will breed new enterprises and broaden the range of social and cultural leadership. Our policy in this field is, therefore, threefold:

we encourage the growth of industrial enterprise wherever a developer shows a personal and specific desire to settle or expand his enterprise;

we will pursue, however, a more methodical programme of building small industrial growth points in scale with the possibilities of the West and islands;

we will do our utmost to generate major growth points, involving substantial increases in population wherever the natural advantages of the area seem to warrant it; the Moray Firth is unquestionably the most important of these areas.

25. Crofting appears to be a form of living and working which gives deep satisfaction to those who follow it. It does not and cannot, except in rare cases, support the crofter as a full-time pursuit. It is fundamentally unstable, therefore, unless supplementary income is provided from other sources. Bearing in mind all that has been said about the system and its admittedly stultifying form of land tenure, it is apparently paradoxical (but, we believe, true) that if one had to look now for a way of life which would keep that number of people in such relatively intractable territory, it would be difficult to contrive a better system. Services maintenance and community viability are kept with-

Balance Sheet  
As at 31st March 1966

CAPITAL ACCOUNT		FIXED ASSETS	
	£		£
Capital Expenditure during the period 1st November 1965 to 31st March 1966 transferred from Income and Expenditure Account	71,927	Office Furnishings and equipment at cost	12,427
Income and Expenditure Balance as at 31st March 1966	2,156	Loans to Industry	59,500
Current Liabilities	1,157	Current Assets	
Superannuation Fund	200	Sundry Debtors	923
Sundry Creditors	75,440	Cash at Bank	
		Current Account	1,433
		Superannuation Fund Account	1,157
			2,590
			<u>75,440</u>

Note: No provision has been made for depreciation of assets: Renewals are charged to revenue

ROBERT GRIEVE  
Accounting Officer

I have examined the foregoing Account and Balance Sheet. I have obtained all the information and explanations that I have required and I certify, as the result of my audit, that in my opinion this Account and Balance Sheet are properly drawn up so as to exhibit a true and fair view of the transactions of the Highlands and Islands Development Board and the state of their affairs. I have no observations to make upon them.

Exchequer and Audit Department  
5 January 1967

B. D. Fraser  
Controller and Auditor General

**Income and Expenditure Account  
for the period 1st November 1965 to 31st March 1966**

EXPENDITURE	£	INCOME	£
<i>Salaries</i>			
(1) Chairman and Members of the Board	10,468		
(2) Staff	8,788		
<i>Travelling and Subsistence</i>			
(1) Chairman and Members of the Board	1,117	Grant in Aid	106,700
(2) Staff	1,258	Other Receipts	56
<i>General Administrative Expenses</i>			
Rent and Rates	2,250		
Heating, Lighting and Cleaning	348		
Postage and Telephone	911		
Stationery	1,818		
Sundry Expenses	715		
	6,042		
Publicity	5,000		
Transfer to Capital Account representing capital expenditure	71,927		
Balance carried forward to Balance Sheet	2,156		
	<u>106,756</u>		
			<u>106,756</u>

**Note:**

The period of this account does not cover the financial year specified in the Highlands and Islands Development (Scotland) Act 1965 Section 13(9) as the Board was not constituted until 1st November 1965.

in the range of the possible, and even on the lowest estimate of its role, i.e., that of maintaining a living countryside in which the rest of the country can move, enjoy and recreate itself, it could claim justification. But its future continuance depends on other employment support. This the Board accepts as a clear challenge and duty; and one important element must be by way of small industrial growth points promoted by specially powerful and attractive inducements. Forestry and tourism must be the other aids in suitable places.

26. Two main comments are clearly necessary at the end of this broad statement of aims, and they have to do with certain fears expressed to the Board during the course of the year. One revolves around the whole question of the balance of policies between the Eastern and Central Highlands on the one hand, and the Western Highlands and islands on the other. It may be well at this point to quote from a paper prepared by the chairman for consideration at a Board meeting in March and which has been the foundation for subsequent Board discussions and meetings with various authorities, individuals and, in particular, with the Crofters Commission.

27. The paper says: "No matter what success is achieved in the Eastern or Central Highlands... the Board will be judged by its ability to hold population in the true crofting areas". It goes on to analyse the possible methodology in pursuing the aim of a balance of priorities between East and West.

28. This difficult task is deeply rooted in the consciousness of the Board and colours all its actions. It is hoped that this will be accepted and believed by Parliament and the public, and that they will judge constructively and fairly on the actions and intentions of the Board as seen in this report. Elsewhere it is hoped that the reasonable fear of those who regard major industrial growth centres as a possible vortex sucking in population from the West and islands may be dispelled or, at least, mitigated.

29. The other fear is much bound up with those who are (again, reasonably) affected by headlines about "linear cities"—a meaningless phrase in itself but certainly not meaning ribbon development. Even if our most sanguine expectations and planning were to fructify in the industrial urban field, the amount of land taken up and the extent of influence on scenery and atmosphere would be minute. Moreover the vast bulk of the Highlands would remain visually as people know it except, simply, that there would be many more trees in its glens and moors, and more people either living in it or moving through it as visitors. And the Board is taking every step it humanly can to see that the bigger centres would be such that the country would be proud of them.

**Staff in post on 31st December 1966**

<i>Secretary:</i>	R. A. Fasken
<i>Assistant Secretary:</i>	A. E. Mitchell
<i>Senior Administrative Officer and Secretary of Highlands and Islands Consultative Council:</i>	T. Johnston
<i>Administrative Officer (Personnel):</i>	R. N. McGrail
<i>Chief Planning and Research Officer:</i>	F. D. N. Spaven
<i>Senior Planning and Research Officer:</i>	Dr W. I. Skewis
<i>Chief Management and Accountancy Officer:</i>	R. B. Brown
<i>Information Officer:</i>	J. S. Grassie
<i>Administrative Officer (Grants and Loans):</i>	J. A. MacAskill
<i>Processing Officers (Grants and Loans):</i>	W. J. Home
	K. P. MacKenzie
	A. J. Millar
	J. B. Neil
	C. J. Trace
<i>Projects Officers:</i>	C. F. R. Dean
	P. S. Howieson
	J. K. Lindsay
	M. A. Robinson

In addition a further 24 members of staff (Junior Administrative, Secretarial, Clerical, Typing and ancillary staff) were in the Board's employment at 31st December 1966, making a total of 42 in all.

*Membership, staffing and finance*

30. The Board was established under the Highlands and Islands Development (Scotland) Act 1965, (referred to in this report as "the Act") and took up office in its headquarters at 6 Castle Wynd, Inverness, on 1st November 1965.

31. **Membership.** Four full-time and two part-time members were appointed by the Secretary of State to the Board on that date with terms of office of five years for full-time members and three years for part-time members. The full-time members were: Professor Robert Grievie (chairman); Mr John M. Rollo, O.B.E. (deputy chairman); Mr Prophet Smith; and Mr John C. Robertson, O.B.E.; the part-time members were: Mr William Logan and Mr William Scholes.

32. On the death of Mr Logan on 22nd January 1966 the Board suffered a grievous loss. His success and expertise in the fields of commerce and industry, coupled with his vital personal qualities, had clearly demonstrated in the few short weeks he was with us that he had a tremendous contribution to make to our work.

33. In his place we welcomed Mr Frank Thomson who was appointed by the Secretary of State as a part-time member on 7th March 1966 for the remainder of the late Mr Logan's term of office.

34. **Meetings.** During the period 1st November 1965 to 31st December 1966 the Board met on 37 occasions.

## *Social aspects*

191. An important part of the Board's remit requires it to assist the people of the Highlands and Islands to improve their social conditions as well as their economic conditions. With the assistance of the Highlands and Islands Development Consultative Council we have dealt with this remit in its widest sense.

192. One of the first matters with which we dealt was to submit, in response to a request from the Birsay Committee, our views to the Committee on the future organisation of the medical services in the Highlands and Islands.

193. Another example of the work done by the Board and the Council in this sector was to consider the effects of the introduction of comprehensive secondary education in the Highlands and Islands. This study was undertaken at the request of the Secretary of State and our report was submitted to him on 3rd November, 1966. The implementing of Government policy with regard to comprehensive education is a matter for the local Education Authorities and the report will add to the pool of knowledge upon which the Education Authorities in our area will be able to draw. Accordingly, in submitting the report to the Secretary of State we recommended that copies be circulated to the Education Authorities for their consideration and comment.

194. At the end of the year we were also examining, in consultation with the Council, the subject of youth activities in the Highlands and Islands. We regard it as an important feature of all our work to enliven the interest of young people, both from inside and outside the Highlands and Islands, in the area and strengthen their faith in the prospects which development of the area will offer them. In this context we welcome the work done by establishments such as Inverlair Lodge, which bring young people from industrial districts into the Highlands and which, in the course of widening the pupils' knowledge and understanding of this part of their country, will also encourage a number of them to look to the area as their future home.

195. Details of the work done by the Highlands and Islands Development Consultative Council are at Appendix VII.

35. **Staffing.** The Board was empowered to employ its own personnel. So that staff could be immediately available to serve the Board, five officials including the secretary and assistant secretary were seconded in November 1965 from the Department of Agriculture and Fisheries for Scotland to the Board with the latter's agreement. In December 1965 a grants and loans section was set up to administer the Board's scheme of financial assistance under Section 8 of the Act. In the course of 1966 the nucleus of additional groups of staff—Management Services, Planning and Research, Information and Projects—were added to the Board's organisation. The main functions of these groups are as follows:

36. **Management Services.** To advise the Board on the setting up, and be responsible for the operation of a management and accountancy advisory service in the Highlands and Islands; to assist on management and accountancy aspects of Board projects; to assist the Board in the preparation of their longer-term plans; and to provide "after care" services to the firms which receive financial assistance from the Board.

37. **Planning and Research.** To develop a research, intelligence, mapping and statistical service; initiate surveys with Government departments, university research workers and other consultants; keep the Board informed on matters of current research and information relevant to economic, social and technological development in the Highlands and Islands; and, in particular, to advise both on the preparation of a long-term planning strategy for the Highlands and Islands and on the planning of specific development projects.

38. **Information.** To keep the public, both within and without the Highlands and Islands informed of the Board's activities; and to advise the Board how best to publicise the potentialities of the Highlands and Islands and the opportunities which the region offers for industrial and commercial development, for recreational activities and as a place to work and live in.

39. **Projects.** To assist in the Board's project work by devising and giving preliminary examination to ideas and proposals for development projects in the Highlands and Islands and by preparing feasibility studies on approved projects; and to assist in the execution of approved projects.

40. By the 31st December 1966 the Board had 42 employees. Appendix I gives the names of senior officials.

41. **Formal link with North of Scotland Hydro-Electricity Board.** Early in our life we agreed with the N.S.H.E.B. that there might be value in establishing a practical means of collaboration between our two Boards in view of their experience of working in the Highlands and Islands and their interest in industrial promotion. An arrangement was accordingly made that, subject to annual review, Mr J. C. N. Baillie, chief commercial officer of the N.S.H.E.B. would work for both Boards from 1st February 1966. The arrangement was reviewed before the end of 1966 when it was agreed that it should be continued for a further year from 1st February 1967.

42. **Accommodation.** The Board has at present a temporary lease of premises at 6 Castle Wynd, Inverness. By the autumn of 1966 expansion of staff made it necessary to acquire additional premises, and a house at 7 Culduthel Road, Inverness was purchased and occupied in November. Clearly arrangements to provide permanent headquarters for the Board must be made

as soon as possible and we were urgently trying to find a solution to this problem at the end of 1966.

43. **Directions given to the Board by the Secretary of State.** Section 2(1) of the Act, provides that the Secretary of State may, after consultation with the Board, give to the Board directions of a general character as to the exercise and performance of their functions, and the Board shall give effect to any such directions. No such directions were given to the Board during the period 1st November 1965 to 31st December 1966.

44. **Finance.** The Board receives its finance in the form of grant-in-aid from the Department of Agriculture and Fisheries for Scotland. In the financial year to 31st March 1966, the amount available to the Board was £150,000, of which £106,711 was actually spent. Appendices II and III show the Board's income and expenditure account for the period 1st November 1965 to 31st March 1966 and balance sheet as at 31st March 1966\*. Appendix IV gives a statement of receipts and payment for the period 1st November 1965 to 31st March 1966.

45. **Surveys.** As part of the process of gathering information about development possibilities in its region the Board commissioned a number of surveys on various subjects in accordance with the powers conferred upon it under Section 9(1) (c) of the Act. Brief particulars of these surveys are included in Appendix V.

46. **Proposals submitted to the Secretary of State.** Under Section 3(1) (b) of the Act, the Board has the duty, after consultation with such local authorities and other bodies as appear to the Board to have an interest, to prepare and submit to the Secretary of State proposals for the economic and social development of the Highlands and Islands or any part thereof. In all, four proposals were submitted to the Secretary of State by the end of 1966 and summaries of these proposals are shown in Appendix VI. They are referred to in more detail elsewhere in this report.

47. **Highlands and Islands Development Consultative Council.** In terms of Section 2(2) of the Act, the Secretary of State appointed a Highlands and Islands Development Consultative Council on 1st April 1966 to advise the Board on the exercise and performance of its functions. A report of the council's work during 1966 is at Appendix VII and a list of members of the council is at Appendix VIII.

48. **Acknowledgement.** During our first fourteen months of office we had contacts with a large number of official, non-official and representative organisations. An indication of the range of such bodies is given at Appendix IX. We would like to record our sincere appreciation of the valuable advice and practical assistance that all these authorities and organisations have so readily given us. The goodwill which they and many individual persons have displayed to the Board and its efforts, has greatly reinforced us in our determination to succeed.

\* House of Commons Paper No. 318.

vision organisations carried specific programmes about aspects of our work. Most of these were featured in Scotland through Grampian Television and the B.B.C., although we were given national coverage in a special "This Week" report by Rediffusion Television.

## PUBLIC RELATIONS

185. It has been the Board's aim that members should go out into the various parts of their area as far as practicable and meet representatives of local authorities and other bodies as well as private individuals. Shortly after the establishment of the Board the chairman and secretary visited the con- vener's and other representatives of the county councils. These were the first in a wide range of local visits and consultations by the chairman and other Board members.

186. One of the early meetings attended by the chairman was a major conference in Inverness sponsored by Scottish Trade Union Congress in February, the aim of which was to discuss the Board, its work and its relations with the area it served.

187. We sponsored, in conjunction with the Scottish Tourist Board, a Highland Hotel Conference, in Inverness, in November 1966, the purpose of which was to acquaint hoteliers in the area with the services we could offer and to obtain from them their reactions to some of our plans.

188. In addition we welcomed many guests from home and overseas. Foreign interest in the Board was substantial and special efforts were made to give overseas visitors an overall picture of the Highlands and Islands. In this, of course, we received the fullest co-operation from local authorities and other bodies in the area.

## PUBLICITY

189. Our policy in this field was not fully determined by the end of the year. Nevertheless, as in other cases, we took interim steps which proved rewarding. One of our main aims was to produce high quality publicity material relating to the Highlands and Islands and to use as much local expertise as we could in doing so.

190. We spent some £10,000 on tourist publicity through the Scottish Tourist Board and ran, jointly with the Glencoe Winter Sports Association a small advertising campaign in the north of England. We also prepared the publication of our first book, an angling guide, and discussed the production of our first film with the Films of Scotland Committee.



## *Communications*

180. From the outset we realised that good communications were essential to the fulfilment of our remit. Although we did not begin the establishment of our Information Services Division until July we had gone some way before then to meet the needs of achieving such a result which, we were clear, could form the only real basis for good public relations.

181. A wide range of bodies and individuals, at home and abroad, including the Press, expressed interest in the Board. We attempted to satisfy that by answering day to day enquiries, including requests for information for special features on the Highlands and Islands, by holding a total of 8 Press conferences and issuing 44 formal Press statements. We appreciated this interest and were reviewing our relations with the various communication media towards the end of the year in order to better satisfy it.

182. With the co-operation of the British Broadcasting Corporation we made growing use of their V.H.F. services throughout the region. All members of the Board and several senior staff participated in programmes on these services, and, of course, the national network also provided opportunities for interviews and discussions about our work.

183. Contact was established with journalists from abroad based in Britain and, as a result, news of our work was given by radio and in the press in the United States, Canada and Europe.

184. Both the British Broadcasting Corporation and independent tele-

## *Grants and loans*

49. When we took office the immediate instrument at hand for development purposes was our power under Section 8 of the Act to operate a scheme of financial assistance in accordance with arrangements to be approved by the Secretary of State for Scotland and the Treasury. One of our first tasks was the formulation, in consultation with the Department of Agriculture and Fisheries for Scotland and the Treasury, of a comprehensive scheme of grants and loans which was approved by the Secretary of State and came into operation early in December 1965.

50. This was the first time that a regional agency of Government had been given power of this kind to administer such a scheme of financial assistance for the promotion and development of industrial and commercial concerns within its own area.

51. The scheme is set out in summarised form at Appendix X. To help us to implement it we formulated procedures and set up a special section of staff to investigate applications for presentation to the Board.

52. Our policy of dealing with applications for assistance evolved from experience. We recognised that, if we were to encourage those with resourcefulness and skill, we also had to discourage enthusiasm which was not supported by, for example, the necessary experience; and while we were prepared to support sound projects we had to have reasonable regard for adequate security and protection of the public funds entrusted to us.

53. In the first year of the scheme requests for financial help were coming in at a rate of just over seven a week; we were dealing with about four a week, three on average being approved and one refused. A number of applications were, of course, withdrawn or their consideration delayed at the applicant's request.

54. The response to our scheme indicated a willingness on the part of business people to develop their interests in our area given reasonable opportunities and facilities to enable them to do so. At the same time the figures show that the Board's grants and loans section was put under considerable strain from the outset. The effort required to deal expertly and thoroughly with the 449 applications that were received to 31st December 1966 made exceptional demands on the staff concerned and the fact that the applications approved in 1966 involved a sum of £838,292 is a testimony to their efforts.

55. While some areas have benefited to a greater extent than others, there has been a wide distribution of grants and loans throughout the Highlands and Islands, as the following table as at 31st December 1966 shows:

	<i>Applications approved</i>	<i>Grant approved</i>	<i>Loan approved</i>
		£	£
Argyll	24	24,452	122,550
Cairness	21	10,630	32,855
Inverness-shire	61	44,840	276,892
Orkney	3	3,690	12,900
Ross and Cromarty	42	31,527	172,450
Shetland	17	2,306	78,238
Sutherland	8	12,212	12,750
<b>Totals</b>	<b>176</b>	<b>129,657</b>	<b>708,635</b>
	<i>Applications awaiting decision</i>	<i>Grant applied for</i>	<i>Loan applied for</i>
		£	£
Argyll	34	25,382	158,308
Cairness	15	11,816	30,890
Inverness-shire	44	28,774	190,775
Orkney	4	675	29,000
Ross and Cromarty	51	65,912	196,919
Shetland	21	8,830	57,698
Sutherland	7	8,387	40,490
<b>Totals</b>	<b>176</b>	<b>149,776</b>	<b>704,080</b>

56. A list of the commercial and industrial enterprises which have been financially aided by the Board would show that almost every kind of economic activity in the Highlands is represented; contractors, hauliers, motor engineers, boatbuilders, construction companies, hoteliers, guest-house owners, printers, food processors, fishermen, timber merchants, gardeners, rural craftsmen and crofters machinery group. The firm belief we had when we took office is beginning to be proved: that Highlanders do not lack enterprise or confidence. Given the opportunity by access to capital they are capable of assuming the initiative and making a significant contribution to their own economic destiny.

57. Appendix XI gives particulars by category of applications for loans and grants received and dealt with to 31st December 1966.

years before the case for further university expansion was considered. It was expected that there would be an expansion of university intake till 1968/69, then a "plateau" till 1973 when it was calculated there would again be a steep upward rise of demand.

174. Bearing all this in mind the Board accepted that the time had not yet come for renewing strong pressure for the settlement of a university, as such, in the Highlands. But they were, and are, strongly convinced that it should be one of the important elements in our development strategy for the Highlands.

175. Consequently, the Board have proceeded along the line of discussing with a representative selection of interested people how such an end could be secured in as natural and visible a manner as possible. Meetings have been held with a number of university people (including some principals), the chairman of the original sponsoring committee, ex-Provost Wotherspoon of Inverness, the chairman of the Natural Environment Research Council, the then director of the Nature Conservancy, and a number of other interested bodies and individuals. In all cases, the discussions have been held on the basis of the Board recognising the difficulties but seeking informed opinion on how they might proceed with the furtherance of the idea in a sensible and constructive manner.

176. As well as this, and separately, approaches from a number of universities and research-orientated bodies have been made to us on specific research work that might, or should, have the Highlands as a primary locus.

177. At the moment, therefore, the Board has a great deal of information in its hands on the basis of these discussions. Essentially, all this has focused on the idea of developing as a positive step towards a university, research projects which might expand and branch out to the point where the establishment of a distinctive research institute might be justified; providing, amongst other things, a centre of studies particularly relevant to the Highlands or similar territories abroad.

178. Apart from any other consideration, a research institute of this kind would be of great benefit to the Board in its work and solid co-operation would be assured from the beginning. No less important, it is clear to the Board that there is widespread benevolence to the idea and a genuine desire to help.

179. The Board recognise that this kind of development will necessarily take time but it has every intention of pursuing the idea of an initial Highland Research Institute no matter how small its beginnings—although it would be desirable, to have a sizeable foundation from the beginning.

## *The idea of a Highland university*

170. The Board, from its inception, has had under review the idea of a university at Inverness. Indeed, the matter has been discussed at various Board meetings on the basis of progress reports.

171. There are many arguments for the idea; economic—because a university in terms of population and spending power, is the equivalent of a very important, large and stable industry; it provides another social and cultural element in the Highlands which it presently lacks; and it provides the application of a greater force of intellectual endeavour to Highland problems from within the area—a very important need.

172. In 1963 an examination was made of various possible sites for the sixth Scottish university as part of a general increase in university foundations throughout the United Kingdom. The "North of Scotland Sponsoring Committee" was set up and made representations to the U.G.C. about founding a university at Inverness. They proposed a site for the university itself on open land opposite Raigmore Hospital; and the Cameron Barracks as accommodation for students. They were able to report substantial financial backing from influential sponsors and from various local authorities in the Highlands. The U.G.C. visited Inverness, in its round of visits to various sites in Scotland, and heard the case put to them by the sponsoring committee. In the event, the decision was eventually made in favour of a site at Stirling.

173. It was indicated at that time by the Government that it would be ten

58. **Special grants.** One unique inducement which we as a Board can offer to attract businessmen to set up enterprises in the Highlands and Islands lies in our power to give special grants over and above the normal grant and loan assistance available. To qualify for this special grant, applications for financial aid must satisfy broadly the following conditions; the projects must show reasonable prospects of eventual economic success while needing something more than "normal" assistance; and they should be needed to ensure the proper development of the areas in which they are to be sited. As reported elsewhere, the limit of special grant for any particular case was raised to £10,000 in December 1966.

59. Only eight projects, involving a disbursement of £13,350, have so far merited this special form of grant-aid. We think, however, that the power to give this extra assistance will become a significant factor as we expand our efforts to induce more businessmen in other parts of the United Kingdom to set up new enterprises in the Highlands and Islands. Entrepreneurs who wish to establish themselves in our region can be assured that we intend, where necessary, to use this facility to help them to establish on a viable basis.

60. **Grants for non-economic and social projects.** While it is essential that our main effort in the exercise of our grants and loans powers should be directed towards strengthening and expanding the Highland economy, we recognised that the social needs of the region must not be neglected. Under the arrangements approved in terms of Section 8 of the Act we were equipped with powers in certain circumstances to give ad hoc grant-aid for worthwhile non-economic or social projects. We were anxious to employ this power to the maximum and, although we believe that a lack of knowledge of the help we could give in this sphere has limited the number of deserving applications we have received, we had approved by the close of the year an expenditure of £3,345 in such grants. As the year ended, there was evidence of a growing interest in our area in this form of assistance.

61. Our powers to give these grants were exercised over a variety of fields, for cultural and recreational development principally, but also to assist in publicity, especially in the field of tourism development.

62. **Prevention of loss of employment.** Our powers under Section 8 of the Act enable us not only to assist the creation of fresh job opportunities in the Highlands and Islands but also to prevent the loss of employment by the contraction or closure of existing business. This latter provision enabled us on occasions to act successfully and at short notice to help maintain businesses which, though sound in their potential, were threatened by an inability to obtain necessary credit facilities. At other times, regrettably, this was not possible despite all our efforts.

63. While we recognise that there may well be times in future when we shall be called upon to perform an emergency financial operation to save a business from failure, we hope that this will gradually become a less common feature of our grants and loans function. In this connection it would be helpful if, when assistance is sought from the Board, we could be given sufficient time to carry out a careful study of the capital and other requirements. Quick decisions taken to meet emergencies carry with them obvious dangers.

64. **Forecast of additional employment created.** We ask applicants for financial help to give us a forecast of the extra employment which their projects will provide if they are approved by the Board. Altogether, for the

total sum of financial aid approved by the end of 1966 (i.e. £838,292) the number of new jobs forecast was 1,024.

65. **Secondary effects.** Not only has the assistance we have given served the purpose of stimulating development in the businesses concerned, it has also had beneficial secondary effects on some of the service industries, particularly the building and construction industry. Help for enterprises catering for tourists has especially benefited builders in our region. There is, therefore, an unquantifiable factor of employment deriving from the exercise of our Section 8 powers.

66. It is important to remember that the Board's investment in the economic future of the Highlands and Islands represents only a portion of the total investment in the region since we took office. In every business project into which we have injected financial aid, there has also been a contribution of private capital. From the date when the grants and loans scheme began until the end of 1966, the total amount of aid we had approved for the whole region was £838,292. The corresponding amount of private capital investment in the projects we assisted was £849,820. Thus the total investment was £1,688,112.

67. It was in the main through our grants and loans work that members and staff made the widest contact with the people of the Highlands and Islands. Consistent with their many commitments, members and officials have sought, and will continue, to make themselves available to discuss plans and programmes with anyone who has sound ideas for economic or social development.

68. We could not have achieved the real results with our scheme had we not had the ready co-operation of bank managers, county development officers and many other well-disposed persons. They have provided a valuable service of advice to those who wanted to seek our help. Many of the bank managers have helped as well in a practical way by providing bridging finance while we were processing applications for financial aid. We are planning to seek a meeting with the general managers of the joint stock banks so that our combined efforts to promote development in the Highlands and Islands can reinforce one another.

69. On occasion we have had requests from applicants for financial aid to take over the capital assets of a business where there were no development implications, e.g. to purchase a hotel without adding to or improving accommodation or amenities. We have also been asked on occasions for financial help where no extra employment was to be provided and there was no threat to existing jobs. We have had to advise these applicants that the terms of the regulations governing the use of our powers under Section 8 of the Act do not allow us to accept their applications.

70. At the outset of our administration of the grants and loans provisions, we decided as a matter of policy (and in line with the policy of the Board of Trade) to give no reasons to applicants for Board decisions on their applications. The reasons for this are simple. Board judgements on individual cases must be based on a variety of factors including assessments of financial viability and on evaluations of the personal qualities of applicants. In these circumstances disclosure of reasons for our decisions could involve us in fruitless controversy or in disclosing valuable information to competitors. We offer this explanation because some unsuccessful applicants for financial help have been critical of our refusal to disclose to them our reasons for refusal.

that the improved service would begin in April, 1967. These services will be of great value to the districts served, and we attach considerable importance to the further development of air transport in the Highlands and Islands. By the end of the year arrangements had been made to meet the chairman, Sir Anthony Milward and chief executive, Mr H. E. Marking of B.E.A. in London for discussions on development possibilities for the air networks.

166. The cost of transport of raw materials and produced goods is one of the reasons most frequently given by industrialists for not locating in the Highlands and Islands. Often this conclusion is based on supposition, and preliminary studies by the Board suggest that in areas such as the Moray Firth the same factors as elsewhere in Britain influence transport costs. If consignments are large and flow regularly then rates are reasonable but if consignments are small and ad hoc then rates are high. It might be said that the Highland transport problem is more one of small lots than one of long distances.

#### SEAMEN'S STRIKE

167. The seamen's strike in the summer of 1966 demonstrated the dependence on sea communications of the island communities of our region and on 4th November 1966 we submitted a report to the Secretary of State on the effects of the strike. Our general conclusions were that the strike had temporary immediate effects on the economies of the islands concerned, particularly affecting the tourism industry, but that its longer-term effects were less substantial than had been feared. We expressed particular concern about the psychological effects of the strike, both as regards the increased sense of isolation on the part of the local populations, and also in relation to the task of attracting industry into these areas.

168. The Board's report recommended that every effort should be made to ensure that freight charges and passenger fares were held steady over the next two years (1967 and 1968) in these areas; the Secretary of State give early approval to the Board's proposals for improving the terms and conditions governing their grants under their Section 8 Grants and Loans Scheme as outlined in the Board's submission dated 6th July 1966; in particular, the Board very much hoped that the Secretary of State would be able to look favourably on their proposal for increasing the limit of the "special grant"; in the light of their experience since July, including the seamen's strike, they now wished to strongly recommend that the upper limit for this grant should be raised to £10,000.

169. The Secretary of State agreed on 30th November 1966 to increase the limit of this "special grant". On 23rd December in a statement in the House of Commons he referred to transport and freight charges and explained that he had given the Board an assurance that the conditions in the outlying areas which had been highlighted by the seamen's strike and to which the Board had drawn particular attention would certainly be taken fully into account if and when the question of adjustment in such transport charges and fares could be considered.

## *Transport*

163. We have been in close contact with the Highland Transport Board which, for the three years to December 1966, had a remit from the Secretary of State to keep the transport needs of the Highlands and Islands under review. In terms of the Act, the Board has a duty to keep under review all matters relating to the economic and social well-being and development of the Highlands and Islands, and transport is clearly a major and vital factor to which we must have regard in our plans for the rural development of the region.

164. During 1967, we expect in consultation with the Scottish Economic Planning Council, to assume many of the responsibilities of the Highland Transport Board and to be involved in the consideration of that board's various recommendations, as well as advising on transport matters and assisting in the solution of transport problems relating to services within and to and from the area.

165. Potential industrialists always ask about air services and we were pleased when British European Airways announced their intention to double, from November 1966, the frequency of flights to Inverness and substantially increase the number of flights to Wick. When the B.E.A.'s plans, based on recommendations by the Highland Transport Board, were delayed by the lack of trained airfield staff at the Highland airfields we discussed the matter with the Minister of State at the Board of Trade and received an assurance

## *Industrial promotion*

71. Apart from assisting industrial development through its grants and loans scheme the Board undertakes industrial promotion in other ways.

72. For many years attempts have been made by a variety of bodies to bring new industry into the Highlands. Individual achievements have been recorded and the larger of them, such as Doumreay and the pulp mill at Fort William, have had a great impact in their districts. But the continuing drift of population away from the Highlands as a whole demonstrates the need for a fresh approach.

73. This is far from being intended as a criticism of the work of these bodies and the dedicated men who have served them and the Highlands. The fact of the matter is that until we were constituted as a Board, no one body had the sole remit to develop the Highlands and Islands or possessed the financial resources and powers to undertake, in a comprehensive manner, the essential task of attracting new industries to the Highlands and Islands.

74. We do not pretend for a moment that we will find it a simple task. It will need patience and unremitting effort to get the tide of industrial development flowing satisfactorily towards our area. But if the interest shown both at home and overseas over the past year in the industrial potential of the Highlands and Islands is any guide, we are confident that such development will come. We are clear that as it emerges, and so far as we can dictate its course, such development will have to be a balanced one, with smaller

industrial groupings wherever opportunity offers and with major growth units in districts favourable to their establishment and development. Regrettably, in an area of sparse population and geographical difficulties, not over-endowed with natural resources, it is just not feasible to bring industries, even small industries, to every district. It is one of the major problems of the Highlands and Islands that unemployment is spread over an extensive area in a series of small pockets. The task of taking jobs to every one of these pockets is an impossible one; this is a fact which must be realistically accepted.

#### PROMOTION OF SMALL INDUSTRIES

75. As a Board, we are committed to give our attention both to encouraging and promoting the development of large-scale and small-scale industries. On the question of large-scale developments we shall have observations to make in the next section about what has come to be known as the concept of Moray Firth Development. While we cannot claim any dramatic success in regard to small industries, our efforts over the relatively short period since we took office have not been without achievement; this includes the establishment of an angling fly-dressing enterprise, an electronic components venture, a precision engraving firm, two textile manufacturing companies and a pottery. As the year ended there was heartening evidence that other entrepreneurs in the South were taking a practical interest in the Highlands and Islands as a suitable place in which to expand their existing businesses or to set up new enterprises.

76. We appreciate that the Board will be judged particularly by its successes in the field of industrial promotion. It is only right to record, therefore, that several negotiations which were conducted, often at considerable expenditure of time and effort by Board members and staff, were fruitless except for the experience gained.

77. Much more remains to be done to promote industry. In this connection our experience to date is that businessmen look for the following main factors when considering setting up business in a new location: the ready availability and assured future supply of labour with the skills needed (or at least the ability to acquire these skills); accessible, attractive, reasonably priced sites preferably already serviced; access to the main routes to markets and sources of raw materials; nearness to airports and direct rail services; good amenities; co-operation from central and local government agencies; and reasonable financial facilities. We have been heartened, but not surprised, to learn from those businessmen who have embarked on new projects in our area that the labour supply has been highly adaptable to new skills, loyal and hard-working. That is a reassuring basis on which to continue our work in this field.

#### PROJECT COUNTERDRIFT

78. As regards labour availability, one of the interesting initiatives taken by the Board during the year was "Project Counterdrift". This scheme was designed to give us an up-to-date picture of the skills which might be made available, both to existing and incoming industry in our area. We were aware of the experience of the United Kingdom Atomic Energy Authority at Downreay and Scottish Pulp and Paper at Fort William; in both cases it had been

the view that the local authorities should have the responsibility for provision of these houses, leaving the Forestry Commission free to concentrate on such matters as acquisition of land, recruitment of labour, etc., which are more directly concerned with the expansion of the planting programme. In association with the Highlands and Islands Development Consultative Council, we were looking into this matter at the end of the year.

161. We welcome the initiative taken jointly by the Crofters Commission and the Forestry Commission to encourage crofters to release common grazing land for planting by setting up a scheme whereby the money paid by the Forestry Commission as compensation to the crofters for loss of their grazing will be used to establish a development fund which, supplemented by grants from the Crofters Commission, will be used to improve the land remaining in crofting.

162. Shelter belts. Finally, in any properly planned policy of land use, we see ample scope for mutually beneficial co-operation between forestry and agriculture. Indeed the planting of trees as shelter belts is an example of how forestry can assist improvements in agriculture and, while we recognise that the planting of trees is very much a long-term investment, we would like to see more farmers and crofters planting shelter belts as a means of ensuring future improvement of their land and stock husbandry.

demonstrated that, if the opportunity were provided, there was no lack of applicants for posts in the Highlands.

79. Our experience in building up our own staff tended to confirm this view. "Counterdrift" was designed to tap these hidden resources, providing opportunity for those already in the area, those who had left and were seeking to return, and finally any other person who wished to move into the Highlands and Islands.

80. We launched the first phase of the scheme in November 1966 through an advertisement in every Highland newspaper which sought the names and addresses of expatriates who would be prepared to return to the area provided the opportunity were there. Register survey forms, a reproduction of which can be seen at Appendix XII, were then sent to those who replied seeking basic information and asking if the applicant would care to be placed on the register.

81. The response indicated that the exercise, as it developed, would result in a register which would provide us with an unusual additional attraction in our efforts to promote industry by way of an analysis of the first major factor of growth—labour. Over 1,000 survey forms had been sent out in response to enquiries by the end of 1966, and over 400 names had been placed on the register as a result. The Board plan in 1967 to extend the project on a nation-wide basis and possibly even abroad in Commonwealth countries.

82. Throughout Counterdrift, close liaison was maintained with other organisations. Both the Scottish and national headquarters of the Ministry of Labour were particularly helpful in advising the Board about this exercise. It was anticipated that the second phase might involve the participation of selected Ministry of Labour offices as it developed.

83. One interesting feature that had made itself apparent during December 1966 was the willingness of some employers, already established in the area, to use Counterdrift as a means of recruitment. Although enquiries on this front were small in number, they were sufficient to indicate that, as the register developed, growing use would be made of it in this way.

#### LOCAL SURVEYS

84. A related aspect of our work has been, with the help of the Ministry of Labour, to advise local development groups on surveys of their own labour resources as an aid to industrial promotion. This has been done so far at Gairloch and is in train at Aviemore, Fort Augustus and Inverness. As part of our planning function we hope to gather details of this kind for the whole of our area in the future.

#### ADVANCE SITES AND FACTORIES

85. We are satisfied on one point about sites and associated services. Industrialists rapidly lose interest if there are long delays while sites are being acquired and services installed. Indeed it is essential that we should be able to reduce to an absolute minimum the time between capturing the interest of an intending developer and his being able to enter into actual production. This raises the question of prepared factory sites and advance factories to

assisted by a number of Government-financed bodies such as the Agricultural Colleges with their advisory and investigational services and the research institutes; and that in the Highlands and Islands crofting is the responsibility of the Crofters Commission. Moreover, in the National Farmers' Union of Scotland and the Federation of Crofters' Unions, farmers and crofters have effective representative organisations.

156. Accordingly, while we want to see agriculture in our area becoming even more efficient and progressive, it is clear to us that we cannot involve ourselves in the day to day functioning of the industry. What we can do, as our overall policy on land use develops, is to lend our weight in consultation with other interests concerned to securing any necessary change of structure in the industry or the introduction of other appropriate measures required for its development. It may be that our discussions with agricultural interests will reveal gaps where no appropriate body exists to undertake agreed measures for the development of the industry in our area. In that event we would be very ready to consider how best such gaps might be filled, whether by the Board or by other means.

157. We have already referred to the land use surveys in Mull and the Strath of Kildonan. In association with the Orkney branch of the National Farmers' Union of Scotland we also commissioned in April 1966 from Kinord Associates, Aberdeen, a survey of the overall trends developing in the Orkney farming industry to assist us to determine what steps should be taken to strengthen this already well-developed section of the Highland agricultural industry. The second part of Kinord Associates' report containing their conclusions and recommendations was awaited at the end of the year.

#### LAND IMPROVEMENT

158. Towards the end of 1966 we were discussing with the Crofters Commission the whole question of multipurpose development of croft land including large-scale land improvement schemes. Both bodies are agreed that the possibilities for development and improvement of land must be thoroughly explored and they intend to pursue this matter in 1967 in consultation with other bodies concerned.

#### FORESTRY

159. Through their representatives on the Scottish Economic Planning Council, the Board had pressed for an increase in the forestry planting programme and, therefore, welcomed the announcement in the White Paper on the Scottish Economy of the Government's intention to increase the planting programme in the Highlands to 20,000 acres per year after 1969. In urging an increased afforestation programme, the Board recognised that forestry was a labour-intensive industry and considered, from all the information available to them, that it represented the most economic use of some of the land in their area. They also had in mind the paucity of afforestation in this country compared with many other nations.

160. We recognise that the Forestry Commission will have to solve a number of problems to achieve this increased target. One of the more important of these problems is the provision of houses for forest workers. We share

which we were giving consideration at the end of 1966. In considering this question the Board has in mind to take into account the needs of viable communities in the islands and the more difficult parts of the mainland area.

### LOCATION OF INDUSTRY

86. During 1966 we met representatives of organisations such as local authorities, district councils and local development associations, who pressed on us their interest in industrial development for their own areas. While we have noted their requests and will devote our efforts to giving the maximum help we can, it is right to observe that the decision as to the location at which he will set up his enterprise rests at the end of the day with the developer himself.

87. Meantime our primary function in promoting industry is to offer financial aid, to provide, where we can, basic information and essential help to a developer, and to use our knowledge of our area to ensure that obstructions or difficulties are removed or smoothed away. We cannot, nor would we wish to, dictate where an industrialist will establish himself. Even to attempt to do so would dispel immediately his interest in the possibility of developing in the Highlands and Islands.

### MORAY FIRTH DEVELOPMENT

88. Moray Firth Development (M.F.D.) is the large-scale approach. It is a regional development scheme with an industrial base.

89. Before the Board was established, the inner Moray Firth area had been identified by various bodies, including the Scottish Economic Planning Council, as an area with substantial development potential and the White Paper on the Scottish Economy, published early in 1966\* endorsed that view. The latter also drew attention to the development potential of the Wick/Thurso area and it appears to us that the large-scale approach will be relevant to this area also. It is planned that studies should begin in this area during the next year.

90. In March 1966 we commissioned Product Planning (Proplan) Ltd. to carry out a study of the credibility of major industrial development in the area between Nairn to the South and Tain to the North. Their report to the Board in August 1966 brought the possibilities and the problems involved in such a development into sharper focus. It also confirmed us in our thinking that major growth was not only credible but should also be pursued as a key element in our longer term strategy. In deciding to do so, we accepted Proplan's conclusion that a substantial growth of population was possible in this area over the next twenty years or so. Following the submission by Proplan of their report to the Board in August and further studies, we were convinced that M.F.D. would make real development and growth in other Highland centres more practicable and more probable and that it would promote confidence in the future, the lack of which had been a very real hindrance.

91. Our aims in promoting M.F.D. are:  
to establish a major centre of modern job opportunity for those from with-

\* The Scottish Economy 1965 to 1970. A Plan for Expansion. Cmd 2864.

the parts of our area that lend themselves to such development. Many of the straths, for example, could sustain two or more different kinds of activities—agriculture, afforestation, tourist accommodation, recreation and sport, small industry—with great benefit to their economic and social life; and without obstructing the very real claims of those who feel deeply about nature conservation. The phrase "land capability study" will continue to mean so many things to so many people until, in the Highland context, we give it meaning by methodical survey and action.

149. We are clear from our experience over the past year, including the many helpful meetings we have had with official bodies and representative organisations, that we must become increasingly involved in this vital question of land use. Many far-reaching decisions will have to be taken in the years ahead and it is therefore important that the Board should have readily available on their staff a small but expert "land use" team to assist them.

150. At the end of the year we were considering the appointment of the nucleus of such a team to our Planning and Research Division through the recruitment of a land development officer and the engagement of the part-time services of an agricultural economist. There is, of course, a range of expert advice willingly available to us from outside sources such as the Department of Agriculture and Fisheries for Scotland, Agricultural Colleges and Research institutes and we shall not hesitate to call on such advice as the need arises—as we have, in fact, done to date.

### SURVEYS

151. At our instigation the Macaulay Institute for Soil Research carried out a soil survey and land use capability survey in the Ross of Mull, the latter being a pioneer effort in Scotland. We hope by such means as this to provide a more objective and informed basis for deciding optimum use of land within the economic criteria set by national policy.

152. By the end of the year the Department of Agriculture and Fisheries for Scotland and the Forestry Commission had agreed at our request to carry out a land survey of the island of Mull to be completed by mid-1967.

153. We were also actively engaged in considering the possibilities of development in the Strath of Kildonan in the light of a survey carried out by the Department of Agriculture and Fisheries for Scotland and the Forestry Commission and in consultation with the interests concerned in or with the Strath including owners, farmers, crofters and their representative organisations.

154. In addition a survey of land use for urban and industrial development was projected in the Moray Firth growth area.

### AGRICULTURE

155. While agriculture is to-day the most important industry in the economy of the Highlands and Islands we had to recognise when we took office that the economic and technical well-being of the industry in Scotland was already the responsibility of the Secretary of State and his Department of Agriculture and Fisheries for Scotland, which administers a whole range of agricultural schemes, subsidies, and price guarantees; that the industry is



## *The land*

145. The basic natural resource of the Highlands and Islands is the area's 9 million acres of land. That fact is as clear as the question of the use of the land is complex; but we have been greatly helped by the Land Use Report of the Advisory Panel on the Highlands and Islands.

146. We have been under substantial pressure from our first day in office to produce a "land use plan" for our area. Clearly this is essential to our long-term programme. Nevertheless the preparation of such a plan is not a matter that can be hurried for land is not a resource with which it is proper to take quick decisions or in the use of which it is possible to make changes overnight.

147. Any "land use plan" must stem from a policy. Basic to any such policy is our determination to see that the Highlands and Islands produce as much as they can from the land, whether it be livestock, crops, timber or recreation. But in determining what is the best use of any given area two factors seem to us at this stage, in the light of our development remit, to be particularly important—productivity and employment. In other words, which particular use of the land will, for a given investment, produce the best return for the largest number of people. To this end we intend to carry out a systematic survey and study of land potential in our region.

148. We are seized too of the necessity for ensuring that our policy, as it emerges, makes provision for the "comprehensive" development of land in

in and without the Highlands, offering conditions in all respects comparable with the best likely to become available in United Kingdom; to establish a major centre which can offer within the region a full range of modern commercial, social, cultural and other activities as well as job opportunity; to demonstrate that enterprises founded in the Highlands are capable of thoroughly profitable operation without recourse to revenue subsidy; to assist in the improvement of the U.K.'s balance of payments; the Moray Firth looks naturally to export markets just as much as to home markets; to offer a "home market" of reasonable size for the region's products, such as food, which will strengthen the position of the primary producers of the area and give a sounder base for adding value locally to their products; it will also require, and provide a basis of demand for, improvements in transport and other social provisions as well as benefiting, and benefiting from, improvements in recreation and tourist facilities; to help to balance the economic structure of the area in which the distinctive feature is the very small representation of manufacturing industry.

92. **Attractive resources.** Within this broad field the first project to be considered related to the possibility of establishing a petro-chemical complex at Invergordon, a possible major step towards the development of the Moray Firth area.

93. This area, in the Board's view, has great potential because it possesses resources that are highly attractive to modern industry. Of these, the most important are three in number: a sheltered deep water harbour capable of taking the very large tankers of up to 200,000 tons and all the biggest bulk cargo carriers likely to be built; ample supplies of fresh water; and the very unusual situation where suitable areas of flat land lie adjacent to the deep water. It also enjoys a very good climate.

94. Quite clearly these are of crucial importance to the proposed complex. By the end of 1966 discussions had been opened with the Occidental Petroleum Corporation of Los Angeles who had expressed an interest and early in the new year a feasibility study was to be launched by the corporation's consultants. As conceived at that stage the complex would produce fertilisers, plastics, and various other organic and non-organic chemicals in addition to a substantial output of refined oil.

95. The Board had in mind other possibilities for the area, including mineral processing industries as well as those based on the natural produce of the surrounding country districts.

96. On 28th December 1966 the Board made a formal submission to the Secretary of State about their ideas for the urban/industrial development of the Moray Firth area. This proposal outlined the reasons why the Board considered the development of the inner Moray Firth area of such vital importance to their task and the action being taken by the Board to promote such development and sought the Secretary of State's support for the initiation of the necessary studies and consultations in preparation for the consideration and decisions that would arise if any specific project or prospects should materialise. These studies would include questions of infrastructure such as dock facilities and the question of competitive power generation.

97. The Board had also by the end of 1966 set up a special team within its organisation to pursue the development of the Moray Firth area. In all this we had very clearly in mind the need for consultation with the various authorities and bodies concerned to take every step to produce a co-ordinated economic-physical plan which would ensure orderly and good quality development in the specially difficult circumstances of the Highlands where the capacity to take these measures lagged well behind other more industrialised and more highly organised parts of Britain. Some of this work was well under way by the end of the year.

#### PROTOTYPE FAST REACTOR

98. The siting of the experimental fast reactor at Dounreay had brought vigorous new life, thought and hope to the area and accordingly the Board wrote to the Secretary of State expressing their vital interest in the siting of the prototype reactor and asking that they should be consulted before any firm decision was taken. As a result of this request, arrangements were made in February 1966 for representatives of the Board to meet the then Minister of Technology, the Rt. Hon. Frank Cousins, M.P., to discuss the case for siting the prototype reactor at Dounreay. In the event the decision was given in favour of Dounreay, to the satisfaction of the many people who had supported the Board in this matter.

99. But this is only the first step in the process of developing the area and we mean to examine all the possibilities of bringing industry to the Thurso/Wick area.

#### INFORMATION CENTRES

141. Many local tourist information associations in our region survive and operate only by the efforts of a few selfless individuals. Their achievements have been remarkable, but need to be supplemented to answer the needs of a modern tourism industry. In 1966 we felt justified in giving some modest help towards the expenses incurred by these local tourist associations in running their information centres. This we considered was essential until we had reviewed the steps which would be necessary to create a proper network of tourist information bureaux. We hope to complete this work in 1967.

#### PUBLICITY AND RESEARCH

142. In the field of publicity, we have collaborated closely with the Scottish Tourist Board. We agreed in January to meet that part of the cost of tourist publicity for 1965/66 which related to advertising of the Highlands and Islands, a sum of £5,000. In the middle of last year we discussed a publicity programme with the Tourist Board and adjusted our publicity requirements for 1966/67 in agreement with their director. The estimated cost to us of this was £5,000-£6,000. We also planned the production of an angling guide to Inverness-shire, a publication which was to be on the market early in 1967. In 1966 we joined with the Scottish Tourist Board to sponsor a Highland Hotel Conference in Inverness. Another example of co-operation with the Tourist Board was the joint commissioning of a questionnaire survey at a total cost of £600 of tourists at selected points in our area by a post-graduate research worker of the Geography Department of the University of Glasgow.

143. Mr John C. Robertson, the Board member responsible for tourism, was appointed a member of the Tourist Board on 26th September 1966.

#### TOURISM DEVELOPMENT TEAM

144. It became evident to us in the course of the year that if we were to develop our strategy for the fostering of the tourism industry in our area and the associated recreational amenities and facilities we would require to supplement our staffing resources. Following discussions with the Scottish Tourist Board we therefore decided to recruit early in 1967 a small specialist team of officers with experience in the tourism, catering and allied fields of economic activity. The kind of work we shall entrust to them will be concerned with advice and guidance on tourist accommodation; the provision of sporting and recreational facilities and amenities as well as the essential information and other services which tourists need; the preparation of marketing studies; and the promotion of districts which have the highest potential for tourism growth.

their provision is difficult in a sparsely-populated region such as the Highlands and Islands. Accordingly we consider that we have special responsibility to encourage the provision of such facilities.

134. We have already made a modest start. For example, we have associated ourselves with the Caithness Tourist Association and various local clubs to promote sand and land yachting, beginning what we hope will develop into a thriving new recreational activity. We have also examined the sand yachting possibilities of the beaches of South Uist; supported an angling festival at Ullapool to enable the organisers to invite anglers of international reputation to compete; had the benefit, too, of a report to the Scottish Federation of Sea Anglers on the sea-angling potential of some of the waters around our coast by an authority on the subject; and are examining the possibilities for a long-distance walking route on the lines of the Pennine Way in England.

135. We are, however, satisfied that individual initiatives alone will not suffice to answer the problem. Fairly substantial investments may be necessary and we shall be considering in 1967 how far it will be necessary for us to formulate schemes of a special kind to accelerate recreational development.

136. **Cairngorm winter sports.** This side of our work has involved us closely in the development of winter sports in the Cairngorms. The Cairngorms Winter Sports Development Board had been formed in 1957 as a company limited by guarantee. Its objects were to develop the Cairngorms as a national winter sports area and, more specifically, its immediate activities were to be directed towards the erecting and running of chair-lifts and T-bar tows for skiers.

137. By the time we took office the Winter Sports Board were searching for means by which they could increase their chair-lift capacity, install fresh T-bar tows and improve restaurant facilities. The situation was urgent, especially in view of the impending opening of new accommodation for skiers at Aviemore; if the additional facilities were not provided by the onset of the 1966/67 winter it was thought that on the slopes and their approaches chaos might well result.

138. In the months immediately following our taking up office we held a series of meetings with the Winter Sports Board and the other interests involved in the Cairngorms. At the end of January 1966, we granted the organisation a short term loan so that they could buy an additional tow.

139. In April 1966, the Cairngorm Winter Sports Development Board formed a new company, Cairngorm Sports Development Limited. This step enabled new capital to be injected into the organisation and the facilities which it provides. On the understanding that the latter would be expanded on a systematic basis we took up £25,000 of debentures in the new company; at the same time our chairman joined its board of directors.

140. Throughout these discussions, we were anxious to do as much as possible to ensure that the progress of such a major development should proceed on a planned basis. Consequently, at the year's end, we were looking forward to the publication of the Cairngorm Area report; we hoped that on publication, it would show whether and how far we might be of assistance in the future.

## Fishing

100. The White Paper on the Scottish Economy, states that fishing cannot be looked to as a significantly expanding sector of the Highland economy but this generally correct analysis covers, as so many generalisations often do, specific areas where fishing is of prime importance. This the Board believes and has vigorously acted on this belief, looking for such specific areas and opportunities.

101. Except for Shetland and Caithness, the major share of the fishing in Highland inshore waters has gone, since the First World War, to boats based on the East coast but landing at developing ports on the West coast and to foreign vessels landing in their own countries. The Board's concern is to ensure that an increasing share of the resources of Highlands and Islands inshore fishing waters is derived by locally based fishing vessels manned by men resident in the Highlands and Islands.

102. We are convinced that such an increase in the numbers of locally based fishing vessels is possible. Firstly, the agreement concluded by the Government on fishery limits in 1964 has restricted the number of foreign boats fishing in Highland inshore waters. Secondly, we are satisfied, following discussions with the Department of Agriculture and Fisheries for Scotland, the White Fish Authority (Committee for Scotland and Northern Ireland) and the Herring Industry Board that the resources of Highland waters can stand more intensive fishing without imperilling future stocks. Finally, we

were encouraged by the success of the Outer Hebrides Fisheries Training Scheme which the Department, in association with the Fishery Authorities and the Highland Fund Ltd., operated in 1959-61 to introduce the nucleus of a locally based fishing fleet in the Outer Hebrides by providing finance and training facilities for new entrants to the industry.

#### FISHERIES DEVELOPMENT SCHEME

103. Accordingly, following negotiations with the Department and the Fishery Authorities, the Board submitted to the Secretary of State on 7th February 1966 a formal proposal for development of the Highland fishing fleet. Under the proposed scheme, estimated to cost £750,000, twenty-five fishing boats would be built for new entrants to the industry over the next five years. These vessels would be additional to the fishery authorities' normal programme of loan and grant aid for construction of new boats (under which experienced fishermen from the Highlands and Islands may, of course, apply for assistance) and would be between 50-80 feet in length overall, equipped as appropriate for white fishing, trawling or seining, prawn trawling or herring trawling.

104. Grant would be provided by the appropriate fishery authority while sufficient loan would be made available from the Board which, added to the grant and the applicant's own resources, would enable successful applicants of the right calibre and background to obtain a boat. Arrangements for training would also be made by the Board through a training officer and training skippers utilising spare berths on existing boats initially, and, later, also berths on the new vessels where possible.

105. The Secretary of State approved the proposal in principle on 9th March 1966. While the scheme covers the whole of our area, it is directed mainly to increasing the local fleet fishing out of Stornoway.

106. Applications under the scheme were invited in mid-1966. By the end of 1966 twenty-six applications had been received and nine applicants had been selected for boats. It is expected that eight new boats will be in the water by the end of 1967.

107. Successful applicants must submit three tenders for the construction of their boats including, if possible, one tender from a Highland boat-builder's yard.

108. **Boat design.** In order to provide successful applicants under this scheme with the most modern design of fishing vessel we commissioned a firm of naval architects to design a 54 ft. stern trawler suitable for dual purpose fishing in Scottish waters, the full working drawings of which were expected in March 1967.

#### SECOND-HAND BOATS

109. After discussions with the White Fish Authority and the Herring Industry Board, the Board have in special circumstances assisted experienced and proven crews in the Highlands and Islands to secure second-hand boats. In such cases the boats have passed a stringent survey and were purchased at market value. By the end of 1966 we had approved assistance for the purchase of two second-hand boats.

tion principally from extensions, modifications and improvements to existing hotels and boarding houses.

128. The following examples indicate the range of projects which has been assisted under our scheme:  
a boarding house was enabled to add seven double bedrooms and a lounge, including fittings and furnishings, to its premises; this met a real need in the area where this type of unlicensed accommodation is scarce;  
a new caravan site, complete with shop, toilet block and four permanently parked caravans, was developed with space for another thirty-six touring caravans; part of our finance was used to purchase two boats for hiring purposes;  
a motel was extended to add thirty-five bedrooms and a bar/lounge to its existing accommodation.

#### CARAVAN AND CAMPING SITES

129. We are also concerned to support the provision of caravan and camping sites. Several county councils have shown an interest in developing suitable locations within their boundaries as camping and caravan parks, and the Crofters Commission desire, in co-operation with ourselves, to encourage crofters to develop suitable parts of their common grazing land as properly equipped and regulated camping and caravan parks. We shall continue to maintain close liaison with all these authorities and will offer maximum support to well-planned developments to provide for the needs of campers and caravaners in so far as this is consistent with our powers and duties.

130. **Achnacon.** On 27th January 1966 we commissioned Professor Sir Robert Mathew of the Department of Architecture of the University of Edinburgh to plan a modern camping and caravan park at Achnacon at the northern entrance to Glencoe. This site is owned by the Forestry Commission and had been suggested following surveys and consideration by a variety of bodies. We undertook this venture mainly because of the eyecore that was being made of one of Scotland's most dramatic and best known glens by indiscriminate camping and caravanning. This practice was giving rise to a growing public health hazard, since, of course, no effective control could be exercised until proper facilities had been provided.

131. At the end of the year the Architectural Research Unit under Sir Robert had produced a provisional plan which aimed to provide, on a site of some 16 to 17 acres, a fully developed and properly serviced caravan/camping park and this was being studied by the Board, with a view to a possible submission to the Secretary of State.

132. We assured those interests who expressed concern about this project that the site would be landscaped and screened by the planting of additional trees; there would be no pollution of the river; and drinking and dancing facilities would not be provided.

#### RECREATIONAL FACILITIES

133. There is need for the extension of recreational and entertainment opportunities without which the tourism potential of our area will not be realised. We recognise that such facilities are not generally profitable and that

skiing, climbing, fishing and yachting; and the very spaciousness of the area, comprising as it does one fifth of the land area of Great Britain, will ensure that large tracts of mountain and moor will always be available to those to whom wildness of countryside and remoteness from civilisation spell enjoyment and content.

122. There is a tendency in some quarters to rate employment in the tourism industry as second rate or menial. If there is such a tendency, and we hope that it is declining, we deplore it for we think that whether such employment involves work in a bed-and-breakfast establishment, a restaurant or a large hotel, it calls for personal qualities and professional skills of a high calibre.

123. It will be our duty to co-operate with the catering and tourism industry to ensure that its development takes place on an orderly basis allied to sound standards. Indeed, we subscribe to the injunction to local authorities in Scottish Development Department Circular No. 2/1962 (Areas of landscape value and tourist development) viz. "to look ahead and to consider what must be done both to safeguard the most outstanding beauty spots and at the same time, by proper survey and by proper definition of areas of growth and centres of tourist development, to stimulate and encourage the provision of facilities for the increasing number of people who are coming to see for themselves the beauties of our countryside and sea coast".

#### HOTEL/MOTEL SCHEME

124. The Board's first major tourism proposal was submitted to the Secretary of State on 14th June, 1966. It dealt with the provision of new hotels in the islands and on the west mainland. The Secretary of State's approval in principle on 1st August enabled us to begin a study to prove the feasibility of five hotels estimated to cost in total, about £1 million. It was intended that each should provide about 13,000 square feet of space and would be leased on the basis of market value. Accommodation was to be provided for about 100 guests at each hotel.

125. We pursued this scheme early in our life because of the great tourism potential of the islands and west mainland. But we recognised this potential could never be realised until we broke the vicious circle—no accommodation—few visitors—little inducement to anyone to provide accommodation. At the end of 1966 we still had a great deal of investigation to do on the design and costing of the hotels, the selection of the best sites, and the evaluation of the economics of running such hotels.

#### GRANTS AND LOANS

126. The support we have been able to give to promote individual tourism enterprises and recreational amenities derives mainly from our scheme of grants and loans under Section 8 of the Act.

127. At 31st December 1966 we had approved applications for financial help to tourism amounting to £295,279. It is estimated this assistance, together with the investment of private capital in the projects, will create 280 new jobs when the developments are completed and considerable extra accommoda-

#### ORKNEY FISHING

110. Early in 1966 we discussed with the Orkney Fishermen's Society Limited, at their request, the possibility of encouraging the fishing effort in Orkney, and thus providing a badly-needed source of additional employment for the young people there.

111. As part of this review, which it was hoped to conclude by the spring of 1967, the Board, in association with the society, commissioned Kinord Associates, a firm of consultants in Aberdeen, to carry out a comprehensive fishery survey in Orkney to determine the potential for viable shell and white fish processing facilities which would provide a ready market for catches and reduce seasonal fluctuations in the fishing industry. The second part of Kinord Associates' report containing their conclusions and recommendations was awaited at the end of the year.

#### PROCESSING

112. The Board recognises that for every man fishing at sea, processing can provide two jobs ashore. But before the introduction or expansion of local processing facilities can be encouraged, we consider that there must be an assurance of landings sufficient to make processing an economic proposition. Our fisheries development scheme will result in additions in 1967 to the fleet fishing out of Stornoway and we are accordingly assessing processing prospects at that port. In this connection we are considering, in consultation with the Herring Industry Board, the future utilisation of that body's quick-freezing factory and cold store at Stornoway.

113. We have also given financial assistance to the fish processing industry in Shetland and further proposals for the expansion of that industry's possibilities were under consideration by the Board at the end of the year. We hope that if these proposals can be approved, the Shetland fishermen will continue to support their home processing industry.

#### MALLAIG

114. Late in 1965 the Board was approached by Mallaig and North West Fishermen's Association regarding the re-development of the Point area and the setting up of a harbour trust for Mallaig. Since February 1966 negotiations have been carried on with British Railways, the Department of Agriculture and Fisheries for Scotland, the local landowner, and Inverness County Council and we hope they can be concluded successfully as soon as possible. We were also consulted during the year concerning the possibilities of establishing a fish meal factory and a prawn processing plant at Mallaig but, after discussion, consideration of both projects was postponed.

#### OTHER SURVEYS AND INVESTIGATIONS

115. **Fishery Harbours and Ports.** In the course of our work on fisheries, we have been assessing the potential of the various harbours in our area and it is hoped to complete this assessment as early as possible in 1967. The results of this survey will be discussed in the first place with the interests mainly concerned, in view of the influence it will have on the Board's long-term policy on the development of the fishing industry in the Highland area.

116. **Fish Farming.** We are keeping under review the potential of our area to sustain fish farming enterprises. In this connection a visit was paid to Denmark in August by two members of the Board's staff to assess the potential for fish-farming in the Highlands and Islands on the fresh-water pattern as practised in other countries.

117. **Lobster Marketing from the Uists.** At the end of the year the Board commenced an investigation into the marketing of lobsters from the Uists and it is hoped that this will be completed early in 1967, and action taken during that year.

## *Tourism and recreation*

118. The White Paper on the Scottish Economy contained a number of guidelines for the Board in the development of the Highlands and Islands. One of these was "to develop tourism both to assist in consolidation in some of the main centres and give a supplementary income to the dispersed population engaged in primary and service industry".

119. We think that the tourism industry is already one of the three main props of the Highlands and Islands economy and that there is ample scope for its further expansion; and that properly directed such expansion will provide reasonably quickly a worthwhile return.

120. Devoted efforts have been made by various bodies, particularly the Scottish Tourist Board, to develop the Highland tourism industry and we recognise the contribution they have made. But we are at present the only body equipped with the necessary powers and finance to further this work and we therefore consider it our duty to do so not only in the Highland but also in the national interest.

121. The rising living standards and increased leisure time enjoyed by very many people enable the region to fulfil increasingly one of its main functions—that of being an area of refreshment and active recreation, particularly to the urban dweller. Few areas in the world are better endowed for these purposes than the Highlands and Islands with their beauty of scenery and natural features which lend themselves to a variety of sports such as