

# **MEETING OF THE PARLIAMENT**

Thursday 5 February 2004

Session 2

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## Scottish Parliament

Thursday 5 February 2004

[THE PRESIDING OFFICER *opened the meeting at 09:30*]

### Police Accountability

**The Presiding Officer (Mr George Reid):** Good morning. The first item of business is a debate on motion S2M-849, in the name of David McLetchie, on police accountability, and two amendments to that motion.

09:30

**David McLetchie (Edinburgh Pentlands) (Con):** I am sure that no one in the chamber would dispute the fact that the maintenance of order and the rule of law is an essential function of the state. The police service is the pre-eminent public service, as it is the foundation on which everything else is built.

There is a clear causal relationship between effective policing and crime reduction. However, there is an equally clear public dissatisfaction with levels of crime and disorder in too many communities in Scotland. The Executive's Antisocial Behaviour etc (Scotland) Bill is, in part, a response to that dissatisfaction.

We have debated—and we will no doubt debate again—the extent to which the police need extra powers to discharge their duties; however, that is an argument for another day. This debate is about how the structure of the police service can be reformed to make it more effective in tackling crime and more responsive to public demands. Simply promising more money, more police officers and more bobbies on the beat is not enough because, if such promises are not visibly implemented and the rhetoric in Parliament fails to match the reality on the streets, that will serve only to undermine public confidence in politicians and the political process. That is the current situation and the credibility gap that we must bridge.

Accountability is one of the key issues. Currently, there is a tripartite structure that shares responsibility for our police service among police boards—which are made up of elected councillors—the Scottish ministers and chief constables. The structure gives police boards clear powers to determine budgets and police numbers and, in conjunction with Scottish ministers, to appoint senior officers.

Within that framework, the police enjoy what is known as operational independence. Decisions

about the deployment of officers, the level of community policing, whether there should be more officers on the beat in a particular area, approaches to different kinds of crime and the targeting of particular criminal activities are left in the hands of chief constables. The principle of operational independence is jealously guarded by police officers, as we have seen in their hostile response to the limited powers of direction and guidance that the Executive has proposed in the Antisocial Behaviour etc (Scotland) Bill.

Given the powers that we invest in our police forces, no one would dispute that important constitutional and civil liberties issues are involved in the relationship between the police and politicians, but that does not mean that we should shy away from reviewing or adjusting the boundary between their powers. It cannot be right that senior police officers can decide which laws of the land in respect of the possession of cannabis or street prostitution will or will not be enforced, for example. Such issues involve public policy decisions that should be taken by elected politicians who can be held to account by voters.

The public do not see more police officers patrolling their streets in many communities partly because of a lack of resources—I have some sympathy with Nicola Sturgeon's amendment in that respect—and because, from time to time, there are competing demands on the resources that are available. However, we must also face the fact that the public do not see more police officers patrolling their streets because many senior officers and chief constables do not consider that to be an effective method of policing. Indeed, such a method might not be effective in solving the most serious crimes, but it can be effective in deterring crime and antisocial behaviour and in promoting good order in many of our troubled communities.

**Nicola Sturgeon (Glasgow) (SNP):** Does David McLetchie agree that police independence is important? There is a debate about the issue, but it is a debate in which there is no room for shades of grey. There must be clarity.

Mr McLetchie referred to the Antisocial Behaviour etc (Scotland) Bill, in which a power of direction is given to ministers that seems to cover the eventuality of the police not implementing the dispersal powers that are contained in the bill. His colleague Annabel Goldie and I have been adamant that that is absolutely wrong and that politicians and ministers should not interfere in the operational independence of the police. David McLetchie seems to infer something different. For the sake of clarity, will he decide whether his or Annabel Goldie's view prevails?

**David McLetchie:** I do not want to get into a long debate about powers, but the dispersal

powers in the section in question are unnecessary because there are adequate laws at the moment. Consequently, the subsidiary provisions in the sections that deal with the powers of direction and guidance in relation to the dispersal powers are themselves unnecessary. If one does not want the principal power, the subsidiary power is not needed. Therefore, what we have said is not inconsistent with what we are saying in the broader context of relationships between politicians at national and local level and senior police officers in police forces.

I would argue that the current interpretation of the principle of operational independence is not, in practice, delivering the police service that our public deserve, demand and pay for through their taxes. The convention needs far clearer definition and to be more strictly limited. Of course, the police should have operational responsibility without political interference in the specifics, but politicians should be responsible for more than just setting budgets and appointing senior officers. They should approve an overall policing plan and the priorities in a local area and scrutinise performance against agreed and understood objectives.

**The Deputy Minister for Justice (Hugh Henry):** David McLetchie talks about local areas, on which the Conservatives have put a great deal of emphasis. Perhaps he is developing what he is saying about powers, but I am still unclear about what he means. Does he believe that the current structures are those best suited to deliver the local accountability that the proposal to have a directly elected convener seeks? If he believes that a directly elected convener is best, why not for other services?

**David McLetchie:** We will get into a very broad area if we discuss other services. I agree that we do not need to review the number of police boards and police authorities in Scotland at this stage. However, they need to play a more prominent role in public life. There are differences between the police service and other public services, such as health and education services. I do not think that there are parallels between them—they do not read across. As I said, the police service is the pre-eminent public service and will always be delivered by the state, so accountability flows not from any consumer principles relating to purchasing power and direction of money; there must be democratic accountability. That is the basis of our proposals and of similar proposals that the Home Office has made for England and Wales.

Even if we agree—which we might not—that there is a need to redraw or redefine the boundary between public accountability and operational independence, there is still a need to decide on

the balance of accountability between national and local politicians. Clear lines of accountability are essential and I do not think that the current structure provides them. Our police forces should be more accountable to elected representatives of local communities and, through them, to the public at large.

The current structure of our eight police boards is not adequate in that respect. I bear no ill will to the conveners of our boards, but I doubt whether even the famously cerebral Stewart Stevenson could name all eight or even half of the conveners. If Mr Stevenson does not know who they are, the public certainly do not.

That matters because the public need to know where the buck stops with their local police force. That is why we have proposed that police board conveners should be directly elected at the same time as we elect our councils. The boards would still be made up of councillors who are drawn from the local authorities in the police board area, but a directly elected convener would improve local accountability and increase public awareness of the performance of their police force through the regular publication of local crime statistics and other performance indicators. He or she would also be a powerful champion of the police service in negotiations with the Scottish Executive and councils over funding for the police and reforms of the criminal justice system. They would draw on local experience.

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** Will the member take an intervention?

**The Presiding Officer:** No, we are too tight for time.

**David McLetchie:** I am sorry, Mr Rumbles, but I must finish.

In my view, there would be significant benefits from increased local accountability. It would increase the responsiveness of police forces to the concerns of the communities that they serve; it would increase public confidence in our police service; and it would encourage innovation and diversity in the management of policing. Those are essential for the delivery of more effective policing, which would help to reduce crime. I believe that we all want to achieve that objective, even if we differ in how we seek to achieve it. Therefore, I move the motion in my name as a contribution to a debate that I believe is of significant importance to our country.

I move,

That the Parliament notes that there is widespread public misunderstanding of who is responsible for what in terms of policing in Scotland; recognises that there needs to be greater local involvement in policing along with a police service that is more responsive to public demands, and

calls on the Scottish Executive to strengthen public accountability and involvement by considering ideas such as the direct election of conveners of police boards and the regular publication of localised crime statistics.

09:41

**The Deputy Minister for Justice (Hugh Henry):** I appreciate David McLetchie offering the motion as a contribution to the debate on police accountability. We need to have such a debate to ensure that our police service and, indeed, our other services not only deliver effectively, but are accountable to local communities and are seen to reflect their needs and interests. However, I suggest that the Conservatives' particular proposal would not take us much further forward.

I pay tribute to the Conservatives. On a number of occasions it has been said that they have run out of ideas, but today's debate shows that they are as capable as ever of putting forward pointless and ineffective ideas that have no relevance whatever to the people of Scotland. The Conservatives are nothing if not consistent.

David McLetchie probably answered much of his own argument. He said that the rhetoric in Parliament sometimes fails to match the reality on the streets. I believe that the rhetoric of what his proposal seeks to deliver would fail to match the reality on the streets.

It is fair to say that we have a specific interest in law and order in Scotland, because undoubtedly some communities are under pressure. However, we are considering ways of tackling that that go beyond simply introducing legislation. We have record numbers of police officers and record investment, and other measures are being put in place to improve matters. I believe that we have seen a significant achievement by our police. Clear-up rates are at higher levels than at any time since the second world war; prosecutions for the supply of drugs are up by 22 per cent; housebreaking is down by 28 per cent; serious road accident casualties are down by 29 per cent; assets are being seized from criminals; internet paedophile offenders are being caught and dealt with; and the Scottish Drug Enforcement Agency is doing sterling work.

**Miss Annabel Goldie (West of Scotland) (Con):** I thank the minister for taking an intervention. If the litany he just gave us is so impressive, why are we now in a situation in which a crime is committed in Scotland every 1.2 minutes? That has never happened before.

**Hugh Henry:** I believe that a number of factors are involved in that, one of which is that people are more ready to report crimes because they know that it is more likely that the crimes will be detected and the criminals will be caught. It is

clear that there are problems in some communities, where drugs and poverty blight the community and cause people to turn to crime, but those are being dealt with.

I turn to the Conservatives' specific proposal for a directly elected convener for police boards. I believe that the argument is bizarre in its construction. The Conservatives laid great store by local accountability and bringing local services back to local communities when they wanted to abolish the administrative regions. They said that some regional authorities were too large and remote for the local communities that they served. However, if the Conservatives' proposal was implemented for an area such as Strathclyde, we would have a directly elected police convener for an area that has a population of 2,204,000 and which stretches from Oban down to Girvan.

The Conservatives talk about a local community being able to influence the police convener. In Strathclyde, about 2 million people would directly elect the police convener. That could mean that the people of Oban or Girvan would be unable to prevent a police convener from moving resources to areas such as Glasgow or Lanarkshire, to the detriment of Oban and Girvan. How would those local communities outvote other communities that might well be satisfied with their police convener?

**David McLetchie:** If our proposal is such a bizarre idea—to use the minister's expression—why is it postulated as one of a number of alternatives in the Home Office publication, "Policing: Building Safer Communities Together"? If the proposal is so bizarre for Scotland, why is it not bizarre for it to be adopted or implemented elsewhere in the United Kingdom?

**Hugh Henry:** I do not know whether David McLetchie has noticed, but we have a different legal structure from the rest of the UK and we have set up a different political structure. We have set up a Scottish Parliament precisely to do things differently and to take account of Scotland's specific needs. The proposal that an area with the geographic diversity of Strathclyde or the area that the Northern Constabulary covers, which has small communities such as Inverness and Fort William, should have directly elected police conveners is bizarre. It is bizarre to suggest that Oban and Fort William should compete with Lerwick to influence a police convener.

**Mr Duncan McNeil (Greenock and Inverclyde) (Lab):** Will the minister take an intervention?

**Hugh Henry:** No, I must press on.

The other aspect that Mr McLetchie has not articulated is what powers the conveners would have. Would they be able to influence the budget? Would they be able to set a budget for the constituent local authorities in areas in which a

police board covers more than one authority? What tensions would there be if local police conveners attempted to set budgets beyond a level that had been agreed by the other members on police boards? What tensions would there be with chief constables? Who exactly would be responsible for the delivery of services? If a chief constable was not delivering, would the chief constable or the police convener be held to account? Would the police convener be able to do something about the chief constable if the convener felt that the chief constable was not delivering? Would the convener be able to take measures against the chief constable irrespective of the wishes of the directly elected board?

Mr McLetchie has not answered any of those questions. Issues that would arise from the implementation of his proposal would compromise the police's operational independence and would cause compounding problems. Mr McLetchie's proposal has been inadequately considered, is ill judged, would lead to tensions with other police board members and chief constables and would make a complete and utter mess of police services in Scotland.

I move amendment S2M-849.3, to leave out from "notes" to end and insert:

"endorses the Scottish Executive's commitment to work for a safer Scotland by reducing crime and re-offending; welcomes its commitment to enhance community accountability for policing through local police boards; endorses its promotion of responsiveness to local communities through police boards' duty to secure Best Value and to report to the public on performance, and welcomes its policy of Community Planning which is enabling police forces to improve the delivery of services to local communities through more effective collaboration with other public bodies."

09:47

**Nicola Sturgeon (Glasgow) (SNP):** I well understand that the Tories have to toe the London line on policy, but what we are debating today are nothing more than recycled Tory policies from south of the border. In fact, it is worse than that, because they are recycled Tory policies from the days of Iain Duncan Smith.

David McLetchie is looking confused. I am sure that he watched the UK Tory conference last year, at which Iain Duncan Smith announced those very policies. They miss the point completely. Yes, with the police as with every other public service, we should always strive for greater accountability, but electing the conveners of police boards will not put a single extra police officer on the streets of any community anywhere in Scotland.

Personally, I do not have a problem with publishing local crime statistics. Any community police officer in Scotland could tell us the crime

statistics as they break down for their police patrol. However, publishing local crime statistics would itself not lead to a single extra crime being prevented or detected. That is why what we are debating misses the point. I have never heard anyone anywhere in Scotland say that the problem with policing in Scotland right now is a lack of police accountability. What they say repeatedly—day in and day out and time and again—is that the problem with policing in Scotland is a lack of police officers. We should be doing more to address that situation.

When it comes to issues of law and order, the Tories are fond of citing the New York example. I dare say that the Tories would claim that their policies were borrowed from across the Atlantic rather than from London. Certainly, New York's recent law and order experience has been positive. I believe that in the past year the reduction in crime there has been in the region of 6 per cent. However, a closer look at New York would teach us lessons beyond those that the Tories are perhaps trying to teach us today. That is, that in addition to various crime-fighting strategies—

**Mr McNeil:** If we increased police numbers without interference, which the member has said is unnecessary, how would we ensure that those extra police officers were used effectively in the community?

**Nicola Sturgeon:** I do not know whether Duncan McNeil will make a speech later in the debate but, if he does, perhaps he will make the case that chief constables currently waste their police resources and use officers inappropriately. I will wait to hear whether he does so or not. My point is that we can have all the crime-fighting strategies we want, but if we do not have the officers to implement and enforce them, they will not make a huge difference to the lives of people in the communities we are discussing.

Returning to the New York example, I should point out that, in addition to the many strategies and initiatives that have been introduced in that city, there has been a 12 per cent increase in the number of police officers. If we did the same in Scotland, we would have an extra 1,800 police officers. We need such a substantial increase in the number of police officers if we are to have any chance of delivering the kind of zero tolerance approach to crime that many people want. The people in these communities want more officers visibly fighting crime on their streets instead of politicians having endless esoteric debates about tripartite structures and so on.

**Mr McNeil:** Communities want the police to tackle vandalism, ned culture and so on. It is clear from their actions over the past decade and from their recent evidence to parliamentary committees

that the police feel that that is not their priority. There is no guarantee that an increased police force would be used in those areas.

**Nicola Sturgeon:** No doubt Hugh Henry would say—as he does repeatedly—that we have record police numbers in Scotland.

**Jackie Baillie (Dumbarton) (Lab):** It is true!

**Nicola Sturgeon:** Jackie Baillie is right to say that from her sedentary position and, given the statistics, I am happy to admit that that is the case. However, that is not the experience in communities. That is partly because, as Duncan McNeil pointed out, many more police officers are involved in specialist activities and the kind of intelligence policing that we have been discussing. Although there is nothing wrong with such an approach, it places greater burdens on community policing and means that those who are involved in such policing face more of a challenge in responding quickly and effectively to the incidents that Mr McNeil highlighted. We should be having a debate about that, not the debate that the Tories have initiated this morning.

Although it is right and appropriate to discuss the kinds of offending and crime—no matter how low-level they might be—that affect people's quality of life all over Scotland, we must not take our eye off the ball when it comes to violent crime. After all, the statistics show that such crime is on the increase.

I move amendment S2M-849.1, to leave out from “notes” to end and insert:

“believes that the public's concern about policing is less about the lack of police accountability and more about the lack of police officers; calls for an overall increase in the number of police officers to take account of the fact that many more are now engaged in specialist activity, rather than community policing; recognises the right of the police to set local priorities free from political interference; encourages an intensive targeting of crime hotspots, low-level offending that nevertheless impinges on the quality of life in communities and persistent offenders who account for a disproportionate amount of crime, but urges all those involved in the criminal justice system not to lose sight of the fact that it is serious violent crime that is on the increase in Scotland.”

09:53

**Margaret Smith (Edinburgh West) (LD):** Although I certainly welcome the debate, I, like Nicola Sturgeon, would guess that the big issue for the man or woman on the Corstorphine omnibus is not police accountability but police resources and what the police are doing in our communities. The Executive is trying to tackle the problem not only through record police numbers, but through some of the initiatives that have been introduced.

That said, it is important to know who is responsible for providing this very crucial service and how they can be held accountable not only for the way in which they spend their significant resources, but for the results that they achieve with that investment. Some targets are easier to quantify than others. For example, the “Narrowing the Gap” report, which Her Majesty's inspectorate of constabulary published in 2002, recommended that police boards should set performance indicators for fear of crime.

However, all we have heard from the Conservatives are gimmicks. Having directly elected conveners to police boards would not improve services for the people of Scotland one iota. The minister is quite right to highlight the tensions that such an approach would throw up. For example, what powers would conveners have? Would they have greater powers than the other elected board members would have? What would happen to the operational independence of the chief constable? What powers would conveners have to dismiss senior police officers?

Moreover, the general public would feel uneasy about any move towards a situation in which politicians could interfere too much in daily policing matters in our communities. That said, it is important that the police are not seen as being above the law with regard to being accountable for the money that they spend and for their own actions. As a result, we propose the introduction of an independent police complaints body to consider accountability at that level.

The current tripartite arrangement is set out in the Police (Scotland) Act 1967 and involves the Scottish Executive, local police authorities or boards and chief constables. The service is funded by the Executive, which has provided £889 million this year, and by local authorities, through non-domestic rates and council tax. I welcome the review of grant-aided expenditure funding for police, and believe that Edinburgh—as well as many of our other cities perhaps—has a very strong case for an upgrade in funding.

The public must become more involved in the decision-making process and must have the ability to say what they want to happen on the streets. However, there is a paradox at the heart of such an approach. If we ask members of the public what they want, they will say that they want to see policemen on the beat. However, sometimes we have to be brave enough to point out that being on the beat is not always the most effective way for a police officer to spend his time. Sometimes it is more effective for a police officer to liaise with other people in the community through community planning and to try to tackle problems such as drugs and youth disorder in a much more holistic and partnership-led way.

We will all have to face the paradox between having bobbies on the beat and intelligence-led policing. It is a sad, hard fact that it is often easier for a chief constable to get results on paper from intelligence-led policing than it is to quantify what is gained from having bobbies on the beat. We all know that having police officers on the ground, getting used to their communities, building up relationships with young people and so on, has its own rewards. The police know what is going on in communities, for example. However, that is much more difficult to quantify. In a society that is led by results on paper, it is difficult to square those two aspects.

The Local Government in Scotland Act 2003, with its community planning provisions, represents a great opportunity for the police to work in partnership with other agencies. In that respect, I applaud the moves that have been made in my constituency by the City of Edinburgh Council's housing department to fund extra police officers in Muirhouse and Pilton. Elsewhere in my constituency, the West Edinburgh community planning pilot addresses local issues of service improvement and co-ordination and greater community influence on council and health services and the work of the local enterprise company and Communities Scotland. Our police can achieve an awful lot with such an approach.

We must respond at a local level to the needs of the people we represent. In a sense, I have some sympathy with what David McLetchie is getting at. How many of us have sat in our surgeries listening to people's complaints about antisocial neighbours only to hear that the police did not come when they were called? Furthermore, even when the police have responded to a call and the person in question tries six months later to build a case for evicting their neighbour to take to the housing department, he or she finds that there is no record of the fact that police officers stood in their living room. That is not good enough, but the solutions that the Conservative party has suggested this morning are not the way forward. The solutions will happen at a local level and will come with better resourcing, man management and partnership with other agencies.

09:59

**Paul Martin (Glasgow Springburn) (Lab):** We all accept that delivering a police service is a very complex and difficult task. I welcome the opportunity this morning to debate how we hold our police authorities to account, and in my speech I will give particular consideration to the high crime levels in my constituency.

Although I have some sympathy with today's motion—especially in relation to police accountability—I do not see the people of Red

Road, Burnie Court, Sighthill and other parts of my constituency that are affected by high crime levels being excited by the proposal to have a directly elected convener in police authorities in Scotland.

The way in which police officers can best communicate with the public and best capture and clarify information on local crime statistics is important, as is the way in which that information is formatted and made available to local communities. All too often, communities receive wrong information. In the Sighthill area, before the Firsat Dag murder, the community was advised that crime levels were low. That was not the local experience. We have to consider how to take account of local perceptions of high crime levels. Unreported crimes are an issue for police officers.

I am not entirely convinced that our authorities—the police authorities in particular—interact with other agencies to find the best way of sharing information. Margaret Smith touched on that point. I welcome the interest of Strathclyde police's chief constable William Rae in community planning, but we have a long way to go to ensure that a robust system is in place for the sharing of information by police authorities. That is an accountability issue.

I have said in this chamber on a number of occasions that the Crime and Disorder Act 1998 makes it clear that police authorities can share information with other agencies. All too often, the Data Protection Act 1998 is used as an excuse not to share information. We have to ensure that our police authorities, in particular, use existing legislation on the sharing of information more effectively.

Police authorities have to be encouraged to involve themselves proactively in problem solving in local communities. All too often, police officers have not taken a problem-solving approach to dealing with crime. However, in my constituency, I know of good examples of police officers taking such a constructive approach. I welcome that, and would encourage others throughout Scotland to take that approach.

We are obsessed with police numbers, and we often hear the political slogan, "More police officers on the beat." That is the quick-fix answer to the challenges. However, we must ensure that officers are used more effectively in local communities. Officers should be deployed in areas of high crime. The number of police officers in the Ruchazie and Blackhill areas of my constituency is the same as in the leafy suburbs of Glasgow. We have to focus our police officers on areas with high crime levels, and we should perhaps find a more effective way of deploying our resources.

I welcome this debate. It should be part of a wider Executive debate to find the most positive ways of making progress.

10:03

**Mr Stewart Maxwell (West of Scotland) (SNP):** I have only four minutes, so I will start by commenting on the point in David McLetchie's motion about elected conveners of police boards. As many members have said, that is a complete side issue and of no relevance to the public. It makes no difference to the public whether the police board convener is directly elected or elected in some other fashion. In any case, the police board convener is elected. He is elected as a councillor; he is elected by his council on to the board; and he is elected by that board to be the convener. That is a good method. There is local accountability. The person is elected and can be removed at any of those levels.

**Miss Goldie:** If that is the case, what power has a person living in a ward in Greenock in Duncan McNeil's constituency, for example, to do something about the police board?

**Mr Maxwell:** There are several ways—they can go through their councillor, they can go directly to the police board or they can do what was spoken about earlier. How much influence would an individual member of the public in Oban have if a directly elected member was putting resources into Glasgow, Girvan or somewhere else? Very little.

Duncan McNeil's point about needing people on the streets is valid, but it is also important that we have intelligence-led policing that deals with serious crime, drugs and other issues. The balance between the two approaches is important. I accept that police numbers are higher than they have ever been, but we should perhaps consider increasing the number even further, as the SNP has said.

The Tories are very keen on the New York example of zero tolerance. There is much to be said in favour of that method of policing, but there is no doubt that problems exist. Ethnic minorities feel targeted in New York by that method of policing and communities feel that they, instead of individual criminals, are being targeted. I have serious concerns about the zero-tolerance approach.

We could consider other examples from America and around the world. In Boston, the policing strategy is community led. The police department established a neighbourhood policing strategy in 1994. There are teams involving the clergy, trade union members, police officers and social workers. There is a city-wide anti-gang unit. If we are talking about community involvement, we should perhaps consider the Boston example rather than the New York example. More than 400 Bostonians were involved in the process. They created neighbourhood strategies and public safety

initiatives in their communities on issues that were important to them, not issues that were important to other people. The coalition produced a neighbourhood plan for policing—it was Boston's localised approach to cutting crime. Within two years, the number of homicides, or murders, was down by 39 per cent and the number of shootings was down by 28 per cent.

Community involvement in policing has been effective in Boston, where neighbourhood policing is based on the development of partnerships between judges, religious leaders, business owners, teachers, young people, probation officers and the police. We should take the time to consider examples not only from Scotland but from around the world. We should not always go for headlines such as "More police officers on the beat" or "Zero tolerance is the answer". We should not just take the high-publicity headline approach of saying that zero tolerance is a quick fix; we should look at good examples from elsewhere. The Boston example of community involvement in local police forces is a good example that could fit the Scottish model much better than the New York example would.

10:08

**Colin Fox (Lothians) (SSP):** I will concentrate on two issues in the four minutes that have been allotted to me. The first is wider democratic accountability of our police services, an issue that the motion raises; the second is the need for an independent police complaints authority.

On democratic accountability, Mr McLetchie spoke about avoiding political interference in the operational decisions of the police. That was rich coming from the Conservatives. Next month marks the 20<sup>th</sup> anniversary of a miners' strike during which the Government used the police to pursue the National Union of Mineworkers, creating a national police service in Britain for the first time and politicising it.

**David McLetchie:** During that strike by some miners—not all miners—the role of the police was to uphold the law of the land against the thuggish and intimidatory tactics of Arthur Scargill and his cohorts, who were a disgrace to the trade union movement and who cast aside all the democratic traditions and principles of their own union.

**Colin Fox:** I am sure that the trade union movement looks forward to hearing lectures from Mr McLetchie on the values of trade unionism. Those miners were following their lawful right to picket and to strike, as Mr McLetchie well knows. The Conservative Government set up the Association of Chief Police Officers and sent hundreds of police officers from one constabulary or division to another part of the country hundreds

of miles away. In ensuring that the strike was policed in such a political way, the Tory Government politicised the British police force in a way that had never been done before and created the most vicious class division of the 20<sup>th</sup> century. The Conservatives' claims about separating operational matters from political interference ought to be seen in that historical context.

Avoiding political interference in operational decisions is one thing, but I insist—as I am sure the Scottish people do—that police constabularies be fully accountable for their decisions to the communities that they police. That is a political matter. What is needed is openness, full accountability and, ultimately, democratic control of policing strategy, rather than of operational decisions.

The Tories' motion and the Executive's amendment concur on the general point of accountability, but it is ironic that it is the Tories who dissent from the status quo, in that they believe that the current set-up is not sufficiently accountable or democratic. The Executive defends the inadequacy of the current situation on the grounds that democracy is too difficult to implement or that board members are elected—by proxy—as local councillors. The Tories are right to call for a change, but they cannot bring themselves to accommodate full democracy; they want only the convener of the boards to be elected. It is time to stop patronising the public with a spoonful of democracy—the joint police boards should be replaced by community police boards whose members are elected by the community as a whole.

Members have said that the police perform an exceptional and unique role in our society and that that should be recognised by exceptional and unique standards of trust and respect. I believe, rather, that the police should meet the highest possible standards of trust, not the lowest.

The Executive has already commissioned a report to examine the public's lack of confidence in the police complaints procedure. As the 2002-03 annual report by HM inspectorate of constabulary for Scotland shows, of the 2,823 complaints that were registered in the period that the report covers, only seven were upheld—that amounts to less than 0.25 per cent. Either there are a heck of a lot of malicious complaints or there is a clear fault in the system.

I believe that the public have no faith in in-house investigations and that there needs to be a fully independent police complaints authority—perhaps the newly elected community police boards that I mentioned could also play a part in that. A modern democratic Scotland demands the highest standards of probity and integrity in all our public services. Self-examination or special status, which

means that the police can shirk those standards, is not defensible if we are to go forward.

10:13

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** The Tories seem to be congratulating themselves on some sort of innovative solution to the issue of police accountability. However, on closer inspection, we can see that their new proposal is nothing of the sort; it has simply been lifted from proposals at Westminster. I quote from the Home Office publication "Policing: Building Safer Communities Together":

"there is widespread misunderstanding of who is responsible for what in terms of policing in England and Wales."

Does that sound familiar, if we remove "England and Wales" and insert "Scotland"? Those are the words of the Tories' motion. Not only are the Tories incapable of thinking up their own policies, but they cannot even reword the ones that they steal.

David McLetchie certainly did not explain how having an elected convener of a police board would impact on the operational independence of the chief constable. Either the chief constable has operational independence or he does not. I was not clear about what the Tories are in favour of—they need to explain whether they are in favour of operational independence.

Nicola Sturgeon's main argument was that we need more police officers, which is an easy call to make. How many more police officers do we need? Should we enter a bidding war? I seem to recall that there was such a bidding war at the election.

Hugh Henry and Margaret Smith outlined the obvious problems and the tension that the Tory proposal would cause between the chief constable and a directly elected convener of a police board. Stewart Maxwell emphasised the point that our police board conveners are already elected, both as councillors and by their colleagues on the board.

I usually enjoy listening to Colin Fox, as he comes up with some sensible suggestions—*[Interruption.]* All right—perhaps I am being too generous, but I am trying to be helpful. His suggestion that all members of the police boards should be elected was not sensible.

The Liberal Democrats are committed to improving police accountability and links to communities. We have already proposed that we increase public consultation and participation in policing by giving a greater role to accountable police authorities in the preparation of the annual

police plan, for example, the importance of which is not to be underrated. There were no comparably detailed proposals in the Conservative manifesto; the Tories have merely jumped on yet another bandwagon.

**David McLetchie:** If the member consults our manifesto, he will see that we called for the production of neighbourhood policing plans by chief constables, in consultation with police boards. I called on the Executive to make available resources from its safer communities fund to implement neighbourhood policing policies. If he would like the full text, I will send it to him.

**Mike Rumbles:** Why are we not having that debate this morning, instead of—*[Interruption.]*

**The Deputy Presiding Officer (Murray Tosh):** Order.

**Mike Rumbles:** Mr McLetchie can enlighten us in his summing up.

**David McLetchie:** I am not summing up.

**Mike Rumbles:** The Tories believe that the record number of police officers who have been recruited under the Scottish Executive is not good enough. They demand up to 1,000 more officers and claim that it would be worth the cost, even though they know that resources are limited. What is needed is an emphasis on core resourcing, as the coalition advocates.

Our partnership agreement says that we will improve the efficiency of police forces by providing more common support services, while enhancing accountability for policing to communities through local police boards. We will also increase the number of police officers on operational duty in every Scottish force and improve on the current record overall police numbers.

There are 15,560 police officers serving in the eight police forces in Scotland, as well as 6,066 civilian support staff. We should contrast that with the record of the Tories when they were in government. In 1999, my colleague Sir Robert Smith, MP for West Aberdeenshire and Kincardine, asked what the year-on-year change in funding for the police service in Scotland had been between 1979 and 1999. The answer that was given by Henry McLeish MP showed that there had been four years in which the funding in real terms was cut. Those four years were all Tory years.

The Tory motion simply represents more of the same—more empty posturing by a discredited party that is willing to jump on any bandwagon that goes by. On behalf of the Liberal Democrats, I have no hesitation in urging Parliament to reject the motion.

10:17

**Michael Matheson (Central Scotland) (SNP):** Of course it is in everyone's interest to ensure that we have an efficient, effective and accountable police service. In his speech, David McLetchie stated that we need the police to be more effective in tackling crime and more responsive to the local communities to which they are responsible and which they serve. I am sure that most members would agree with those objectives, but to suggest that the best way of attaining them is through allowing communities to elect the convener of a police board is just nonsense.

The reality is that police boards are already served by local councillors who represent the communities that elect them. Those local councillors are responsible for electing the police board's convener. Therefore, it is clear that those who serve on the police board are accountable to their local communities. The Conservatives have failed to address the inherent contradiction in their proposal. How would the preservation of the operational independence of the police and the role of the elected convener of the police board be married together?

Police authorities have to be more effective in communicating with local communities about what they are doing to tackle crime. I believe that more effective community policing strategies are one of the best ways in which the police could go about doing that. Simply having another election will not solve the problem. Some members have already mentioned the police's apparent over-preoccupation with intelligence-based policing. Community policing is one of the most effective ways in which to gather intelligence on crimes that are occurring in communities.

A number of members have highlighted concern within local communities that the police are not tackling the types of crimes that local people want them to tackle. As Duncan McNeil said, communities feel that the police are preoccupied with serious crime and are not dealing with the ned culture.

**Mr McNeil:** Intelligence does not need to be sophisticated. People in my community tell me—I am sure that people in Michael Matheson's community tell him, too—about the drug dealer who lives up their close, about the taxis that stop every 15 minutes and about drugs users lying unconscious in the common close, but where is the action? They want action on those issues and they want it quickly.

**Michael Matheson:** I understand, because I hear the complaints all the time, that people are frustrated and feel as though there is not enough policing in their communities to tackle simple crimes such as someone going down the street

taking the mirrors off cars or breaking windows. Part of the reason for that is the gap between the political rhetoric and the reality of policing. Ministers tell us that we have a record number of police, but they do not mention the fact that the police also have a record level of responsibilities. The police have to comply with much more legislation, including health and safety regulations and the European working time directive, which all impact on the police's daily working.

We need to ensure that the gap between the political rhetoric and the reality of policing is closed. The best way in which to do that is to provide more police officers who can work within local communities where the crimes that I have mentioned are being committed and who, in doing so, can ensure that communities feel safer. That is better than the gimmicks and political rhetoric that we hear, particularly the gimmick that we have heard from the Tories of directly electing the conveners of police boards—what will that do to protect local communities that are suffering?

10:22

**Hugh Henry:** I agree with much of what Michael Matheson said in his concluding remarks—much of what the Conservatives have proposed is political rhetoric. However, it ill behoves the Scottish National Party to complain about the gap between political rhetoric and reality, given the gap between reality and what the SNP proposes, not only on police numbers, but on health, on education and on roads and all other aspects of transport. The SNP promises everything, knowing that it will never be in a position to deliver, and has no conception of where money comes from or of living within budgets. By all means let us criticise the Tories' ill-thought-out and ill-judged proposals, but let us also have a reality check on political rhetoric, because the SNP is good at promising everything and not giving definitive answers about where resources would come from.

The debate has demonstrated that no one apart from the Conservatives is persuaded by their gimmick, as it has rightly been described. Annabel Goldie asked in an intervention what power someone who lives in Greenock would have to do something about the Strathclyde joint police board, but I ask her what power they would have to influence a directly elected convener of the police board who was failing to deliver for people who live in Greenock but was satisfying people who live in Glasgow, Lanarkshire and elsewhere in Strathclyde. What could they do about that directly elected convener? I suggest that they could do very little. The Conservatives have come up with no answers—I wait to hear what Annabel Goldie says in her closing speech—on the relative roles of the convener and the rest of the board or of the

convener and the chief constable. There are huge gaps in the logic of what the Conservatives propose.

Paul Martin was right to say that, although the boards play a good role, there is always room for improvement. We should always strive for greater accountability. The way in which the police and others are responding to community planning gives some hope that local organisations in local communities can start to work together far more effectively.

I was not clear about how the democratically elected and accountable police boards that Colin Fox mentioned would operate or be structured, but he also raised issues about a police complaints body. I re-emphasise that it is right that, when things go wrong, there should be a proper mechanism for dealing with complaints. We will strengthen the arrangements for that—during this parliamentary session, we will legislate to set up a new police complaints body to deal swiftly and impartially with complaints that are made about the police, because we realise that there is an element of concern about independence and impartiality.

The Conservatives might have prompted a useful debate on accountability, but they have added nothing to it with their ill-thought-out, ill-judged and irrelevant proposal, which would be ineffective. I have no hesitation in commending the Executive's amendment and asking Parliament to reject the Conservative motion.

10:26

**Miss Annabel Goldie (West of Scotland) (Con):** I start by referring to what Hugh Henry finished with: he used the phrase "useful debate". Indeed, it is germane to consider the validity of the debate. We know that, in Scotland, a crime is committed every 1.2 minutes and we know from HMIC's 2002 report that we have only about 140 police officers on our streets at any one time. We also know that the public have a huge appetite for more community policing and more police on the streets. That was a top priority for respondents to a BBC survey and, interestingly, it emerged as a significant desire in the public's response to the Executive's consultation on antisocial behaviour. However, all parties accept that public demand is not being met by police supply. That is the credibility gap to which David McLetchie referred.

I was struck by some of the comments on the kernel issue of the debate's validity. The minister conceded its validity, although he rubbished the Conservatives' ideas—at least he accepted that we are presenting ideas—and Paul Martin's speech was in a similar vein. Their speeches contrasted with Nicola Sturgeon's, in which she

simply said that accountability was not the problem and that there should be more police. My question to Nicola Sturgeon is, "But how?" The public want more police and have wanted them for a significant period of time. When I look at Nicola Sturgeon's amendment, I have to ask how, under the current structure, she would implement one jot or tittle of what she proposes. The dilemma is that she cannot.

Duncan McNeil also conceded the debate's validity, although he does not agree with the Conservatives' proposals. He made an important point when he intervened on Nicola Sturgeon to ask, "What will more police do? Where will they go? Who will decide that?" In essence, I think that he is saying that the public are not getting what they want.

**Nicola Sturgeon:** Is this the same Annabel Goldie who has for umpteen weeks been going on at Justice 2 Committee meetings about the inappropriate nature of anything that suggests that politicians can direct the police to do anything, or does she have a twin sister who has turned up in her stead today? She says that she disagrees—as I do—with the dispersal power in the Antisocial Behaviour etc (Scotland) Bill and seems to have been clear that the principle of politicians directing the police is wrong, so why has she suddenly changed her mind?

**Miss Goldie:** I have not changed my mind. As David McLetchie said, the Conservative party opposes the dispersal power in its entirety—the ministerial direction power is in that part of the bill. As Conservatives, we also have a strong suspicion that ministerial direction means centralised political control, but that is not what we are talking about in the proposal.

Let me continue to examine the reasons for the apparent frustration of the public—something about which everyone in the chamber seems to agree, as far as I can gather. Those reasons are multiple. The Scottish Police Federation is saying that we need more police officers. The Scottish Executive is saying, "It is not our fault. We have an excellent record of providing police." I do not think that having 140 officers on the beat at any one time substantiates that view. The Association of Chief Police Officers in Scotland has another, starkly different view from that of the public. An ACPOS representative indicated that the association has a certain antipathy to beat patrols or, at best, a lack of enthusiasm for them.

Are the Scottish Conservatives being radical agents provocateurs for leading this debate and for suggesting that accountability lies at the heart of the problem? It seems that, in principle, the minister, unlike the Scottish National Party, is prepared to accept that that is the issue. David McLetchie alluded to the Home Office consultation

that is being carried out. It is easy for Mike Rumbles to be snide and sneering about that—acting entirely in character—but that is to be entirely blind to the germane principles of what I think is a very important argument. The Government at Westminster has conceded that there is an issue. Members may talk about different legal systems and structures, but the issue remains the same.

As David McLetchie said, democratic accountability is essential. There have been challenges to that view, but democratic accountability is not political interference. A structure in which the public have a rather greater say about the provision of policing at a local level, in terms of control and accountability, does not, in my book, need to be inimical to the professional operational activity of the police force. It is important that the police authorities should respond locally to overall public demand.

**Mike Rumbles:** Will Annabel Goldie clarify a straightforward question? Are the Conservatives in favour of the operational independence of chief constables? Yes or no?

**Miss Goldie:** The operational independence of chief constables—which arguably exists at the moment—is, by any criteria, raising questions. We are submitting a proposal that tries to introduce greater accountability for chief constables and their colleagues. As I said, that is not, in my judgment, necessarily inimical to professional operational policing at a local level.

**Jackie Baillie:** Will the member take an intervention?

**The Deputy Presiding Officer:** The member is in her last minute.

**Miss Goldie:** As for the current structures, Mr Henry attacked the undemocratic nature of what he thinks our proposals represent. What he said posed a paradox, however. I probably know more about the dietary habits of the indigenous tribes of Papua New Guinea than I do about the convener of my local police board.

**Nicola Sturgeon:** Perhaps that is the member's problem.

**Miss Goldie:** It is that remoteness that—

**Mike Rumbles:** She did not bother to find out.

**The Deputy Presiding Officer:** Order.

**Miss Goldie:** It is that remoteness that gives rise to much of the public's concern about the provision of policing. Speaking of remoteness, I should add that nothing that Stewart Maxwell said would resolve that issue.

The Executive amendment dodges the issue, hiding behind the inadequacy of the current

structures, while the SNP amendment simply fails to recognise the problem. I support the motion in the name of David McLetchie.

## Scottish Economy

### **The Deputy Presiding Officer (Murray Tosh):**

The next item of business is a debate on motion S2M-855, in the name of Murdo Fraser, on the Scottish economy, and on three amendments to that motion. The timing for the debate will be very tight, and I am not sure whether I will be able to call everyone who wishes to speak.

10:34

### **Murdo Fraser (Mid Scotland and Fife) (Con):**

I will move the motion in my name on the important subject of the Scottish economy with a sense of disappointment, not just because I did not make it on to the parliamentary "University Challenge" team, but because, despite the Executive telling us that growing the economy is its top priority, this is the first debate on the economy that we have had since the beginning of September, nearly six months ago. I can understand why the Executive does not want to debate the subject in Parliament. If it takes a Conservative debate to drag a minister, kicking and screaming, into the chamber to answer for the Executive's record, so be it.

I am pleased to see the Deputy Minister for Enterprise and Lifelong Learning in his chair, ready to lead the debate for the Executive. I have a great deal of respect for the deputy minister, who I believe is one of the more competent ministers in the Executive, with an excellent command of his brief. I see that the Deputy First Minister is here too, although I do not know whether he intends to participate in the debate. However, he is very welcome to this country.

The Executive amendment demonstrates its rather complacent attitude over the state of the economy. The Executive talks about Scotland's competitive position in the global economy. In fact, Scotland's gross domestic product lags behind that of the rest of the United Kingdom. In the year to quarter 2 of 2003—the last quarter for which we have the statistics—Scotland's GDP grew by only 0.5 per cent, while that of the UK as a whole grew by 1.8 per cent. That is not an unusual position; it has been the situation for some years.

The outlook is little better when it comes to our population. The Registrar General for Scotland has indicated that the Scottish population is likely to fall below 5 million by 2009. That has serious implications for us all. All the international evidence shows that population growth is inextricably linked to economic opportunity. If the Executive is serious about reversing the decline in population, it must be serious about improving our economic performance.

**Tommy Sheridan (Glasgow) (SSP):** The Conservatives often say that the way to encourage economic regeneration and population growth is to cut taxes, because high taxes lead to a fall in population. Britain has the lowest rates of corporate and personal tax in the whole of Europe. Why is that low tax rate not leading to an increase in the population?

**Murdo Fraser:** If Mr Sheridan were to check his facts, he would find that the population of the UK as a whole is on the increase. The problem that we have here is that the Scottish population is falling, while that of the UK is increasing. I will explain why I believe that that is because of higher tax rates, particularly on business in Scotland.

**Bristow Muldoon (Livingston) (Lab):** Will Mr Fraser give way?

**Murdo Fraser:** Not at the moment, thank you.

What is to be done about the current situation? The Scottish National Party, in its amendment, comes up with its usual solution of fiscal freedom. I am not without sympathy for the idea that the Parliament needs greater financial accountability. However, the SNP is missing the point completely. What is worse, it gets the Executive off the hook completely. We do not currently have the powers for the tax cuts to which the SNP refers, and that gives the Executive a get-out clause. As usual, the SNP's approach is tactically inept.

The Executive has the powers that it needs to deal with the problem, although it will not use them. All the international evidence says that a low tax regime and economic growth go hand in hand. We should look at Ireland, New Zealand, Estonia and the United States of America: they have low taxes and high economic performance.

**Jim Mather (Highlands and Islands) (SNP):** What does the member say to businessmen in Tallinn, Helsinki and Dublin, who would laugh hysterically at his inadequate proposals, which would do nothing to erode the competitive advantage that their countries hold over Scotland?

**Murdo Fraser:** Mr Mather must be aware that business rates in Scotland are higher than those in the rest of the UK. That is a business tax that we could cut now. Business rates are a more effective weapon than corporation tax. Only one in four businesses in Scotland pays corporation tax, while virtually every business pays business rates. If we must choose a weapon to use, business rates are far more effective.

We have high business costs in Scotland, and we wonder why our economic performance lags behind that of the rest of the UK. Our business rates are higher; our water charges are, in some cases, excessively higher; our businesses are more strictly regulated than businesses down

south; and we have a poorer transport infrastructure. We even heard a suggestion from the Executive at the weekend that business rates might have to go up to pay for higher education spending.

We do not want to hear from the Executive that we are competitive as far as business costs in Europe are concerned. We must compare ourselves with the rest of the UK, where costs are lower and economic growth is higher. Those facts speak for themselves. The Executive should be reducing business rates at least to the uniform business rate, thus restoring the level playing field with England that the last Conservative Government established. Our ambition would be to go further and to give Scotland a competitive business rate compared with the rest of the UK. We suffer because of our geography and our poor transport infrastructure. Why not compensate for that with a lower tax regime? Why not have an Executive that really fights the corner for Scottish business and wants to give it a leg-up rather than forever trying to pull it down?

**George Lyon (Argyll and Bute) (LD):** Does the member agree with Robert Crawford, who described cutting business rates as nothing more than a red herring?

**Murdo Fraser:** The member will not be too surprised to hear me disagree with Robert Crawford on that issue, as on other issues. I wonder how many businesses Mr Crawford has run. I remind the member that, at the last but one meeting of the cross-party group on the Scottish economy, Professor Sir Donald MacKay, the former chairman of Scottish Enterprise, came along with a powerful case that cutting the business rate was the most effective tool the Executive could use to increase growth in the Scottish economy.

I will touch briefly on regulation. I call on the Executive to support my proposal this week for a new test on how legislation will affect economic growth. At the very least, that would concentrate minds within Government on how its plans will impact on the economy. If the Executive is serious about its top priority being growing the economy, it should have no problem backing my proposal.

The Scottish economy underperforms that of our neighbours in England. We are losing our population, and the Executive seems unwilling to take any action to reverse the situation. The Scottish National Party is no better, being so obsessed by constitutional issues that it cannot see real solutions. In contrast, I have set out clear Conservative proposals on business rates, on regulation and on reducing water charges. Those proposals will make a real difference to the performance of our economy, and they will help to reverse our population decline. It is time for the

Parliament to treat the economy seriously, and to back measures that will see Scotland flourish once more.

I move,

That the Parliament notes with concern the consistent underperformance of the Scottish economy relative to that of the UK as a whole; recognises that the burdens of higher rates, water charges and regulation faced by businesses in Scotland are factors contributing to this underperformance, and calls upon the Scottish Executive to take immediate steps to create a more business friendly environment by reducing business rates and water charges and cutting red tape, thereby encouraging business development, improving the outlook for economic growth, and contributing to a reverse in Scotland's trend of population decline.

10:41

**The Deputy Minister for Enterprise and Lifelong Learning (Lewis Macdonald):** The debate points up some important dividing lines, and provides different views of the state of the Scottish economy, of the advantages of devolution, of the way ahead to achieve long-term, sustainable economic growth and, not least, of what economic growth is for. Economic growth is the Executive's top priority, because we recognise that only by growing the economy can we close the opportunity gap, create greater wealth to be shared more widely, and give all our people the chance to do productive work and to enjoy fulfilling careers.

Growing the economy, however, is not something that Government can deliver at its own hand. It depends on businesses becoming more innovative, more productive and more competitive. The task for Government is to create the right environment for that productive economy to flourish. That is why devolution is so important. Scotland's devolved Government can focus its efforts on creating competitive advantage by investing in skills, in knowledge and in innovation. We can do that precisely because the macroeconomic levers of interest rates and wider economic and fiscal powers lie elsewhere. That division of responsibilities has helped to deliver the lowest levels of inflation, the lowest levels of interest rates and the lowest levels of unemployment in a generation.

**Richard Lochhead (North East Scotland) (SNP):** Does the minister accept that it is essential to Scotland's economic growth and to achieving his aims that young people live and work in Scotland? What is the main reason that many young people leave Scotland to get their first job?

**Lewis Macdonald:** The Executive will lay out its plans to ensure that young people in Scotland can access the labour market and get the kind of jobs and careers that they want. It is by creating and increasing those opportunities that we can not only

grow the economy, but grow the population and secure our long-term future.

Our job is to take advantage of the stable and strong macroeconomic circumstances by supporting those sectors of the Scottish economy that offer the best prospects of future growth and by ensuring that all our people have access to the labour market. Last year was challenging not only for Scotland, but for all the major global economies. As an open and globally connected economy, Scotland was not immune to those challenges. Despite that, the Scottish economy grew, even in the second quarter of last year, and employment remains at historically high levels.

**Phil Gallie (South of Scotland) (Con):** The minister just mentioned growth in the Scottish economy, but we all recognise that, as Murdo Fraser commented, growth in Scotland is the lowest in the UK. Why is Scotland now at the bottom of the league, when it was among the top three or four regions for growth in the UK between 1992 and 1996?

**Lewis Macdonald:** We should focus on where we are and where we are going. This point in time, when the world economy is recovering, is our moment of opportunity. There is something peculiarly perverse about a unionist party that regards economic growth in England as proof of Scotland's failure. We benefit from economic recovery elsewhere in the United Kingdom, because the rest of the UK is our largest single trading partner. All recent surveys confirm greater business activity in Scotland in the last quarter of last year, improved prospects and expectations for this year, and renewed confidence in our manufacturing industry.

The issue is how to take advantage of those improving prospects. The Tory line is to cut public investment and support for business in order to fund cuts in business taxes. We will no doubt hear the same from the SNP. The Executive would rather maintain public investment and sharpen our focus yet further, to get better value for the taxpayer's pound.

**Mr Brian Monteith (Mid Scotland and Fife) (Con):** Will the minister take an intervention?

**Lewis Macdonald:** I am afraid that I am short of time.

It is right to listen to business concerns and to act on them. That is why we have frozen business rates and introduced water charges below the rate of the retail price index this year, and introduced a new, low-user water tariff for 20 per cent of Scottish firms. When we listen to business, however, we do not just hear about taxation. We also hear that businesses want more investment in infrastructure and in addressing market failures. That is why the Executive will have a budget of

more than £1 billion to invest in our transport infrastructure. It is why we will continue to invest in our skills and training agenda through the enterprise networks; in streamlining business support through the business gateway; in supporting innovative new firms through the Scottish co-investment fund; and in bringing Scottish science to market for Scottish companies through the intermediary technology institutes.

All of that is productive investment to strengthen the Scottish economy. Cutting those investments to reduce taxes—as the Tories would do—would send all the wrong signals to Scottish business. It would say, “There’s nothing more for Government to do, you’re on your own, and here’s a few quid in your current account to help you get by.” Instead, we should say to Scottish business, “We’re on your side, we’re in it for the long term, we’ll invest in your success and we’ll all benefit if you deliver.” That way, we get the growth, we get the jobs, and we get the public services too.

I move amendment S2M-855.3, to leave out from “with” to end and insert:

“the evidence of an upturn in global economic activity and the opportunities for Scottish businesses and the Scottish economy to grow; rejects the proposition that increased competitiveness is best achieved by reductions in business taxation; believes instead that economic growth and wealth creation require targeted investment in skills and learning, business growth and innovation, and global connections, and supports the Scottish Executive’s strategy of sustained investment in these areas to improve Scotland’s competitive position in the global economy.”

10:47

**Jim Mather (Highlands and Islands) (SNP):** I welcome the debate as another chance for me to stake Scotland’s claim of right to have the defining attribute of any economy: financial independence. The SNP is winning that argument, as with every passing day and every new retirement from public office, we see more and more converts to it. Those conversions are building up pressure relentlessly on those who continue to deny that most of Scotland’s problems are caused or exacerbated by the Parliament’s lack of power.

The Executive faces the invidious choice between accepting the logic of the SNP’s economic case and continuing to produce more adverse data and yet more converts to our argument. Already a majority of MSPs are in favour of more powers, which mirrors the opinion of virtually everyone who has seen the SNP’s economic case.

**Ms Wendy Alexander (Paisley North) (Lab):** Will the member take an intervention?

**Jim Mather:** I am going to crack on and make some progress first.

**Members:** Ah.

**Jim Mather:** I have only four minutes.

We are getting inexorably closer to the time described by Tom Nairn, who said that

“when things do alter, the new retrospect will make it seem that the former quiescence was intolerable—indeed almost inexplicable”.

With that in mind, we are positive about the gradual migration from the Tories’ previous inexplicable policies. However, today’s motion from the Tories replicates the SNP’s desire for lower business rates, thereby exposing an important difference between the SNP and the Tories. For the SNP, it is a declaration of intent and a signal of our perpetual commitment to improving Scottish competitiveness. Sadly though, without a vision, such as that of the SNP, for a strong, distinct Scottish economy, the Tories’ proposals merely tinker with our limited powers and, as such, will never be enough. They reinforce our status as a branch economy.

Nevertheless, I refuse to paint the Tories into a corner, so I will not dwell too much on that point, or on the damage that previous Tory Administrations have done to Scotland. Instead, I look forward to the Tories’ conversion on financial powers. I just hope that it comes soon, because the current Government is not delivering the results that the people of Scotland need. The only thing that the Government has delivered on the economy is more and more evidence that the status quo is not working—evidence such as its continuing record of low growth, the widening gap in average incomes within Scotland and in the rest of the UK, our declining population, the dramatic economic contraction of rural Scotland, and the rapid diminution of the private sector.

**Mr Monteith:** The member mentioned that a number of Tory policies were damaging to the Scottish economy. Does the member regret any of the trade union reforms that the Tories introduced?

**Jim Mather:** Given the litany of such reforms, I will take some time to ponder that question, but I am sure that there are some.

It is time for us to take the advice of John Randall, the former Registrar General for Scotland, and the advice of Robert Crawford and William Baumol. We should take urgent steps to address the seriousness of the situation that we face rather than, to paraphrase the Executive amendment, crossing our fingers and hoping that other economies will create demand for Scottish goods and services and that Scottish skills and capital will stay here.

For our part, we can help; we can and must be non-proprietary about the arguments that we

have developed. We are keen for other people to share them as the basis for political consensus.

**Ms Alexander:** Will the member take an intervention?

**Jim Mather:** On you go.

**The Deputy Presiding Officer:** You are in your last minute, Mr Mather. You have 45 seconds left.

**Jim Mather:** Right. I am sorry.

To that end, I offer our ideas as the basis for a political consensus that will withstand audit from home and abroad. We will continue to encourage the Tories to trust their commercial instincts and to appreciate the benefits of increased autonomy. We will encourage Labour to reconnect with the principles behind Scottish Labour action, and we will encourage the Lib Dems to recognise that a federalist party should not have to consult to prove that federalism is a good thing. Otherwise, we will delay the inevitable; the cause and effect of powerlessness is self-evident and its consequences for Scotland are dire. The clock is ticking and the Parliament is serving its purpose by eliciting and recording an accurate account of the eroding arguments in favour of that delay. Please support the SNP amendment.

I move amendment S2M-855.1, to leave out from "recognises" to end and insert:

"welcomes growing calls for the Scottish Parliament to enjoy the full range of tax powers available to Scotland's competitors, and recognises that only with the normal economic powers of an independent parliament will the competitive conditions be created in Scotland to reverse low growth and population decline."

10:51

**Carolyn Leckie (Central Scotland) (SSP):** A couple of references have been made this morning to reality checks. Looking at the motion and the amendments, I think that we need a reality check. The Tories and the Executive kid themselves when they talk about the growth of the economy under the pitiful powers of the Scottish Parliament. We all know that the Parliament cannot make even a marginal difference to the economy, which is controlled from Westminster, Brussels and Strasbourg. Our economy is in the hands of the Bank of England, the European Central Bank, big business, the International Monetary Fund and the World Trade Organisation. We are playing games when we talk about the economy in the chamber—that is the reality check.

Our amendment is about facing reality, being honest and not pretending. To talk about growing the economy within the straitjacket of the Scottish Parliament is like lifers in Barlinnie discussing their next holiday abroad.

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** Since we want to face reality, how would the Scottish Socialist Party fund any public services at all in Scotland after it had spent the whole Scottish block several times over on renationalising Scotland's banks?

**Carolyn Leckie:** The Royal Bank of Scotland and the Bank of Scotland make profits that are £10 billion greater than the national health service budget alone, so I am sure that there is plenty of money in the coffers.

Members have talked about population growth, but on the tinkering that is proposed by the main parties within the Parliament's straitjacket, I must say that I have probably contributed more to population growth through the hundreds of babies that I delivered as a midwife and through having two children of my own.

The unionist parties pretend that we can create a booming economy and deal with poverty, but the Parliament cannot increase pensions or introduce a decent minimum wage above the low-pay threshold, and the jobless have swapped the dole queue for poverty pay and huge debts. The Parliament cannot force the rich to pay even what was paid under Thatcher. The SNP might partly agree with that—I will leave the Tories, the Lib Dems and Labour to explain its conjuring tricks—but what kind of independent Scotland is it talking about?

The SNP trumpets and praises Estonia, but competitiveness means cheap labour and rock-bottom business taxes. Half the population of Estonia lives in abject poverty—that is not what I want in Scotland. The SNP worships the European Union and accepts the euro and the lock, stock and barrel transfer of economic control to the European Central Bank—that is a statement of fact. The SNP wants to compete with Estonia in a race to the bottom, with low wages and cheap public services.

**Brian Adam (Aberdeen North) (SNP):** Will the member take an intervention?

**Carolyn Leckie:** I do not have enough time. I have already taken an intervention.

EU countries are leapfrogging one another to reduce corporation tax to 18, 17 or 16 per cent, and the SNP proposes an even lower rate. All four of the main parties share the philosophy of giving more handouts to big business and they all adopt the begging-bowl mentality. We reject that.

Who will pay for our nurses, nursery nurses, firefighters and so on? Why do the Tories never talk about putting more money into the pockets of pensioners, women and the low paid, who would spend it and help to grow the economy? We could do that, even within the strictures of the

Parliament, by scrapping the council tax and redistributing it to those who will spend it in the local hairdressers and so on. Instead, the other parties talk about increasing the wealth of those who are already wealthy. Why do they not talk about the means testing of big business? They are happy to talk about the means testing of pensioners, single parents and the low paid.

Other measures such as free child care might help; Sweden's gross domestic product is much greater than ours and it has free child care for all. Some 2.3 million working mothers in Britain take home only 10 per cent of their salaries.

The Parliament does not have the power radically to redistribute wealth, but even within the powers that we have we could scrap the council tax, introduce free child care and pay public sector workers a decent minimum wage—that is the reality.

I move amendment S2M-855.2, to leave out from “with” to end and insert:

“the complete absence of real economic powers for example in its inability to eradicate pensioner poverty by raising the state pension, its inability to raise the taxes of the rich and its inability to set a decent minimum wage rate for all workers in both the private and public sector and believes that it will only be when the Parliament has full control of fiscal and economic policy that Scotland will be able to achieve substantial and lasting economic growth.”

10:56

**Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** We Liberal Democrats attach great importance to growing the Scottish economy—indeed, that is the top priority in the partnership agreement and it is backed up by action on a range of areas. Our approach recognises that there is no magic bullet for economic growth, and it is in sharp contrast to that of the Conservative party, whose one-dimensional approach to the issue is reminiscent of its economic record when it was in Government. I say to Murdo Fraser that one business going bust every three minutes of every working day and two of the worst recessions since 1945 are factual examples of boom and bust economics—I say no thank you to that.

Let us examine the substance of the Conservatives' main contention. Where is the evidence for their central claim that cutting business rates is the key to unlocking growth? Robert Crawford has been mentioned; speaking on “Newsnight Scotland” on Monday, he said that, in his view, the business rate issue was a complete red herring. He noted that if we ask people whether they want any particular tax to be cut, they will of course say yes. He raised the central issue of whether a cut in business rates would make a long-term difference to our

competitiveness and he said that he had seen no evidence, anywhere in the world, that such cuts make a difference.

Alf Young, writing in the *Sunday Herald* on 12 October 2003, pointed out:

“Between 1990-91 and 2002-03, after allowing for inflation, the real income from non-domestic rates in Scotland and England, indexed to a common base, followed an almost identical path, with the tax income in England marginally ahead for two-thirds of the time.”

The Federation of Small Businesses says that it would rather that funds were spent on key areas such as transport and skills. No less a person than John Downie said, in the *Sunday Herald*:

“it's about getting more bang for your buck in terms of economic development.”

He also said:

“The simple truth is that lower rates cannot act as a miracle growth tonic for Scotland's economy.”

Murdo Fraser told us in last week's *Scotland on Sunday* that he wants to cut business rates in Scotland to below the rate for the rest of the UK, and he told us about that this morning, but has he taken the opportunity to clear it with his UK colleagues? Liam Fox was certainly not aware of that policy when he indicated on Grampian TV's “Crossfire” programme that the new UK leadership disapproves of moves to deliver lower taxes in Scotland than those in the rest of the UK. If Murdo Fraser has Westminster ambitions, they are finished.

**Murdo Fraser:** I am grateful for Jamie Stone's concern about my ambitions, but is he aware that we have devolution? Business rates are a devolved matter, and it is up to us in Scotland to decide how we fix them. What does he say to people such as Professor Sir Donald MacKay, former chairman of Scottish Enterprise, who says that cutting business rates is the most effective thing that the Executive could do to help economic growth?

**Mr Stone:** Let us remember that Donald MacKay is the gentleman who was appointed by the Conservatives to run Scottish Enterprise.

Here is a key, killer fact: business rates today are lower than they were at any point under the Conservative Administration. Let us contrast that Administration with the work that the Executive is doing. We are taking action in several areas. We are committed to ensuring economic growth through “A Smart, Successful Scotland” and we are addressing the challenges that are posed in skills and higher education. We are looking at innovative ways to bring together economic activity and academic research through commercialisation in our universities and the groundbreaking ITIs; £450 million of new money

will be put into research and development during the next 10 years. As Murdo Fraser knows, we are pursuing the massive opportunities that are presented to Scotland in renewable energy and green jobs.

We are listening to and acting on the legitimate concerns of business. Just this week, Jim Wallace announced that small businesses would benefit from reduced water bills through the introduction of new lower-user tariffs. That follows our introduction of the small business rates relief scheme, which the Federation of Small Businesses welcomed.

We are committed to Scotland's future. From transport to skills and training, from research and development to broadband roll-out and from promoting entrepreneurship to pursuing green jobs, the Executive is delivering economic growth through an holistic approach.

**The Deputy Presiding Officer:** I must hurry you, Mr Stone.

**Mr Stone:** We will not adopt the Conservative party's hotch-potch raggie-taggle approach.

**The Deputy Presiding Officer:** Time is very tight for the open debate, so I must ask members to interpret four minutes as meaning four minutes.

11:00

**Bill Butler (Glasgow Anniesland) (Lab):** When I read the Conservative motion and listened to Murdo Fraser's speech, I was reminded of the Conservative party's ability to reinvent itself and to repackage a product that the public have long since left on the shelf. That brought to mind the Tories' success in the middle years of the 20<sup>th</sup> century in changing their public image from that of the class warriors who delivered the mass unemployment of the 1930s to that of the Butskellite consensus seekers of the 1950s and 1960s. As members well know, the Tories are nothing if not brazen. Shamelessly, they are attempting to play the same confidence trick on the public again.

To agree to the motion, we would have to be convinced that the Tories are now and always have been the party of economic prudence, growth and stability, and the party that stands up for business, especially small business. That is Mr Fraser's pitch to members and voters, with all the genuineness of Del Boy Trotter but without the laughs. I gently remind Mr Fraser that the electorate have memories. They will not find his sales patter particularly funny.

The people of Scotland and of the rest of the UK remember only too well the true face of Britain under the Conservatives. They know that the Tory party was and remains the party of high inflation

and soaring interest rates. They understand well that the Tories used mass unemployment as an economic tool. They have not forgiven and will not forgive the wanton destruction of whole industries and the communities that depended on them. They have not forgotten the heartache endured by thousands of ordinary householders who were trapped in negative equity. They are not unaware that the instability of the Tory years led to an abnormally high failure rate in the business sector, especially the small business sector. What is most damning for the Conservatives is the fact that the public know botched cosmetic surgery when they see it.

I will deal with some aspects of the Conservatives' effort this morning to reinvent themselves. Mr Fraser made great play of the necessity to reduce the burden of business rates, as he says that they contribute to what he calls

"the consistent underperformance of the Scottish economy relative to that of the UK as a whole".

What do seasoned observers make of that bold and radical proposal? Not much, it seems. We should listen to Mr Robert Crawford, who is late of Scottish Enterprise.

**Murdo Fraser:** We have already heard from him.

**Bill Butler:** This is a different quotation. He said:

"The question is whether or not in cutting business rates you are likely to make a long-term difference to the competitiveness of the Scottish economy.

'Answer – there is no evidence that I've seen anywhere in the world that that makes a difference.'"

What of Mr Fraser's charge of consistent underperformance? No serious commentator doubts that our economy has problems, such as those in manufacturing. Alf Young recently noted the fact that those problems are caused largely

"by the rapid contraction of output from the silicon-based industries like computer assembly."

No serious politician in the chamber would argue that we should not strive consistently to encourage more economic growth and the jobs that would flow from that. That is the Executive's position, which is correct.

The Tory argument of consistent underperformance does not bear scrutiny. As Mr Alf Young said in his recent epistolary exchange with Mr Monteith,

"in terms of GDP per capita, Scotland is still more prosperous than Wales, Northern Ireland and six English regions. Only London, the south east and the east of England score better."

Too many people in Scotland in constituencies such as mine had their hope of a better life for themselves and their families extinguished in the

Tory years. The people of Scotland will not buy the Tories' latest attempt to dress themselves up in a new political suit. What people will see is what we witnessed today—naked political opportunism. I am convinced that they will reject that at future elections, as members will surely reject it today.

11:05

**Richard Lochhead (North East Scotland) (SNP):** There is a growing consensus in Scotland. The sooner the Executive takes its head out of the sand and gets behind that growing consensus, which has not gone far enough but is increasing, the sooner Scotland can move on. Consensus is growing behind the fact that the Scottish economy cannot continue to lag behind that of the rest of the UK and behind the fact that the decline in Scotland's population is becoming a national crisis.

**Lewis Macdonald:** Does Mr Lochhead accept that the population decline to which he has—rightly—referred is a consequence of a decline in the birth rate rather than net migration?

**Richard Lochhead:** I agree that that is one factor.

I was told this morning that Aberdeen city, which includes the minister's constituency of Aberdeen Central, expects a decline of 40 per cent between 2000 and 2016 in the number of residents aged 30 to 44. That will cause enormous problems for the minister's city and constituency. The consensus is growing on that issue and on the fact that Scotland needs more powers to address such issues.

**Mr Stone:** I would like one question to be answered. In Mr Lochhead's dream scenario of independence, with Jim Mather's attachments and all the rest of it, who would pay to decommission Dounreay?

**Richard Lochhead:** I am thankful that some dreams come true and independence for Scotland is one dream that will come true soon. As an independent country, Scotland will be much wealthier. In the world wealth leagues, the best standards of living all belong to small independent countries in northern Europe, such as Sweden, Denmark and Norway. Surely it is ambitious of the SNP—other parties should share that ambition—to try to emulate that success.

If the Scottish Executive were not weak, it could boost the Scottish economy. We know that our fishing communities are suffering because the Executive allows the UK to lead in negotiations on fishing issues, when the Executive has full powers to take charge on those issues. Our fishing communities cannot exploit healthy fishing stocks in their traditional fishing grounds, 30 miles off their own shores.

The minister apparently takes a keen interest in the offshore industry, which is huge. It is the most valuable value-added industry in Scotland and is worth 130,000 jobs. It has capital expenditure of £3 billion a year, not to mention the multiplier effect of the 130,000 people who are employed in it. Despite that, the minister and the Executive never discuss the offshore industry in the chamber, although it faces massive challenges. The minister is vice-chair of PILOT, which is a joint industry-Government initiative, but we never have feedback on that. The subject is important.

**Lewis Macdonald rose—**

**Richard Lochhead:** I will give way in a second.

The minister can help the offshore industry on the huge issue of the downturn in drilling activity, which has led to considerable job losses in recent months and may store problems for the future. Of the 39 semisubmersible drilling rigs in the North sea, 19 are stacked—that means that they are not working. Of those 19, 11 are cold stacked, which means that they are blocked up for the foreseeable future and are not expected to be used. The minister is doing nothing about that huge issue and the UK Government will never do anything about it. The minister must put pressure on the London Government to introduce measures to stimulate drilling activity if we are to protect those 130,000 jobs.

The minister and his colleagues are fond of producing many glossy documents. We have never had one on the offshore industry, yet it is one of Scotland's most important industries. When will he intervene to address that? When will Jim Wallace or the First Minister, Jack McConnell, end the platitudes, demand action from the UK Government and produce a Scottish Executive strategy? After all, the Scottish Executive is responsible for economic development, education and training, all of which are big issues that can help the industry.

In a previous debate on the economy, Wendy Alexander said that the only factor that influences the offshore sector is the price of oil. I sent the *Official Report* of that debate around the industry, with which her comments went down like a lead balloon. She does not know what she is talking about.

**Ms Alexander:** Will the member take an intervention?

**Richard Lochhead:** The Executive must start taking an interest in the offshore sector and do something for it, because it involves 130,000 jobs.

**Ms Alexander:** Will the member take an intervention?

**The Deputy Presiding Officer (Trish Godman):** I ask Wendy Alexander to sit down, please.

**Richard Lochhead:** The Executive must do that to boost the Scottish economy.

11:10

**Bristow Muldoon (Livingston) (Lab):** A debate on the Scottish economy is welcome and worth while. Sadly, however, the debate has so far resulted in the Opposition parties getting into their entrenched positions and not taking the opportunity to talk about the strengths of the Scottish economy and the ways in which we can help to improve the economy further.

Bill Butler rightly pointed out that Murdo Fraser had some brass neck to criticise the current economic record of Scotland, given the Conservatives' record of failing Scotland over 18 years. Back in the 1980s, when the Conservatives were in power, unemployment in my constituency hit 20 per cent. It is currently below 3 per cent because of the successful economic management of Labour in Government.

**Mr Monteith:** Will the member give way?

**Bristow Muldoon:** I have only four minutes. I will, perhaps, give way later.

In revisiting the constitutional settlement, Jim Mather stuck to his usual position that the answer for Scotland is to cut the levels of taxation, especially business taxation. However, I challenge him and his colleagues on that point. We cannot have Scandinavian levels of public expenditure based on Irish levels of taxation.

**Jim Mather:** When will Scottish growth match that of the UK under the current policy agenda? If the member cannot tell us that, can he tell me how long he is going to tolerate the continuing and widening gap between growth here and growth in the rest of the UK?

**Bristow Muldoon:** The signs of growth in the Scottish economy, based on recent figures, are encouraging. Bill Butler pointed out something that is often ignored by members. Although Scottish economic growth has been poor in recent years, overall Scottish GDP is still ahead of the GDP in most of England and in Northern Ireland and Wales. That fact is often ignored by members of the Opposition parties.

Even within Scotland, there are distribution issues around economic success, as Edinburgh and the Lothians are achieving a far higher degree of success than other areas. That is one of the issues that I wanted to raise with Murdo Fraser. If the way to population growth and economic success is lower levels of taxation, why are

Edinburgh and the Lothians such a success at the moment? Edinburgh has economic growth and population growth although it is under the same taxation regime as the rest of Scotland.

The Tory motion is based on the false premise that, overall, Scottish businesses are taxed at a higher level than businesses in many of our competitor countries.

**Murdo Fraser:** In England.

**Bristow Muldoon:** Well, that is false as well. That may be the case for non-domestic rates, but if all business taxation is taken into account—including taxation on transport—the taxation level in Scotland is exactly the same as it is in England and is still well below the taxation level in countries such as Belgium, Finland, France and Sweden.

**Alex Johnstone (North East Scotland) (Con):** The taxation rates in England are equivalent; however, if we add up the costs that are involved and the fuel that we use because of the miles that we have to travel in Scotland, our costs are astronomical compared to those in the south.

**Bristow Muldoon:** The overall taxation rate for all businesses in Scotland as a proportion of GDP is exactly the same as it is in England and, as I said a moment ago, it is well below the taxation levels in France and in Belgium, Finland, and Sweden—some of the small, independent countries that SNP members often cite. It is, therefore, a false premise to say that businesses in Scotland are taxed at a significantly higher level than businesses in England or in our major competitor countries.

The approach that the Executive is following, in continuing to invest in transport, skills and the strategy of "A Smart, Successful Scotland", is the correct policy for economic growth in Scotland. I encourage the Executive to continue with that strategy. It will be successful and will result in economic growth in Scotland, as exists across the rest of the UK. The policies of the SNP and the Conservatives are a distraction from the debate. If they want to have a serious discussion in future, they should take a more informed and constructive approach to the issue. I support the amendment in the name of the minister.

11:14

**David Mundell (South of Scotland) (Con):** I am disappointed that we have lapsed back into the same old routine of having to hold such debates in Opposition time, given Mr Wallace's so-called Mansion House speech in September, in which it was stated that the economy would be a priority. It is all just words. I admire the Deputy Minister for Enterprise and Lifelong Learning, who is a true expert in filling a set amount of time with words; however, that is all that they are.

In previous debates, many issues have been talked about with the prospect of some immediate action, but nothing has happened. What better example of that can be cited than the improvements that Waverley station requires? That work is widely recognised as the single most important thing that could be done to the Scottish rail network to increase capacity, yet nothing is happening. When Sarah Boyack and I questioned the First Minister on that matter, he gave no hope of that project actually getting under way. That is the reality of Executive policies.

**Bristow Muldoon:** Perhaps Mr Mundell can tell us about the reality of Tory policy on the railways. How long would it have taken for the work on Waverley station to have been completed under the Tories, under whom investment in renewals and track fell to 1 per cent a year? Under the Tories, it would have taken 100 years to replace the track in the UK.

**David Mundell:** If Mr Muldoon looks back at the Tory Government's record on transport, he will see that when we said that we would do something, we did it. When the Executive says that it will do something, it just keeps on re-announcing it and coming out with study after survey after study. We did it; the Executive does not: that is the difference.

The difference in relation to the economy is the reality that people face in communities such as Sanquhar in Dumfriesshire, where, this week, 76 jobs have been lost at the Hydro Aluminium Extrusion plant. What better example can there be of the issue that Murdo Fraser raised in his opening speech of communities being affected by poor transport links? In an area such as Dumfries and Galloway, where the difference between business rates in England and Scotland really counts, that 9 per cent differential is the reality for people.

**Dr Elaine Murray (Dumfries) (Lab):** I am sure that David Mundell, as a member for the South of Scotland and as a Westminster aspirant, is well aware of the need for investment in infrastructure. If the Tories intend to cut business and water rates, are they advocating an increase in income tax to pay for that investment?

**David Mundell:** No. As I have made clear, I am happy for Scottish Enterprise Dumfries and Galloway's budget to be spent on the vital infrastructure that we need in Dumfries and Galloway, such as the A75 and the A76. I am happy to tell the electorate that, unlike some constituency members who go around defending Scottish Enterprise's unwillingness to fund the Clip ICT centre in Annan, which is vital to the community and provides the lifelong learning that we talk about so often in the chamber. The reality is that the budget of Scottish Enterprise would be

far better spent on transport infrastructure and focused on developing the skills that we need. If we listened less to the likes of Alf Young and more to Murdo Fraser, the economy of this country would be in much better shape.

11:18

**Helen Eadie (Dunfermline East) (Lab):** I am grateful for the opportunity to speak in the debate on a morning when every news report on the radio and television has talked of an upturn in the economy being reflected in the fact that the interest rate will have to be increased by 0.5 per cent to cool down that growth in the economy. That is a good background against which to have this discussion.

The USA and Japan have been recovering during 2003, and growth in our biggest trading area—the euro zone—is expected to be just 0.5 per cent, with growth rates of 0.4 per cent in Italy, 0.2 per cent in France and zero in Germany. In the context of the UK economy, Scotland benefits from the fact that it is not just about setting business rates, but about creating the whole economic background and taking a holistic approach. The Chancellor of the Exchequer has ensured that the British inflation rate has been at its lowest for 30 years and that interest rates have been at their lowest since 1955.

Right now, more people in Britain are working than at any other time in our history and economic growth is strengthening. While America, Japan and half the countries in the euro area have suffered recessions, the British economy has uniquely grown uninterrupted, free of recession, every quarter and every year since 1997.

Scotland benefits from the fact that, in Britain, growth this year is expected to be 2.1 per cent. Since 2000, Britain's cumulative economic growth has been stronger than that of Japan, the euro area and the USA. Scotland has now enjoyed the longest period of peace-time growth since the records began in 1870, more than 130 years ago. Looking forward, we expect Scotland's economic growth to increase by between 2 per cent and 3.5 per cent next year and to increase again by 3 per cent to 3.5 per cent in 2005.

During a world downturn, Scotland and Britain have achieved growth, with low inflation and high employment. Since 1997, inflation has averaged 2.3 per cent and the number of jobs that have been created now exceeds 1.7 million. In America, the unemployment rate is 6 per cent. In Germany, Italy and the euro area, the rate is 9 per cent, although in France, it is 10 per cent. In Britain, the unemployment rate is 5 per cent: for the first time in 50 years, unemployment in Britain is lower than it is in the euro area, Japan and America, which are our major competitors.

We have clear evidence of growth. The unemployment gap between the UK and Scotland is narrowing and is currently at its lowest since the mid-1990s. The survey that the influential Fraser of Allander Institute carried out on behalf of the Scottish Chambers of Commerce showed that, in the last quarter of 2003, Scottish manufacturers reported their biggest increase in orders and sales since 2000. Almost half of those who were surveyed were confident that that encouraging trend would continue through 2004, with exporters expected to make the biggest gains.

More evidence of economic growth is provided in the briefing that MSPs received from the Scottish Retail Consortium. According to the briefing, retail is hugely important to Scotland's economy and is one of Scotland's most successful sectors. The sector employs one in 10 of the work force, with 230,800 people working in 28,700 outlets across Scotland. Of particular note is the fact that Scotland's retail sector has shown consistent real growth, year on year. In 2003, retail sales in Scotland grew faster than those in the rest of the United Kingdom for the first time. That culminated in December, when total retail sales grew by 5.6 per cent in Scotland while they declined by 2.3 per cent in the UK as a whole.

Sustained growth in Scottish retail sales through the summer months and into September supports other evidence of growth in the Scottish economy. Scottish house prices, buoyed by favourable interest rates, continue to grow. In 2003, Scotland's house prices grew faster than those in the UK for the first time since 1995. Scottish house prices rose by an average of 17 per cent, compared with an average rise of 15.3 per cent in the UK.

I support the amendment in the name of Lewis Macdonald.

11:23

**Brian Adam (Aberdeen North) (SNP):** It is notable that the Executive has once again declined the opportunity to set a target for economic growth in Scotland, despite the fact that growth is its number 1 priority. I do not doubt that the Executive has growth as a priority, but I have doubts about its capacity to deliver on that. Perhaps the minister will tell us what the growth target is.

**Lewis Macdonald:** Actually, I am curious to know what growth target the SNP would set if it were in a position to do so.

**Brian Adam:** Our growth target, which has been published on many occasions, is to be in that group of small independent nations within the European Union that, over the past quarter of a century, have successfully outperformed the UK and have significantly outperformed Scotland.

If we are to have a successful economy, we need to address a number of areas.

**Bristow Muldoon:** Will the member take an intervention?

**Brian Adam:** No, thank you.

It is fair to say that the Executive has addressed some of those areas, but by no manner of means has it addressed them all. We need to tackle infrastructure problems. The Executive has done that to some extent, but it has not done so as well as it might. For example, transport is key to the area that I represent, but the arrangements that were recently announced by the Strategic Rail Authority involve a reduction in the maintenance of and future development plans for the lines north of Aberdeen. That will be a significant disincentive for people to move from using roads to using public transport.

I hope that, when the Parliament's overall powers and fiscal powers are reviewed, the Scottish ministers will try to retrieve the Parliament's transport powers. One of our previous First Ministers, Mr McLeish, told the Westminster Parliament that the Scottish Parliament would have control over railways, but that disappeared at the last minute when the Parliament was set up. Perhaps the minister will address that point.

I am concerned that we have significant deficiencies in training and skills. The Executive has tried to tackle the issue by providing targets for new apprenticeships and by encouraging enterprise and innovation education in partnership with Tom Hunter. However, there are two areas in which we have significant weaknesses. First, 30 per cent of our young people leave school with virtually no qualifications. Many of those young people live in areas of poor economic activity, the problems of which the Executive has tried to tackle by providing deprivation funding. However, there appears to be no mechanism for measuring the effectiveness or otherwise of that funding.

Secondly, at the other end of the scale are our entrepreneurial skills. Those might be best measured by the activity of our business schools, but our business schools have a very poor performance. The tables that were recently published in the *Financial Times* show that, of the world's top 100 business schools, Scotland has only one, which came 93<sup>rd</sup>—a position that had dropped over the past three years.

I ask the Executive to consider those issues. We need seriously to address the shortfall in skills, especially in some of our more deprived communities, where many people receive no training and are unable to take advantage of any opportunities that might come along. Why are we not encouraging more entrepreneurial development?

Finally, I want to mention the population situation. I know that the First Minister has approached the Home Secretary to seek a relaxation of the requirements for foreign students who come to Scotland, so that such students can stay here. Will the minister provide us with an update on where we are with that? In particular, I am concerned that, even if we had such a scheme, those students would just follow our other young people by, as Richard Lochhead mentioned, going south as soon as they have the opportunity to do so.

11:27

**Shiona Baird (North East Scotland) (Green):** I welcome the opportunity to speak on the Scottish economy. Greens are sometimes portrayed as luddites who are anti-growth and anti-economy. Once again, let me put the record straight. Such a claim is absolute nonsense. Those who argue that case simply refuse to take the greening of the economy seriously. Economic growth can be a good thing, but not at any cost and not in any direction. Greens have always argued that there need be no contradiction between a healthy economy and a sustainable future. Indeed, it can be shown that economic policies that do not take account of sustainability are bad for business in the long term.

Growth in GDP is often used as an indicator of quality of life, but that assumes that all economic activity is good for us. The reality that must be acknowledged is that our economy is responsible for many of the environmental problems that affect us all. The biggest of those is our dependence on fossil fuels, which is driving climate change. Greens want to see economic progress that benefits all and safeguards the environment. That is a very different view of the economy from one that wants economic growth at any cost.

**Mr Stone:** Will the member take an intervention?

**Shiona Baird:** I will not take any interventions. I feel that it is time for other folks to listen to what we have to say. We have a positive contribution to make on how we should grow the economy.

**Richard Lochhead:** This is supposed to be a debate.

**Shiona Baird:** I realise that, but we need to get our point over.

Surely there must be more imaginative and effective ways for us to measure the quality of life in modern 21<sup>st</sup> century Scotland. An improved quality of life is the measure that will help to reverse the population figures.

There are many reasons to be optimistic. The remediation of the very problems that I mentioned

provides real opportunities for Scottish businesses and industries. The recent WWF report showed that areas such as waste reduction, renewable energy, public transport and energy efficiency could create 50,000 jobs in Scotland over the next 10 years. That is the economic growth that Scotland needs. A recent members' business debate in the chamber heard how jobs in heavy engineering are being created by the offshore renewable energy industry. The potential for Scotland is enormous and is being noticed in the oil industry in Aberdeen. I am very encouraged by that.

A zero waste policy in Scotland could create 10 times more employment than the current landfill and incineration-based waste policy. Zero waste is being embraced as an opportunity by some of the most successful, innovative businesses around the world. What do they know that we do not know?

Scottish Enterprise is Scotland's economic development agency, tasked with developing a modern economy that is competitive at a regional and an international level. Unfortunately, its remit and performance indicators pay scant regard to environmental factors that we cannot ignore. It is time that Scottish Enterprise joined the 21<sup>st</sup> century and recognised both the threats and, importantly, the opportunities to be faced in developing an environmentally sustainable economy. The Scottish Executive must provide strong leadership on this matter.

The motion that we are debating condemns regulation as a millstone around the neck of business. That is true luddism. As long as businesses prioritise the interests of shareholders above all else, they will need effective, responsible regulation to ensure legal, social and environmental accountability. We need look no further than the examples of Enron and WorldCom to see the disastrous consequences of ineffective, weak business regulation.

11:31

**Des McNulty (Clydebank and Milngavie) (Lab):** I welcome Murdo Fraser's motion, especially the departure that it marks from what Brian Monteith said this time last year. One assumes that Michael Howard has cracked the whip as far as fiscal freedom is concerned and recognises that that way lies an economic abyss. We can now welcome the Conservatives back to real-world economics.

The only way the SNP can bring together the opposing strands of its economic strategy is by looking through the wrong end of a telescope. It prefers to talk about small independent countries and different parts of the world, rather than pick up

on the issues that Bristow Muldoon very properly raised. There are different countries, with different kinds of policies that have different sorts of outcomes, but the SNP groups all those countries together and says that they are all doing better than we are, although when one examines what the SNP says, it can be seen that that is not true.

However, the SNP does not want to talk about Scotland in reality. It wants to talk about its vision of Scotland, but it does not want to talk about what we do now in the real-world Scotland and about what the real economic strategies are. That indicates a genuine lack of self-awareness, which was displayed very well by Fergus Ewing in his answer to Carolyn Leckie's question. How does Jim Mather intend to deliver the existing level of public services if, by separating Scotland from the rest of the UK, he will be starting with minus £2 billion?

**Jim Mather:** We would do that by creating the virtuous circle of having a bigger tax take, paying less in benefits and being able to fund public services so that we invest in development, rather than simply handle failure. Given Des McNulty's touching faith in the status quo as a formula for economic governance, can he say which countries are queuing up to emulate Scotland?

**Mr Stone:** Wales. [*Laughter.*]

**Des McNulty:** Scotland does pretty well—Wales is a very good example of a country that is seeking to emulate it. Regions of England are examining the arrangements that we have in Scotland and the ways in which devolution might deliver greater economic scope for them. I return to the Tories, whose motion I am addressing. I do not want to deal with froth, which we get from the SNP week after week. We get the same stuff.

It is possible to argue that reducing business rates is the key to economic growth. Unfortunately, there is not much evidence to support that proposition: Murdo Fraser attended Paul Krugman's lecture a few weeks ago and Paul Krugman made that point very clearly.

When representatives of the Confederation of British Industry Scotland appeared before the Finance Committee in the previous session and were asked what their priorities were, they said that they were better transport, enhancing skills and there being no significant variation between the financial and economic arrangements of Scotland and those of the rest of the UK. The CBI Scotland wants the most level possible playing field. We can talk about how best to achieve that and there is a real debate to be had between Labour and Liberal Democrat members and the Conservatives. I welcome Brian Monteith back to that debate—I am delighted that he is here.

**Mr Monteith:** The member says that there is little evidence to suggest that cutting business

rates will improve economic growth. Does he agree that there is a significant body of evidence to show that increasing business rates damages economic growth, which is what the Government has done?

**Des McNulty:** Brian Adam will confirm that our economic experts indicated that the evidence does not suggest that and that marginal tax rates were not the key issue in determining business performance. In my view, the key issues are the level of innovation, the kind of thinking, the types of skills that we have, the infrastructure that we can put in place, our confidence in ourselves and the way in which we integrate ourselves into the UK and Europe, which are the real markets in which we operate. That is the vision and the task that exists for Scotland. If we walk away from that and engage in a theoretical process, we will not deliver for the people whom we represent.

My area of Scotland needs Scotland to grow. I want us to focus on the real tasks that lie ahead, rather than engage in a silly knockabout.

11:36

**Carolyn Leckie:** One issue that I did not mention in my opening speech was the artificial depression of Scotland's gross domestic product by the billions of pounds in corporation tax that are paid to London, on the back of work that is done by workers here. For example, BP's annual profits are £6.9 billion. It pays corporation tax on that and that goes to London. The annual profits of Sainsbury's are £677 million and, again, the corporation tax on that goes to London. That creates an artificial depression that does not reflect the contribution that workers here in Scotland make to the economy—we do not see that money back in Scotland.

I have some sympathy with small businesses. Business rates are not progressive and should be based on ability to pay. I would like bigger businesses to pay more as a proportion of their profits. Smaller businesses, such as hairdressers and chip shops, pay far more than big businesses as a proportion of their profits.

**Lewis Macdonald:** Will the member give way?

**Carolyn Leckie:** No. I do not have enough time.

It is a bit of cheek for the Tories to talk about progressive forms of taxation when they gave us the poll tax and the Tory council tax and it is a cheek for them not even to acknowledge that. It is also a cheek for the Executive not to have any proposals to abolish the Tory council tax. The Executive defends the council tax—in fact, Andy Kerr even defends the poll tax.

Our proposals would boost the economy. Under a Scottish service tax, 77 per cent of Scottish

people would be better off, 7 per cent would pay the same and 16 per cent would pay more. There is no problem with that, because the 16 per cent of people who would pay more can afford to do so. The introduction of a Scottish service tax would free up money to invest in the Scottish economy and it would be spent, rather than hoarded by a tiny clique that has far too much already.

The minister referred to the fact that the transport budget is £1 billion. What a laugh—he proposes to spend £0.5 billion of that money on 5 miles of road. For whose benefit will that be spent? It will not benefit the vast majority of Scotland's population.

The low pay that is endemic in this country is an absolute scandal. Ninety per cent of the jobs that are advertised in job centres are advertised at £5.55 an hour or less. In 1994, 33 per cent of the poor were in work. Now, 41 per cent of the poor are in work, which is an absolute shame. An increased minimum wage, set at two thirds of male median earnings—the low pay threshold—would save money on council tax rebates, which would not be necessary if we abolished the tax. That would also save money on housing benefit and Department for Work and Pensions payments and lead to lower health expenditure by seriously reducing poverty, rather than just playing at doing so.

Parliament has fewer powers than even the Isle of Man. Let us wrest power from the Bank of England and from Westminster, so that we can seriously redistribute wealth, boost our economy and means test big business in order to put more money into the pockets of the majority of people, who will spend it, rather than into the pockets of a tiny clique, who will hoard it.

11:40

**George Lyon (Argyll and Bute) (LD):** The debate has been good and constructive.

I will deal with a couple of points in my wind-up speech. The Tories' motion calls for cuts in business rates and water rates. That is a perfectly credible position to take and this morning the Tories have argued vehemently that that is the right way to go. It is surprising, however, that in their 2003 manifesto the Tories did not even mention water rates, never mind refer to cutting them, and that they proposed only a small reduction in business rates in order to restore the UBR. Murdo Fraser went much further in today's debate.

**Murdo Fraser:** Does Mr Lyon appreciate that at the time of the elections in 2003 the vast increases in water charges that have taken place since then were not the political issue that they are now? What does he propose to do to reduce the burden

of water charges on small business? The Executive's proposal is described by Bill Anderson as

"the sort of thing that gives politicians a bad name".

**George Lyon:** I am sorry, but if Murdo Fraser did not understand that there was an issue in the business community about water rates at the time of the election he must have been asleep.

As my colleague Jeremy Purvis said last week during the budget debate, if Scotland's business community are to take the Tories seriously they must produce an alternative budget that details where and by how much they would cut from our schools, hospitals, police forces and roads to fund their proposals. It is clear that if they are not honest enough to show us how they would fund their spending plans, the business community will conclude that the Conservatives are indulging in gesture politics.

**Mr Monteith:** The member is right to suggest that we should publish such details; they were published during the Scottish Parliament elections of 2003. Funding for cutting business rates and for investment in roads was readily explained but, of course, the cuts in education and health spending were not explained because none was proposed.

**George Lyon:** The Tories' position then and their position as outlined today are fundamentally different. In the middle of a budget debate, it would do the Tories good to explain where they would make cuts in order to give back the savings to industry. That would give them a much more credible position.

Murdo Fraser perhaps gave the game away on "Newsnight Scotland" on Monday night, because he promised that the Tories would turn Scottish Enterprise into a training agency. Even more bizarrely, he claimed that the private sector would set up and pay for its own enterprise agency to replace it. Is that really credible? Are a number of Scots companies really willing to put their own hard cash into helping to set up new companies and start-up operations, to invest in bringing broadband to all Scotland—when the private sector cannot currently deliver that—and to fund ITIs to improve our woeful research and development record? I do not think that such companies are out there. Perhaps Murdo Fraser, Brian Monteith or whoever winds up for the Tories will name them. Under the Tories' plans, it is clear that in Scotland we can forget about broadband being rolled out throughout the country, we can forget about improving our R and D record, we can forget about there being any help for our business start-ups and we can forget about lifting Scotland's economic performance.

Let us remember that Scottish Enterprise was born under the Tories. It was their baby, but they

appear to have turned against their adolescent offspring. Scottish Enterprise has undergone substantial change in the past four years: it has refocused its role to try to face up to the challenge of a knowledge-driven global economy. It has slimmed down, squeezed out costs, introduced performance audit where previously there was none and pulled together the autonomous local enterprise companies to ensure that they are all rowing in the same direction. That has all happened in the space of four years. I would have thought that the Tories would have lauded that type of action in a public sector body. I hope that colleagues in Parliament from all parties agree that now that a new chief executive and chairman are in place at Scottish Enterprise it is time to step back and let them get on with the job. I support the amendment in the minister's name.

11:44

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** I start on a consensual note by saying that it is a pleasure to see Bill Aitken back in harness.

It is perhaps unfortunate for Bill Aitken's party that he did not contribute to the debate, and that we had the ambitious proposition put forward in the motion by the Conservatives that high rates are disastrous. I say "ambitious" because although the Tories are now in a state of permanent opposition—assisted by the proportional representation system that they oppose—they behaved slightly differently when they had the opportunity in power. For 16 out of the 18 years in which the Conservatives were in power, business rates in Scotland were higher than those in England. Not only that, but Craig Campbell computed over-taxation in the period 1990-95 as being £1.2 billion. That money came out of the Scottish economy from Scotland's businesses. The Conservatives are attacking that which they applied in Government—they say one thing in opposition and they do the opposite when they are in power.

**Murdo Fraser:** Does Fergus Ewing appreciate that throughout the 1990s we steadily reduced the business rate year on year until we achieved a level playing field with England? Will he give credit where it is due?

**Fergus Ewing:** No I will not, because it is a matter of fact that, for 16 out of 18 years, business rates in Scotland were higher than they were in England. I am glad that Murdo Fraser asked the question—I had thought that he would, so I have an answer ready.

In 1995, when Ian Lang was setting the rate for that year and for the first time bringing Scotland's rates down to the English levels, he said that he

could have set the rate lower than that in England. Do members know why he did not do so? He said that if his Government did so, another Government in 2000 might come along and continue decoupling business rates. Of course, that is exactly what Jack McConnell did with Jack's tax, by giving Scotland's businesses more. What Ian Lang predicted came true, but instead of getting the lower business rates that we should have had in 1995, we achieved balance and equivalence in the level of business rates only in year 17 of 18 years of the Conservatives being in power. The little word that

"starts with 'h' and finishes with 'y'", —[*Official Report*, 15 Feb 2001; Vol 10, c 1300.]

and is not Henry is one that the Conservatives should take care about.

We are concerned about the burden of regulation. I am glad to see that Mr Wallace is back, so I will highlight an issue about regulation that was raised by the *Sunday Herald* and, in particular, I will mention the comments of Peter Hughes, the chief executive of Scottish Engineering. He spoke about the Scottish Environment Protection Agency, which in Scotland charges £7,500 for a licence under the control of pollution regulations, as compared with a charge of £2,000 for such a licence in England. The article states that Mr Hughes compared SEPA to

"a mosquito sucking the life blood out of the Scottish economy and picking over its bones."

That may be going over the top—I am never one for hyperbole myself. However, it seems to me to be an illustration of a very serious problem in Scotland.

**Carolyn Leckie:** Will the member take an intervention?

**Fergus Ewing:** No.

That quotation illustrates that the quangos are out of control.

I will close by asking whether, in replying to the debate, the Deputy Minister for Enterprise and Lifelong Learning can explain the point of the enterprise team's existence when it cannot remove such an obvious unfairness as businesses in Scotland paying a levy that is about 400 per cent higher than the same levy in England.

If he cannot deal with the unfairness that Mr Hughes has identified and that the *Sunday Herald* rightly publicised for two weeks running, what is the point of the so-called minister for enterprise in Scotland? More and more businesses want to see all parties standing up for enterprise—that is not happening under the Executive.

11:49

**Lewis Macdonald:** Growing the economy is not just about statistical indicators going in the right direction. It is about real people, real jobs and real businesses.

We recognise that the best way out of poverty is work and that the best way to tackle disadvantage is to create jobs and give people the opportunity to take up those jobs.

The idea that Government can support business growth and improve skills and enterprise while cutting our enterprise budget simply does not add up. Of course, Government can reduce the burdens on business and it can support the small firms for which business rates and water charges are proportionately more significant: that is what we have done.

However, to take millions of pounds away from public support for business for a bit of short-term popularity is no answer at all. Our focus must be on the long term.

**John Swinburne (Central Scotland) (SSCUP):** Will the minister take an intervention?

**Lewis Macdonald:** No.

The usual red herrings about red tape have been trotted out—if that is the appropriate phrase—in the debate. Nobody would argue with the proposition, for example, that regulations should exist only if they serve a purpose. However, no responsible business seriously wants health and safety, consumer protection and employment rights to be thrown away in pursuit of an easy life with fewer forms to fill in. Responsible businesses want less duplication and they want processes to be speeded up. That is what local economic forums have told us since their recent establishment and that is what we are enacting through the single business gateway and the single entry point for businesses in the Highlands and Islands.

Businesses want the planning system to be brought up to date and we intend to do that in order to reduce the burden of bureaucracy in the planning process, while maintaining a balance that protects the interests of the environment and of communities. It is interesting that Murdo Fraser says that he wants fewer burdens on business, given that not very long ago he argued in the chamber that the hurdles in the planning system should be made higher and harder for Scottish companies that are developing wind energy projects. The Tories offer less red tape in theory, but more red tape in practice.

**Murdo Fraser:** Does the minister think that a third-party right of appeal would make the planning system more or less business friendly?

**Lewis Macdonald:** We are listening carefully to business on all the issues that relate to the modernisation of planning and we will consult on all those issues. We will seek to strike precisely the right balance between the interests of business and development and those of the environment and communities. We do not intend to follow the suggestion that Murdo Fraser made to create additional hurdles in the planning system.

The Tories argue that we are wrong to pick winners in the Scottish economy. That fits with their philosophy and their track record: keep out of the way, let the market pick the winners and there will be no skin off the Tory nose if the result is that local economies collapse and millions become unemployed. That simply will no longer do.

The enterprise networks have put in place ITIs in energy, life sciences and information technology. We are backing those with £450 million of public money over the next 10 years. We are picking winners: we are supporting industries in which Scotland is already strong, and we can achieve a world market advantage if we back Scottish companies that are commercialising Scottish science and research. The energy industry is one such example—I remind members that we have debated in Parliament an Executive motion on oil and gas, which recognised that the last thing that the oil industry wants or needs is one fiscal regime in Scotland and another in England. The economic and political stability of the United Kingdom is the North sea's greatest strength in attracting mobile corporate oil industry investment.

We pick winners through the small firms merit awards for research and technology—the SMART awards—which I announced earlier this week, through the pipeline of support for innovative Scottish companies and through the £43 million of public money that is rolling out enterprise education in our schools, leveraging in private funding, giving young people the opportunity for hands-on skills and supporting a culture of problem solving, enterprise and initiative.

We have the highest-ever level of investment in our transport infrastructure and we are rolling out broadband connections. We have a target of 30,000 modern apprentices in training, but the Tories left apprenticeships pared to the bone. Do not tell the Tories, but ours is the kind of investment that Scottish businesses want.

We are funding the trade union learning fund. In recent months, I have spoken at two training days in my constituency, which were organised by Amicus and the Graphical, Paper and Media Union. Those training days were not just about trade unionists who wanted to improve their skills and learning; they were about employers, who were there to work alongside their employees and

to share our agenda of training in partnership as the best way to grow their companies, their industries and the economy as a whole.

No doubt that is a bit too much modernising for the Tories. They would rather stay behind the old ramparts and argue that business and the public sector should not get involved with each other. They argue that everything will be fine if we just cut the tax bill a bit. Maybe in the concluding speech we will hear what investment they would abandon to pay for their tax cuts—but maybe not. Either way, they are the same old Tories making the same old mistakes and the Scottish people will not be fooled.

11:54

**Mr Brian Monteith (Mid Scotland and Fife) (Con):** I think that the debate has been very useful. It makes a change to have a debate on the economy and I am sure that we will have many more such debates—we certainly will if the Conservatives have anything to do with it.

The debate has been particularly useful because it has flushed out the Scottish Government's real views on economic policy. The minister talks about growing the economy, as if it were something in a flower pot that just needs us to add some Baby Bio for it to grow a little more. Of course, things are not quite that simple. The Government's amendment betrays its conceit that politicians can, with the munificence of Government, direct, plan, manage and indeed grow the economy. The amendment takes no account of international experience or of Scotland's relative uncompetitiveness, and it relies on world economic growth to bring about Scottish economic growth. Thereby lies the folly of the failure to understand what Scottish business needs: Scottish business needs to prosper in every market, irrespective of the economic conditions.

**Mr Stone:** Will the member take an intervention?

**Mr Monteith:** I must make progress. I might come back to Mr Stone later.

Of course, one of the central debates today has been about business rates. Murdo Fraser was correct to point out that one in four businesses in Scotland pays corporation tax, but that practically all businesses pay business rates. Business rates are important because they hit the bottom line. They are a fixed cost that the many businesses that have to make investment decisions—and are cash strapped, under pressure or in a difficult economic position—cannot do much to change. Businesses can, however, change their investment decisions and they can change the number of their employees. The reduction of the business rate is one important change that Government can make to help business.

**Mr Stone:** On the record, on "Newsnight Scotland", Murdo Fraser said:

"Businesses can pay for an enterprise agency."

That would be an additional tax and an additional fixed cost. Does the member dissociate himself from that remark?

**Mr Monteith:** No, I believe wholly in partnership between business and Government and I have every reason to believe that businesses would look after their interests far better than the current Scottish Executive does.

One aspect of the debate has been the mention of a variety of gurus. Alf Young, that well-known physics graduate and Labour researcher, was trotted out in defence of the Executive. Robert Crawford, a former Scottish National Party researcher and a business consultant whose record of hiring other consultants is unequalled, was also mentioned. We believe that Professor Sir Donald MacKay is a far more esteemed economist and knows far better what he is talking about when he says that cutting business rates—or indeed abolishing them, as he argues—would do far more to revitalise our economy than what is being done. Why rates? Rates are important because they are one of the few levers—

**Ms Alexander:** Will the member take an intervention?

**Mr Monteith:** Just wait until you hear this.

Rates represent one of the few levers that the Scottish Executive has readily available at its disposal and they have the most direct impact on business.

**Ms Alexander:** Did Professor Sir Donald MacKay once, during his many years as chairman of Scottish Enterprise, suggest that business rates should be abolished, which is the policy that he now advocates? He was, of course, a Tory appointee throughout that period.

**Mr Monteith:** It is notable that he was sacked by Labour. I recall that Sir Donald MacKay—an economics professor—often talked in his lectures at Heriot Watt University about cutting rates and business taxes and about the ineffectiveness of Government in helping business.

During today's debate we have heard a lot of economic statistics about how good growth is and how well the UK is doing and we have sometimes even heard about how well Scotland is doing. All those statistics missed the point, which is about Scotland's performance relative to the UK.

There is no key policy. We do not say that cutting business rates is the only policy; of course there are others. However, I noticed that the SNP offered nothing on economic policy in today's debate, but talked only about how it would divorce

Scotland from its most important market. There is no willingness on the part of the SNP to explain what it would cut and by how much. Bristow Muldoon was right—although it is about the only point on which he was right—to say that we cannot have an economic policy that proposes the taxation levels of Ireland and the spending levels of Sweden.

It is quite clear that there is a real choice between the Government of Labour and the Liberal Democrats and the Opposition of the Conservatives. It has been recognised today that we offer a genuine alternative; I look forward to putting that alternative to the people in the future.

## First Minister's Question Time

12:00

**Margo MacDonald (Lothians) (Ind):** On a point of order, Presiding Officer.

**The Presiding Officer (Mr George Reid):** I would prefer to take points of order at the end of First Minister's question time. Is the point absolutely essential?

**Margo MacDonald:** No. In fact, the guidance that I sought was whether the point of order would be more convenient now or at the end.

**The Presiding Officer:** It would be more convenient at the end.

### Prime Minister (Meetings)

**1. Mr John Swinney (North Tayside) (SNP):** To ask the First Minister when he next plans to meet the Prime Minister and what issues he intends to raise. (S2F-599)

**The First Minister (Mr Jack McConnell):** I expect to meet the Prime Minister later this month and I expect that we will have a lot to discuss.

**Mr Swinney:** I may add one other issue to the discussions. Given that people in Scotland have been hit by huge increases in their water bills, was it a wise decision by the Government to remove from Scottish Water's 2002 budget the sum of £100 million?

**The First Minister:** Some claims that have been made about the financial arrangements at Scottish Water have been rightly pointed out by the minister involved as being untrue. Fergus Ewing's extravagant claims about the accountancy at Scottish Water and the Scottish Executive have yet again been shown to be not just exaggerations but diversions from the important debate that we should have. It is important that we invest in water and sewerage services in Scotland to get them to the quality that they need to be at, not just because of European regulations but because it matters that we have clean water in Scotland. That is the reason not only for the investment that we put into Scottish Water but for this week's increases in charges, which are regrettable but necessary.

**Mr Swinney:** I am puzzled by the First Minister's answer because the source of my point about the removal of £100 million from Scottish Water's budget was not Fergus Ewing—reliable source that he happens to be—but the Minister for Finance and Public Services, Mr Kerr, who told Parliament on 26 June 2002:

"I have more good news to report."—[*Official Report*, 26 June 2002; c 13041.]

He said that he had removed £100 million from Scottish Water's budget.

Since 1999, water charges have risen by 89 per cent in the east of Scotland; by 79 per cent in the west; and by 63 per cent in the north. At the same time, the Government has removed significant sums of money from Scottish Water's budget. In the light of those enormous increases in water bills, how can the First Minister justify the removal of £100 million from Scottish Water's budget?

**The First Minister:** Scottish Water's investment programme is not affected in any way by that decision. The investment programme is vital, which is why charges for next year have been increased in parts of Scotland. Mr Swinney seems to live in an imaginary land where money grows on trees and people do not have to raise money from somewhere or make choices and priorities. In the past week we have heard claims about amounts of money, such as the £47 million for higher education; the £18 million that Fiona Hyslop's opposition to charges at the Scottish Qualifications Authority would cost; or, today, the £100 million for Scottish Water. Choices have to be made and the right choices are being made. We are spending money on education, health, tackling crime and, as was announced yesterday, housing and regeneration. Those are the real priorities.

More and more in the water industry, water and sewerage charges are paying for improvements in water services. That is a tough and difficult decision to make, but it is the right one and one that will result in improved water and sewerage services in Scotland in the years to come.

**Mr Swinney:** Again, I am puzzled by the First Minister's answer. At Tuesday's meeting of the Finance Committee, the former minister with responsibility for water, Wendy Alexander, said that "very little" of the income from the sharply rising charges since the establishment of Scottish Water "was spent on infrastructure". The First Minister had better get his story right about how the Government spends its money. Does he accept that there is growing anger about the massive increases in water charges; about the fact that, as we are beginning to see, money is not being invested; and about the £100 million that has been taken away from Scottish Water's budget to pay for Labour's election pledges last May? Would it not be better to use the £100 million to give much-needed relief to Scottish Water's customers rather than to squander it on the Labour Government's pet projects?

**The First Minister:** Mr Swinney might think that schools and hospitals are pet projects, but I have to take a slightly different approach.

I ask Mr Swinney to get his facts right. Wendy Alexander might well once have been offered the post of minister with responsibility for water, but I do not think that she became the minister with responsibility for water. Of course, she was influential in all our discussions then and remains so.

It is important to be consistent from week to week. Only last week, senior figures in the nationalist party—in particular, its finance spokesperson Fergus Ewing—called for reductions in business charges for water services in Scotland. This week, we announced an increase in business charges by less than the rate of inflation and we recently announced that the same will happen with business rates. The SNP cannot even welcome that and support something for two weeks in a row. A decent increase and a new tariff for low users are important for Scottish businesses.

There is a big but. There was an important decision for us to make, although it was not easy. There has been as much anger in Scotland about the quality of our water as there has been about increases in water charges. If we want to increase the quality of our water and sewerage services and deliver the investment that will ensure that we have the housing programmes and developments that we need throughout Scotland, investment must be made and paid for and charges must increase. That is regrettable but necessary and will be good for Scotland in the long term.

### Cabinet (Meetings)

**2. David McLetchie (Edinburgh Pentlands) (Con):** To ask the First Minister what issues will be discussed at the next meeting of the Scottish Executive's Cabinet. (S2F-609)

**The First Minister (Mr Jack McConnell):** Next week, the Cabinet will again discuss our progress towards implementing the partnership agreement to build a better Scotland.

**David McLetchie:** The Cabinet might also like to reflect on the Chancellor of the Exchequer's pre-budget statement in December, in which an additional £340 million—free of ring fencing—was allocated to councils in England. The Treasury calculated that that would lower the average band D council tax bill by £19. We received our Barnett share of the money that was allocated—some £47 million—which was enough to lower band D bills in Scotland by £25. As the council tax in Scotland has increased by 42 per cent since Labour came to power—which is double the rate of inflation in that time—I am sure that our hard-pressed council tax payers look forward to that money leading to a reduction in their bills. Will the First Minister advise us what is likely to happen to council tax bills in

Scotland when they are set next week by our councils?

**The First Minister:** I am pleased that, since devolution, one result of the partnership Government in Scotland has been that council tax increases have been significantly less in Scotland than they have been in England over the same period. This year, they will again be significantly less in Scotland than in England—I believe that the figures are 3.9 per cent for Scotland and 12.9 per cent for England and I remind Mr McLetchie that that is largely the result of decisions that have been made by Tory councils. I believe that the figure for Wales is 9.8 per cent. Over the piece, not only have council tax increases in Scotland been less than in England, they have been significantly less than they were in the final years of the Conservative Government in the mid-1990s. The figures relating to increases in council tax that the Conservatives regularly quote usually take the whole 10-year period into account—they do not point out that increases in the past five years have been considerably less than in the previous five years.

We will carefully consider the money that the chancellor allocated to councils in England. However, money will be allocated to priorities in Scotland and will not be used as a one-off symbolic gesture, as Mr Swinney has proposed; it will not all be spent on higher education as a one-off payment that can never be repeated and that would not deal with higher education finance issues. Moreover, it will not simply be given to councils without any requirement relating to how it should be spent. We will base our decisions on priorities and spend money wisely to achieve best value.

**David McLetchie:** Is it not extraordinary that, faced with any given opportunity to reduce the burden of tax on the people of Scotland, the Executive is certain to decline such an opportunity and adopt a course of action that will lead to tax increases instead? Is it the case that what unites the Executive parties—whether in relation to council tax, the favoured local income tax, business rates, water charges, the so-called graduate endowment or road tolls—is the instinct of both parties in the Administration to tax and charge people more? When will the First Minister and the Scottish Executive give the taxpayers of Scotland a break that they richly deserve?

**The First Minister:** As I said, council tax increases are substantially less in Scotland than they are in England. The money in England has been allocated largely because of the ridiculous decisions of Tory councils to escalate the council tax right across England. The chancellor has taken action, rightly, to try to ameliorate that situation. However, here in Scotland we have a sum of

money available for one year, which we should spend wisely. I assure Mr McLetchie that when we introduce our proposals for spending that money, he will see that it will be spent to give real value for money for taxpayers and to serve the long-term interest of achieving efficiencies and a decent level of charging in our services. At that stage, I hope that he will be gracious enough to congratulate us on those decisions.

**The Presiding Officer:** There are two urgent constituency questions from Scott Barrie and Bristow Muldoon.

**Scott Barrie (Dunfermline West) (Lab):** The First Minister will be aware of the 90-day notices to 550 employees of Castleblair Ltd in Dunfermline and Glenrothes. Given that that is another result of the continuing cut-throat competition among high street retailers, can he assure me and, more important, the workers who are affected that he and the Scottish Cabinet will endeavour to do all that they can to preserve manufacturing and textile jobs in Scotland?

**The First Minister:** Clearly, we are doing all that we can not only to preserve existing jobs but, more important, to secure new jobs for Scotland in the longer term. We will do that by competing in new markets with high-value products, using the high levels of skills that exist in Scotland. We will do that more effectively by improving our transport and communication systems and by improving skill levels. That is why we continue to agree that it is better to invest in transport and skills, and communications infrastructures than to cut budgets in the way that the Opposition parties seem to want us to do.

**Bristow Muldoon (Livingston) (Lab):** Does the Cabinet intend to discuss the financial crisis that is being experienced by Scottish professional football, as witnessed this week by Livingston Football Club being moved into administration? Does the First Minister intend to ask the Minister for Tourism, Culture and Sport, Mr Frank McAveety, to convene meetings with the Scottish Premier League and other relevant bodies to discuss the way forward for our national sport?

**The First Minister:** Clearly, we are in regular conversation with football bodies about the future of the national game. The financial circumstances of individual clubs such as Dundee, Motherwell and Livingston—and even the situation facing Heart of Midlothian—are serious challenges and are regrettable, but they are the responsibility of the individual clubs. I hope that they will be able to solve their difficulties and remain successful clubs in the future.

It is more important for us to prepare for the future of the game in Scotland. We want to create the McCoists and Dalglishes of the future and

ensure that youth football is more successful in the early years of the 21<sup>st</sup> century than it was in the latter years of the 20<sup>th</sup> century. That will be a big challenge. Mr McAveety is taking that forward in discussion with the Scottish Football Association and we hope to make an announcement soon.

### Executive Priorities

**3. Tommy Sheridan (Glasgow) (SSP):** To ask the First Minister what the Scottish Executive's current highest priorities are. (S2F-621)

**The First Minister (Mr Jack McConnell):** As stated in the partnership agreement, our top priority is to grow the Scottish economy more effectively than has been the case in the past. However, our immediate priority is to tackle crime and antisocial behaviour.

**Tommy Sheridan:** I suggest that honesty in politics, particularly in government, should be a high priority. I know that the First Minister has a problem with honest answers but, in light of the recent comments from David Kay of the Iraq survey group, Colin Powell and even George Bush, in relation to weapons of mass destruction in Iraq, will the First Minister now be honest and mature enough to admit that he was wrong in March last year when he told the Scottish Parliament that the invasion of Iraq was justified because Iraq was unwilling to give up its weapons of mass destruction? We now know that it was unwilling to give up something that it did not have. Will the First Minister apologise now for misleading the Parliament and recognise that the Iraq war had nothing to do with weapons of mass destruction and everything to do with access to cheap oil for the United States of America?

**The Presiding Officer:** The question refers to a matter that is not within the First Minister's responsibility. I will leave it to him as to what response he gives.

**The First Minister:** I am happy to state again what I have stated a number of times on the public record. I believed last year and still believe that Saddam Hussein and the Iraqi regime were evil and dangerous. I believe that the Iraqi people would have been unable to remove them by themselves and that they needed and rightly demanded international support to do that. I am proud that Britain was part of the international effort to achieve that end and believe that, as a result, Iraq is and will be a better country.

**Tommy Sheridan:** The problem with the First Minister's answer is that, as usual, he has avoided the question. In his statement to Parliament, he said that the invasion of Iraq was justified because Iraq was unwilling to give up its weapons of mass destruction. If he believes that we should invade all the world's tyrannical regimes, it would be

worth while to suggest to him that we should not invite representatives of tyrannical regimes to sit in the Parliament, which is what we did last week with the Saudi Arabian ambassador. Will he apologise for misleading Parliament, or does he think that lying in Parliament is now an acceptable practice? He did so last week in relation to the Scottish Socialist Party drugs policy and again in trying to justify the illegal and unnecessary invasion of Iraq.

**The Presiding Officer:** I again leave it to the First Minister to decide whether he wishes to respond.

**The First Minister:** I think that I have clearly stated my position on the war and note that Tommy Sheridan would be happier if Saddam Hussein were still in power. I am happy to leave the current inquiries in London to examine some of the other questions that he has raised. Indeed, I am prepared to accept the outcome of an inquiry, unlike some people over the course of the past week who had problems with doing so.

I want to pick up Tommy Sheridan's final point. In letters to my office over the past week, he has accused me twice of lying. He has accused me of doing so again today. I have to tell the chamber that I regret that I got one fact wrong in a comment that I made last week. I said that Rosie Kane, who does not hold a senior position in the SSP, had made a particular comment about the party's drugs policy. I regret that, because my point would have been more effective if I had known that the person who made the comment was Frances Curran, who is a much more senior figure in the party.

I have before me the article that I quoted last week and that Tommy Sheridan has accused me three times since then of lying about. His photograph is beside the article, which is written by Frances Curran, a senior international member of his party. The SSP's drugs policy is quite clear and is written down. As a result, I hope that Tommy Sheridan will withdraw his allegation that I lied to the Parliament.

**The Minister for Parliamentary Business (Patricia Ferguson):** On a point of order, Presiding Officer.

**The Presiding Officer:** I would like to take any points of order at the end of First Minister's question time, if possible. I would like to move on.

**Patricia Ferguson:** That is fine, but I reserve the right to make a point of order at the end of First Minister's question time.

**The Presiding Officer:** I will call you then, if that is correct. I think that we should move on.

### Rosepark Nursing Home

**4. Michael McMahon (Hamilton North and Bellshill) (Lab):** To ask the First Minister what action is being considered in light of the fire at the Rosepark nursing home in Uddingston. (S2F-602)

**The First Minister (Mr Jack McConnell):** As Cathy Jamieson said yesterday in the chamber, our thoughts are with the families and friends of those who died as a result of the fire at Rosepark last weekend. Her statement yesterday outlined the immediate action that we are taking. There will be an inquiry into these events, but the form that it will take will be decided later. Our decisions on future action should await the outcome of the current investigation and any inquiry.

**Michael McMahon:** The First Minister will be aware that, in response to my question following her statement to Parliament yesterday, Cathy Jamieson said:

“the care commission and the fire authorities will get together to examine the processes that are currently in place and to consider whether additional guidance is required”—[*Official Report*, 4 February 2004; c 5451.]

in relation to residential care home safety. Given that thousands of residents in the hundreds of residential homes across Scotland and their families require as much reassurance as possible in the wake of the Rosepark fire, will the First Minister advise the chamber of when he expects the two bodies concerned to come together and of the timescale that he envisages for any subsequent guidance to be produced?

**The First Minister:** We want the two bodies to come together as soon as possible. Ministers will treat the matter as a priority. Although we do not want to pre-empt the outcome of the current investigation or any future inquiry, we want action to be taken that reassures elderly residents and others throughout Scotland that the right concerns are being addressed and that the right bodies are talking about who has the right responsibility for this matter in future. Ministers will stay involved with that and will report regularly to Parliament on any progress.

**Alex Neil (Central Scotland) (SNP):** I agree with the First Minister's policy of not rushing to judgment until we find out the real causes of the fire. However, at the right time, will he ask the care commission and the fire authorities to examine two other issues? First, in the guidelines that have been issued, is the minimum requirement for night cover in care homes still adequate? Secondly, as well as doing more to prevent fire, is there a need to do more during emergencies to evacuate residents who have limited mobility and who live on an upper floor?

**The First Minister:** As Cathy Jamieson said yesterday, the response times of the staff and the

local fire brigade were, by any standard, remarkably speedy at the weekend. It may be that many more complex issues will have to be addressed. I am certain that issues to do with levels of staff cover, the response to fire alarms inside homes, and the response in getting to homes, will be covered not only by the current investigations as a matter of routine but by any inquiry that we initiate after the current investigations are complete and the procurator fiscal has made decisions.

**Lord James Douglas-Hamilton (Lothians) (Con):** I express great sympathy with the bereaved, but is it not the case that the building concerned was relatively modern, which could have implications for many residents in other comparably modern buildings? Will the First Minister discuss with the Lord Advocate the possibility of holding a fatal accident inquiry? That could point the way towards both prevention and best practice.

**The First Minister:** Clearly, a fatal accident inquiry will be one of the options available to us. We are determined that any inquiry would be held in public, would cover all the important facts of this case, and would be able to make recommendations for the future. As I am sure Lord James Douglas-Hamilton can imagine, there have been many discussions this week between the Minister for Justice and the Lord Advocate, and between me and both of them in the Cabinet yesterday. We continue to monitor the situation and will decide on the precise nature of the inquiry after the procurator fiscal has made the right decisions.

**Elaine Smith (Coatbridge and Chryston) (Lab):** Does the First Minister have any plans to take action to increase public awareness of the importance of leaving a building quickly in response to a fire alarm? When a fire alarm went off in the early hours of this morning in the hotel in which I was staying, I was horrified at the length of time that some people took to leave the building. I understand that some people did not leave at all. Will the First Minister join me in commending the fire brigade for its quick response to the incident?

**The First Minister:** A number of important lessons can be learned from events over the past year in relation to the fire service in Scotland and throughout the United Kingdom. When strikes were taking place in the fire service this time last year, there was a considerable improvement in the behaviour of families and individuals and in the number of reported incidents. People took more care and did not just rely on the fire brigade to be available if something went wrong. I would urge everybody to take more care in their daily lives and would urge the fire service to become more involved in advising on precautions. When fire

alarms go off, individuals must take them seriously. This weekend gave us a clear lesson that we do not need to wait for an investigation or an inquiry to know that smoke and fire spread quickly. When people lie in their beds and wonder whether a fire alarm is false or not, it can make the difference between surviving and dying. Everybody should take fire alarms seriously, whether they are in a hotel, a care home, or their own home.

### Single Transferable Vote Working Group

**5. Tricia Marwick (Mid Scotland and Fife) (SNP):** To ask the First Minister when the Scottish Executive will publish the interim findings of the single transferable vote working group. (S2F-600)

**The First Minister (Mr Jack McConnell):** The working group's interim report was published on 28 January. Copies have been made available in the Scottish Parliament information centre. They are available for all members.

**Tricia Marwick:** I have my copy and, unlike the Scottish Executive, I have read it and come to a conclusion. The First Minister knows that the STV working group was set up by the Scottish Government. It recommended that there be between three and five councillors for most wards, as did Richard Kerley in his report of June 2000. All the evidence for stage 1 of the Local Governance (Scotland) Bill has now been taken, but the Scottish Government has yet to indicate whether it accepts any of the recommendations. Will the First Minister indicate today whether he supports ward sizes of three to five councillors? Will he guarantee that the Executive's response to the working party's interim report will be available to this Parliament before the stage 1 debate on the Local Governance (Scotland) Bill?

**The First Minister:** When ministers speak in stage 1 debates, they respond to many of the points that have arisen during the stage 1 discussions. As would be reasonable with any such report, ministers will consider the recommendations that the working group has made in its interim report and, in due course, will inform Parliament of our deliberations on the subject.

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** Through the Local Governance (Scotland) Bill, the partnership Government is implementing STV for local authorities. Would the First Minister be sympathetic to the use of the STV system for future elections to the Scottish Parliament, which would certainly solve the coterminosity of boundaries issue?

**The First Minister:** I know that Mr Rumbles shares my firm commitment to our partnership agreement and to our partnership Government; we

are firmly united on that. It is perhaps fortunate that the partnership agreement did not even attempt to cover the subject of elections to this Parliament. The present system was outlined in 1997 when the referendum took place and it therefore currently has the consent of the people of Scotland. I hope that if there are to be any debates on the system for election to this Parliament in coming years, they will involve not just members of the Parliament but—much more important—those who vote for us.

**The Presiding Officer:** Members should remember that the question is about local government.

**Mark Ballard (Lothians) (Green):** Does the First Minister agree with the STV working group's interim report, which says that, rather than arbitrary numeric values, the priority for determining the size of STV wards should be

“focus and sustainability for natural communities, geography and parity”?

**The First Minister:** A number of important factors should be used to determine an electoral system and the way in which it is implemented. Having been a local councillor, I am acutely aware of the importance of natural boundaries in a local community, but I am equally aware of the importance in a local council of the link between individual members and their wards and electorates and of having groups of people representing areas who can provide a coherent input into the council. We must balance a number of different factors in addition to geography, sparsity or density of population, natural boundaries and the member-ward link.

I hope that, in the Parliament's deliberations over the next few months, we will design the principles of an electoral system and that, later in the year, we will see a system that in its practicalities will work well for the people of Scotland, who ultimately want to have councils that serve them in their local areas.

### Off-licences

**6. Donald Gorrie (Central Scotland) (LD):** To ask the First Minister how the proposed reforms to the law on off-licences will address problems in or near off-licences such as intimidation and violence towards shop workers. (S2F-611)

**The First Minister (Mr Jack McConnell):** There is no doubt that in some off-licences intimidation and violence are regularly displayed towards shop workers and customers and that the neighbourhoods surrounding those off-licences can be intimidating for other customers and members of the public, too. The measures that the Minister for Justice announced on Monday and the measures that are contained in the Antisocial

Behaviour etc (Scotland) Bill will create more responsible licensees and more police powers to deal with individual incidents and groups that are creating trouble.

**Donald Gorrie:** Will the First Minister assure us that his Administration's excellent proposal to tackle under-age drinking will include real support and protection—both from the police and in other ways—for the people who have to give effect to the prevention of under-age drinking, who are liable to the intimidation that he has described? Will he assure us that they will have adequate support?

**The First Minister:** That is a very important issue. Sometimes such debates can focus on the impact of the off-licence outside the off-licence rather than on what takes place inside the premises, which can be highly disturbing for customers and very frightening—and sometimes dangerous—for members of staff. I did not see the presentation by the Union of Shop, Distributive and Allied Workers during stage 1 consideration of the Antisocial Behaviour etc (Scotland) Bill, but I believe that it made a persuasive case on how important the issue is. I share those concerns and have discussed the matter with the union in the past.

It is important not only that we have better laws to regulate off-licences in the interests of local communities, better laws on under-age drinking and better laws on antisocial behaviour, but that the police force is available to be on hand before incidents get to the stage of intimidation. It is also important that the individuals concerned are properly prosecuted afterwards, which means not only reforming our laws on licensing and antisocial behaviour but, importantly, reforming our laws on the courts system, freeing up police time to do those important duties and ensuring that, after the police have arrested and charged somebody, that person is moved through the system efficiently and effectively.

**The Presiding Officer:** That concludes First Minister's question time.

## Points of Order

12:30

**Margo MacDonald (Lothians) (Ind):** On a point of order, Presiding Officer.

**The Presiding Officer (Mr George Reid):** Yes, I am just coming to those, Ms MacDonald. I was about to say that I am grateful to the two members who gave notice of points of order for letting us get through First Minister's question time and come to them now. I would prefer to take the Minister for Parliamentary Business first.

**The Minister for Parliamentary Business (Patricia Ferguson):** I realise that Mr Sheridan works on the basis that any publicity is good publicity, but I feel obliged to draw to your attention the comments that he made from a sedentary position today, because I realise that the official report and possibly you would not have been able to pick them up. He was repeating his allegations concerning the First Minister. The First Minister has already identified in writing to Mr Sheridan and again today the source of the comments that he made at a previous question time. That is perfectly clear, and Mr Sheridan does not have a case, but his behaviour has become a sustained period of conduct that, to be frank, does not befit a member of the Parliament and is certainly not prescribed within our standing orders.

Presiding Officer, I know that you and most members of the Parliament hold the Parliament's reputation and integrity in very high regard and therefore I ask you to investigate that sustained period of misconduct. [*Applause.*]

**Tommy Sheridan (Glasgow) (SSP) rose—**

**The Presiding Officer:** I will always reserve my right to protect those who want to speak in the Parliament. They should do so with responsibility, decorum and courtesy.

**Tommy Sheridan:** I would welcome your investigation of the comments, Presiding Officer, because the First Minister has again today lowered the standard of conduct in the debate, which is what the Minister for Finance and Public Services did three weeks ago. He was forced to apologise for that, and I accept that apology. I would welcome an investigation by you, Presiding Officer, because I know that it will be fair and firm.

**The Presiding Officer:** I do not want a period of sustained guerrilla warfare in the Parliament; it does none of us any good. I have no standing on the matter, but, in view of the fact that the Minister for Parliamentary Business and Mr Sheridan have both asked me to look into the matter, I will look into it further.

It might be helpful if I were to spell out a few general principles to members. All members have the right to make their views known, and I shall always protect that right; all members have the responsibility to do so respectfully, with courtesy and in good order, and I will always enforce that.

On lying, I refer members to the decision taken by my predecessor, Sir David Steel, in March 2000, when he said:

“Challenges to the accuracy of opinions or facts are also perfectly in order. However, in future the occupant of the chair will not tolerate an accusation that a fellow member or members have lied. The terms liar or lying imply a deliberate attempt to mislead and will not find favour with the chair.”—[*Official Report*, 16 March 2000; Vol 5, c 754.]

That is my position under rules 7.3.1 and 7.3.2 of the standing orders, and I hope that we can let the matter rest there for today.

I will take Margo MacDonald’s point of order.

**Tommy Sheridan:** On a point of order, Presiding Officer.

**The Presiding Officer:** Mr Sheridan, you must be careful about saying to the chair that what I have ruled on is acceptable or not. That is my decision and I am attempting to dampen things down at this point.

**Tommy Sheridan:** I seek clarity on what you have just ruled, Presiding Officer. I thought that the Minister for Parliamentary Business had asked you to investigate. Are you saying now that you are not going to investigate and that what you have said is your only statement on the matter? If it is, it is completely unsatisfactory.

**The Presiding Officer:** I have said with some clarity that, in view of the fact that the Minister for Parliamentary Business and you have both asked me to look into the matter, I shall so do, and I have just given to members of the Parliament the general principles on which I will make my judgment. If you leave the matter with me, Mr Sheridan, I will look into it further.

I will take Margo MacDonald’s point of order.

**Margo MacDonald:** Thank you, Presiding Officer. I wish to raise two points of order. I apologise for having a second point. I had given notice of one point in relation to rule 13.3, but the point of order that I will raise first is of a more current nature and is in relation to rule 3.10, which is headed “Removal of members of the Parliamentary corporation”.

As I hesitate to move immediately to the nuclear option, I would welcome a statement from you, Presiding Officer, saying that you will investigate, and look kindly on the publication of, all the minutes—both the discrete minutes and the minutes for public consumption—that were issued

by the Scottish Parliamentary Corporate Body in the latter half of last year. The matter was referred to yesterday in Lord Fraser’s inquiry. I think that most members will share my concern that there should have been an admission of there being two sets of minutes, not all of which were available to those of us who had to vote on the matter. That is my first point of order.

**The Presiding Officer:** Please go on to the second.

**Margo MacDonald:** Thank you. My second point of order relates to rule 13.3.3. The standing orders state:

“Any member may put a question to the Scottish Executive”,

which should

“relate to a matter for which the First Minister, the Scottish Ministers or the Scottish Law Officers have general responsibility”.

One aspect of the First Minister’s general responsibility has been demonstrated here again today, when members from all parts of the chamber urge the First Minister to impress a particular point of view, as expressed in the chamber, or a particular course of action on the Government—usually through the person of the Prime Minister, when the First Minister meets him.

This week, the chamber office refused to allow me to follow that procedure and precedent by refusing a question of mine for answer by the First Minister, which requested that he press for a particular course of action with the Prime Minister, relating to the current debate surrounding the two official inquiries by Lord Hutton and Lord Butler into matters concerning the Government’s decision to go to war in Iraq. The reason that was given for the refusal was that this Parliament and the First Minister have no responsibility devolved to them for foreign or defence policies. While I might regret that, I accept that statement, and I accept the legality of the status quo.

However, in the debate on Iraq on 13 March last year, your predecessor accepted as falling within the terms of the Scotland Act 1998 an amendment from Mr Gallie, urging a particular course of action on Her Majesty’s Government in an area of policy in which this Parliament has no legislative competence. Your predecessor was correct, Presiding Officer.

As the First Minister said in that debate,

“Our job in the Parliament is to listen, to reflect, to speak from principle and to contribute to the representation and development of public opinion in our land.”

The First Minister surely cannot have contravened the standing orders of the Parliament when he said:

The mark of leadership in Scotland is to speak on the big issues of the day, but to do so honestly and consistently.”— [Official Report, 13 March 2003; c 19436-37.]

In raising this point of order, I seek only consistency and to establish how MSPs might reflect their own opinions and public opinion on issues that fall outwith our legislative competence.

**The Presiding Officer:** The broad principle is that members of this Parliament may speak on any subject whatever; ministers can only answer on those areas of policy for which they themselves are responsible. I think that that is perfectly clear in relation to such questions. My understanding—

**Margo MacDonald:** Further to that point of order, Presiding Officer.

**The Presiding Officer:** Please—you must let me finish. My understanding is that you took your question to the chamber desk and that it was amended accordingly, so that it became valid. I chose not to select it. That is my privilege, and I never give reasons for that.

On your other question, Ms MacDonald, you can hardly expect me to make a millisecond decision on issues of the magnitude of those that you have raised. I will reflect on the matter and I will come back to the Parliament in due course. With that, it is time for lunch.

12:38

*Meeting suspended until 14:30.*

14:30

*On resuming—*

## Point of Order

**The Presiding Officer (Mr George Reid):** Margo MacDonald asked me to respond as soon as possible to the points of order that she made this morning. I can do so now.

Some time ago, the Scottish Parliamentary Corporate Body decided to make available to the Fraser inquiry all Holyrood-related material, which includes all SPCB minutes. I understand that the material will be published on Lord Fraser’s inquiry website shortly. To assist members, I will ask the SPCB next Tuesday to arrange for the material to be made available in the Scottish Parliament information centre simultaneously with Lord Fraser’s publication of the material. I hope that that is satisfactory.

**Margo MacDonald (Lothians) (Ind):** That certainly satisfies me, Presiding Officer. However, I give notice that I will continue to raise the point of order that you did not look on so kindly this morning.

**The Presiding Officer:** Well, you cannot win all the prizes.

## Question Time

### SCOTTISH EXECUTIVE

14:31

#### Voluntary Sector (Funding)

**1. Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** To ask the Scottish Executive whether it will consider reforming the way in which voluntary organisations receive Government funds. (S2O-1232)

**The Deputy Minister for Communities (Mrs Mary Mulligan):** The Executive, in conjunction with the Convention of Scottish Local Authorities and the Scottish Council for Voluntary Organisations, is currently undertaking a strategic review of funding for the voluntary sector. The review will identify the scale and pattern of funding to the sector and examine the scope for improving the availability, effectiveness and sustainability of that funding.

**Jeremy Purvis:** I thank the minister for her response and welcome the review. However, voluntary bodies such as Fairbridge in Scotland, a charity that specialises in the personal development of challenging young people and deals with young people from my constituency, and In Touch in Galashiels, an organisation that provides valuable support for young people, are finding it difficult to receive long-term funding to meet core work costs, especially as there is a bias towards project-based funding. Will the review consider a move towards providing longer-term funding, which can secure longer-term planning of services and staff?

**Mrs Mulligan:** I am well aware of the member's involvement with In Touch; indeed, the support that he has given to that organisation through fairly difficult circumstances is to his credit. However, as I intimated, we are seeking to address the issue of sustainability. We recognise that it is not always necessary to reinvent the wheel and that building on good practice is essential to our aim of supporting the voluntary sector. I assure the member that the matter will be considered.

**Christine Grahame (South of Scotland) (SNP):** I note what has been said. Perhaps my question is directed more at the Minister for Enterprise and Lifelong Learning—certainly, I would be happy to provide him with a copy of my letter regarding In Touch. As my colleague said, In Touch is in danger of losing its funding. However, some £31,000 is left in the new futures fund. Will the minister liaise with the Minister for Enterprise and Lifelong Learning to find out whether an

intermediate payment could be made to In Touch until it can secure other funding, perhaps from the communities fund?

**Mrs Mulligan:** I was not aware of the member's involvement with the matter. I have had discussions about the issue and we will continue to consider the difficulties that are being experienced. I know that Mr Purvis has made representations, although I do not know whether he has done so to my colleague the Minister for Enterprise and Lifelong Learning. I am sure that we will continue to look at the matter.

#### Asylum Seekers (Employment in Schools)

**2. Donald Gorrie (Central Scotland) (LD):** To ask the Scottish Executive what discussions it has had with the Home Office regarding qualified asylum seekers working in classrooms. (S2O-1231)

**The Minister for Communities (Ms Margaret Curran):** None. However, the General Teaching Council for Scotland is actively engaging with ethnic minority groups to provide advice and guidance on the registration process. The GTCS welcomes the opportunity to engage with such groups and is keen—as the Executive is—to widen access to teaching in Scotland, so that the teacher work force better reflects the ethnic diversity of the country as a whole.

**Donald Gorrie:** The support of the minister and of the GTCS in particular is welcome. However, will she seriously take issue with the Home Office, which has a ridiculous rule that asylum seekers cannot have a proper job? I can see no defence of that rule. Surely, after qualified teachers have had the proper tuition in the Scottish system, they should have proper jobs and not be required only to shadow. Will the minister pursue that matter?

**Ms Curran:** As I am sure members are aware, I have regular meetings with the Home Office and I understand that another one is planned for the coming month. I have always attempted to reflect appropriately members' views to the Home Office and will continue to do so. Mr Gorrie will appreciate that, as has been explained in the chamber on many occasions, certain matters are reserved.

For my part, the work that I do in relation to refugees in Scotland involves a range of initiatives to help people into work. For example, Anniesland College has a work familiarisation course and Glasgow Chamber of Commerce has job brokerage schemes and links with language-to-work classes. We are trying to pursue the broader issue that lies behind Donald Gorrie's question.

**Linda Fabiani (Central Scotland) (SNP):** In her discussions with the Home Office, will the minister relay the general concerns of many people in

Scotland about the inability of asylum seekers to work? Before July 2002, they could seek permission to work. Will she please lobby the Home Office, on behalf of many people here, to revert to that position?

**Ms Curran:** I recognise Linda Fabiani's interest in the matter—she has raised those points with me previously in different forums. Respectfully, I would not say that it was my job to lobby the Home Office. I do not think that that is even partly the role of the Scottish Parliament. As I have always tried to explain, I try to represent appropriately the interests even of those who hold views that are not my own. I seek to ensure that the Home Office is aware of the detail of what is happening in Scotland.

I have raised the general points to which Linda Fabiani referred, but I have not raised the specific issues to which Donald Gorrie referred. Linda Fabiani will appreciate that we are talking about a reserved matter. However, the Home Office has made salient points about the need to ensure that we have an efficient immigration policy and that we speed up applications to ensure that people are not unduly discriminated against and that their skills can be utilised in our interests. That is why I have, within my remit, focused on the issue of work in relation to refugees.

**The Presiding Officer (Mr George Reid):** Question 3 has been withdrawn.

### School Excursions

**4. Mr Kenny MacAskill (Lothians) (SNP):** To ask the Scottish Executive what steps it is taking to assist schools in the provision of transport to museums and visitor attractions. (S2O-1216)

**The Minister for Tourism, Culture and Sport (Mr Frank McAveety):** Although it is for local authorities to determine the level of funding allocated to school transport provision, the Scottish Executive provides £48.4 million per annum to assist local authorities in providing school transport services. That allocation covers all aspects of transport provision, including school trips.

**Mr MacAskill:** The minister will be aware that one of the principal difficulties for schools is the cost of hiring coaches and other buses to take pupils to museums and visitor attractions. Does he agree that such visits are important for the educational development of our young people and their understanding of our culture and history? Will he consider whether we should extend the fuel duty rebate—which has been renamed the bus service operators grant—not simply to scheduled routes, but to important routes that allow our children to learn about and experience their culture?

**Mr McAveety:** The specific detail of that question would have been better addressed to the Minister for Transport. However, we are keen to find creative ways of encouraging young people to visit our museums and visitor attractions and of minimising the cost to them. I believe that the best way of doing that is to work in creative partnerships with cultural co-ordinators in local authorities and local authorities themselves to maximise access to the cultural and built heritage in Scotland.

**Rhona Brankin (Midlothian) (Lab):** I declare an interest as a trustee of the Scottish Mining Museum.

The minister will be aware of the innovative use made by Midlothian Council of the funding for school cultural co-ordinators to pay for transport for schoolchildren to visit the Scottish Mining Museum and to develop excellent education packages. As a result of that work, 500 youngsters have accessed the museum in the past year. Does he agree that the funding for school cultural co-ordinators is vital in ensuring that schoolchildren have access to all our museums in Scotland?

**Mr McAveety:** I agree. I was delighted to be able to visit the Scottish Mining Museum in the past few months to consider its long-term future and viability. I am encouraged by the fact that the local authority has creatively used the cultural co-ordinators funding to ensure that youngsters within its area benefit. Many other local authorities are piloting and pioneering initiatives. In Glasgow, for example, there has recently been a 50 per cent increase in the number of schoolchildren visiting museums because of Glasgow City Council's innovative approach to school transport.

**Dennis Canavan (Falkirk West) (Ind):** Will the Executive take action to ensure that all buses contracted for transporting schoolchildren are fitted with seat belts?

**Mr McAveety:** I would be happy to address that issue, although, again, I think that the question would be more appropriately addressed to the Minister for Transport. We give children's safety a high priority. I assure Mr Canavan that, if there are concerns about children's safety, the Executive will be happy to address them.

### ScotRail Franchise

**5. Iain Smith (North East Fife) (LD):** To ask the Scottish Executive what the implications of the referral of First Group to the Competition Commission by the Office of Fair Trading are for the ScotRail franchise. (S2O-1267)

**The Minister for Transport (Nicol Stephen):** The evaluation of bids for the ScotRail franchise is proceeding as planned and a preferred bidder will be identified in due course.

**Iain Smith:** Does the minister agree that it seems a little strange for the Office of Fair Trading to refer the bid to the Competition Commission, with the result that there is effectively less competition and choice in relation to the ScotRail franchise bid? Will he assure me that he will do all that he can to ensure that, whatever the outcome of the referral to the Competition Commission, it will not result in hard-pressed rail passengers such as those in my constituency of North East Fife having a poorer service under the new franchise than they might expect and deserve?

**Nicol Stephen:** It would be inappropriate for me to be drawn into commenting on the Competition Commission referral, but I am sure that the commission will consider the issues to which Iain Smith refers. I agree absolutely that the quality of service provided to passengers should be at the forefront of everyone's consideration of the issue. As the Parliament knows, the existing franchise is being extended until 17 October, which is our target date for the introduction of the new franchise. It is therefore important that all issues relating to the franchise are resolved as soon as possible.

### Breastfeeding

**6. Elaine Smith (Coatbridge and Chryston) (Lab):** I declare my registered interest, which relates to my member's bill, the Breastfeeding etc (Scotland) Bill.

To ask the Scottish Executive how funding to support and promote breastfeeding in Scotland compares with such funding in England, Wales and Northern Ireland. (S2O-1208)

**The Minister for Health and Community Care (Malcolm Chisholm):** For 2003-04, the Scottish Executive has allocated £37,000 directly to support the Scottish breastfeeding group and the national breastfeeding adviser. The Department of Health has confirmed that it has a budget of approximately £300,000 for 2003-04 for similar activities. I have contacted both the National Assembly for Wales and the Northern Ireland Office and will forward their responses to the member when I receive them.

**Elaine Smith:** I thank the minister for his response and look forward to receiving those answers. I am sure that he will agree that considerable progress has been made in many areas of Scotland in relation to breastfeeding. However, does he agree that much of that progress has been due to the initiative and dedication shown by health sector workers? Does he also agree that, in order to ensure that that progress is consolidated and built on, we should increase direct funding for breastfeeding, whether by additional moneys or by ring fencing from existing budgets?

**Malcolm Chisholm:** I would not like to give the impression that the sum that I mentioned was all the money that is spent on breastfeeding. As Elaine Smith and other members know, we allocate money to boards for general purposes and only ring fence in a small number of cases. Like Elaine Smith, I pay tribute to the health workers and all who are involved in peer support groups such as the one that I visited in her constituency some time ago. Last year, the Executive gave £60,000 to help the development of peer support groups for breastfeeding in Ayrshire. NHS Scotland has also spent a lot of money on the promotion of breastfeeding—last year, the figure was £230,000. Moreover, the chief scientist office is putting quite a lot of money into research on ways in which we can encourage and support breastfeeding.

**Mary Scanlon (Highlands and Islands) (Con):** To ensure a consistent approach to promoting breastfeeding, will the minister ensure that all pregnant mums are given information and advice on the benefits of breastfeeding, both to the mother and to the child, as a routine and integral part of the antenatal check-up system?

**Malcolm Chisholm:** That information and advice certainly ought to be given. I do not know off the top of my head exactly how many instances there are in which that happens, but I shall look into the matter further and give Mary Scanlon a more detailed response. In principle, however, I agree that what she suggests should certainly happen.

### Laurencekirk Station

**7. Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** To ask the Scottish Executive when it expects to receive the completed Scottish transport appraisal guidance part 2 study into the possible reopening of Laurencekirk railway station from Aberdeenshire Council. (S2O-1265)

**The Minister for Transport (Nicol Stephen):** The timetable for the development of the proposal to reopen Laurencekirk station is a matter for Aberdeenshire Council. I very much welcome Aberdeenshire Council's commitment to improving rail services in its area, including its work on the Aberdeen crossrail, improvements to the Aberdeen to Inverness line, rail freight development and the reopening of Laurencekirk station.

**Mike Rumbles:** Does the minister agree that it is vital that progress should continue to be made on Laurencekirk station? Is he in a position to reveal when the study might commence?

**Nicol Stephen:** I checked on the position today. I have been told that Aberdeenshire Council will tender shortly for the more detailed appraisal work

that is required to bring the proposal up to the STAG 2 level. The work should therefore be able to commence shortly. I am also minded to support a proposal that the funding of the project should be shared between the Scottish Executive and Aberdeenshire Council. If the tender process proceeds as planned, I hope that the STAG 2 study will be available to the council and the Executive before the summer.

**Mr David Davidson (North East Scotland) (Con):** Further to the minister's response to Mr Rumbles about Scottish Executive participation in the funding, and given the claims of the Liberal Democrat-led Aberdeenshire Council that it is grossly underfunded by the Executive—hence its fair share campaign—will the minister assure the chamber that, if the council is unable to pick up its share, the project will receive the full funding that is required?

**Nicol Stephen:** I hope that the council will agree that every little helps. The study will not be a major, multimillion-pound piece of work—I believe that it could cost tens of thousands rather than hundreds of thousands or millions of pounds. We are happy to be partners in the project, as we are in many other public transport projects right across Scotland. I think that partnership between the Executive and local councils across Scotland is the best way of delivering improvements to our public transport network.

### School Rolls

**8. Lord James Douglas-Hamilton (Lothians) (Con):** To ask the Scottish Executive whether it will make a statement in respect of the extent of falling school rolls. (S2O-1269)

**The Minister for Education and Young People (Peter Peacock):** Current projections of pupil numbers show a significant decline in most areas over the next 10 years. Those have already been taken into account in our teacher work force planning exercise.

**Lord James Douglas-Hamilton:** As the decline might lead to considerable spare capacity and could cause some schools to close, would it not be better if funds followed pupils to the schools of their parents' choice? Surely funding should be based on the popularity of schools with parents and not exclusively on the decisions of politicians.

**Peter Peacock:** As I said, the matter is a major issue for Scottish education and presents major challenges, particularly for local authorities in planning future provision. That is why we asked local authorities to produce an estates strategy for the future and to look at their investment plans, catchment areas and all the other issues that are raised. It is rather rich to hear Lord James Douglas-Hamilton speak on the subject, given that

the Tory party's policies would abolish all catchment areas for Scottish schools. That would result in there being no guarantee that children would get into their local school and it would create chaos for many pupils in Scotland in the interests of only a few.

### NHS Fife (Meetings)

**9. Tricia Marwick (Mid Scotland and Fife) (SNP):** To ask the Scottish Executive when it last met NHS Fife. (S2O-1214)

**The Minister for Health and Community Care (Malcolm Chisholm):** Officials of the Scottish Executive Health Department regularly meet NHS boards and discuss a wide range of issues. The most recent meeting with NHS Fife took place on 9 January 2004.

**Tricia Marwick:** At the meeting on 9 January, did the Executive discuss the cuts in nursing posts that Fife NHS Board is proposing? Will the minister say whether he supports the board's proposals to cut 34 nursing posts and other posts in occupational health, physiotherapy and dietetics? Is he prepared to guarantee that the cuts will not impact on patient care, waiting lists and waiting times and that they will not result in a poorer health service for the people of Fife?

**Malcolm Chisholm:** The meeting on 9 January was held between officials and Fife NHS Board. The issues that were discussed concerned the medical work force. Obviously, I have taken a keen interest in the nursing jobs to which Tricia Marwick referred. When I have discussed the issue both with the medical director and the chair of the board, I have asked the kind of questions that Tricia Marwick raised. The explanation that I was given is that the issue is fundamentally about the redesign of services.

The posts are in an older people's ward in a hospital and in mental health. We should remember that the lead-up to the matter is the redesign of mental health so that more care is delivered in community settings. Moreover, and crucially, the older people's ward was being used to hold patients who on the whole were delayed discharges and who were awaiting more appropriate care in the community. I am told that, as NHS Fife has reduced the number of its delayed discharges, it no longer requires those beds for that purpose. In each case, NHS Fife has explained the issue to me in terms of the redesign of care. Of course, no nurse will lose her or his job. As certain posts become vacant, they will not be filled, but new posts will be created and new people will be recruited for more work within the community.

**Christine May (Central Fife) (Lab):** I assure the minister and the chamber that his explanation

coincides with that given to me when I asked the same questions some time ago.

I ask the minister to join me in congratulating CIS and the management of the Kingdom shopping centre in Glenrothes—a town in my constituency with some surrounding villages—on their decision, which was announced this week, to ban smoking in the shopping centre. They have done that in conjunction with NHS Fife, which is offering increased support to people who wish to kick the smoking habit. That scheme can be carried out because of the redesign of services, to which the minister referred, and the funding that has been provided for it. Will the minister assure us that he will continue to support health boards in improving the health of the nation, as well as in curing its ills? Will he also assure us that, with his good friend the Minister for Finance and Public Services, funding will continue to be provided for that purpose?

**The Presiding Officer:** The question is about NHS Fife, of course.

**Malcolm Chisholm:** Christine May raised a range of issues about NHS Fife. On money, it is worth noting that the increase given to Fife from April is more than 8 per cent, which is large by historical standards. The redesign of services will go ahead in Fife, where the full business case for the redesign of services is being prepared.

On smoking in public places, we have a commitment to increase the number of smoke-free places. The example to which Christine May referred is a good one. She will know that Tom McCabe announced substantial additional funding to support people in giving up smoking—an extra £4 million is coming on stream in due course. That is a key part of the anti-smoking strategy.

**The Presiding Officer:** Mr Brocklebank, back to Fife, perhaps.

**Mr Ted Brocklebank (Mid Scotland and Fife) (Con):** Indeed, Presiding Officer.

At the recent meeting with NHS Fife, did the minister have the opportunity to raise the vexed matter of the much-delayed hospital for north-east Fife, given that people have been waiting for it for more than a decade? Can he indicate when work will begin on the new hospital, which is to be based in St Andrews, and when long-suffering Fifers can expect to be treated there?

**Malcolm Chisholm:** As I said, the meeting was between officials and NHS Fife and the issues related to the medical work force, so the question of the hospital at St Andrews did not come up. However, work is on-going on that issue. I will write to the member with the details.

**Mr Keith Raffan (Mid Scotland and Fife) (LD):** Will the minister join me in thanking the outgoing

chairman of NHS Fife, Esther Robertson, for the admirable way in which she led NHS Fife and guided it through a difficult period? During that period, the future of the health service in the kingdom and of the hospitals in Dunfermline and Kirkcaldy were addressed and extra services were initiated to treat drug misuse, an issue in which I am particularly interested, as the minister knows. Whatever somebody's political colour, they deserve congratulations when they have done a very good job.

**Malcolm Chisholm:** I paid tribute to Esther Robertson on 9 October in the chamber, when she was being unfairly attacked. I repeat today that I pay tribute to all the work that she has done as chair of NHS Fife. Some difficult decisions had to be taken, but the board's new approach to public involvement represents a big improvement on what happened in the past. We know that the plans are now in place and the full business case is being worked up, so as soon as possible we will see the new arrangements in Fife.

A range of difficult medical work force issues were discussed at the meeting with Health Department officials on 9 January and various actions—relating to anaesthetists, for example—were taken. The Health Department is arranging a meeting with the Royal College of Anaesthetists to try to resolve some of the issues. We know that there are difficulties, particularly in some smaller board areas such as Fife, where there are problems to do with big hospitals in Edinburgh and Dundee. However, the way in which those difficulties are being approached, with the help of the Health Department, is a tribute to what Esther Robertson has done.

#### **Measles, Mumps and Rubella Vaccine**

**10. Carolyn Leckie (Central Scotland) (SSP):** To ask the Scottish Executive, in light of the Irish Government's decision to fund nearly £500,000 of scientific research into creating a safer MMR vaccine, what its position is on whether calls for further research into MMR should be resisted. (S2O-1256)

**The Deputy Minister for Health and Community Care (Mr Tom McCabe):** I understand that the research in question involves a novel approach to developing vaccines that may in theory cause fewer adverse reactions than the current vaccines, which contain whole live attenuated viruses, of which MMR is only one of many. We understand that the decision to invest in the project does not in any way reflect an opinion or stance on the safety of the MMR vaccine.

In relation to further research on the MMR vaccine, we have no plans at present to support such research. The evidence and expert advice from around the world clearly show that MMR

remains the safest and most effective way to protect children from these very serious, and potentially fatal, diseases.

**Carolyn Leckie:** Professor Greg Atkins of Trinity College Dublin, where research into a synthetic alternative to MMR is being funded, stated that claims that there is no link between MMR and autism have neither been confirmed nor refuted. Will the minister tell me whether he agrees with that statement? Given that the demand for single vaccines has increased from 11,800 in 2001 to 103,000 last year—an increase of nearly 1,000 per cent—and that the Health Protection Agency has acknowledged that measles outbreaks would have been worse without single jabs, is it not time to mirror the Irish Government's response by funding research into alternatives and, in the meantime, to allow all parents the right and means to access single vaccines from the NHS?

**Mr McCabe:** I have already made it clear that our understanding is that the research promotes no view or stance on the safety of MMR. The gentleman in Ireland may well have expressed an opinion, but it differs greatly from that of the scientific community around the world. It is important that we say that. Of course, we in the Executive are aware that the parents of young children are placed in a difficult position when the unsubstantiated views of a small minority of the scientific community are given prominence. It is our intention to continue to promote the facts, which are based on scientific evidence from around the world, and therefore to assist parents in making an informed choice.

**Alex Neil (Central Scotland) (SNP):** I suggest that the minister read "A Public Enemy" by Ibsen, in which a character was in the same position as the minority of scientists and was proved to be right.

Given that there is no conclusive evidence that MMR contributes to or causes autism, does the minister accept that there is no absolutely conclusive evidence that it does not? Is it not time for the Executive to take a more humane and flexible approach to the problem until there is conclusive evidence one way or the other?

**Mr McCabe:** I stress that the approach of the Executive is not only humane but based on the best principles of public safety and health. I suggest to Mr Neil that he think carefully before making the kind of statements that can cause confusion for parents of young children and possibly drive down the uptake of the vaccines. When the uptake is driven down to a point at which an outbreak is possible, we will all have the opportunity to reflect on what we have said.

## Golf

**11. Murdo Fraser (Mid Scotland and Fife) (Con):** To ask the Scottish Executive what progress it is making in the implementation of its national strategy for golf. (S2O-1221)

**The Minister for Tourism, Culture and Sport (Mr Frank McAveety):** Work is on schedule to implement the clubgolf strategy launched by the First Minister and Colin Montgomerie at Gleneagles in February 2003. I am confident that by 2009 every nine-year-old in Scotland will be given the opportunity to participate in golf in programmes and at facilities that are appropriate for them, should they wish to do so.

**Murdo Fraser:** The minister might be interested to know that, despite the promise in the golf strategy to make available business strategy training packages for golf clubs, when I carried out a survey of clubs in my area I found that only 18 per cent were aware that such a service existed and only 16 per cent said that their views on developing the sector had been sought. What is he doing to ensure that the golf strategy is more than just another glossy initiative and delivers real benefits to clubs at grass-roots level that are operating in a rather difficult economic environment?

**Mr McAveety:** I am happy to take on board the specific point that Murdo Fraser raised. We have now appointed five regional managers who are tasked specifically with addressing a range of strategies within the overall clubgolf strategy, such as strategies for raising the number of young people involved, particularly girls and individuals from disadvantaged areas. We are also working in partnership with organisations such as the St Andrews Links Trust to ensure that the quality of coaching is exemplary. A number of golf clubs, which are conscious that golf club membership is diminishing, are keen to explore ways in which they can work with the clubgolf strategy to develop young people's interest in order to ensure a long-term, sustainable future. I reassure members that we are absolutely determined to ensure that by 2009 clubgolf will be meaningful and will go the full course for all the people of Scotland.

## Financial Services Sector (Employment)

**12. Colin Fox (Lothians) (SSP):** To ask the Scottish Executive what steps it will take to protect employment in the financial services sector in Edinburgh. (S2O-1244)

**The Deputy First Minister and Minister for Enterprise and Lifelong Learning (Mr Jim Wallace):** Scotland's financial services sector has demonstrated solid growth over the past decade and continues to perform robustly. Against the background of challenges from increased global

competition, however, there is no room for complacency. The Scottish Executive recognises that and has responded to calls for a greater engagement with the sector by establishing the financial services strategy group, which is charged with developing and delivering a shared vision and strategy by the end of 2004. The strategy is aimed at sustaining and maximising the success of the financial services industry in Scotland, including Edinburgh.

**Colin Fox:** Given that 91,000 people in Scotland are employed in financial services and that the banks are involved in a rapacious chase for profitability, with the high street banks soon to announce combined profits of some £26 billion this year, how confident can those who work in the financial services sector be about the Executive's ability to protect them from companies that ignore their corporate social responsibility, up sticks from Scotland and relocate to countries where labour is cheap and profits abundant?

**Mr Wallace:** The fact that we have set up a financial services strategy group shows how seriously we take the importance of this sector to Scotland. It also shows that we want to ensure that we have a shared vision, so that the Executive can do what it is able to do to improve the position of the sector.

However, I must say that nothing would see a greater exodus of financial services jobs from Scotland than the nationalisation of the banks and other companies in the sector.

**Sarah Boyack (Edinburgh Central) (Lab):** I welcome the minister's first response and ask whether he supports the City of Edinburgh Council's initiative to work with Scottish Enterprise Edinburgh and Lothian and Scottish Financial Enterprise to tackle the challenges that are presented by the trend towards offshoring functions for reasons that are primarily to do with labour costs. Will he outline what work is being done with regard to the 2004 report that he talked about earlier today? In the meantime, what is being done to promote the advantages of Edinburgh to companies in the financial services sector that are comparing Edinburgh with locations in the far east? What can the Scottish Executive do to support that work?

**Mr Wallace:** I am aware of the work that the City of Edinburgh Council is doing to examine the current state of the industry in Edinburgh, the challenges presented by, among other things, the threat to jobs from India and other countries in the far east and the ways in which Edinburgh can position itself to make more of its advantages. Edinburgh, among other places in Scotland, is recognised for the skills and commitment of the work force in the financial services sector. Scottish Enterprise continues to focus on those skills

through the financial services action plan that was agreed by the financial services strategy group. One of the things that that group is specifically examining is the challenge that comes from the outsourcing of jobs not only for reasons of labour costs but because of the growing skills in the sector in other countries. That is why we have to focus on the many competitive advantages that we have. The purpose of setting up that group is to identify our strengths so that we can build on them.

**Jim Mather (Highlands and Islands) (SNP):** When did the minister last meet the management of Standard Life and what issues were discussed?

**Mr Wallace:** I last met the new chief executive of Standard Life a week last Monday. We discussed a range of issues about the steps that the Executive might be able to take to help to strengthen the Scottish economy with regard to the financial services sector and other sectors.

**Lord James Douglas-Hamilton (Lothians) (Con):** Does the minister agree that having a vibrant financial services sector in Edinburgh is extremely important to Scotland's economy? Does he further agree that businesses in Edinburgh and elsewhere in Scotland would benefit enormously if the Executive were to agree that Scottish business rates should be set at a competitive level in comparison to those in England?

**Mr Wallace:** I agree with the premise of Lord James Douglas-Hamilton's first question: the financial services sector is vitally important to Scotland. When I was in the United States of America last month, there was a great recognition of the quality of the work that is done in Scotland, the skills of the work force and the reputation for probity that the Scottish industry has. I must say that I do not recall anyone mentioning business rates to me. There are much more effective ways of supporting the financial services sector in Scotland than adopting that Conservative policy.

**Helen Eadie (Dunfermline East) (Lab):** I declare my registered interest as a Co-operative Party member.

Yesterday, together with other Co-operative Party MSPs, I met chief officials from Standard Life. If one reads recent press reports, one might think that the financial services sector in Scotland has a job on its hands, but unwarranted and unsubstantiated allegations, such as those that Standard Life has faced in recent weeks, can do real harm to the institutions themselves, their staff and their customers. Reasoned debate rather than media frenzy is what is needed now. Will the minister comment on the current media frenzy and its potentially damaging impact?

**Mr Wallace:** I acknowledge Helen Eadie's long-standing interest in the mutual sector—a sector

that has contributed much to Scotland and to places further afield over many years. With regard to Standard Life, the board has decided to conduct a strategic review of the business in light of the fundamental changes that are occurring in the life and pensions industry. It would not be appropriate for ministers to comment on that. At the end of the day, it is a matter for the board to make decisions in the best interests of the company.

It is right for Helen Eadie to point out that, despite a lot of doom and gloom, this is an industry that has shown solid growth over the past 10 years. In an annual review of recruitment trends in Scotland's financial markets that was published last week, 87 per cent of those surveyed "described their company's level of business confidence as optimistic".

Only 13 per cent said that

"they had neutral feelings about the future."

Indeed, 86 per cent of Glasgow respondents and 68 per cent of Edinburgh respondents indicated that they would increase their permanent head count. There is no cause for complacency, but we should recognise and build on strengths where they exist.

#### **Universities (International Student Visas)**

**13. Mark Ballard (Lothians) (Green):** To ask the Scottish Executive what information it has on the number of students at Scottish universities who applied for international student visas last year. (S2O-1252)

**The Deputy First Minister and Minister for Enterprise and Lifelong Learning (Mr Jim Wallace):** Matters relating to United Kingdom immigration procedures are reserved, and responsibility for those areas rests with the Home Office. Therefore, the Scottish Executive does not hold information on the number of students at Scottish universities who applied for international student visas last year. The most recent figures from the Higher Education Statistics Agency indicate that there were 12,939 non-European Union overseas students at Scottish higher education institutions in 2001-02, although not all those students would have required international student visas.

**Mark Ballard:** As the minister is aware, the new international students visa charge was introduced last year with no period of consultation and only three weeks' notice. It costs between £150 and £250. Universities UK has found that the average international student contributes £5,600 to the local economy, on top of their university expenditure. Given the First Minister's call for more people to work and study in Scotland, will the Executive consider reimbursing international

students the cost of that unnecessary and short-sighted visa charge?

**Mr Wallace:** I am aware of the concerns that have been expressed and I have taken steps to ensure that the Home Office is aware of Scottish stakeholder issues and the importance of international students to Scotland. I can assure the chamber and Mr Ballard that officials keep in touch with developments in that area on behalf of Scottish stakeholders as part of the activity linked with the Prime Minister's initiative. The Executive recognises the importance of international students, in their own right and as part of the First Minister's fresh talent initiative. The Executive is considering ways of attracting and retaining that talent to ensure Scotland's longer-term prosperity. The Executive recognises the contribution made by international students; indeed, it would like to see more of them.

#### **Football Supporters Trusts**

**14. Scott Barrie (Dunfermline West) (Lab):** To ask the Scottish Executive what support it is giving to assist the formation and sustainability of individual football supporters trusts. (S2O-1260)

**The Minister for Tourism, Culture and Sport (Mr Frank McAveety):** The Executive has made funding available to Supporters Direct to extend its activities to Scotland. We are currently considering a proposal to extend funding for a further two years.

**Scott Barrie:** In thanking the minister for his answer, I should perhaps declare an interest. I am a founder member of the soon-to-be-launched Pars supporters trust.

Given the perilous state of the finances of many of our senior clubs, does the minister agree that supporters trusts are an excellent way forward for football, as they allow true fans a say in the running of their clubs, which anchors clubs firmly in the local community? Is the Executive committed to continuing support of the trusts through Supporters Direct?

**Mr McAveety:** We are keen to continue discussions with Supporters Direct, and we will give a response to it in due course. I have been asked to attend the annual general meeting of Supporters Direct, where I hope that we will continue our discussions to address the central issue facing many clubs throughout Scotland, and the communities that are served by those clubs, on the role that supporters can play in stabilising some very uncertain futures. The long-term commitment of Supporters Direct is to ensure that fans have a greater voice in clubs and that much more strategic planning takes place, taking into account the resources that are available to clubs.

## Local Government Finance (Scotland) Order 2004 (SSI 2004/14)

### **The Deputy Presiding Officer (Murray Tosh):**

The next item of business is a debate on motion S2M-821, in the name of Andy Kerr, on the Local Government Finance (Scotland) Order 2004. There is one amendment to the motion. Members should note that, under standing orders, the debate may last for no more than 90 minutes.

15:11

### **The Minister for Finance and Public Services**

**(Mr Andy Kerr):** The Local Government Finance (Scotland) Order 2004, which we ask Parliament to approve this afternoon, has real significance. It provides for £7.669 billion in grant support for Scottish councils' revenue expenditure in 2004-05. That is a third of the total assigned budget and it will provide teachers, social workers, police and fire personnel, free personal and nursing care for older people, nurseries, libraries and sports facilities. It will also provide the myriad other essential services that we all rely on our local councils to provide.

The funding for 2004-05 represents an increase of £383.6 million on this year. That increase will allow councils to improve the public services that they provide for the people of Scotland. It will allow them to provide more teachers and to reduce class sizes, to provide fresh fruit and more nutritious school meals for our children, and to support youth justice teams. Those policy initiatives have been developed in consultation with local government and other key stakeholders, and the settlement covers the full cost of those improvements.

The funding in the order builds on the sound financial basis that we and the Scottish local authorities have worked hard to achieve. The figures that I announced at the start of the three-year settlement guaranteed every local authority an above-inflation increase in revenue grant in 2004-05 and 2005-06. The order confirms the funding increases for 2004-05 that I announced then.

**Brian Adam (Aberdeen North) (SNP):** The minister says that he is giving above-inflation increases to all Scottish local authorities during the next three years. How much is he giving them if the amount that is associated with new burdens is discounted?

**Mr Kerr:** There is that old term again; the member refers to "new burdens". Does he mean new burdens such as free concessionary travel,

free care for the elderly and improved nutritional values in school meals? In consultation with the Convention of Scottish Local Authorities, we make sure that we fund those items appropriately and that we build in enough room for growth in local budgets to ensure that councils are, as ever, free to make local decisions. The Executive also continues to provide additional funding to cover inflationary increases and pay increases. I suspect that what the member is trying to get at is that we do not allow councils enough freedom with their budgets to make local decisions—however, that is not the case. If he does not mind, I will move on from that point and talk about some of the work that we have done on local government funding.

The increase in the revenue grant allocation in 2004-05 is 5.3 per cent. As I have mentioned before, that figure would be even higher but for a transfer of funding to the Department for Work and Pensions. We have agreed that in future the DWP will fully fund housing benefit and council tax benefit. Before that transfer, the increase on the current year is 6.5 per cent. The increases for councils are substantially above inflation; they range from 5.3 per cent to 9.5 per cent. As in previous years, the distribution of grants is based on a formula that has been agreed with COSLA. The formula makes an allowance for the additional costs that are associated with deprivation and with serving sparsely populated rural communities, and it contains special provision for the islands. The settlement also protects the councils whose populations are declining most by giving them more grant than their population share justifies.

There is £60 million in the grant allocations for quality of life funding to enable councils to improve their citizens' quality of life. Outwith the local government settlement, we are also providing local authorities with better neighbourhood services fund and cities growth fund moneys in the three years to 2005-06. An additional £31 million is provided in 2004-05 for BNSF pathfinders. That will enable the pathfinders to continue to improve the core services that were developed with the original three-year funding. Over the three years, the £90 million cities growth fund will be a catalyst for community planning partners to come together to take substantive and innovative action in our six city regions.

**Mr Andrew Welsh (Angus) (SNP):** The minister has described initiatives, some of which are excellent, but he has also talked about three-year funding. Where is the long-termism? Will councils simply find that they must move on to something else? Adopting the American habit of trying short-term programmes causes enormous budgeting and staffing problems. That has not been the traditional system in Scotland, where we have thought about the longer term. What happens after the three years?

**Mr Kerr:** That shows the SNP's short-sightedness about some of our work. I do not commit Scottish taxpayers' money to schemes that I think will be unsuccessful, so pilot schemes and schemes that we develop in concert with our local government colleagues to ensure effectiveness have value and benefit. If such schemes are not effective, we should remove them.

A recent example of a scheme is the quality of life fund, which has created a significant change in communities and made a significant improvement in services for young people and the elderly. As a result of that, the Executive has fully funded other quality of life initiatives over the three years of the settlement. The Executive takes a long-term strategic view about why funding those services is important.

Our key interventions, particularly in city regions, allow us to make strategic changes that will deliver for all the communities and partnerships that are involved. The improvements that the partnership Executive has undertaken are making a real difference to the lives of people in Scotland. That is why I am committed to establishing a new improvement service for councils and their partners throughout Scotland. We are pleased that we have established a partnership with COSLA and the Society of Local Authority Chief Executives and Senior Managers to deliver that exciting new service. The service will focus on delivering improvement solutions to key services—in particular, those that need to be delivered jointly by local government and its partners.

We have devoted historic levels of resources to public services. Together with our commitment to reform, which includes the introduction of best value, we have secured improvements. In the past year, Scottish councils have been recognised as being not only good but among the very best in the UK. In the Lothians, top awards have been won for initiatives to heat homes and tackle fuel poverty. Argyll and Bute Council has been recognised for linking remote island communities. Highland Council and North Lanarkshire Council have received exemplary reports from Her Majesty's Inspectorate of Education.

Improvements to councils' delivery of home care services mean that domestic help is available in the evenings, overnight and at weekends. Such local service improvements make a big difference to the quality of life of our young people, the elderly and those who are most vulnerable throughout Scotland.

I would like to take the opportunity to confirm the poundage rate for business rates. I am pleased to confirm the provisional rate that I announced in December. The poundage rate in 2004-05 will have a below-inflation increase to 48.8p. That is a

rise of 2.1 per cent, which is well below the retail prices index increase of 2.8 per cent. That is on top of this year's poundage freeze. The cost to the Executive will be £11 million per annum.

This year, we also introduced the small business rates relief scheme, which gives rates relief of between 5 per cent and 50 per cent to up to 70 per cent of ratepayers. That is paid for by a small supplement for larger businesses. In 2004-05, the small business rates relief scheme supplement will be 0.3p in the pound. Overall, those measures mean that business ratepayers pay less in real terms than they did in 1995.

As I said, the order distributes nearly £8 billion of resources to local government. That is £384 million more than was distributed in the previous year.

The Conservative amendment suggests that any consequential funding under the Barnett formula as a result of an increase in the grant that is given to English local authorities should be allocated to Scottish local authorities. That assumption is misguided. We should consider some facts. The massive council tax increases that some in England faced this year did not happen in Scotland. The average increase in Scotland was 3.9 per cent; in England, it was 12.9 per cent. In East Sussex, the increase was 20 per cent, and in Wandsworth, it was almost 60 per cent. Our councils in Scotland are already receiving above-inflation funding increases and have done so for several years.

What is the point of devolution if we do not decide how we spend the resources for Scotland? We could have no free personal care for the elderly, no free and concessionary travel, and none of the other many benefits that have come to Scotland as a result of devolution.

Let us also remember that the consequential funding is a one-off. I have, however, laid down a challenge to my local authority colleagues and all those in the public sector to offer proposals that will ensure maximum impact for the longer term. We need to ensure that this money can make a real difference for Scotland's future. That challenge is not exclusive.

**John Scott (Ayr) (Con):** Will the minister take an intervention?

**Mr Kerr:** I am sorry, but I am in my last minute.

Let me make it clear that it is for Scottish ministers to decide how best to allocate the money to benefit the people of Scotland and that we will do so only after considering all the options. With this order, we can improve services. The Scottish Executive and local authorities, working in partnership, will improve the quality of life for all people in Scotland.

I move,

That the Parliament agrees that the Local Government Finance (Scotland) Order 2004 (SSI 2004/14) be approved.

15:20

**Mr Brian Monteith (Mid Scotland and Fife) (Con):** I was interested to hear the minister's peroration. It was as slick as his hairstyle but just as out of date. I recommend to him a more prudent style, such as mine, with more prudent policies to match.

We chose to amend the minister's motion not because we do not believe that the Scottish Government should set in place the arrangements to fund council services—of course, we support that principle—but because I wanted to illustrate that Conservative members have an entirely different view of local government funding. We seek to provide an oppositional point of view. My colleagues will touch on a number of issues that I do not have the time to cover. I want simply to point out that we believe that the level of council tax throughout Scotland is too high and is hurting.

We know that there is a great deal of anger over the levels of council tax. I understand people's concern and genuinely feel their pain. What I do not share is the belief that the tax should be abolished and replaced with another tax. In our opinion, the root of the problem lies in the high level that council tax has reached, with a great deal of the blame resting with the Government's willingness to burden local councils with greater costs. In particular, I mean the UK Government, although the Scottish Government does not get off scot free. Increased national insurance and pension contributions are two examples of the increased expenses that councils—like the national health service—have had to face.

I have no doubt that, were the levels of council tax lower, the clamour for its abolition would recede. The thrust of my amendment is to point out the fact that we feel that levels of council tax should be lower.

**Mr Kerr:** Can we think this through? Between 1993-94 and 1997-98, under the Tories, local taxation—council tax—rose by 26.8 per cent in real terms whereas, under the Executive, it has risen by much less in a similar period. I find it difficult to understand how the member can forget history and say that the Government is burdening local government when the Tory Government did that more than the Executive has ever done.

**Mr Monteith:** I am not here to defend the decisions of previous Conservative ministers, to which I might have objected. It is not hard to find many Conservative councillors who disagreed with some of those decisions. However, I can tell the minister and Parliament that the line of this

Conservative group—this Conservative party, here and now—is that the level of council tax is too high and that it is our commitment that it should be reduced.

**Bristow Muldoon (Livingston) (Lab):** Will the member give way?

**Mr Monteith:** I must make progress. I shall come back to Bristow Muldoon if I have time.

My Tory colleagues in Stirling have proposed savings within current spending constraints to achieve a saving of £180 for each council tax payer over the three-year funding period. That is almost £60 each year, and it has been costed and delivered with better services through the removal of needless bureaucracy and pet political projects. I cite that as an example of a party that is committed to trying to reduce tax and offer an alternative. On the issue of local taxes, the SNP's views are—yet again—unknown. I look forward to hearing SNP members' speeches in that regard.

I turn to the illiberal Liberals. Their alternative to council tax is a local income tax that, were it to be collected on the basic rate, would require the addition of 8p to the 22p basic rate. That would mean that a couple on average wages who live in the typical band D house and pay £1,009 would see their tax bill shoot up to £2,668, which is an increase of £1,659.

The Liberal Democrats claim that a local income tax would result in only 3.75p more on income tax because it would apply across all the tax rates. However, having looked at the figures, I can tell members that such a policy would mean that, even in Fife, the typical couple would end up paying £479 more. In Stirling, they would pay £614 more.

We believe that people know best how to spend their money. We believe that councils know best how to spend their money. That is why we believe that Gordon Brown's rebate of guilt, which has been provided for councils in England and Wales, should also go to councils in Scotland. We should leave councils to decide how best to spend their money. That would give Scottish council tax payers £25 a year rebate, which we think would be worth while. That is a real alternative from the real Opposition.

I move amendment S2M-821.1, to insert at end:

"but, in doing so, considers that any consequential funding under the Barnett Formula accruing to Scotland as a result of an increase in the grant given to English and Welsh local authorities will be allocated to the Scottish Local Authorities' Revenue Support Grant."

15:25

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** First, I thank all the members

from the various parties who accepted my e-mail invitation to speak for the SNP in today's debate. I think that, as always, I struck a consensual tone. I thank Mary Scanlon and Cathy Peattie for their kind offers but, as they can see, I decided to stick with the A team.

I was interested to hear Brian Monteith say that he was not prepared to defend previous Conservative Governments. That is a new and slightly surprising admission. I am not quite sure whether Margaret Thatcher was too much to the left or too much to the right for Brian Monteith, but we can discuss that another day. As for his hairstyle, I can only say, "Hair today, gone tomorrow"—a bit like Conservative Governments.

There is no doubt that the public are sick and fed up with the council tax rises that we have seen over a long period. The council tax was introduced by the Conservatives as a panic-measure political fix to get them off the poll tax hook. In the event, the council tax did not help the Conservatives and, since inheriting it from them, new Labour has increased the level of the tax substantially. Since 1996-97, the average band D council tax has risen from £708 to £1,009. Had the council tax increased simply in accordance with the rate of inflation that applied in that intervening period, the average council tax bill would be £842, which is a substantially lower amount.

It is fair to point out that a higher council tax burden now falls on senior citizens and others who are on fixed incomes, given that council tax now takes up a higher proportion of their available income. That is what has caused the protest, the unrest and the anger.

**Iain Smith (North East Fife) (LD):** I am interested in Fergus Ewing's analysis of the council tax, but will he perhaps announce to the waiting public of Scotland the SNP's alternative to the council tax?

**Fergus Ewing:** I am glad that the member has spotted that the public in Scotland are waiting for a Government that understands the anger about the council tax. The SNP has always argued that any system of local government finance must be related to ability to pay. That is the fundamental flaw with the council tax.

A further flaw that exists in Scotland's council tax that is not mentioned by the Conservative or Labour parties is that we have a different banding regime. I note that the Minister for Finance and Public Services is looking at me with close interest, as well he might. In Scotland, a house that is worth £50,000 is in band D, whereas in England a house worth £50,000 is in band B. Pound for pound, England's council tax bills are lower. Similarly—I am glad to see that the finance ministerial team is taking notes—a house that is

worth £60,000 is in band E in Scotland but in band C in England.

When I raised that point in previous years—in those distant days when the Tories were at the helm and Brian Monteith had a different hairstyle—the explanation that I was given was that houses in Scotland had different values from those that applied in England. Arguably, that is no longer the case. There is a real problem. I do not know whether I have time to take an intervention from the minister.

**Mr Kerr:** As I know that the member is running out of time, I am waiting with bated breath to hear his policy on local taxation.

**Fergus Ewing:** As I have already explained, the SNP has always argued that local taxation must be directly related to ability to pay. That remains the position.

The hunt for a perfect tax will be pursued many times and over many years. A local income tax is a method of taxation that is operated successfully in many countries. Although there are many difficulties with it, the same applies to every form of taxation. However, as a method of taxation it is more directly related to the ability to pay than the council tax is. Neither of the unionist parties is willing to face up to that. That may pose them serious difficulties in the days ahead.

15:31

**Iain Smith (North East Fife) (LD):** I suggest to Fergus Ewing that more Labour and Liberal Democrat members may have responded to his e-mail requesting speakers because we have something that we want to say and that is worth saying in this debate. However, I am pleased to hear that he seems to be coming around to seeing local income tax as a preferred method of funding local government. Perhaps he will join us in making a submission to the independent inquiry, when that is set up, to put the case for a local income tax very strongly. The Liberal Democrats will do that—we will put our money where our mouth is and provide the details of how much such a tax would cost.

Our current estimate is that a local income tax would cost an average of 3.75p in the pound across the United Kingdom. However, we will do a council-by-council calculation and publish those figures later this year. I tell Brian Monteith now that they will be nowhere near the fantasy figures that he published yesterday. If the Minister for Education and Young People were here, I would want him to check whether the maths department at Portobello High School has improved since Brian Monteith was there, because the fantasy mathematics that he produces in every debate about local government finance are unbelievable.

He is a finance spokesman, but he cannot do sums, which is very worrying.

During First Minister's question time the Conservative leader, David McLetchie, repeated the myth that since 1997 the council tax has risen by 43 per cent. The Conservatives are now bandying about the figure of 50 per cent—they seem to have rounded it up. The council tax has not risen by the amount that they claim. The 1997 council tax increase took place under the Conservatives—in that year, council tax was set by the Conservatives rather than by the Labour Party. The Scottish Parliament was established in 1999 and set the council tax for the first time in 2001. Since then, council tax in Scotland has risen by only 18.85 per cent. Over the last four years of the previous Conservative Government, it rose by 41 per cent. At the same time, the Conservatives were slashing services. We will not take any lessons from them about the funding of local government.

**John Scott:** Does the member accept that it was necessary for the Conservatives to raise council tax, but that the additional rises in council tax that have taken place since then are over and above the increases that the Conservatives introduced? If there was a problem with council tax, the Executive could have cut it.

**Iain Smith:** I am saying that the Conservatives managed the double whammy of hiking up council tax to ridiculously high levels—a 40 per cent increase over four years—at the same time as cutting local government services. The Liberal Democrat-Labour Administration is about protecting and improving our local services. That is why we have invested record amounts in local government. Over the past three years, we have increased funding year on year, over and above the rate of inflation. I accept that some of that funding is intended to fund new initiatives that are being implemented in agreement with local government, such as concessionary fares, free care for the elderly and increases in teachers' and firemen's pay. However, it is also available for local government to fund its priorities.

**Brian Adam:** Will the member explain why Aberdeenshire Council, which is run by the Lib Dems, is complaining to me and other MSPs for the area that it is inadequately funded and that the level of grant that it receives is below the floor at which it can provide services? In spite of the allegedly generous settlement that has been made, the council has been forced to cut services again this year.

**Iain Smith:** I am sure that my colleague Nora Radcliffe, who will speak later in the debate, will put the case on the figures for Aberdeen City Council and Aberdeenshire Council. I think that the leader of Aberdeenshire Council will recognise

that the money going to that council has increased significantly. The position now is certainly somewhat better than it was four years ago. No council will ever say that it has enough money. If I were a councillor, I would never say that my council had enough money. We would always want more money and we would always want to do more, but the reality is that the Administration has reversed the cuts in funding.

An important issue that has not yet been addressed is the prudential regime for borrowing. That is an extremely valuable measure, which is coming in this year for the first time. It means that Fife Council, for example, which in 2002-03 was able to borrow £17 million to fund capital projects, will be able to borrow £30 million in 2004-05 to invest in capital projects. That is investing in services in the community to make services better and it is often investing to save, which Conservatives should welcome.

I will explode a myth that the SNP and the Conservatives seem to want to perpetuate. The myth is that Scottish businesses pay higher rates than their counterparts in England. The SNP and the Conservatives seem to forget that rates are a combination of two things: not just rate poundage but rate poundage times rateable value. Since 2000, rateable values have gone up by less in Scotland than they have in the rest of the UK—they have gone up by about 15 per cent on average in Scotland and by 25 per cent on average in England.

In real terms, most businesses in Scotland now pay, on average, less than their counterparts in England pay. In fact, a business that had a £10,000 rateable value in Scotland in 1999 is now paying £82 less per year in rates than an equivalent English business would be paying if it had had the average increase in rateable value. Businesses are getting a better deal in Scotland because we are putting up rates by less than inflation, whereas in England rates are going up by inflation. Which do members want? Do they want inflation increases in rates or do they want Scottish businesses to be better off?

15:37

**Dr Sylvia Jackson (Stirling) (Lab):** I apologise for speaking a bit slowly and softly; I have a sore throat today.

First, I noticed that Brian Monteith mentioned Stirling twice, if I heard him correctly, in his speech. I wonder when the other people in Mid Scotland and Fife will get the same representation—certainly in terms of mentions in speeches, if perhaps not in reality. That might happen at some point in the future.

I welcome the minister's continuing commitment in today's announcements to funding public services. I am sure that local authorities will also appreciate the benefits that they obtain from the flexibility that is afforded by the three-year settlement of their revenue budgets. I notice that the COSLA's briefing says that there are no surprises. An essential point about local government finance is that it is now on a much more stable footing and councils know exactly what is expected. That is welcome.

The three-year settlement allows local authorities to plan their budgets more effectively, to manage their resources with some degree of certainty for the coming years and to deliver the quality services that are demanded by their constituents. However, I make a plea, on behalf of smaller local authorities—such as my own in Stirling and the local authorities around my constituency—that cannot benefit from economies of scale in their organisations, that we do a lot more work on that issue.

I trust that in the forthcoming review of local government finance the Scottish Executive will look carefully at future grant-aided expenditure calculations in order to take account of significant local characteristics such as increasing population. I know that Bristow Muldoon has problems of increasing population in West Lothian. That is also happening in Stirling, where there is an increasing concentration of population at the centre and a more widely dispersed population over a large rural hinterland.

I am aware that community planning in Stirling is leading to greater demands on the budgets of all public agencies. Greater flexibility must be encouraged among all the partner agencies in order to assist local authorities in taking a lead in meeting communities' priorities. Stirling is possibly leading the way in terms of community futures and such developments.

The new spirit of partnership that the minister introduced among the Executive, local government and communities is to be applauded and is leading to more investment, more teachers, more social workers and more police. Just the other day in my constituency, it was announced that 67 additional police officers will be recruited over the next two years. The increase in police numbers is a direct result of the flexibility that has been given to the three constituent local authorities in respect of their financial contributions to the joint police board for central Scotland. That flexibility would have been impossible under previous financial regimes.

The policy of addressing the shared priorities of local government and the Executive and of working more holistically means that added value is directed to public services that require more investment. For example, it is good to see that it is

possible to deliver more improvements in care services for the elderly. When that is considered alongside joint working between local authorities and health boards, it means that there will be real improvements in the way in which our elderly population will be cared for in the future.

The problems of disadvantage in urban and rural communities in Stirling will also be addressed by today's announcements. Communities such as Raploch, St Ninians and Cornton, which have been blighted by underinvestment in their physical and social well-being, will take heart from the fact that years of cuts in vital public services—yes: cuts under the Conservatives—are now being reversed.

I am also pleased that the new prudential borrowing regime, which Iain Smith mentioned earlier, will allow local authorities greater investment in capital projects. That will offer more flexibility and it will complement the use of public-private partnership schemes to provide new public assets, such as schools, where level playing field support applies. Prudential borrowing will extend the scope of projects and provide opportunities for new investment in waste strategies, roads infrastructure, libraries and sports facilities.

Finally, the increase in financial assistance that the minister announced means that local authorities can fund public services with some certainty that council tax levels will be contained within responsible limits. I urge all members to support the motion.

15:42

**Mr Andrew Welsh (Angus) (SNP):** Budgets and the Local Government Finance (Scotland) Order 2004 are all about distribution and therefore about how to allow local authorities to maximise the use of funds for service provision.

The gross headline increase in grant support from aggregate external finance that has been awarded in the local government finance settlement to Angus Council is £9.35 million. That figure has been publicised by the Scottish Executive and, on the face of it, appears to be extremely generous. However, we should note that a large proportion of the headline increase will be accounted for by new burdens and government initiatives. The remaining sums that are available to the discretion of the council are significantly outweighed by budget pressures. After adjusting for the removal of £1.57 million of grant support in respect of housing and council tax benefit residual subsidy, Angus Council has a net grant increase of only £7.78 million.

The trumpeting of large increases in grant support for local authorities has had the effect of falsely increasing the general public's

expectations, which local authorities throughout Scotland will have to dash.

**Bristow Muldoon:** Will the member take an intervention?

**Mr Welsh:** I have only a very short time.

Scottish local government is being underfunded at a time when the Scottish Executive has stashed away cash in substantial contingency funds. Taxpayers' money should not be stashed away in Andy Kerr's back pocket; it should be used to fund essential but underfunded local authority services. The reality of such settlements is that Scottish local authorities are forced to follow the Scottish Executive's priorities, rather than the Scottish Executive meeting local authorities' actual needs.

**Mr Kerr:** I see that the SNP is on the side of splashing the cash today; it is sometimes the other way round. The member argues that I have money in my back pocket, but I have said in my statement on the spending review and at other times subsequently that we had to put money aside for known pressures in the future. I argue that that demonstrates good fiscal responsibility.

**Mr Welsh:** The minister will have that argument with COSLA. The important thing is that the funds should be used, but I suspect that they will be used as we approach elections, perhaps to gild the lily. Who knows? If that is the case, it will be irresponsible. I hope that the Executive, as I said, will maximise the money that goes to provide services for the people.

The Executive is in danger of creating the worst of all possible worlds by ring fencing Scottish Executive priorities while underfunding basic council services. The situation is strange, given that many Labour MSPs come from local authority backgrounds; the situation is very different from the howls of anger when the Tories were in power and constantly starved Scotland's councils of necessary funding.

Scotland's councils are expected to deliver a massive range of essential high-quality daily local services with rising standards and new obligations, but with minimal staffing levels and standstill or reduced budgets. Many Scottish Executive initiatives are now based on short term ring-fenced money, which means that local councils cannot sustain staffing levels and that councils and employees must plan ahead for the short-term only. I await the reality that the minister has described. Like him, I hope that the individual initiatives work, but he must understand that the situation makes it difficult for councils that are budgeting to maximise the money that they receive.

Labour has increased overall Scottish local authority funding, but that has more to do with

decisions in England and Wales and the working of the Barnett formula than it has to do with a sustainable and coherent funding policy. Unfortunately, the prospect for local authorities in Scotland is that there will be rising council tax bills and overstretched services, which is the worst of all possible combinations.

Late or delayed information about grant levels also restricts councils' ability to budget effectively. I therefore ask the minister to clarify when the supporting people initiative grant levels will be announced. I also ask him what he is doing to ensure fairness, given that a significant proportion of the increases that have been announced relate to items over which councils have little or no discretion. Many measures will hinder rather than help local authority budgeting, such as the hypothecated sums for specific Government initiatives, the new burdens that must be met from within existing budgets, implementation of the McCrone agreement, transfer of an element of teachers' pension funding from Her Majesty's Treasury and implementation of the Mental Health (Care and Treatment) (Scotland) Act 2003.

It is disingenuous of the Executive to announce that local authorities will get extra funding next year without also saying that it has told those authorities what 70 per cent of the money will be spent on. In Angus, £6.5 million is for new initiatives and non-discretionary services that the Executive wants the council to provide. The remaining £2.9 million is an increase of less than 1 per cent on last year's grant and will not be enough to cover the increases in the costs of core services. Councils throughout Scotland face that prospect. The money is available now; the problem is to get it to where it is needed and to where it will be used most efficiently and effectively.

15:47

**Richard Baker (North East Scotland) (Lab):** This year's funding settlement for local authorities is a reflection not only of the importance that the Executive places on the vital public services that local authorities deliver, but of the fact that it is asking local authorities to achieve more than they have done in the past. The minister has stated before that adequate resources are being given to councils to carry out their new duties. Surely the figures speak for themselves. We should all welcome the year-on-year increases in funding that local authorities will receive, which will be 5.2 per cent next year and 4.2 per cent the year after that. By 2006, the Executive will be giving Scottish local authorities just short of £8 billion.

Andrew Welsh raised the issue of three-year settlements, but they are by far preferable to the previous one-year settlements for councils

because they allow councils to plan and to manage resources better. The new prudential system for capital funding is a welcome empowerment for councils in setting their agendas for important investments. I welcome the agenda of empowering local decision making.

I am well aware of the impact of the new funds at local level because councils in the north-east are benefiting from it. Aberdeen City Council will receive an increase in funding of nearly £10 million between 2004 and 2006. The issue is not only about overall spending, but about specific initiatives. Aberdeen and Dundee have benefited from funding from the cities growth fund. In Aberdeen, that means a £2.5 million investment in a variety of projects to encourage economic growth and regeneration in the city. That money comes on top of the investment in the intermediary technology institutes that are to be based in Aberdeen and Dundee and the investment in the western peripheral route, which will benefit not only Aberdeen but the whole region.

The minister will be aware that some councils still argue that they need more resources. The Deputy Minister for Finance and Public Services recently met Aberdeenshire Council to discuss its fair share campaign. Is he aware that Aberdeen City Council is also campaigning for a higher funding allocation? It argues that its present allocation is the lowest per capita in Scotland. Perhaps he could tell us in closing whether he agrees with the case that that council is making.

I, too, received an e-mail today—to which Brian Adam referred—from the leader of Aberdeen City Council. In the e-mail, she says that the current funding for the council means that the council is considering raising council tax by a figure that is several times the rate of inflation, which I find to be concerning and surprising. I wonder whether the Deputy Minister for Finance and Public Services can tell us whether the Executive believes that Aberdeen City Council needs to increase council tax so much to balance the books.

Population decrease is another issue of concern to councils in the north-east—I am sure that that concern is shared by councils throughout Scotland. Two of the worst projections are for Aberdeen and Dundee, with declines of 17 per cent and 14 per cent respectively predicted by the Registrar General. The minister has in today's debate again made a welcome commitment to providing funding for councils that have to address such circumstances. I hope that the Executive will monitor the situation and respond appropriately.

I am aware that the funding settlement is generous for local authorities. It would therefore seem to be bizarre if it were followed by large council tax increases in some areas. I welcome the additional funding that the settlement will bring

to local authorities, but I would be interested to hear the deputy minister respond to the concerns that authorities have expressed. I hope that the Executive will continue to give our local services the investment that they need, as it has certainly done in this welcome funding settlement.

15:51

**Mary Scanlon (Highlands and Islands) (Con):**

I welcome the opportunity to contribute to the debate and am delighted to leave the issues of consequential funding under the Barnett formula to my colleagues Brian Monteith and Ted Brocklebank.

I would like to concentrate on the accountability of local government in providing high quality and value for money in public services. I listened carefully to what the minister said—I noted what he said about working with COSLA on a review of joint delivery and improvements. Obviously, the minister also has concerns.

I acknowledge that some improvements have been made. However, it is also incumbent on us to recognise that there have been significant failures. I am not calling for more ring fencing, but for local government to allocate resources that are in line with statutes that are already in place and that will support bills that are in passage and those that have been passed in good faith by Parliament. I refer mainly to my concerns over the Mental Health (Care and Treatment) (Scotland) Act 2003, the Community Care and Health (Scotland) Act 2002 and the Antisocial Behaviour etc (Scotland) Bill.

In a written answer to me, the Minister for Finance and Public Services stated:

*"Local authorities are in general free to set their own expenditure priorities."—[Official Report, Written Answers, 17 November 2003; S2W-3491.]*

What system of accountability or indeed sanctions does Parliament have that can ensure that statutory obligations, national standards, policy objectives and priorities that we set in good faith are met by local authorities throughout Scotland?

I will give some examples from Audit Scotland reports and my own correspondence. Children with special needs have been sent home from school in Inverness because there was no learning support teacher and some 22 per cent of children on supervision have no social worker, according to Audit Scotland. In the Highlands, it takes 11 months for a terminally ill patient to be seen by an occupational therapist.

This week, I received a letter from a person who has had two amputations and lives alone. He has no means of bathing or showering, but he has had no contact from the council for the past six

months. He stated that it appeared that his big mistake was to want to go home after his operation in July last year and to try to live a normal life after his two amputation operations. He stated that if he remained in hospital, perhaps the work would have been completed.

Highland Council roads are now upgraded every hundred years, compared with every 25 years under the Tories. Patients are left languishing in hospital at greater cost to the taxpayer because social work departments have no money to pay care home fees. An example from yesterday concerns a gentleman in Thurso; there are eight places in the local nursing home, but the social work department has no money to place him there.

Only seven councils in Scotland deliver the required level of service to children on supervision and 27 per cent of special educational needs assessments take more than a year to complete in the Moray Council area. The money that is due for council house rents—excluding Glasgow and the Borders—is £28.5 million, with £25 million being lost as a result of empty houses.

Those are only a few examples of local government's failure to provide high-quality public services to vulnerable people, to whom services matter so much. I want to ask of the minister only one thing today. I want him to talk not only about money being poured into local government, but about local government's service levels, outcomes and ability to respond to needs. Is local government getting enough money or is it providing local services inefficiently? When we criticise local government it says that it does not have enough money. However, the minister says that it has enough money. We need a clear, unambiguous statement about that. Either local government has enough money and is spending it wrongly and inefficiently, or it does not have enough money to provide the required services, which results in examples such as I gave. What does the minister intend to do to respond to some councils' failures to deliver certain services?

15:56

**Michael McMahon (Hamilton North and Bellshill) (Lab):** Well, here we are again, debating local government and welcoming increases in the amounts that are going into local authority coffers. We have a Labour-led Scottish Executive—so no surprise there. Indeed, it is difficult not to become blasé about the record that the Scottish Executive has established in delivering much-needed funding to our local authorities—but we must try.

I take this opportunity, therefore, to welcome again the Executive's commitment to increasing funding for local government. I am pleased to see,

from the minister's announcement, that real increases have been found for local government, which will see it continue to benefit from the minister's sound handling of the country's finances. Three-year settlements, I believe, are an important aspect of the way that local government budgets are produced. Such settlements enable local authorities to plan budgets better, to manage them more effectively and to deliver the quality of services to which we in the Labour Party especially are committed.

I particularly welcome the increases in aggregate external finance to North Lanarkshire Council and South Lanarkshire Council, which amounts for North Lanarkshire to a 5.9 increase in the financial settlement for 2004-05 and a further 5 per cent increase in 2005-06, while South Lanarkshire will get increases amounting to 6.7 per cent and 4.7 per cent respectively. As for other local authorities, the settlement provides an above-inflation increase in revenue grant from 2004 to 2006. That has to be welcomed and will guarantee that the Lanarkshire councils can continue to work towards raising standards and responding to local needs, bringing lasting improvements to the quality of life of the community and continuing to build on investments and innovations that already benefit local citizens and economies through the work of the local authorities. That work goes from the large-scale physical improvements to roads and buildings to improvements in lifestyles, such as providing a piece of fresh fruit for schoolchildren. However large or small those things are, the variety of projects will make a meaningful difference.

In addition to the AEF support that was announced in the settlement, I am pleased to note the extension to current funding arrangements for the better neighbourhood services fund. The sums that have been announced will enable the councils and their partners to continue to provide more strategic services in North Lanarkshire and South Lanarkshire. However, the future of the BNSF and the social inclusion partnerships funding remains under debate, so I urge the Executive to safeguard council funding in those areas.

I welcome the Executive's commitment to funding the new services and policies that local councils are being asked to deliver. As the main providers of education, the councils are committed to the Executive's five national priorities to improve standards at every level. For example, South Lanarkshire Council is looking to achieve a 10 per cent reduction in the time that teachers must spend on administration, with a commitment to achieving the recommendations of the report "Time for Teaching: Improving Administration in Schools" by 2005. That must be welcomed.

I am also pleased to see that through the national priorities action fund—which is replacing the previous excellence fund within education—an additional £1.66 million will be given in the settlement as a specific grant to North Lanarkshire Council. That is a welcome package, which is earmarked for the nutrition in schools initiative, with the dual purpose of providing fruit to primary 1 and primary 2 children as well as improving the overall nutritional value of school meals. It is vital that the Executive and local government continue to work towards the provision of healthy and nutritious food in schools and towards the promotion of health in general. The settlements this year will obviously help that.

In the light of the Executive's commitment to challenge antisocial behaviour, and to address youth crime within that, I welcome especially the increase to the Lanarkshire councils' funding allocation to tackle youth crime. The purpose of the increase is to build on progress that has already been made by reducing the number of persistent offenders and achieving the national standard for youth justice by 2006. Both Lanarkshire councils are committed to safer communities for everyone, with initiatives such as the antisocial task force in North Lanarkshire and the antisocial behaviour teams in South Lanarkshire. Those initiatives are at the heart of the councils' efforts.

Today's announcement is a good illustration that the Executive is confirming its commitment to communities and local government and to the policies and initiatives that are implemented by local authorities by yet again putting its money where its mouth is. Above-inflation increases will allow authorities to continue to improve the public services that they already deliver, to reduce class sizes and to support youth justice. It is a good settlement and I welcome it.

16:00

**Nora Radcliffe (Gordon) (LD):** Before the debate began, I was asked by a colleague—perhaps slightly tongue in cheek—whether I would be making the Aberdeenshire speech in this debate. In a sense, I will, but I make no apology for that because I want to use Aberdeenshire to illustrate the need to simplify the grant distribution system.

The current system is extremely complex: hundreds of factors are used to make adjustment upon adjustment, to the extent that the final outcome is certainly not transparent and is very often felt to be unfair. Aberdeenshire Council is the fourth-largest local authority in area in Scotland. It is responsible for 10 per cent of Scotland's roads, but it has the lowest ratio of staff per head of population of all local authorities in Scotland and it

maintains a council tax level in the lowest quarter of all Scottish councils. By almost any measure, it is an efficient and well-run local authority, but Aberdeenshire Council believes that it is penalised to the amount of 11 per cent by the current system.

I am not going to argue for or against that figure—the argument that the current system is perceived to be unfair and not transparent is illustrated by speeches that have been made by other members. Almost anybody can pick out something that leads them to say that the final outcome is unfair for some reason or other. We need much more simplification, because the current system seems to throw up some strange outcomes.

I dug out a speech that I made on local government finance in November 2000. I said then:

“Some of the outcomes of this year's allocation demonstrate how much cause there is for concern. For example, is it not strange that Glasgow's allocation of grant-aided expenditure money for school transport last year was £1 million more than that for Aberdeenshire? Aberdeenshire, a rural authority, was transporting 8,000 more pupils and, in some instances, daily transporting pupils with special educational needs over long distances. I reiterate that: £1 million more for 8,000 fewer pupils.”—*[Official Report, 22 November 2000; Vol 9, c 266.]*

That was in 2000. I fast-forward to 2004 and quote from a speech by my colleague, Mike Rumbles, in last week's budget debate. There was no collusion; he made his comments without reference to what I had said previously. He said:

“Aberdeenshire Council will receive around £3 million from the budget to provide transport for school pupils in what is a large rural area ... However, Glasgow City Council, which has a similar number of pupils who require transport in a much more compact area, will receive ... £10 million.”—*[Official Report, 29 January 2004; c 5397.]*

If anything, the situation seems to be getting worse.

There is to be an independent review of local government finance, the outcome of which must be a greatly simplified and demonstrably fairer way of distributing available resources among councils and among all the people of Scotland.

**The Deputy Presiding Officer (Trish Godman):** We now move to the wind-up speeches. I call Bristow Muldoon. Mr Muldoon, you have five minutes.

16:03

**Bristow Muldoon (Livingston) (Lab):** Thank you, Presiding Officer. You caught me unawares by moving to the winding-up speeches so quickly.

Overall, it has been a good debate and many members have made strong contributions. I will

not be able to comment on every speech in the limited time that I have available, so I apologise to those members whom I do not mention.

Brian Monteith believes that council tax is too high; he does not believe that it needs to be abolished, but he believes that it needs to be reduced. I contrast that with the speech that was made by Mary Scanlon, who drew attention to a number of areas in which she saw problems in local service delivery. She said that a number of councils have advised that they do not have sufficient money to fund several key social services. The Conservatives cannot have it both ways, with Brian Monteith saying that there is too much money going into local government and that council tax is too high, while Mary Scanlon raises concerns about services.

**Mary Scanlon:** Will Mr Muldoon give way?

**Bristow Muldoon:** I am sorry, but my time is limited and I want to deal with a number of points.

I turn to Fergus Ewing's speech. Again, we see a contrast in the position of SNP members during a single debate. This morning, Brian Monteith and I agreed that SNP members could not advocate a situation in which there were Scandinavian levels of public services and Irish levels of taxation.

Fergus Ewing said that people were fed up with the level of council tax rises. I presume that the implication of what he said is that council tax should fall. However, by the same token, Andrew Welsh made the point that he believed that the settlement for Angus Council, and presumably for a number of other councils, was too low.

**Mr Monteith:** Will the member give way?

**Bristow Muldoon:** I am sorry, but I have only four minutes.

In this morning's debate on the Scottish economy, Jim Mather said that the SNP wants to cut business taxes. The SNP cannot have it every way: it cannot have low levels of taxation and high levels of public spending. The SNP should be a bit more honest and consistent in its arguments, and its members should not argue against one another in the course of the same debate. The minister challenged Fergus Ewing on the SNP's policy. Ultimately, Fergus Ewing almost made the suggestion that the SNP would introduce a local income tax. I note that Iain Smith made reference to the Liberal position on a local income tax.

The Parliament's Local Government and Transport Committee will look very carefully at the Executive's proposals for a review of local government finance. I point out to Iain Smith and Fergus Ewing, however, that the previous Local Government Committee produced a report on local government finance in which it concluded

that the council tax was a sound system of local taxation.

My personal view is that we could reform the council tax and make it better and fairer; that is the road that we should look at in the future. Local income tax could be very expensive for local authorities to collect. Indeed, it could produce a variable yield for local government.

**Iain Smith:** Will the member give way?

**Bristow Muldoon:** No. I am sorry but my time is very limited.

**The Deputy Presiding Officer:** You have time, Mr Muldoon, if you wish to give way.

**Bristow Muldoon:** Do I? I am sorry; I thought that I had only four minutes.

**Iain Smith:** Does Bristow Muldoon recollect that the Local Government Committee's report on local government finance also reported that a feasibility study should be conducted into whether we could introduce a local income tax?

**Bristow Muldoon:** I am happy to recognise that, but I do not think that the case has been made for a move to a local income tax. The concerns that have been raised about the level and predictability of yield mean that the introduction of such a tax could be a serious threat for local government.

**Brian Adam** *rose*—

**Bristow Muldoon:** Given that I have more time and that I rejected earlier interventions, I am happy to take an intervention from Brian Adam.

**Brian Adam:** I am grateful to Mr Muldoon for taking the intervention. Perhaps he is not aware that the Irish Government abolished local taxes completely and yet there does not seem to be a problem in the provision of local services in Ireland.

**Bristow Muldoon:** The problem is that the SNP advocates Swedish levels of public expenditure and Irish levels of taxation, which would create an even bigger black hole than the SNP has advocated in the past. SNP members should go away and study a little bit of economics before they make such silly statements.

I agree entirely with the point that Sylvia Jackson made about the needs of the local authorities that have rising population levels, one of which is Stirling Council. Sylvia Jackson pointed out that that issue also affects my constituency; indeed, it affects the whole of Edinburgh and the Lothians. The Executive needs to address that issue to ensure that future local government settlements take account of the situation of the local authorities that have to fund services for higher levels of population. That need is felt most

acutely in areas such as West Lothian, in terms of the costs that are involved in providing for school populations.

**Mary Scanlon:** Will the member give way?

**Bristow Muldoon:** No thanks; not just now.

The prudential borrowing regime is a significant step forward for local government. Local authorities across Scotland are able to be more flexible in their planning, particularly in relation to future capital expenditure. I draw the attention of ministers to the fact that West Lothian Council has been able to expand its capital programme over the next three years to £304 million, which is a dramatic increase on the amounts of money that it has previously been able to commit to the improvement of public services.

Overall, the settlement is good for local government. It enables the local authorities to build on the stability of their funding. It provides above-inflation increases for every council in Scotland and extra flexibility through the prudential regime. The settlement will enable local authorities in Scotland to deliver improved public services as described by the minister and by colleagues including Michael McMahon. It will deliver the quality of services that the people of Scotland expect and deserve. I encourage members to support the motion.

16:09

**Mr Ted Brocklebank (Mid Scotland and Fife) (Con):** We in the Conservative party want to see local democracy and local accountability flourish. We believe that greater responsibility should strengthen the institution of local government and make the role of councillor more attractive to a wider cross-section of society. Ultimately, that could only benefit constituents, who will reap the benefits of better-run councils and lower council tax rises as a result of more efficient administrations.

We all know from surgeries how many of our citizens feel badly let down by their local councils in terms of road and pavement maintenance, litter and refuse collection and other local services. Despite what Andy Kerr said, since Labour came to power seven years ago the average council tax bill in Scotland has risen by more than 42 per cent, which is more than double the cumulative inflation rate for the same period.

**Iain Smith:** Will the member give way?

**Mr Brocklebank:** No. I may do so later.

As taxes have gone up, we have seen that service delivery is not better, but worse. Sylvia Jackson quoted COSLA in her speech, and in the process took a pop at Brian Monteith for talking

about Stirling too much. That was a serious case of the pot calling the kettle black.

On road maintenance, COSLA has warned that in some cases roads that should be resurfaced every 10 to 20 years are now waiting an average of 81 years for treatment. The Executive appears to be operating not a tax-and-save policy, but a tax-and-waste policy.

As for Iain Smith and his Liberal Democrats, and their claim that a local income tax would be fairer, it will be interesting to see the final outcome of this arithmetical dual between ex-pupils of Portobello High School and Bell Baxter High School in Cupar. Having seen examples of Iain Smith's arithmetic in the past, my money is on Portobello High School.

Andy Kerr talked in glowing terms about the Executive's aspirations and initiatives.

**Iain Smith:** Will the member give way?

**Mr Brocklebank:** No, I will not.

However, Mary Scanlon rightly drew attention to the apparent failure of certain councils to support statutes that are already in place, particularly in terms of backing up health and social work provisions. Despite Richard Baker's assertions about the level of funding for Aberdeen, I am reminded by my colleague Nanette Milne that Aberdeen City Council's children's services will be underfunded by up to £15 million next year, and its care services to the elderly will be undermined to the extent of £5 million. Nora Radcliffe, too, drew attention to that apparent disparity in allocating resources.

I am not calling for further ring fencing. I want to find out what sanctions, if any, the Parliament can impose if local authorities fail to support national standards or policy objectives. That is the point that Bristow Muldoon failed to understand.

On Gordon Brown's guilt rebate of £47 million—to which Brian Monteith's amendment refers—COSLA president Pat Watters said that nobody apart from Scottish local government has any right to the new moneys found by the Chancellor of the Exchequer. That is clearly not what Jack McConnell believes, and it is clearly not what Andy Kerr believes.

I have a certain amount of sympathy with Fergus Ewing's argument that the banding system appears to discriminate against householders in Scotland compared with those in England. However, by his own admission, he has no perfect solution to the problem of local taxation.

**Iain Smith:** Will the member give way?

**Mr Brocklebank:** At long last I will let Mr Smith come in.

**Iain Smith:** I cannot raise all the points that I would like to raise. However, as Ted Brocklebank reaches his final minute, will he tell us which of his

colleagues he agrees with? Does he agree with Brian Monteith and his amendment, which states that there should be piecemeal relief to the council tax, or does he agree with, oh, Brian Monteith, who has said previously:

“Announcing additional funding for local authorities is a high risk strategy”,

and went on to say,

“It is my view that offering piecemeal relief to the Council Tax will not be politically beneficial to us”?

Which Brian Monteith does Ted Brocklebank agree with?

**Mr Brocklebank:** I am not sure to which of his several questions Mr Smith would like me to respond. However, I believe Brian Monteith's arithmetic much more than I have ever believed Mr Smith's.

The Executive claims that there will be a 5.2 per cent increase in aggregate external finance for local councils in 2005, and a further 4.2 per cent increase in 2005-06, but members understand that AEF also includes grants in respect of expenditure on certain other services. COSLA argues, with some justification, that once the non-discretionary expenditure is removed from the Executive funding, the true year-in-year-out funding increase is only 2.5 per cent, as opposed to the Executive's claims of 5.2 per cent and 4.2 per cent.

**Dr Sylvia Jackson:** Will the member give way?

**Mr Brocklebank:** No, I am in my final minute.

I have sympathy with Andrew Welsh's view that increased ring fencing by the Executive results in the local delivery of central services, not local government. It leaves councils with only one role, and that is to choose which cuts they will make in order to deliver the Executive's centrally imposed priorities. Is it any wonder that it is difficult to attract people of any calibre to stand for local councils? I support Brian Monteith's amendment.

16:15

**Brian Adam (Aberdeen North) (SNP):** Perhaps Mr Kerr will take on board a suggestion from COSLA, which has also been made elsewhere, that when the Executive presents its figures each year it should identify clearly what the new burdens and new initiatives are and produce the figures independently, rather than try to aggregate them all. That would be helpful to the overall debate.

**Mr Kerr:** The figures to which Mr Adam refers are available. I have always said that funding for local government is challenging but fair. I have never trumpeted, as a member suggested earlier, the increases in funding to local government.

**Brian Adam:** I am glad that the minister has made the figures available, but it might be helpful if he were to present them in the way that was suggested. Every year we have a debate on local government finance and for a long time we have had the situation in which COSLA and local authorities say one thing and the Executive says another. Presenting the figures in the way in which they are presented at the moment is not helpful.

I found Bristow Muldoon's speech interesting. He described the difference between Sweden on the one hand and Ireland on the other. It is not the difference between those countries that is important, but what they have in common. They both have a gross domestic product that is greater than Scotland's and indeed the UK's—

**Bristow Muldoon:** Will the member give way?

**Brian Adam:** No thank you. Let me finish the point.

Sweden and Ireland are both independent and they have both made their own choices about how they will raise their taxes and how they will deliver their services. Ireland has made the choice that it will not have local tax; the Government has listened to the people's demands. We have difficulties in Scotland because we are not responding to people's demands.

**Bristow Muldoon:** Will the member give way?

**Brian Adam:** I might come back to Mr Muldoon when I have developed my points.

The points about the situation in Aberdeenshire Council that Nora Radcliffe raised in this debate and which Mike Rumbles raised in a previous debate are well made. There is no doubt that there are councils that have not fared well in this settlement and, indeed, in recent settlements. I endorse what Nora Radcliffe and Mike Rumbles said.

I found it rather more difficult to accept what Mr Smith said about the situation for Aberdeen City Council. I have a letter, to which other members have referred, from the Liberal Democrat leader of Aberdeen City Council, which states:

“It is not acceptable that the people of Aberdeen ... should struggle year after year to deliver services often to standards set by ... Central Government against a background of ... under-funding.”

It seems evident that the funding for Aberdeen and other areas has been allowed to fall to levels that are simply not sufficient to deliver a minimum service. Elsewhere, the leader of the council mentions seven successive years of cuts. That is not compatible with what Mr Smith said earlier. Aberdeen City Council gets even less funding from central resources per head of population than does Aberdeenshire Council. Ministers might wish to consider certain areas in particular.

Ted Brocklebank referred to the problems with regard to children's services in social work. We need an interim solution to that difficulty. I know that there are children's homes in Aberdeen that require £2 million to be spent on them in the near future. We have significant shortages in social work staff, although I accept that they are not all to do with the budget, as some departments find it difficult to recruit staff. Perhaps the ministers might wish in the near future to meet and have detailed discussions with representatives of Aberdeen City Council in the same way that they had the courtesy to visit representatives of Aberdeenshire Council. I would welcome the minister's response to that point when he winds up.

I could highlight other issues, such as the fact that we have a successful concessionary fares scheme in Aberdeen, but the grant that was supposed to cover that scheme is approximately £1.5 million short, because the service is being used. That is not because Aberdeen has a generous service—in fact, many of those who are in receipt of the service in Aberdeen contrast it unfavourably with what is available elsewhere.

**Mr Monteith:** Mr Adam has not yet referred to the amendment and I would be interested to know, before he finishes his speech, the position of the member and his party in relation to the Barnett consequentials and how they might vote on the amendment.

**Brian Adam:** Our position on the Barnett consequentials is well known and I am sure that Mr Monteith was in no ignorance of it when he rose to make that point. He will find out where we stand in relation to his amendment very shortly, at decision time.

The reserves that Aberdeen City Council has been able to use relatively wisely in the past are no longer available and cannot be used as a buffer during the changes from year to year. We need to have a close look at the distribution formula, which is not as clear as it might be. I wholly endorse the weighting that is given to deal with deprivation, but the onus is on the Scottish Executive to ensure that we are getting positive outcomes as a result of that investment. I am not convinced that we are working in a cross-cutting way to deliver in that regard or that we have in place adequate monitoring arrangements. If we are to try to make changes to the areas that are in difficulty, we need to know that we are getting value for money.

16:21

**The Deputy Minister for Finance and Public Services (Tavish Scott):** In many ways, this debate has been utterly extraordinary. The fact is that the level of resources that are available to Scottish local authorities has never been higher.

However, anyone listening to the speeches from the Opposition benches would never have known that. Some £2.5 billion more will go into local government coffers in 2004-05 than was the case in 1995-96. The Scottish Executive and the members on the partnership benches are proud of that extra investment in our local government services and local authorities. I find it extraordinary that so much whingeing has come from Opposition benches, given that we have introduced three-year budgeting and real increases in resources and have worked constructively with COSLA for the right length of time to agree where the burdens are and where the extra resources need to be allocated. To attack what we have done in that context is, as I said, extraordinary.

**Brian Adam:** Will the minister give way?

**Tavish Scott:** In a moment.

It says a lot about the Opposition—and this was epitomised by Mr Adam's speech—that no Opposition member spoke about the level of resources that are available to local authorities, the allocations that have been made to individual councils or the way in which local government and central Government work together; on the whole, they chose instead to talk about the council tax.

However, when Mr Kerr asked Mr Ewing—and, by extension, the other members of the SNP front bench—what his position was in terms of an alternative policy rather than a principle, there was no answer. I am advised that the SNP manifesto for the 2003 election said, of the subject that Mr Ewing described as the burning issue, that the SNP would

“replace the council tax with a fairer system based on the ability to pay”.

There is a big difference between a broad principle and a policy, especially when the SNP has made such an important point of the council tax during the past year and in this debate.

The fact is that the level of resources that are available to Scottish local authorities has never been higher. All councils have been given a real-terms increase in their revenue grant allocation in 2004-05 and all new initiatives—I stress this point, as many members touched on it—have been fully funded. I hope that Mr Adam will accept that.

**Brian Adam:** I do not accept that they have been fully funded and neither does Aberdeen City Council. The minister complains that the members of the Opposition are whingeing and moaning, but all that I was doing was pointing out what the leader of the Liberal Democrats in Aberdeen City Council had said. Indeed, Liberal Democrat-led Aberdeenshire Council has made the same point, so the minister's complaints relate to his colleagues in local government.

**Tavish Scott:** Where burdens have been agreed with COSLA, we have fully funded those commitments. Mr Adam should accept that point or not, as the case may be.

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** The SNP is missing the point entirely. It is not that no money has been spent; as the minister has pointed out, local government has been allocated more money than ever before. However, any future review must examine the distribution formula and how the council tax is raised and spent.

**Tavish Scott:** As Mr Rumbles knows, there have been a number of reviews on distribution. COSLA and the Scottish Executive are actively considering all those matters in relation to the forthcoming review of local government finance.

The order will support a better quality of life for people throughout Scotland, no matter whether they live on the mainland or on the islands or in urban or rural areas.

I want to pick up some specific points that members have raised in the debate. For example, on Sylvia Jackson's point about economies of scale, I assure her that COSLA is actively considering the issue. We accept that it is important and will do further work on it.

Michael McMahon gave a practical illustration of what the moneys can do. His speech was a welcome change from many of the speeches from Opposition members, who had nothing to say about the real differences that the resources are making for local government and—more important—for citizens across Scotland.

Given Andrew Welsh's experience at Westminster, when he sat through many years of Tory cuts, I would have expected him to acknowledge the changes that the Executive has made, such as moving from a one-year to a three-year settlement and working very much in the long term. The only point that he might wish to consider further is his party's opposition to PPP, which is one of the mechanisms that allows for long-term investment in, for example, schools.

**Mr Welsh:** I believe that there are other and better methods of funding.

On another factual matter, will the minister clarify when the grant levels for the supporting people initiative will be announced?

**Tavish Scott:** Margaret Curran has direct ministerial responsibility for that matter. However, we will ensure that Mr Welsh receives a reply to his question.

Mr Brocklebank raised the issue of ring fencing. I trust that he accepts that 8.5 per cent of the total revenue support grant is accorded to ring fencing.

I should also point out that 75 per cent of that figure is for the police, which I thought was a matter in which his party usually took some interest.

Moreover, I could not quite square Mr Brocklebank's speech with the points that were made by Mary Scanlon, who seemed to be arguing for more centralisation and ring fencing as far as burdens are concerned.

**Mary Scanlon:** Will the minister give way?

**Tavish Scott:** No. Mary Scanlon should let me answer her point. After all, I am trying to answer the points that members have raised in the debate.

I hope that Mary Scanlon has taken up with the appropriate minister the detailed cases that she highlighted in her speech, because I am sure that she will receive a full reply. However, I repeat that the burdens on local government in relation to some of the issues that she raised are subject to an agreement with COSLA. I hope that she will examine that funding issue.

I also remind Mary Scanlon and others on the Conservative benches—

**Mary Scanlon:** Will the minister give way?

**Tavish Scott:** No.

I remind them that it was the Tories in the Highlands who ensured that the revenue budget for road maintenance—which was another issue that Mr Brocklebank raised—was cut from £28 million to £14 million in the past year. As a result, we will not take too many lectures from those members on the subject of those particular burdens.

**Iain Smith:** I want to help in the debate on arithmetic that members across the chamber have had. Will the minister confirm which party was in Government in February 1997 when the 1997-98 local government settlement and council tax levels were set?

**Tavish Scott:** I was just about to mention the party in question, because it is important that I deal with Mr Monteith's amendment. As I take his point that he has at least lodged an amendment to the motion, I should set out the reasons why the Executive does not accept it.

Given the figures that the Conservatives bandy about, we should acknowledge that—as Iain Smith pointed out—the average council tax was £556 when it was introduced in Scotland by the Conservatives. By the time that they left national office four years later—a day that many of us still celebrate—the tax had increased by more than 40 per cent. In contrast, because the Scottish Executive has provided more support to local government, the tax has increased by only 18.9

per cent over the comparable period. That illustrates a very clear difference between the Executive and the Conservatives.

**Brian Adam:** Will the minister give way?

**Tavish Scott:** No, I am just about to conclude.

The other reason why Mr Monteith's amendment should not command any support today is the inconsistency of his position. In the issue strategy paper that he brought out last summer—a document that we all hold on to with great interest—he declared that announcing additional funding for local authorities, instead of allocating money to cut council tax, is a high-risk strategy. He said:

"It is my view that offering piecemeal relief to the council tax will not be politically beneficial to us."

Quite what he is on about today is beyond me.

The Local Government Finance (Scotland) Order 2004 asks Parliament to confirm the revenue grant support for each council for the coming year. It will enable councils to confirm their budgets and council tax figures. I believe that the allocations in the order should allow councils to stick at, or below, the indicative council tax increases that they have already published. The order will deliver a fair deal to council tax payers and I commend it to the Parliament.

## Gender Recognition Bill

**The Deputy Presiding Officer (Trish Godman):** The next item of business is consideration of motion S2M-813, in the name of Cathy Jamieson, on the Gender Recognition Bill, which is UK legislation.

**Bill Aitken (Glasgow) (Con):** On a point of order, of which I have given notice, Presiding Officer. As you will be aware, an amendment in my name was lodged last night on behalf of the Conservative group. Its effect would have been for this Sewel motion to be dealt with in the established manner of dealing with Sewel motions, but the amendment was not accepted for debate. I seek your assurance that the amendment did not fail to be selected on the ground of competence.

**The Deputy Presiding Officer:** Your amendment was absolutely in order. The decision was taken purely because of the lack of time in the debate.

16:31

**The Deputy Minister for Justice (Hugh Henry):** I welcome Bill Aitken back to the fray. His presence has been sorely missed on several occasions, certainly in committee. I hope that he will put a bit of resolve and backbone into his troops now that he is back.

The issue that is before us is important. It flows from the United Kingdom Government's obligation to comply with the judgments of the European Court of Human Rights on the rights of transsexual people under the European convention of human rights. The purpose of the Gender Recognition Bill is to provide for the legal recognition of the acquired gender of transsexual people. The bill provides for the establishment of gender recognition panels with legal and medical members, who will make decisions on applications for gender recognition certificates from transgender people.

We believe that the inclusion of Scottish provisions in the UK bill offers the swiftest and most cost-effective means to remedy the human rights breaches and to deliver the comprehensive legal recognition that is required by the court's decisions. We also believe that a UK-wide approach will ensure consistency in the process of determining legal recognition and in the legal consequences that flow from recognition of a transsexual person's acquired gender, thereby avoiding difficult and complex cross-border issues.

The relevant Scottish provisions have been included in the bill to ensure that the legislation takes account of Scots law. We believe that that is

the best and most consistent way to deal with the difficulties. It avoids the problems that could be caused in relation to reserved matters such as pensions and benefit rights and the problems that would arise if people in England and Wales had legal recognition and people in Scotland did not.

**Phil Gallie (South of Scotland) (Con):** Will the member take an intervention?

**Hugh Henry:** I am just about to finish.

The UK Government has introduced the bill because it must meet its legal obligations. The purpose of the Sewel motion is to enable us to do the same.

I move,

That the Parliament endorses the principle of giving transsexual people legal recognition of their acquired gender and agrees that the provisions in the Gender Recognition Bill that relate to devolved matters should be considered by the UK Parliament thereby ensuring a consistent UK approach and early compliance with the rulings of the European Court of Human Rights with respect to the Convention rights of transsexual people under Article 8 (right to respect for private life) and Article 12 (right to marry).

16:34

**Nicola Sturgeon (Glasgow) (SNP):** I begin by saying that I strongly support the principles of the Gender Recognition Bill. I am aware that others take a different view, perhaps including some members of my party, although I am looking at no one in particular. I have no doubt that if we are to meet our obligations under the European convention on human rights, we must provide for the legal recognition of transsexual people in their acquired gender.

Notwithstanding that, my colleagues and I will vote against the Sewel motion for two reasons. First, the bill deals with many complex matters of law that are devolved to the Parliament. For example, the bill will create a new ground for divorce under Scots law, which is no small matter. The bill will also have significant implications for the law in Scotland that relates to sexual offences. For that reason, if for no other, the bill requires detailed scrutiny in the Parliament, where responsibility lies.

The second reason is that when an issue is controversial—whether or not I think that it should be controversial—we should have open debate and allow all strands of opinion to be heard. If we agree to the motion and pass legislative responsibility to Westminster, all opportunity for debate and scrutiny in this Parliament will be lost. A debate of 45 minutes in committee and of 20 or 25 minutes in the chamber on a bill that is as complex and important as the Gender Recognition Bill is not enough. The bill merits much greater scrutiny and debate.

The Executive will say—and Hugh Henry has said—that if we do not agree to the Sewel motion, Scotland's legislative position will be behind that of England. We must stop and reflect on why that would be the case. The reason is simple: the Executive decided not to timetable a Scottish gender recognition bill. The ECHR cases that made the Gender Recognition Bill necessary were decided in 2002, so it would have been perfectly possible for the Executive to timetable such a bill in its legislative programme for this year. We must be careful not to set in stone—as we are beginning to—the dangerous precedent that when the Executive deliberately fails to act, it can use that inaction as a justification for handing over our powers to London. We should not allow that to happen.

People do not send us here as MSPs and pay us handsomely for that privilege to hand huge chunks of legislative power back to London while we fritter the hours away on motherhood-and-apple-pie debates that change little in Scotland. They do not send us here to duck responsibility on devolved issues just because they might be morally difficult. Sooner or later, the Parliament and all its members will have to emerge from the shadows of the section 28 debate and have the courage to take the lead on difficult issues such as gender recognition.

I will vote against the Sewel motion. I call on ministers to introduce Scottish legislation, because the matter is substantially our responsibility. That would enable scrutiny and debate to take place where it should take place—in the democratically elected Scottish Parliament.

16:38

**Patrick Harvie (Glasgow) (Green):** The Scottish Green Party is pleased to endorse the principles of the Gender Recognition Bill, which is a long-overdue measure to give a little respect to the human dignity of transsexual people. Members will have received a fair amount of correspondence on the issue, much of which is highly prejudiced and misinformed. I will deal with that right away.

The right of transsexual people to have their birth certificates amended to reflect their true gender will do away with the significant practical problems that many have faced over the years and with the symbolic insult with which they have lived. That right reflects the values of an inclusive, modern society that is at ease with its diversity.

**Phil Gallie:** What problems will be created for a child when they find that the father whose name appears on their birth certificate is now recorded as being a woman?

**Patrick Harvie:** The loving contribution of a parent is valuable, whoever that parent is and

whatever society judges that parent's gender to be. The quality of parenthood is far more important than what a birth certificate says.

It would appear that those who oppose in principle the rights of transsexual people have made much mischief, spreading misinformation about the bill. For example, no church will be obliged to offer marriage services to transsexual people; in fact, churches will retain the right to refuse such services for no reason other than the fact that a person is transsexual. The assertion that the bill has something to do with same-sex relationships confirms the fact that misunderstandings have arisen. Personally, I would prefer state-recognised institutions such as marriage to be open to all couples, but—sadly—that will not be the case. As for the more outrageous criticism that I have heard of the bill, I am sure that members will recognise the influence of certain right-wing lobby groups that the Parliament has had the wisdom to ignore in the past. I am sure that it will do so again.

Before I move on, let me express a little note of caution. I have no interest in getting involved in a constitutional bun fight, the like of which we saw yesterday, when my colleague Chris Ballance raised criticisms of the Sewel motion procedure. Nevertheless, criticisms have to be made. I believe that the Parliament can occasionally use Sewel motions legitimately, for valid reasons. I hope that we will not always use them, as I believe in independence, but in a devolved Parliament such as this, there is a place for the Sewel motion. However, the Sewel motion procedure that we have is wrong. It fails us and it fails those for whom we work. My reasons for saying that are exemplified by the treatment of the Gender Recognition Bill.

Campaigners naturally welcomed the bill's publication, and they welcomed the Sewel route as the fastest way in which to get results. However, their support was dependent on the expectation that MSPs would be kept in the loop, that the process would hear Scottish views and that the results would be right for Scotland. The Equality Network has said:

"Our support for the Sewel route was based on an understanding that the Scottish Parliament and its committees would be able to scrutinise properly the very significant devolved parts of the legislation. This has not happened."

**The Deputy Presiding Officer:** You have one minute.

**Patrick Harvie:** I am sorry. I was promised six minutes. I shall try to be quick.

Those people have been let down by the process. The motion comes to us two months after the bill's introduction at Westminster, with barely

two weeks for the Parliament to consider it. The Equal Opportunities Committee, which conducted an inquiry into the issue, was not designated as the lead committee, so the people who gave evidence to that committee may be left wondering what worth their contribution to its inquiry had.

**Cathy Peattie (Falkirk East) (Lab):** Will the member give way?

**Patrick Harvie:** I am sorry, but I have to move on.

The lead committee—the Justice 1 Committee—had a single hour in which to scrutinise the bill and probe the minister. It would have been impossible to conduct full scrutiny and, unsurprisingly, some details have been missed in the committee's report, such as the right to transition at 16 rather than 18. The fact that Westminster has no intention of taking specific evidence on the Scottish aspects of the bill means that we can fear that such errors will be introduced into our law.

I urge all members to reconsider my motion S2M-665, on the use of Sewel motions, which I have circulated again today. I urge the Executive to consider the issues and to ensure that ministers are communicating with their Westminster colleagues. I urge the Procedures Committee to proceed with its review of the Sewel motion process, which must be reformed. If we fail to reform it, it is only a matter of time before we make serious mistakes. Whichever bills are affected, we risk creating sub-standard law and failing the people for whom we are working.

16:43

**Marlyn Glen (North East Scotland) (Lab):** The Gender Recognition Bill is a measure that will impact directly on a very small number of people in Scotland, but it will bring a significant improvement to the lives of transgender men and women. The Sewel motion is designed to allow us to apply the rulings of the European Court of Human Rights, and that form of approach is welcomed by the transgender community, because it allows us to meet the requirements in a realistic timescale. As a member of both the Equal Opportunities Committee and the Justice 1 Committee, I welcome the debate.

I assure members that both committees considered the bill and that the evidence that was given to the Equal Opportunities Committee was fed into the Justice 1 Committee's consideration of the bill.

We have not just a legal obligation, but a moral obligation to recognise the acquired gender of transsexuals and, importantly, their right to a birth certificate that shows that acquired gender. Although speed could be seen to be of the

essence, the measure covers a complex and technical area of the law. Consequently, the Justice 1 Committee felt that the use of the Sewel convention in relation to such legislation should be reviewed by the Procedures Committee, especially given the timescale, although that timescale helps us to meet the ECHR requirements more quickly—a move that has long been awaited by the transsexual community.

The bill will not change any fundamentals of Scots law. It will simply give a minority rights that most of us take for granted but at the same time guard very jealously.

Choosing to change one's whole lifestyle is not an easy option. [*Interruption.*] I presume that I will be given extra time to cover that interruption.

Gaining a gender recognition will not be an easy option either. Stringent conditions will have to be met before the proposed gender recognition panel will grant a certificate. For the sake of clarity, those conditions bear repetition. The conditions are that the person must have gender dysphoria, must have lived for two years in the acquired gender and must formally agree to live thus until death.

The concerns that remain about the practicality of the measure point to the importance of our direct input into the debate. It is essential that gender recognition panels should be accessible to Scottish applicants. In particular, the cost should not be prohibitive. That is especially important for young transsexuals. It is also important that the panel has Scottish legal representation.

We need to remember that, although the number of transsexuals in Scotland is quite small, they are a particularly vulnerable group who, unfortunately, can be deliberately targeted. That is why concern remains about sexual offences, which in Scotland are gender specific. Clause 19 of the bill will ensure that criminal liability exists regardless of gender change, but the Law Society of Scotland and others have pointed out that there is a lack of clarity. The Justice 1 Committee welcomes the minister's commitment that further consideration will be given to the issues that are involved.

There is no intention that the Sewel motion that is before us should be a route by which Scots law is changed substantially in this complex area. The law in Scotland must afford protection to us all. Many groups have called for a commitment to consider in the near future a major reform of the law on crimes of a sexual nature. I look forward to hearing of such a review.

I conclude by asking the minister to repeat his assurance—I hope that we will be able to hear him—that any significant amendments to the bill will be brought back to the Scottish Parliament for discussion.

16:47

**Bill Aitken (Glasgow) (Con):** In opening, I thank Hugh Henry for his kind remarks. I also thank other members for their cards and best wishes in what has been a pretty unfortunate time.

On the substantive issue, I will be extremely careful in what I say, given the prevailing thunderous weather conditions, which have now silenced, perhaps in recognition of the fact that what I will say will be common sense.

Although Sewel motions have caused much excitement in the chamber on previous occasions, I had thought that the principle was well established. I need hardly remind members of the purpose of the device, which is simply to incorporate in law legislation that will be dealt with in much greater depth by Westminster. In the past, the vast majority of MSPs have been content to allow that to happen.

Of course, the system is enshrined in the Scotland Act 1998. Although SNP members are ever anxious to extend the terms of that act towards a greater degree of independence, until now most parliamentary groupings have seen the sense of the arrangement. Unfortunately, the Executive has seen fit to depart from that arrangement on this occasion.

**Bruce Crawford (Mid Scotland and Fife) (SNP):** Will the member give way?

**Bill Aitken:** I do not have enough time, as I have only four minutes.

If the issue is being dealt with by Westminster, it should not be for the Executive to endorse the bill in the manner in which it does in the motion in the name of Cathy Jamieson. The amendment in my name, which I had hoped to have debated today, was perfectly straightforward. My amendment would have sought to remove the motion's endorsement of the bill and to have the matter dealt with in accordance with well-established procedures.

I make no comment on the desirability or otherwise of the bill. In our view, that is not the issue today. In any event, there is not sufficient time or opportunity to make a case for or against the bill. Clearly, only the most truncated and unsatisfactory arguments could be made.

Westminster will examine the matter in greater depth and will listen to the various arguments. Although members of both the Scottish Parliament and the Westminster Parliament are perfectly entitled to take a view on the bill, it occurs to me that one should do so only after having listened to the arguments and having heard the matter debated appropriately and comprehensively. That is why the Sewel principle exists. The arguments for and against the bill can be made at

Westminster, utilising the full debating structure that exists there.

Members of the Conservative group in the chamber will vote on the substantive matter according to their individual opinion and the whip will not be applied. The Conservatives at Westminster have adopted a similar stance. However, I suggest to the Minister for Justice that if she wishes to receive support on this issue she should clarify certain provisions in the bill, especially the provision for a penalty in the event that a church minister should point out that a transsexual is, in fact, a man, which seems to be causing considerable unease in the correspondence that I have received.

This debate is very much about whether or not it is appropriate for the matter to be dealt with in the way that is proposed. We are firmly of the view that the way in which the Executive has dealt with the issue sets a most dangerous precedent that, in time, it will come to regret bitterly. Patrick Harvie was right to say that this type of legislation is controversial and can cause feelings to run high. The inescapable conclusion that any bystander would reach on the Executive's approach to dealing with the legislation is that it is a cop-out and that the Executive is seeking to avoid under any circumstances a repeat of the section 2A fiasco. It is seeking to have the legislation passed with the minimum amount of debate possible and to be seen not to endorse it too whole-heartedly. A very unfortunate precedent has been set that does not augur terribly well for the future.

16:51

**Margaret Smith (Edinburgh West) (LD):** This is a sensitive and complex issue. I know that members from all parties have a range of different concerns about it. That is why we should have the time to debate it properly.

I hope that today MSPs will show compassion for the 500 transgender Scots and their families who are living with the consequences of gender dysphoria and that they will give the go ahead to this flawed but effective Sewel motion. That will enable the UK to move forward swiftly to legislate in this area and, in so doing, fulfil its obligations under the ECHR, having been found to be in breach of those by the European Court of Human Rights. All other European Union member states, with the exception of Ireland, already give legal recognition to gender change.

I echo many of the points that Nicola Sturgeon, Patrick Harvie and others have made. It cannot be right that a piece of controversial legislation that introduces a new ground for divorce in Scotland, raises concerns about our sexual offences legislation and confers legal rights at the age of

18—rather than 16—should be subject to so little parliamentary scrutiny. The Sewel route has its pragmatic advantages, but we must retain the right to spend the time that is necessary to investigate fully changes to Scots law. The Parliament has had only two weeks to examine the bill in committee and to debate it in the chamber—a total of one hour of parliamentary time. That may be the result of Westminster constraints, but the handling of our input in that way throws up serious questions about the continued use of the Sewel mechanism.

There are a number of concerns about the bill. The Justice 1 Committee had concerns about the potential cost to applicants, about the need for Scottish legal practitioners to serve on the relevant panel and about certain privacy issues. The Executive has said that it does not want to make special allowances for transsexual people that do not apply to other groups. That means that the 5 per cent of couples concerned who wish to remain together, against all the odds, will be forced to divorce by the state, rather than be allowed to remain in a same-sex marriage. The Government is content that civil partnership will represent an alternative legal union, but that is not in place. I seek assurances from the minister that if an existing marriage is replaced by a civil partnership the transition will be seamless and there will be no loss of rights relating to pensions, for example, arising from the length of the partnership.

The only ground for divorce in Scots law is irretrievable breakdown, so the bill would introduce a new ground for divorce. Many of my colleagues on the Justice 1 Committee are still unclear about what the rights of the other party to that divorce and the procedure for divorce would be. There is a need for greater clarity in that regard.

The other real area of concern goes further than the bill. I refer to the lack of clarity regarding sexual offences. I recognise that in committee the Deputy Minister for Justice agreed to examine that issue further. Transgender people must be protected fully when they are the victims of sexual assault—as they very often are—and must be prosecuted when they are the perpetrators. That protection must be in place before, during and after the acquisition of a new gender. English law already deals with that because it is gender-neutral. The Sexual Offences Act 2003 extended the law explicitly to surgically constructed genitalia. That is not the situation in Scotland. The Executive tells us that provision has been made in clause 19 to switch off a person's legally acquired gender if otherwise criminal liability would exist, and I understand that an amendment will be lodged at Westminster to that effect.

I hear what Bill Aitken says about passing the matter down to Westminster, but we have to

ensure that the key differences between Scots and English law will be examined at Westminster, because we have not had enough time to consider them fully in this Parliament. However, I recognise that the minister gave me the assurance last week at the Justice 1 Committee that

“if any changes of significance for this Parliament are made to the bill, they will be brought back”—[*Official Report, Justice 1 Committee*, 28 January 2004; c 523]

to committee and to Parliament. I certainly welcome that assurance.

Despite my reservations, I encourage members throughout the chamber to support the measure and to deliver at last a certain amount of justice and peace of mind to one of the most vulnerable groups in the country.

16:56

**Pauline McNeill (Glasgow Kelvin) (Lab):**

There is no doubt that, as other members have said, we would have preferred a bit more time to examine this complex issue.

With reference to the SNP's challenge to us to have the courage to deal with the matter in Scotland and Bill Aitken's comment that the motion is a cop-out, I have to say that I think that it would be a cop-out not to support the motion tonight. If members have the courage of their convictions and believe that gender recognition is an important right, they should vote for the motion.

I welcome the European Court of Human Rights' decision to make gender recognition a matter of human rights that should be enshrined in law. However, some of the technicalities in the bill need to be discussed further.

I want to amplify the point that Margaret Smith made about the fundamental change that could come about in Scottish family law, in which divorce is currently based on irretrievable breakdown where one party sues the other. There are three potential scenarios. One scenario is where a married couple jointly go to court and the court grants the divorce because it is sought before one party can acquire their new gender. However, life is not like that. A second scenario is where the non-transgender spouse cannot defend a divorce action—they can do nothing about it. I do not believe that the bill addresses that question. A third scenario is where the non-transgender party is unco-operative or wishes to sue the other party. I do not believe that it is acceptable that the ground of unreasonable behaviour will have to be used, as has happened in England and Wales. If the bill becomes law, it will not be logical for a divorce to be granted on the ground of unreasonable behaviour, such behaviour being that the other party chose to take up their human rights.

We have had assurances, with which I am quite happy, from the ministers that they are alive to the question. It is a complex issue and we do not want to change our law fundamentally by accident. It would be good to get on the record today that we are clear that the process will allow us to consider the matter further. I believe, as do others, that there is another way of bringing the marriage to an end in a way that is not so complex. I am asking for the chance to discuss another possibility that will achieve the same thing. However, I welcome the legislation.

16:58

**Hugh Henry:** As members have indicated during the debate, this is a sensitive and complex issue. I will attempt, in the limited time that I have available, to answer one or two of the questions that members have asked.

I give Pauline McNeill an assurance that we certainly do not want to change Scots law fundamentally by accident. A number of protections have been built in, but I also give the assurance to Marlyn Glen and Margaret Smith that if anything significant happens during the course of the bill's progress at Westminster, we will bring the bill back. Pauline McNeill is right that we must ensure that we do not change anything by accident or by not considering the matter properly.

Pauline McNeill is also right about Nicola Sturgeon's comments and about any other member who claims to support the change but who votes against the Sewel motion. That would be a cop-out because such a vote would leave people significantly disadvantaged.

**Nicola Sturgeon:** Will the minister give way?

**Hugh Henry:** No. I have limited time.

I can understand members who are fundamentally opposed to the principles of the bill voting against the Sewel motion, but not those who say that they want to see the change. Nicola Sturgeon asks why we do not introduce an Executive bill. We set out a very clear legislative programme at the start of the parliamentary session and any changes to that programme to accommodate a full bill would mean that something that we had previously indicated was a priority would have to be dropped. Difficult choices have to be made. In the circumstances, the opportunity to legislate through the Sewel motion enables us to address the issue, to address our legal obligations and to maintain an important legislative programme for this session.

In passing, I want to mention Patrick Harvie's request that the age limit for applying for a gender recognition certificate be reduced to 16. Given that people will have to live in their acquired gender for

two years before they can apply for a certificate under the bill, Patrick Harvie and the Green party are saying that they want 14-year-olds to make the decision to change their gender.

**Patrick Harvie** *rose*—

**Hugh Henry:** I think that that would be a very unfortunate step, which would not be appropriate for someone of that age and would have all sorts of legal implications.

Finally, I address the point that Patrick Harvie and, I think, Bill Aitken, made about church ministers. Patrick Harvie is absolutely right to say that there has been a campaign of disinformation. Some people might be trying to mislead deliberately and some might be doing so inadvertently. There is no requirement on a minister of religion to perform a church ceremony if they do not want to do so and no penalties will be imposed on them.

The issue of the £5,000 fine has also been raised. That fine relates purely to anyone in a position of authority who divulges information that they were given as a result of their being in that position. Someone who acquires and passes on information in a casual way would not be liable to any fine. I think that it does a disservice to ministers of religion to suggest that any of them would divulge information that they had been given in a privileged and protected way. To pass on such information would be an abuse of their vocation and their integrity and I cannot imagine a minister of religion doing anything of that nature. I do not think that the question of the fine applies in such situations because I cannot imagine that someone in a position of authority, such as a minister, would pass on information.

The issues are being addressed. Scottish representatives—who represent Scottish interests every bit as much as we do—will have the opportunity to debate the matter at Westminster. I think that the Sewel procedure is the best mechanism to use to bring the matter forward speedily and draw it to a conclusion.

## Decision Time

17:02

**The Presiding Officer (Mr George Reid):**

There are up to 10 questions to be put as a result of today's business. I remind members that if amendment S2M-849.3, in the name of Hugh Henry, on police accountability, is agreed to, amendment S2M-849.1, in the name of Nicola Sturgeon, will fall. If amendment S2M-855.3, in the name of Lewis Macdonald, on the Scottish economy, is agreed to, amendments S2M-855.1, in the name of Jim Mather, and S2M-855.2, in the name of Carolyn Leckie, will fall.

The first question is, that amendment S2M-849.3, in the name of Hugh Henry, which seeks to amend motion S2M-849, in the name of David McLetchie, on police accountability, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

**FOR**

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McMahan, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)

McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### AGAINST

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Curran, Frances (West of Scotland) (SSP)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Fox, Colin (Lothians) (SSP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Grahame, Christine (South of Scotland) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Martin, Campbell (West of Scotland) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Mundell, David (South of Scotland) (Con)  
 Neil, Alex (Central Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)

Swinney, Mr John (North Tayside) (SNP)  
 Tosh, Murray (West of Scotland) (Con)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

#### ABSTENTIONS

Baird, Shiona (North East Scotland) (Green)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)

**The Presiding Officer:** The result of the division is: For 64, Against 47, Abstentions 7.

*Amendment agreed to.*

**The Presiding Officer:** Therefore, amendment S2M-849.1, in the name of Nicola Sturgeon, falls.

The next question is, that motion S2M-849, in the name of David McLetchie, on police accountability, as amended, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

#### FOR

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McMahan, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)

McNulty, Des (Clydebank and Milngavie) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

**AGAINST**

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Curran, Frances (West of Scotland) (SSP)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Fox, Colin (Lothians) (SSP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Grahame, Christine (South of Scotland) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Martin, Campbell (West of Scotland) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Mundell, David (South of Scotland) (Con)  
 Neil, Alex (Central Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)

Tosh, Murray (West of Scotland) (Con)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

**ABSTENTIONS**

Baird, Shiona (North East Scotland) (Green)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)

**The Presiding Officer:** The result of the division is: For 64, Against 47, Abstentions 7.

*Motion, as amended, agreed to.*

*Resolved,*

That the Parliament endorses the Scottish Executive's commitment to work for a safer Scotland by reducing crime and re-offending; welcomes its commitment to enhance community accountability for policing through local police boards; endorses its promotion of responsiveness to local communities through police boards' duty to secure Best Value and to report to the public on performance, and welcomes its policy of Community Planning which is enabling police forces to improve the delivery of services to local communities through more effective collaboration with other public bodies.

**The Presiding Officer:** The next question is, that amendment S2M-855.3, in the name of Lewis Macdonald, which seeks to amend motion S2M-855, in the name of Murdo Fraser, on the Scottish economy, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

**FOR**

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)

Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

**AGAINST**

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Baird, Shiona (North East Scotland) (Green)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Curran, Frances (West of Scotland) (SSP)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Fox, Colin (Lothians) (SSP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Martin, Campbell (West of Scotland) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 McFee, Mr Bruce (West of Scotland) (SNP)

McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Mundell, David (South of Scotland) (Con)  
 Neil, Alex (Central Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, John (Ayr) (Con)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Tosh, Murray (West of Scotland) (Con)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

**ABSTENTIONS**

Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

**The Presiding Officer:** The result of the division is: For 63, Against 54, Abstentions 1.

*Amendment agreed to.*

**The Presiding Officer:** Therefore, amendment S2M-855.1, in the name of Jim Mather, and amendment S2M-855.2, in the name of Carolyn Leckie, fall.

The next question is, that motion S2M-855, in the name of Murdo Fraser, on the Scottish economy, as amended, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

**FOR**

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)

Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McMahan, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### AGAINST

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Baird, Shiona (North East Scotland) (Green)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Curran, Frances (West of Scotland) (SSP)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Fox, Colin (Lothians) (SSP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Martin, Campbell (West of Scotland) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)

Maxwell, Mr Stewart (West of Scotland) (SNP)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Mundell, David (South of Scotland) (Con)  
 Neil, Alex (Central Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, John (Ayr) (Con)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Tosh, Murray (West of Scotland) (Con)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

#### ABSTENTIONS

Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

**The Presiding Officer:** The result of the division is: For 63, Against 54, Abstentions 1.

*Motion, as amended, agreed to.*

*Resolved,*

That the Parliament notes the evidence of an upturn in global economic activity and the opportunities for Scottish businesses and the Scottish economy to grow; rejects the proposition that increased competitiveness is best achieved by reductions in business taxation; believes instead that economic growth and wealth creation require targeted investment in skills and learning, business growth and innovation, and global connections, and supports the Scottish Executive's strategy of sustained investment in these areas to improve Scotland's competitive position in the global economy.

**The Presiding Officer:** The next question is, that amendment S2M-821.1, in the name of Brian Monteith, which seeks to amend motion S2M-821, in the name of Andy Kerr, on the Local Government Finance (Scotland) Order 2004 (SSI 2004/14), be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

#### FOR

Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Johnstone, Alex (North East Scotland) (Con)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Mundell, David (South of Scotland) (Con)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)

Tosh, Murray (West of Scotland) (Con)

#### AGAINST

Adam, Brian (Aberdeen North) (SNP)  
 Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Grahame, Christine (South of Scotland) (SNP)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lochhead, Richard (North East Scotland) (SNP)  
 Lyon, George (Argyll and Bute) (LD)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Campbell (West of Scotland) (SNP)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McMahan, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Neil, Alex (Central Scotland) (SNP)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)

Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robison, Shona (Dundee East) (SNP)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### ABSTENTIONS

Baird, Shiona (North East Scotland) (Green)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Curran, Frances (West of Scotland) (SSP)  
 Fox, Colin (Lothians) (SSP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Sheridan, Tommy (Glasgow) (SSP)

**The Presiding Officer:** The result of the division is: For 17, Against 89, Abstentions 12.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that motion S2M-821, in the name of Andy Kerr, on the Local Government Finance (Scotland) Order 2004 (SSI 2004/14), be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

#### FOR

Adam, Brian (Aberdeen North) (SNP)  
 Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baird, Shiona (North East Scotland) (Green)  
 Baker, Richard (North East Scotland) (Lab)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)

Eadie, Helen (Dunfermline East) (Lab)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lochhead, Richard (North East Scotland) (SNP)  
 Lyon, George (Argyll and Bute) (LD)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Campbell (West of Scotland) (SNP)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McMahan, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Neil, Alex (Central Scotland) (SNP)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robison, Shona (Dundee East) (SNP)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Sturgeon, Nicola (Glasgow) (SNP)

Swinney, Mr John (North Tayside) (SNP)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### AGAINST

Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Johnstone, Alex (North East Scotland) (Con)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Mundell, David (South of Scotland) (Con)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Tosh, Murray (West of Scotland) (Con)

#### ABSTENTIONS

Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Curran, Frances (West of Scotland) (SSP)  
 Fox, Colin (Lothians) (SSP)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Sheridan, Tommy (Glasgow) (SSP)

**The Presiding Officer:** The result of the division is: For 95, Against 18, Abstentions 5.

*Motion agreed to.*

That the Parliament agrees that the Local Government Finance (Scotland) Order 2004 (SSI 2004/14) be approved.

**The Presiding Officer:** The final question is, that motion S2M-813, in the name of Cathy Jamieson, on the Gender Recognition Bill, which is UK legislation, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

#### FOR

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baird, Shiona (North East Scotland) (Green)  
 Baker, Richard (North East Scotland) (Lab)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Frances (West of Scotland) (SSP)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Fox, Colin (Lothians) (SSP)

Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, Tavish (Shetland) (LD)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Tosh, Murray (West of Scotland) (Con)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### AGAINST

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)

Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Grahame, Christine (South of Scotland) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Martin, Campbell (West of Scotland) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Neil, Alex (Central Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

#### ABSTENTIONS

Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mundell, David (South of Scotland) (Con)  
 Scott, John (Ayr) (Con)

**The Presiding Officer:** The result of the division is: For 76, Against 35, Abstentions 7.

#### *Motion agreed to.*

That the Parliament endorses the principle of giving transsexual people legal recognition of their acquired gender and agrees that the provisions in the Gender Recognition Bill that relate to devolved matters should be considered by the UK Parliament thereby ensuring a consistent UK approach and early compliance with the rulings of the European Court of Human Rights with respect to the Convention rights of transsexual people under Article 8 (right to respect for private life) and Article 12 (right to marry).

## Scotch Whisky (Tax Stamps)

### **The Deputy Presiding Officer (Murray Tosh):**

The final item of business today is a members' business debate on motion S2M-833, in the name of Brian Monteith, on tax stamps on Scotch whisky products. The debate will be concluded without any question being put.

#### *Motion debated,*

That the Parliament notes with concern that Her Majesty's Government is once again considering the introduction of tax stamps on spirits, but not on wine or beer; recognises that any such tax stamp would impact particularly on the Scotch whisky industry; believes that the case for a tax stamp system is not proven and that it would be an ineffective means of combating fraud and illicit trade while imposing substantial costs and practical problems on the industry, particularly in relation to labelling and storage; notes the Scottish Executive's Scotch whisky framework which supports a fair taxation regime for Scotch whisky, and therefore believes that the Executive should make representations to Her Majesty's Government against the introduction of tax stamps or any similar burdens on the Scotch whisky industry.

17:13

**Mr Brian Monteith (Mid Scotland and Fife) (Con):** I thank the Parliamentary Bureau for picking my motion for debate this evening and members from many parties who have registered their support for it.

I rise to speak to my motion not in a partisan and party-political manner, as I regularly do—*[Interruption.]* Shucks. Today, I want to nudge the Executive gently in a spirit—if members excuse the pun; there will no doubt be many during the debate—of cross-party concern about a policy that is being given serious consideration by the chancellor.

I will leave issues relating to practicality and the costs to our distilleries to other members. There are many aspects to the debate and I am sure that there will be time for those issues to be picked up. I would prefer to use my time to discuss the case that the chancellor is considering and, in particular, the rationale for it.

I remind members that although my motion indicates that whisky is the main concern, we are not talking only about whisky. Some 75 per cent of United Kingdom white spirits, including many of the most famous brands such as Gordon's gin, which is distilled and bottled in Leven in Fife, are bottled in Scotland.

It should also be remembered that the chancellor considered introducing strip stamps before, but apparently changed his mind because he did not think that the level of fraud merited such action. I understand that he believed that such a

response would be disproportionate. The proposal is now being reconsidered because the chancellor believes that the problems of excise evasion, smuggling and fraud are considerably worse.

Using figures prepared by HM Customs and Excise for the Treasury, the chancellor is on record as saying that one in every six bottles of spirits is illicit. I urge the Executive to challenge the figures the chancellor has been given—rather than the chancellor—because they are inaccurate, entirely misleading and a significant overestimate.

If we accept the Customs and Excise figure—that 16 per cent of the spirits that are consumed are fraudulent or smuggled—we have to eliminate the supermarkets from the equation, because no one for a moment suggests that they sell illicit spirits. We would then have to consider the reputable high street chains such as Oddbins, Victoria Wine and Threshers. No evidence has been presented that that type of off-licence sells untaxed spirits. That leaves the corner shops and individual off-licences, but they account for such a small percentage of spirit sales in the United Kingdom that 110 per cent of their sales would have to be illegal to account for the 16 per cent.

If it were correct that 16 per cent of spirits consumed in the UK are illicit, every bottle of Scotch, gin and vodka sold in corner shops in members' constituencies would have to be smuggled. That is patently not what is happening. It is therefore worth examining the Customs and Excise figure more closely. To account for 16 per cent, £1.6 million-worth of spirits—about 12 container loads, or 200,000 bottles—would have to be lost somewhere in the market every day. I submit to the minister and the Scottish Government that that just does not make sense.

Of course, it might be argued that consumption has increased so much that there is room for more smuggled spirits to come in. The Customs and Excise figure requires an increase of some 37 per cent in spirits consumption since 1992-93. The industry is clearly unaware of any such growth from its commercial data or evidence from orders, so if the minister can do one thing it should be to obtain the Customs and Excise figures, conduct his own review of them and communicate his views to the chancellor.

The final issue that I want to take up is that of international experience of tax stamps, or strip stamps as they are called. It is worth looking at what has happened in a number of countries, so we can learn what might happen in the UK if we introduce them. Norway considered using strip stamps but decided against doing so after representations by our very own Department of Trade and Industry, which wrote to the Norwegian Government saying that strip stamps would be ineffective. Clearly the DTI had the interests of

British distilleries at heart and knows something that Customs and Excise does not.

Many countries that have had strip stamps, such as the USA and Greece, have chosen to abandon them on the ground that they were ineffective. Other countries use them, but show poor results from their use. Hungary has tax stamps, but illicit goods account for some 15 to 20 per cent of the market. Around 80 per cent of the Scotch whisky sold in Poland is understood to be contraband, despite the use of strip stamps. In Bulgaria, where strip stamps are used, the local industry estimates that 60 per cent of the market pays no tax. My particular favourite, though, is the example of the Ukraine.

I see members nodding because they have heard this little anecdote previously or have read the information in the briefing paper on the matter from the Scotch Whisky Association. Strip stamps were introduced in the Ukraine. Within three or four weeks, a considerable quantity of bottles of illicit spirits was found that had forgeries of the newly introduced state-of-the-art hologram seals. It is clear that strip stamps are not a buffer against smuggling or the illicit trade in spirits. In fact, they attract counterfeiters.

The best way to combat smuggling or fraud—nobody here is advocating those activities as a good thing—is to reduce the excise on spirits. I urge the Scottish Government to communicate that to the chancellor. If the whisky strategy means anything, it surely must mean that ministers will speak up for Scottish interests. If the chancellor were to cut the duty, as has been done in Denmark, smuggling would be marginalised and revenues would go up. If the chancellor were to take such a decision, I for one would raise a glass to him.

17:20

**Mrs Margaret Ewing (Moray) (SNP):** I start by congratulating Brian Monteith on lodging the motion for this debate. I noticed that he introduced his motion as a *bon viveur*, and I am quite sure that he has sampled many of the whiskies that come from my constituency. There is a feeling of *déjà vu* about this debate, because it was only 18 months ago that we defeated such a proposal and it had to be withdrawn. It is a stealth tax, which I believe is being quietly and surreptitiously introduced by the Chancellor of the Exchequer.

I went through the "Pre-Budget Report: What the Pre-Budget Report means for Scotland". There is not one mention in it of strip stamps and the implications of such a system for the Scotch whisky industry. As we know, the whisky industry is one of the most significant industries in terms of direct and indirect employment and in terms of the

revenue it brings us. I do not know whether the Prime Minister and the Chancellor of the Exchequer have made some deal about the succession, but I would like to say that the deal that is being proposed for strip stamps will be emphatically rejected—unanimously, I hope—by this Parliament and by the whisky industry as a whole.

We are proud to have 50 per cent of Scotland's malt whisky distilleries in the Moray area. The distillery workers take a pride in their work and in all the aspects of the industry, including bringing in tourists and promoting Scotland abroad. I have spoken to Speyside Distillers, as has my colleague Angus Robertson MP, who is a member of the all-party Scotch whisky parliamentary group in the House of Commons. We asked what strip stamps would mean to distillers in Speyside, and they said that it would be a labour and logistical nightmare. They went on to ask:

"Why is any of this necessary when bottles are clearly differentiated with a lot number?"

For the benefit of people who do not know what a lot number is, I should explain that it clearly identifies the brand, the bottling line, the distillery and the cask. Indeed, it is possible to follow an audit trail to all parts of the Scotch whisky industry; people can trace to within one second when those numbers were put on the bottles. The proposal for strip stamps is seen in the industry as a piece of absolute bureaucracy, and I reiterate that it is a stealth tax.

I have many small distilleries in my constituency, as do some other members. Small distillers are the people who sell in the UK market and they will be most adversely affected. I ask the minister to tell us what assessment has been made of the likely impact on companies that are predominantly home-based.

I will not reiterate all the countries that Brian Monteith mentioned where strip stamps have been proven to be a failure. However, in 1985, when the United States removed strip stamps, the US Department of the Treasury said:

"The stamps have only negligible value in evidencing compliance with the law and payment of excise taxes".

Now, UK ministers are saying exactly the opposite. Spain and Greece have already said that it is the wrong way to combat fraud and the Norwegian example has already been cited. We all want to deal with fraud, but strip stamps are not the way to do it. Quite honestly, it seems from reading all the various statistics that Customs and Excise itself is not sure of the true extent of fraud, and the statistics are being disputed.

The minister must speak directly not only with the Scotch Whisky Association but with Customs and Excise, the producers and all the people who

work in the industry. They must have a direct input. He must ensure that this Parliament makes it clear to the chancellor that we will not see that wonderful industry of ours diminished by a piece of bureaucracy. If ministers are talking about tax, the best thing they can do is, as Brian Monteith said, to reduce the duty now and make our industry more competitive.

17:25

**Nora Radcliffe (Gordon) (LD):** The threatened imposition of tax stamps is the result of Gordon Brown's estimate that, because duty is not being paid on one in six bottles of whisky, the cost to the taxpayer is £600 million per annum. Where has the estimate of evasion come from and how accurate is it?

On 20 January, Alan Reid, the Liberal Democrat MP for Argyll and Bute, had a Westminster Hall debate on the plans. He said:

"If the Government's estimate is correct, 200,000 bottles ... disappear every day."

I thought I heard Brian Monteith say "200 bottles" but I think 200,000 is the correct figure.

**Mr Monteith:** It is.

**Nora Radcliffe:** Alan Reid also spoke about the figures for the scale of fraud in the UK. He said that

"The Scotch whisky industry believes that that is a serious overestimate"

and that the whisky industry believes that the "trend is downwards" rather than up. He went on to say:

"Nobody in the trade experiences the market disruption that would result from fraud on anywhere near that scale. Where is the Government's evidence?"—[*Official Report, House of Commons, Westminster Hall, 20 January 2004; c 407WH.*]

George Lyon pursued the matter through a parliamentary question. He asked the Scottish Executive

"how many prosecutions there have been for evasion of duty on Scotch whisky in each of the last five years."

Cathy Jamieson replied:

"Information at the level of detail requested is not held centrally. Any such cases will be included within the statistics for prosecutions of revenue and excise offences".—[*Official Report, Written Answers, 13 January 2004; S2W-5093*]

The minister gave the latest available data for the past five years: 27 cases in 1997; 38 cases in 1998; 3 cases in 2000; and 2 cases in 2001. It would seem that the size of the problem has not been very thoroughly established.

Even if the estimate is accurate, is the remedy sensible and proportionate? Will it work? We have already heard that the United States of America

and Greece have abolished similar systems. Poland has persisted with its system, but there is no evidence that it is having any impact. Will the proposal do such damage to the industry that it outweighs the benefit to the Treasury? Will we kill the goose that lays the golden eggs?

In the interests of cross-party consensus on the matter, I will quote Angus Robertson.

"Any initial outlay for companies to buy the necessary application machinery will run into millions of pounds. The stamps would also have to be paid for up front, presenting a security and cash flow nightmare for all concerned. The cost to the industry could drive some small producers out of business."

John Thurso raised the point that the Treasury had already been warned about the substantial costs that would be involved in implementing the scheme. He pointed out that the industry and the chancellor were in discussion about how they might combat fraud and implement sensible measures when, suddenly, the tax-strip system that had previously been argued against and dismissed on rational grounds was suddenly put back on the table, apparently coming out of nowhere.

We have to ask whether the tax-strip system is the right answer. Is it sensible? Is it proportionate? Will it work? Is there a better answer? I concur with Brian Monteith: we should be looking at investing more in Customs and Excise. That would crack down on fraud and evasion not only in the Scotch whisky industry but across the board. It would benefit other industries that are hit by illegal imports and all sorts of other things.

**The Deputy Presiding Officer:** I advise members that it will not be possible to extend the debate this evening. In the hope that I can get in all members, I ask members to restrict their speeches to three minutes. I apologise to any member who has to be left out.

17:28

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** Brian Monteith described well the flawed rationale for the introduction of strip stamps. However, Campbell Evans of the Scotch Whisky Association recently proposed other measures that the Government should seriously consider. In particular, he raised the issue of suspect bonded warehouses where untaxed spirits are stored. Under existing rules, even people who have criminal convictions can obtain licences to run bonded warehouses. Surely the conditions that attach to licences that are needed to run a public house should apply to licences that are required to run a bonded warehouse. HM Customs and Excise's response to that sensible suggestion was dismissive. All that it said was that registrations and approvals of bonded warehouses

were assessed regularly. I query whether that was an adequate response. Smuggling, however widespread, can be tackled by a better supervisory regime.

If the scheme goes ahead—and the worrying signs are that Gordon Brown seems intent on it—the real victims will be small distilleries. I had a chance contact with Springbank Distillers in George Lyon's constituency, which has opened a second distillery. It sends some of its whisky to the home market and some abroad, but only the whisky for the home market will have to have strip stamps. At present, the distillery can make easy arrangements from month to month and vary quantities of export stock and stock for the UK market, whereas in future it will have to determine at the bottling stage how many bottles will have strip stamps and how many will not. That will make the management of the business extremely difficult for no good reason.

The cost of strip stamps is also a worry, as is the time of payment. For quality whiskies in which the amount of alcohol differs, there may have to be different levels of duty. Frankly, the scheme is absurd. It is the sort of proposal that one would associate with primitive socialist economies; one does not expect to find it espoused by a chancellor who has what seems to me a somewhat unmerited reputation for prudence. This is an issue on which the Scottish Parliament is entitled to, and must receive, a clear lead from the minister, who must say that the scheme is not acceptable and that he will stand up for Scotland.

As we are following Burns season, perhaps it is appropriate to recall a verse from Robert Burns's address to Scotch parliamentarians on that ill-advised occasion when it was first decided that there should be tax on whisky. His advice was:

"In gath'rin votes ye were na slack,  
Now stand as tightly by your tack:  
Ne'er claw your lug, an' fidge your back,  
An' hum an' haw,  
But raise your arm, an' tell your crack  
Before them a'."

I hope that the minister will follow Burns's advice.

17:32

**Jackie Baillie (Dumbarton) (Lab):** Like other members, I recognise the importance of the Scotch whisky industry, not just to Scotland but to the UK as a whole. It is one of the largest, if not the largest, export industries in Scotland, employing about 11,000 people, with a further 30,000 in related sectors. According to a 1999 Fraser of Allander Institute report, it is twice as important as computer-related manufacturing, a third bigger than oil and gas and 12 per cent bigger than banking and finance.

We understand the industry's economic significance. I will illustrate that by being parochial. Allied Distillers is one of the largest employers in Dumbarton. It provides economic opportunities for local people in an area that faces significant unemployment. It has a work force of almost 800 people. Sales are growing, new brands are being acquired to join household names such as Teacher's, Ballantine's and Laphroaig, and export markets are increasing, with new high-value markets opening up in countries such as Korea.

I want that to continue, so I, too, register my concern at the proposal to introduce strip stamps. When we last debated the matter in Parliament, I was as clear then as I am now that, although I whole-heartedly support moves to tackle duty fraud, I do not believe that strip stamps are the answer. Many people will legitimately raise the issue of cost, but I will not rehearse those arguments. For me, the more serious and fundamental concern, irrespective of cost, is that strip stamps just do not work. Brian Monteith has already outlined the international experience. The USA, Ecuador and Greece abolished tax-stamp systems. Belgium, Germany and Norway pulled back from introducing them on the ground that they are not effective. Forgeries appear quickly, even when the tax stamps are state-of-the-art hologram seals.

All of us—including HM Treasury, HM Customs and Excise and the Scotch Whisky Association—agree that we need to tackle duty fraud. We can debate how much duty fraud costs the taxpayer. Is it in the region of £600 million, as suggested by the Government, or is it a quarter of that figure, as suggested by the industry? Nonetheless, any fraud or loss of revenue to the Government means fewer services, so it needs to be tackled.

The whisky industry has helpfully indicated its willingness to work in partnership with the Government. I welcome that, but I also recognise that over the past few years it has done exactly that with HM Customs and Excise. We need to consider where the solutions lie. I do not have much time left to talk about those solutions, but I am sure that other members will talk about them. With my colleague John McFall MP, who is a long-time supporter of the industry and chair of the all-party Scotch whisky group at Westminster, I will meet representatives of Allied Distillers tomorrow to explore further suggestions.

I do not think that the Chancellor of the Exchequer wants to introduce strip stamps, for two reasons. First, in five successive budgets there has been no increase in the duty on spirits.

**The Deputy Presiding Officer:** There really is not time for this.

**Jackie Baillie:** Secondly, in an interview that the chancellor gave to BBC Radio Scotland in December 2003, he said:

“I don't want to have to introduce stamping if I can avoid it, but if we have to do so, we will do it, so we can eliminate fraud that is unfair to other tax payers and unfair to people who have to pay the duty. If we can find a better solution that eliminates much of this fraud, then will we take it.”

Let us ensure that the solution is found, because strip stamping does not work.

**The Deputy Presiding Officer:** I am conscious of the fact that only one Labour member is taking part in the debate and so I have been bearing in mind the party balance. However, that was an unfortunate example of running over time.

17:36

**Murdo Fraser (Mid Scotland and Fife) (Con):** I am delighted to take part in this debate. I congratulate my colleague Brian Monteith on securing it and on his motion, which is remarkably similar to a motion that I lodged a few weeks ago. I am grateful to all the members who signed that motion, too. I, of course, defer to my colleague in this debate on his motion.

I was a little confused by Jackie Baillie's assertion that Gordon Brown does not want to introduce strip stamps. If he does not want to do it, it is perfectly clear what he can do—he can withdraw the proposal. I am not convinced that he is being dragged reluctantly towards imposing tax stamps, especially given that this is not the first time the suggestion has been mooted—it is the second time at least. If he does not want to introduce the stamps, no one is forcing his arm.

One of the most pleasurable aspects of this job is the opportunity to visit distilleries. I have visited quite a number in my region and have, on occasion, sampled the wares. In highland Perthshire we have Edradour, Blair Athol and Aberfeldy distilleries, all of which have expanded in recent years and provide year-round and seasonal jobs. They have also developed visitor attractions to meet the demand for high-quality visitor centres and to act as showcases for our national drink. Another good example of that is the Famous Grouse experience near Crieff, which has been developed as an award-winning major visitor attraction and is gaining an international reputation and attracting a great number of visitors each year. Both the distillery and the visitor centre there are major contributors to the economy of the Crieff area.

We have heard from other members about the contribution that whisky makes to the Scottish economy as a whole. The Parliament must do all that it can to support this vital industry, so that areas that often have few other sources of income

as stable and secure as that from whisky continue to benefit from the jobs and tourist pounds that come into the area.

I agree with everything that has been said about the introduction of strip stamps, which will undoubtedly put additional costs on the Scotch whisky industry. Those costs will have to be passed on somewhere and I have real concerns that they will lead to job losses and prevent companies from continuing with the level of investment in distilleries that they have made in recent years.

All distillers have made the case that they are fully committed to fighting fraud and working with the Government to defeat fraudsters. They have also indicated that they do not believe that strip stamps are the way of achieving that. Everyone to whom I have spoken in the industry believes that the proposal is based on unreliable statistics. The incidence of spirits fraud is less prevalent than has been claimed and seems to be falling. The ineffective and inefficient measure of strip stamping should be opposed by members of all parties that care about the long-term future of the Scotch whisky industry, so that the jobs of all those involved in the industry directly and indirectly in areas such as highland Perthshire are protected.

17:39

**George Lyon (Argyll and Bute) (LD):** I enter into the spirit of consensus that has underpinned the debate and congratulate Brian Monteith on introducing the subject for debate, because it is important to the economy of Scotland and to some of the small island communities that I represent in Argyll and Bute, which is where my concern lies.

To give members an idea of how important the industry is to the islands in my constituency, I point to the example of Islay, whose eight distilleries keep the economy there afloat. Bruichladdich has just reopened after many years of lying derelict. It is an old, traditional distillery; the distillers have not opened a modern unit but have gone back to distilling whisky as it used to be done before the introduction of modern machinery. People can go there to take courses on how to distil whisky. It is a very successful operation. The distillery has a webcam so that people anywhere in the world can examine what happens there; indeed, the Central Intelligence Agency was looking closely into it, as members may recall. The distillery has certainly gained fame abroad, and the secret services are obviously on the ball.

On Jura, the whisky industry is a major employer and the distillery on Mull plays a major role in local employment and the prosperity of that island. Margaret Ewing made a very important point: it is

the smaller distilleries—the ones that rely very much on the home market—that would be hit disproportionately by the introduction of tax stamps. The companies with big exposure on the home market would bear the full brunt of the costs of the stamps.

I will not go into the many important technical points that have been made. Needless to say, I am not challenging the policy of the Treasury and HM Customs and Excise of seeking to eliminate revenue fraud. That is not my angle and I think that all parliamentarians want to eliminate such fraud. However, we have to question the scale of the problem. There seems to be a huge gap between the industry's perception of the problem and the figures of the Treasury and HM Customs and Excise. I believe that the case can be made that the problem is not substantial. That is what the industry would say. The chancellor is using a sledgehammer to crack a nut, but we have to work with the industry to solve the problem.

Along with Brian Monteith, at the first opportunity I will be drinking a toast to the prospect of any reduction in whisky duty.

17:42

**Jim Mather (Highlands and Islands) (SNP):** I congratulate Brian Monteith on securing the debate and giving me the opportunity to voice my opposition to the introduction of tax strip stamps on spirits. My opposition is fourfold. First, like other members, I do not accept that the problem exists to the extent that has been stated. Secondly, I do not believe that the introduction of the stamps will work. Thirdly, I believe that it will be counterproductive. Fourthly, I think that it will pose a specific danger to the Scotch whisky industry and jobs here in Scotland.

It appears that this attempt to reduce fraud is extremely flawed. Evidence aplenty suggests that the proposal will not achieve its objective. Other countries have abolished similar regimes; some have considered introducing such a regime but then drawn back from implementation. Counterfeiting capability is now such that fake strips could add legitimacy to contraband spirits. Fake strips could be used to mask the fact that bottles have been refilled with counterfeit whisky, gin, rum, vodka and so on.

The proposal will have practical effects that will undermine the viability and profitability of this key industry of ours. Those effects could result in increased prices and lower investment as volumes and cash reserves diminish. There will be compliance costs that will include the costs of changes to equipment and of additions to bottling plant. There will be cash-flow implications in funding the duty and there will be resultant

financing costs. There will be increased administration costs and insurance costs. Additional security will be required.

All those factors will, to a greater or lesser extent, hit distillers, bottlers, warehouse operators, importers, wholesalers and high street retailers—in other words, the entire industry in Scotland and the rest of the United Kingdom.

The most important reason for opposing the proposal is that the rejection of overtures to consider alternative ways of stamping out fraud could have a disastrous impact on Scotland and its whisky industry. That is especially true because of recent evidence that legislation can have unforeseen consequences. That phenomenon is even more marked now; Westminster legislation is increasingly likely to produce such unforeseen consequences. In the scenario that I envisage of unforeseen consequences, there would be intolerable financial pressures beyond the ability of smaller companies to bear and the disappearance of smaller brands as a result. The industry would be endangered because it would bottle less for the home market and sell more of its whisky in bulk for export and bottling outwith Scotland. Those effects could combine to create a shrinking rather than a growing market for Scotch and could reduce investment at home.

The net effect would be many fewer jobs in Scotland than would otherwise be the case. Ironically, that would mean a reduced revenue stream for any chancellor because of reductions in existing levels of sales and from underperformance against the massive potential sales that whisky could achieve.

17:45

**Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** I rise to speak as no expert on whisky—or uisge-beatha, as it is known in the Gaelic. I am afraid that, although it is undesirable, fraud in this respect has always existed. I remember that, some years ago, one of my constituents asked the local fencers to put a new fence round his croft—I am sure that Maureen Macmillan knows this story. He said to the fencers, "Put it through those whins there," and then went down into the town to get his messages. However, they could not be bothered to clear the whins, so they put a match to them. Seconds later, there was an enormous explosion of blue flames and his entire 10 years' investment had gone in a flash. Perhaps we should leave that story at that.

In talking about Allied Distillers in Dumbarton, Jackie Baillie quite correctly concentrated on the aspects of the tax that affect big industry. I want to highlight the impact on small distilleries, which George Lyon touched on when he mentioned

Islay. Although I could go through all the distilleries in my constituency, I want to mention two in particular: Old Pulteney in Wick and Balblair in Edderton, which is near my home town of Tain. Some years ago, those two little distilleries were facing closure. That was not good news and there was considerable concern over the jobs involved. However, a newly started company bought the distilleries and it has been putting a lot of effort into getting the whiskies well known in the market. I do not need to spell this out to the chamber, but it is precisely such small distilleries in areas where there is not much employment that could be hit by this particular form of taxation. John Farquhar Munro, who is an expert on drams and such things, told me that there is a £5.48 duty on each bottle and wondered why the cost of the tax stamp could not be found out of that money.

I will close my remarks, because I know that we are short of time. However, I will say that, having discussed the matter with the minister in the past, I know that, as an expert on whisky himself, he understands the nature of the problem. I have no doubt that the necessary representations will be made to the Treasury and whoever else is involved and I am sure that sense will prevail. We should remember the wee distilleries in Scotland's remote areas, because they make some of the finest whisky—not that I know about whisky myself.

**Maureen Macmillan (Highlands and Islands) (Lab):** Does the member admit that the best whisky came from the Ferintosh distillery on the Black Isle? It was the best because it did not have to pay duty; Forbes of Culloden got an exemption from excise as a result of his support for the Government during the Jacobite rising. Unfortunately, it had to be closed down, because it was putting all the other distilleries out of business.

**Mr Stone:** Ach, yes, but as my father used to feed his cows on the draff from Glenmorangie, I have to stay loyal to the distillery I was brought up next door to.

**The Deputy Presiding Officer:** Alex Neil, follow that.

17:48

**Alex Neil (Central Scotland) (SNP):** I look forward to having a members' business debate on the future of the cheese industry at an early opportunity.

I have a constituency interest in this matter: the Johnnie Walker plant is in Kilmarnock, which is part of the Central Scotland region. The chancellor's measure will have an adverse effect not only on distilleries but on the whole industry, including its bottling and distribution elements. I

totally agree with Brian Monteith and others that the chancellor is not attacking the basic problem, which is that whisky is overtaxed. For example, the tax on home-grown, home-made and home-distilled whisky is about 50 per cent higher than the tax on French, Italian or any other imported wine. It is incredible that we discriminate against our own industry which, as Jackie Baillie said, employs about 11,000 people directly and 30,000 indirectly in Scotland.

I have no doubt that a substantial reduction in excise duty would generate additional revenue that would more than make up for any loss of revenue through alleged smuggling or excise fraud. Not only would it generate more revenue and sales in the UK, it would improve the case that we have been making for China, India and other countries to reduce the excise duty that they charge on Scottish whisky, which causes us major problems with our export market.

As Jim Mather said, the knock-on effects of the measure will be substantial. It will have an impact on both the set-up costs of the industry and its running and maintenance costs. Increased costs mean that it is much more difficult to generate sales because as prices go up, the industry becomes less competitive and that, in turn, affects jobs and investment. Whatever our perspective, whether we are concerned about the promotion of whisky at home, the safeguarding of revenue, or the promotion of jobs, investment and exports, the measure is ill judged and ill considered. A clear message should go out from all parties in the chamber to ask the chancellor to change his mind and scrap this stupid idea.

17:51

**The Deputy Minister for Enterprise and Lifelong Learning (Lewis Macdonald):** I am grateful to Brian Monteith for providing another opportunity for me to reaffirm our recognition of the importance of the Scotch whisky industry, and indeed of the whole spirits sector, to the Scottish economy. It is nearly two years since the issue of tax stamps on spirits was debated in the Scottish Parliament. I replied to that debate too, which I hope is clear evidence of my commitment to this high-quality Scottish product. At that time, I made it clear that we are committed to working with the Scotch whisky industry to support its efforts to develop new markets and to sustain, as it does, jobs, revenues and businesses in many parts of Scotland. That remains our approach and, as I said in a different debate this morning, we on the Labour benches believe in picking winners and in backing Scottish firms and sectors that are already competing effectively in world markets. Whisky is clearly such a sector.

At the debate nearly two years ago, I listened carefully to what members had to say before I expressed the Executive's view on the issue to the UK Government. Members understand that fiscal matters of this kind are entirely reserved, so tax stamps have been debated at Westminster, but the good health of the whisky industry is a key part of Scotland's overall economic vitality. That is why I will again reflect this evening's contributions in our continuing dialogue with our UK colleagues.

The previous debate on the issue followed the consultation on tax stamps in 2001. It is, of course, essential to understand the context; duty evasion on spirits costs all of us, as UK taxpayers, many millions of pounds per year. In his budget in 2002, Gordon Brown concluded that the introduction of tax stamps would impact on the productivity of the industry and that if the compliance costs were passed on in full, they could have a significant impact on retail prices. Then, as now, that is not an absolute; the issue is about balancing the compliance costs of tax stamps with the revenues to be gained from a reduction in fraud. The decision that was taken gave the industry the opportunity to develop alternative ways to reduce fraud.

Brian Monteith and others asked how and where fraud on the scale that has been reported could be taking place. I suspect that the answer is that it takes place not in Scotland's distilleries or high street supermarkets but, as Brian Monteith's tale of Ukrainian vodka suggests, in transit from one point to another, on the supply route from the producer to the consumer. Fraud takes place not just in Scotland and the UK but in imports and exports; Mr Monteith's speech made it clear that the problem is widespread in Europe. There is no dispute about the fact that fraud exists or that it costs many millions of pounds, but there is disagreement about how much fraud takes place.

**Mr Monteith:** If fraud takes place in transit, it is possible that it is conducted with bottles that are legitimately stamped but which are then sold illicitly? Will the minister consider that fact?

**Lewis Macdonald:** Yes. Points have been well made about the risk of fraud even with a duty-stamp system. That has been made clear in discussions between the industry and the Government. Unfortunately, since 2002, the industry and the Government have not agreed on an effective alternative. UK ministers believe that the fraud problem is worsening. They are—rightly—determined to take tough action to tackle duty evasion and, as members have said, they may introduce tax stamps this year to come into force in two years' time.

That is clearly of great concern to Scottish whisky, gin and vodka producers. I have discussed such concerns recently with Gavin

Hewitt of the Scotch Whisky Association. He confirmed that the industry does not accept Treasury estimates of the scale of fraud and that it believed that, as Jamie Stone said, tax stamps would have a disproportionate impact on smaller distillers, smaller brands and smaller bottling runs. He also confirmed that the association is concerned about the up-front and continuing costs of compliance, which it did not believe were proportionate.

In the light of those concerns, I have also discussed the position with the Economic Secretary to the Treasury, John Healey MP. I understand that he has encouraged the National Audit Office to examine the disputed fraud figures. Sir John Bourn, the Comptroller and Auditor-General, has expressed his willingness to do that. I know that the industry will welcome that.

John Healey recognises the position of smaller distilleries—that is significant. He remains more than willing to consider further development of proposals from the industry to tackle fraud. If the Treasury concludes that no effective alternative to tax stamps exists, he has pledged to work with the industry on means to mitigate costs, including possible further freezes on spirits duty and measures to prevent counterfeiting of stamps, to which Brian Monteith referred. That is all encouraging.

I am pleased to report that Mr Healey will visit Scotland later this month at the invitation of the Westminster all-party Scotch whisky group's chairman, John McFall MP, to see for himself how any new scheme that is centred on the point of production would work.

**Mrs Ewing:** The minister referred to the Economic Secretary to the Treasury. In a debate at Westminster on 20 January this year, Mr Healey said:

"against the background of a worsening problem, success in tackling fraud in other excise regimes and the apparent lack of alternatives, the implementation of a tax stamp system on spirit bottles is a necessary and proportionate step."—[*Official Report, House of Commons*, 20 January 2004; Vol 416, c 428WH.]

I trust that our minister disagrees with that.

**Lewis Macdonald:** Mr Healey's visit to Scotland to see a large distillery and a small distillery and to meet industry representatives will give him the opportunity to see for himself how such measures may work in practice. Members may recall that his predecessor, Paul Boateng, did the same thing two years ago, as ministers reached a view on the efficacy of tax stamps. I am sure that John Healey will enjoy his visit and I have no doubt that some of the industry's practical concerns will be brought very firmly to his attention again. I know that the industry associations will continue to work flat out

to come up with an effective alternative that will satisfy the need to tackle fraud.

*Meeting closed at 17:59.*

The motion refers to the Scotch whisky framework document "A Toast to the Future: working together for Scotch whisky". Like the best whiskies, "A Toast to the Future" does not have a limited shelf life. It is a live working document under which the Scottish Executive will continue to work with the industry on mutual concerns. We will ensure that Treasury colleagues are fully aware of the views of the Scottish ministers and the Scottish Parliament on the need to explore all options to minimise extra burdens on the whisky industry while supporting the Treasury's proper efforts to end evasion of spirits duty. That fraud is an affront to us all.



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