

# **MEETING OF THE PARLIAMENT**

Thursday 28 October 1999

Volume 3 No 2

£5.00

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## Scottish Parliament

Thursday 28 October 1999

[THE PRESIDING OFFICER *opened the meeting at 09:31*]

### European Structural Funds

**The Presiding Officer (Sir David Steel):** The first item of business this morning is a debate on motion S1M-230, in the name of Mr Jack McConnell, on European structural funds. The amendment in the name of Mr Tommy Sheridan has been withdrawn, so the only amendment that will be debated is the one in the name of Mr Alex Salmond.

09:31

**The Minister for Finance (Mr Jack McConnell):** I am happy today to move the motion, but disappointed that Mr Sheridan has not been able to make it to the debate.

The role of the Parliament and the Executive in Europe was ably shown earlier this month in the excellent organisation of Scotland week and the formal opening of Scotland House in Brussels. I want to put on record my thanks and congratulations to everyone in the Scottish Executive office, the Scotland Europa office and the UK representative office in Brussels who helped with the success of Scotland week. A number of important discussions were held not only behind the scenes, but at some productive and positive conferences and seminars on finance, democratic renewal, the environment, education, justice, jobs and Scottish culture. We also made positive use of the opportunity to promote and market Scottish beef and lamb.

All in all, it was a successful week, which ensured that Scotland had arrived in Brussels. It put Scotland on the European map, improved our contacts and profile and made an impact. It also showed starkly the dual benefit that Scotland receives from devolution through having its own profile and role in Europe while enjoying the clout that comes from being part of one of the larger member states. In that context, I am delighted to move this motion on European structural funds.

On 11 October, during that week in Brussels, the First Minister and I saw Commissioner Barnier and agreed that the key aim for the next seven years had to be to ensure that we used structural funds to leave a lasting legacy for the future. This Parliament and the Scottish Executive are now responsible for implementing structural funds in Scotland; we work closely with the Scotland Office and other parts of the United Kingdom

Government, most recently in making recommendations for objective 2 coverage in Scotland.

The forthcoming enlargement of the European Union makes it likely that this round of structural fund programmes will be the last one from which Scotland will benefit significantly, so our overall aim must be to ensure that we use the structural funds effectively, efficiently and in a way that complements our policy objectives. The programmes also serve as an important spur to ensure that our policy contributes to European policy guidelines in a range of areas. In that way, we can be sure that Scotland is playing its full part in the Prime Minister's clear objective that Britain should play a full role in shaping the future of Europe.

Our proposals for the use of European funding in the Highlands and Islands are almost ready for submission to the European Commission. Many members will recall the welcome that was given to the award of the special programme to the area in March this year. No area should want to be in objective 1, of course, as that signifies that it is among the poorest areas of Europe and has real economic problems. However, it is important that the allocation of objective 1 status across the European Union is fair.

With gross domestic product in the Highlands and Islands at 76 per cent of the EU average, which is just above the 75 per cent cut-off for objective 1 status, and sparsity of population also just above the cut-off—9 per square kilometre compared with a cut-off of 8—it was important that the area's problems were recognised. We were and continue to be grateful for the contribution that structural funds make to the Highlands and Islands. I hope that we can use the new package to ensure that the area need not even be considered for objective 1 funding in the next round of the programme.

To ensure that all the major local players in the area have contributed to the plan, the plan team has brought together ideas and consulted widely within the area. It has concluded that the main priorities for the area are to increase business competitiveness, to create the conditions for regional competitiveness and to promote the development of the people in the area by fighting unemployment, promoting lifelong learning and social inclusion and supporting the primary sectors of agriculture and fisheries. Those priorities find resonance in the priorities for the European Union, and are reflected at a UK, Scottish and local level. They mirror closely and will complement the Executive's priorities as outlined in the programme for government.

The priorities for action are not surprising. As European structural funding meets at most only

half the cost of any project, there must be support at a local level to ensure that any project can proceed. As Commissioner Barnier said to me, the European Commission does not want to make all areas the same; it recognises distinct regional identities. As a result, it is not only the wording of the strategies that is important, but how they are put in place. We must, therefore, use the funds efficiently and effectively.

In an area such as the Highlands and Islands, which is diverse and, arguably, has several micro-economies, it is not possible to say that one or two projects will make all the difference to the area. The strategy developed by the plan team is therefore one that enables rather than prescribes.

In the rapidly changing world in which we live, even areas once considered remote, such as the Highlands and Islands, are now affected by increasing global competitiveness. Therefore, the strategy that we put in place must allow the area to take advantage of developments in the next seven years.

I also want to concentrate on what is termed internal cohesion—reducing the differences between local areas within the Highlands and Islands. Measures that deal with social inclusion, address gender imbalances in the labour market and improve community and social infrastructure will be as important as improvements to the communications infrastructure in the area as a whole. We must raise incomes and improve year-round opportunities in all parts of the Highlands and Islands.

The special programme for the Highlands and Islands recognises the area's particular difficulties. However, across Scotland, our aim during the next seven years will be to ensure that the available moneys are used in the most durable and cost-efficient way to deliver real results and to help bring the most deprived areas into the main stream.

The European structural funds support and complement important policy objectives in many areas that are the responsibility of this Parliament. I want to stress in particular the role that the funds will play, in line with European and UK priorities, in complementing our policy objectives in enterprise and work-related training. The objective 2 and Highlands and Islands programmes will have important business development components. Objective 3, too, will promote the development of important work-related skills in employment. Similarly, there will be an emphasis on helping those who are unemployed to go back to work. Social inclusion will be a big priority for the new programmes. The focus on helping areas of need under the new objective 2 programmes will bring an increasing emphasis on developing economic opportunities and social structures in our most

deprived communities.

I strongly welcome the new emphases in the new programmes. There is a new and reinvigorated emphasis on promoting equal opportunities and on mainstreaming them across the public sector. Priority is also given to the promotion of sustainable development and environmental protection, including the promotion of renewable energies and energy efficiency. When I was in Brussels some weeks ago, I was pleased to welcome the preparation of sustainable development strategies by the East of Scotland and the Highlands and Islands European partnerships. The strategies will help to put the new environmental standards set by the Amsterdam treaty at the heart of the way in which we implement structural funds.

Structural funds also support new technologies and the development of the information society. They support sustainable jobs in tourism and in cultural and natural heritage. They also provide viable support for co-operation between Scotland and other regions of the Community, through the URBAN and LEADER Community initiatives, for example, and the important programmes linking the northern periphery. All those measures are important priorities for the Scottish Executive and we look forward to effective use of European resources to support them.

**Dennis Canavan (Falkirk West):** On 8 October, the minister issued a statement that referred to the objective 2 proposals that are being submitted by the UK Government to the European Commission. How firm are those proposals? Are they still amendable? Are we just debating decisions that have already been made, or is this a genuine consultation exercise between the Executive and the Parliament?

**Mr McConnell:** As Mr Canavan knows, the Executive has consulted the European Committee a great deal. The proposals that have been submitted, with our support, to the European Commission are not subject to appeal, although they are subject to negotiation with the Commission. As I made clear at the European Committee last week, if the Commission is unhappy with any of the areas that we have submitted, it will be possible to consider possibilities in other parts of Scotland.

I intend to return to objective 2 and the proposed map but, before I do that, I wish to turn to the new objective 3. The European social fund provides a continuing and important mechanism to support the training needs of those in or out of work who require extra help. Under the new round, a special objective 3 programme for Scotland has been designed to support our objectives of developing a work force for tomorrow. Much good work has been done with the education sector and voluntary

organisations and I look to those concerned to ensure that the new programme delivers results where they are most needed.

I am pleased to be able to announce that we have reached agreement with colleagues in Whitehall and Cardiff on the financial allocations for objective 3. The allocation for the Scottish operational programme amounts to some €480 million for the seven years from 2000 to 2006. That represents 10.5 per cent of the allocation to Great Britain as a whole and includes an element to reflect the proposed concentration of objective 3 in objective 2 areas. As our population share for objective 3 purposes is less than 8 per cent, that is an excellent outcome and I wish to congratulate publicly those who negotiated it on our behalf.

The objective 3 plan team will immediately consider the implications of the overall financial allocation to the programme for, first, the distribution of resources to individual priorities and measures and, secondly, the performance targets that are associated with those measures. Towards the end of next week, the plan team will issue a consultation paper seeking the views of the wider partnership on these matters; I expect the plan team to submit the revised plan to the Scottish Executive towards the end of November. Following final consultation with the European Committee of this Parliament, we expect to submit the plan formally to the Commission before Christmas.

The overall objective of structural funds is to promote economic and social cohesion. Consequently, the European regional development fund plays a key role in supporting measures in areas of need. The concentration of assistance decided at the Berlin summit means that, for the new programming round, resources will be concentrated on substantial areas of most need. As I explained to the European Committee, the Executive, in close consultation with the Scotland Office, played a full role in preparing the UK proposals to the European Commission for objective 2 coverage in Scotland. The proposals target significant areas of need for economic and socio-economic conversion, in line with the requirements of the regulation. They represent a balance between the needs of the different parts of Scotland and between urban and rural Scotland.

**Mr John Swinney (North Tayside) (SNP):** I refer to the issue that Mr Canavan touched on. Will there be an opportunity for the minister to reflect on any of the objective 2 allocations that have been made? I raise this matter because representations have been made to me by the University of Abertay in Dundee, which makes an enormous contribution to the wider Tayside economy. However, because of its location and

the demarcation of the maps, the university is excluded from many of the access routes to the objective 2 programmes. Has the minister heard the university's representations and does he have any response that would assist a university that will have its ability to continue to contribute to the Tayside economy restricted by the demarcation of the maps?

**Mr McConnell:** My officials have already held discussions with representatives of Dundee City Council on that matter. I expect the plan team not only to take on board those representations but to ensure that the area where the university is located is taken fully into account in the plans for transition funding. As I said, if the Commission questions any of the areas that have been included in the UK proposals—or any of the criteria on which those proposals are based—we will reconsider the map proposals. However, the current proposals were based on objective criteria and are now before the European Commission.

The proposals allow for coverage of some 40 per cent of the Scottish population. That proportion is greater than those of any comparable EU member state—for example, Sweden's coverage is 14 per cent, Finland's is 31 per cent and, for that matter, England's coverage is 24 per cent. Moreover, areas that previously qualified will be eligible for substantial transition funding of some £75 million, which means that more than 85 per cent of Scotland will be eligible for regionally based European programmes into the next millennium.

**Bruce Crawford (Mid Scotland and Fife) (SNP):** I wish to return to the point made by Dennis Canavan and John Swinney. The minister seemed to close the door to cases that MSPs may raise from now on relating to the map. What he said today is different from the information that he gave to the European Committee on 19 October, when he stated:

"It does no harm for members of Parliament to make representations on behalf of particular areas because if, for example, the Commission said that in general the map was agreeable but certain parts of it were unacceptable, that might open doors for other areas".—[*Official Report, European Committee*, 19 October 1999; c 206.]

At that time, the minister was encouraging members to involve themselves in a process, but I hear a different message today.

**Mr McConnell:** I would be grateful if those who take the record of debates in this chamber would ensure that Mr Crawford receives a copy of my answers to the two interventions that I have taken. If he reads them carefully, he will see that, in both, I have made it absolutely clear that the statement that I gave to the European Committee still stands—if the Commission questions the areas that have already been submitted, representations

made in the meantime will be taken on board by me and by the UK Government.

It is important that I clarify that none of the areas in Scotland that previously received European funding will receive no funding in the years to come. All those areas that are not—or that will not be—on the new map are eligible for transition funding. Our job, as an Administration, as an Executive and as a Parliament, is to ensure that the transition funding is used to maximum effect. It is vital that we concentrate on that, not only today but in the weeks ahead. I make it clear to the plan teams that that should also be the case for them.

Unfortunately the stipulation for a cluster of substantial areas means that not all needy wards in Scotland can be included. We will now be involved in the UK negotiations with the Commission and trust that the proposals will be found to be generally acceptable. There is no formal appeal process for areas that do not achieve objective 2 status, although—and I repeat this for the fourth time—I will take careful note of any representations that areas wish to make.

Nevertheless, those areas that do not receive full coverage will be eligible for substantial transition funding. In future, that funding should be targeted on the highest priorities—those that will make the biggest impact when the plan teams for each area make their recommendations. I shall be looking for that; I am writing to the teams to highlight that objective as well as our other priorities. I make it clear to the Parliament that draft plans will not be accepted unless they meet those aims.

The need to ensure that European resources are used as effectively and efficiently as possible is just as important as support for our policy objectives. The partnerships have worked well to deliver structural funds and to ensure that the policy is developed in an integrated manner to complement our national and local objectives. New pressures on funding and the establishment of the Scottish Parliament and the Scottish Executive create an extra spur to take this policy integration one step further.

There are parts of Scotland that are not on the proposed map but would receive transition funding—for example, Keith, Dudhope in Dundee, Craigmillar, the Raploch in Stirling, Girvan in Ayrshire or Barrhead in East Renfrewshire. Various methods of funding support—through the Scottish Executive, local authorities and other public agencies—should be targeted to ensure that those areas do not lose out in the longer term as a result of the new map. Rather, they should be supported by the added value of transition funding and be able to benefit from that.

I am particularly keen that the basic principles of

good value and financial propriety on which we insist in our domestic programmes are applied equally vigorously in European programmes. I know that the new European Commission attaches particular importance to the financial propriety of its new programmes and I confirm that the Scottish Executive will give it all the support that it requires to that end. I am keen for extra effort to be made in the new programme round to streamline the administrative arrangements for implementing the programmes. I have already announced that I would like to see smaller, more strategic monitoring committees for each programme. Those committees should focus on monitoring the quality and impact of the programmes and leave the detail to project selection subordinate bodies. For the first time in Scotland, I will include on those committees elected members representing local authorities and more representatives of the economic and social partners.

**Dr Winnie Ewing (Highlands and Islands) (SNP):** Will the Minister give an assurance that each of the Highlands and Islands regions will be represented on the monitoring committee? I am receiving worried letters from chief executives on the matter.

**Mr McConnell:** I am keen for smaller bodies that are responsible for the quality of the programmes and strategy to be represented but I also want broad-based representative bodies to be involved in the implementation, in the Highlands and Islands and elsewhere. That broad-based representation would be most appropriate in the implementation bodies. It will be important to ensure that the smaller monitoring committees or boards have a wider representative role; for that purpose, it would be wrong to say that every local authority in Scotland would be represented. I am certain that the Convention of Scottish Local Authorities and the individual authorities will welcome the presence of elected representatives on the new bodies.

**The Presiding Officer:** Minister, you are now into injury time. I am happy to allow it because of the number of interventions that you have taken, but it is now time to wind up.

**Mr McConnell:** I was keen to take the interventions because of the subject.

I will shortly be seeking nominations for the five new committees, which are to be in place by the new year. There will also be a review of the operation of the programme management executives and the way in which they relate to the Scottish Executive, to ensure that the good lessons from the way in which those bodies have operated in the past can be applied to make the administration of the new programmes as efficient as possible. Details of the review team will be



announced next week.

Scotland has had a good deal from European Union structural funds and has been a model for their implementation. In the new circumstances, we, as an Executive and as a Parliament, have a role in getting a fair deal for Scotland and in implementing it in line with our other priorities. We must ensure that national strategy is linked with local decisions and that in taking action we make maximum use of the added value of the structural funds. We want to fulfil our priorities and create new life opportunities across Scotland. We want to plan for a future where such funds may not exist. We want to stop falsely moaning about the past.

European funds are one of our responsibilities, as is Scotland's profile in Europe, which we started to develop very successfully earlier this month, during Scotland week. Much more needs to be done. Through our use of the structural funds, and in other ways, we can exploit our unique position as a devolved legislature within the UK and the European Union. We can also make a contribution to European Union development and to the development of other regions and nations. I hope that we will take up that opportunity.

I move,

That the Parliament welcomes the intention of the Executive, in preparing for the new round of European Structural Funds Programmes in consultation with local and national partners throughout Scotland, to ensure that the new plans for Scotland complement the policy priorities in the Programme for Government.

**The Presiding Officer:** Because of the ministerial statement at 12 pm the debate is shorter than scheduled so there is no prospect of being able to call everybody on the list. I will therefore move to the bottom of the list those who were not present at the start of the debate.

09:54

**Bruce Crawford (Mid Scotland and Fife) (SNP):** Last year, when the European Commission announced proposals for widespread reform of the EU structural funds, it was generally accepted that the structural fund regime needed to be improved in effectiveness and better target the poorest regions. In June, the Agenda 2000 financial package and the structural fund regulations for the period 2000 to 2006 were approved. Agenda 2000 is a series of reforms responding to challenges the European Union faces: the future enlargement of the union to include countries with a total of around 105 million inhabitants where the average income is barely a third of the average in the 15 current member states; and the increased competition as a result of globalisation of the economy that makes it necessary to help disadvantaged regions and the most vulnerable

groups in the labour market to benefit from new development opportunities. It will also bring the budgetary rigour required to ensure successful implementation of economic and monetary union. In this context, the objectives and resources of the structural funds for the most disadvantaged regions and social groups had to be redefined. That background creates a necessary context for the outcomes for Scotland.

The UK and Scotland settlement contains a number of paradoxes that should be subject to the rigour of debate, with the result made more transparent. It is time to strip away some of the veneer of new Labour spin and look at cold facts. The first paradox is that while we are told that the UK has secured a good deal, the funds for Scotland and the geographical coverage are reducing. On the so-called special deal secured at Berlin for the Highlands and Islands, the Minister for Finance boldly told the European Committee:

"The success of the UK delegation in Berlin, led by the Prime Minister, in achieving these resources for the Highlands and Islands cannot be underestimated."—*[Official Report, European Committee, 19 October 1999; c 185.]*

I say to the minister that overstating the ability of his Government to secure a special deal does nothing to add to properly informed debate. The reality is that the Highlands and Islands lost objective 1 status, whereas Merseyside retained it. To rub salt into the wound, while the Highlands and Islands lost out, Cornwall, West Wales and the Welsh valleys as well as South Yorkshire gained objective 1 status.

**Hugh Henry (Paisley South) (Lab):** Does Mr Crawford recognise that one of the reasons that the Highlands and Islands lost out was its growing prosperity and that under the rules it would not have qualified for anything, so the UK Government negotiated an allocation despite the Highlands and Islands not meeting the criteria?

**Bruce Crawford:** That is exactly the point, Mr Henry. I ask him about Finland and Sweden given their particular situation—*[[MEMBERS: "Answer the question."]]* I will come to exactly what I mean by that in a minute. The reality is that between 1994 and 1999 the Highlands and Islands was allocated €311 million and over the next seven years that will drop to €300 million. That €300 million will have an immediate call on it of €45 million from the European agricultural guidance and guarantee fund.

**Mr McConnell:** This is a point that needs to be pressed. Will Mr Crawford confirm that the Highlands and Islands is the only area in the European Union that did not meet the criteria but received a special package related to objective 1 status?

**Bruce Crawford:** I will turn to the special package. I well recall the fanfare when it was announced. It had always been the European Commission's intention to support areas losing objective 1 status by a period of transition funding, as the minister knows. If the deal was special, why was the House of Commons library able to confirm in a letter to Alex Salmond on 23 March that the regions that were losing their current status would be eligible for transitional assistance? There was no special win. After that letter, I did a bit more digging and I am now clear that the level of spin and deceit being practised over the so-called special deal is staggering.

For evidence we need to look no further than the European Commission's own analysis of the reform of structural funds in 1999, which gives the European Commission's view of the Berlin council and an accurate picture of the Berlin decisions without the spin attached. Under the heading "Transitional support" it says:

"The regulation establishes a transitional assistance mechanism for regions eligible under Objective 1 in 1999 but which will no longer be eligible in 2000."

The next paragraph is about special programmes:

"In accordance with the decisions taken by the European Council in Berlin two special programmes will be financed within the framework of Objective 1"

and names

"the PEACE programme, which supports the peace process in Northern Ireland"

and a special assistance programme for Sweden. No mention is made of any special programme for the Highlands and Islands. Those are the European Commission's own words—a fact. Winnie Ewing will return to that issue.

In general, we are supportive of the move towards a ward-based approach for the targeting of objective 2 funding, but we are deeply disappointed that there has been a reduction of around 20 per cent in that funding, compared with the previous programme. There is widespread worry that the boundaries may have been drawn too tightly and, as a result, some obvious candidates for inclusion may have been missed out. I hope that the minister notes that, with our reasonable amendment, we are being constructive in seeking to help the areas across Scotland that rightly feel hard done by.

Additionality is a concept that has always bothered the Labour party. Who could forget the difficulties that poor old Bob Gillespie got himself into during the Govan by-election, when the concept of additionality was raised with him? There is a paradox in the Government's position that requires to be exposed through deeper understanding and greater transparency.

Let us examine a couple of the European Commission's definitions of additionality and contrast them with the Executive's stated position. First, the Commission's description of the main operating principles of structural policies:

"Action taken by the Union must be in addition to and never replace resources already deployed by national and local authorities for regional development and job creation".

Secondly, and perhaps more authoritatively, a statement on 21 June from the council regulations laid down the general provisions for structural funds:

"In order to achieve a genuine economic impact, the appropriations of the Funds may not replace public or other equivalent structural expenditure by the Member State."

Those statements are clear and unambiguous in comparison to the Executive's stated position. For examples of that, we need look no further than the First Minister. On 7 October in this chamber I asked him to confirm that

"structural funds are non-additional to Scotland's overall bottom-line position."

He replied:

"That is broadly correct. Budget provision is made for European structural funds within the Scottish assigned budget each year."—[*Official Report*, 7 October 1999; Vol 2, c 1174.]

In *The Herald* the following day, the First Minister's spokesman further explained the Government's position:

"If money from Europe goes up then the money we get from the Treasury would go down because we can't go above what we are entitled to under the Barnett formula."

Those are clear explanations. The Minister for Finance confirmed the Executive's position at the European Committee meeting on 19 October:

"As less money is spent from European structural funds, surpluses will be freed up to be used for other purposes."—[*Official Report, European Committee*, 19 October 1999; c 197.]

The fact that true additionality—or even added value—is not being achieved was further exposed by the Minister for Finance's private secretary in a note dated 17 September, which contains an illuminating statement:

"If payments of the Structural Fund grant increases or decreases from one year to the next, the resources available for other purposes change correspondingly".

In simple terms, if the amount of money that Scotland gets from Europe goes up, the same amount is clawed back from the Treasury block grant. The Government's position is laid bare—that is quite a good word to have used. [*Laughter.*] The Government's position is laid bare, and the conclusion is unavoidable. The case is proved that the Government is not treating structural spending as additional to normal public expenditure

commitments.

**Mr McConnell:** Mr Crawford did not want to answer my first question, so I will ask a different one. Will he confirm that as a result of the new package of structural funds across the European Union, and the changing economic circumstances of all the nations in the EU, the amount of money that Scotland receives will go down over the coming seven years, and that that means there will be more money in the Scottish budget, not less? He is painting a distortion of the true picture.

**Bruce Crawford:** If there was ever a distortion, that is it. The First Minister said clearly that if the money that the Executive gets from Europe goes up, the money from the Treasury goes down. The effect has been to deny Scotland approximately £730 million since 1993—the equivalent of £150 for every man, woman and child. Since 1993, Scotland has been cheated out of £730 million of public expenditure that should have found its way into the Scottish economy.

Like the minister, I am glad that the Commission is taking a more serious interest in the issue of additionality, has introduced more robust regulation and has put in place more stringent monitoring and auditing trails. That will mean that the malpractices that were introduced by the Tories cannot be continued under new Labour, and will be exposed at European level if they do. At last, Scotland can hope to get its full block grant. We cannot leave this matter to Europe: we need to sort out this mess here, and we will be asking the Finance Committee and the European Committee to carry out a joint inquiry into this scandal, to ensure that the Government properly is held to account for its actions.

This matter shows that Scotland is merely a regional appendage. It proves that Scotland would fare much better as a full, independent member state of the European Union. It is time for the Executive to stop its misleading spinning. It is not fair on the people of the Highlands and Islands. It leads to a lack of transparency, mistrust and bad government. As for additionality, it is one of the scandals of the past quarter of a century. The Executive must stop using methods of Tory malpractice, but if it insists, this Parliament should be prepared to drag it kicking and screaming through the committee process. Scotland needs this scandal to be sorted out now, once and for all.

I move amendment S1M-230.2, to leave out from “welcomes” to end and insert,

“expresses its concern over the unsatisfactory consultation process with regard to the European Structural Funds Programme for the Highlands and Islands, and asks the Scottish Executive to review the wards eligible under the Objective 2 Programme using the latest information and giving attention to the need to address and remove a number of anomalies.”

**The Presiding Officer:** I am grateful to Mr Crawford for moving his amendment in less than the time allotted to him. I encourage David Davidson to be equally brief.

10:06

**Mr David Davidson (North-East Scotland) (Con):** I always pay attention to what you have to say, Sir David. You will not be surprised that I do not totally agree with the minister's motion, which suggests that we endorse without question the policy priorities of the Executive. However, I acknowledge the hard work that has been done by the many local and national agencies in preparing for the submissions to the Commission. I am aware of the tremendous efforts of Scotland's local authorities in conducting the mapping exercise. In particular, I am grateful to Aberdeen City Council and Aberdeenshire Council for the help that they have given me in trying to understand the mapping exercise. It not only assisted me in understanding the process, but it helped me to appreciate how much effort was put in by so many different organisations in Scotland—not all of which were part of the Executive—which helped to put the package for Scotland into the UK proposals.

I appreciate that there will be disappointment in the many areas that will no longer receive the previous levels of support, but that is a reflection of the fact that some regions have improved in comparative terms. Surely that is a positive thing. I note the minister's comment that nobody wants to have to have objective 1 status. We must move forward with some positive views as to how the Executive and this Parliament can play a role in the process.

The SNP has agreed to the fairness of the principle that funds are focused on the areas of greatest need. There will always be winners and losers. The current process must be used to advance our thinking on how to refine further the targeting of the funds by recognising that so-called affluent wards contain strategic activities that have been excluded this time. I ask the Executive to institute a review early in the new year of how that and other anomalies can be tackled in future. If the minister is prepared to take on board that point while the current round is on-going, the Conservative party will be supportive and will participate in a positive manner. I will leave one of my colleagues to address other points on the issue.

It cannot be stressed enough that structural fund expenditure is expected to complement national policies and actions: it is not there to replace resources that should be allocated by the Government. On that issue I have some sympathy with Mr Crawford, but there is a difference between complementing and his version of

additionality. He seems to forget that additionality applies to the UK, and that what we do internally in the UK has, in the past, been a successful way of ensuring that Scotland received a fair share of the contributions from Europe. I trust that we shall never see the day when honest Jack tries to pass off some of those resources as new money, or Executive spending. In the spirit of new politics, in this Parliament we expect the Executive to clearly label such moneys correctly as and when they are utilised.

Where access to the funds depends on matched funding, the Executive and its agencies must play their part in ensuring that the potential benefits are maximised. Many of the funds are dependent on other moneys being linked to them. It is a key responsibility of the Executive to ensure that no opportunity is missed. As far as the Conservatives are concerned, if that involves private as well as public money, that is fine—as long as it is conducted correctly. I do not think that Andrew and his colleagues have much sympathy with that. I will stop at this point, if Andrew has something to add.

**Andrew Wilson (Central Scotland) (SNP):** I am grateful for the consummate politeness of Mr Davidson. He hits the nail on the head when he talks about additionality being at UK level. The point is that Scotland's allocation is much in excess of our population share but, as the quotes that we have used show, we get only our population share. Therefore, we lose out considerably because additionality applies only at a state level and we are not a state.

**Mr Davidson:** I will perhaps return to answer that question later in my speech because I have some comments to make about that issue.

**Mr McConnell:** I know that SNP members have difficulty understanding some of the finances of the Executive in this Parliament. Perhaps Mr Davidson could confirm to the Parliament, so that it does not have to come from my mouth, how the Barnett formula operates and how Scotland receives increases or decreases in our allocations.

**Mr Davidson:** I am always happy to help the Minister for Finance to do his job correctly. If he will have patience, I will come on to that. I will not just pick up bits and pieces, but try to get a clear thrust across, as the Presiding Officer is anxious that none of us wastes the Parliament's time.

I ask the minister for a categorical assurance that the committees of the Parliament will be fully and regularly briefed on the roll-out of those programmes, so that they can scrutinise the part played by all the partners in those programmes. We must pay more attention here than is paid in Westminster to the way that Parliament is involved and the way that information flows through to us,

so that we can constructively co-operate on behalf of the people of Scotland rather than wait to pick up comments made outwith Parliament, which is often what happens down south. The minister suggested earlier that he would keep us briefed. I will continue to remind him of that promise.

This point is especially important as enlargement of the European Union will inevitably lead to a continuing reduction in funding for the UK from those funds, assuming that we continue to make the progress that we made during the Conservative years in government, which we hope will be continued. We must accept the message that Scotland has been given notice and a breathing space to prepare for the day when regional funds will no longer be an external panacea for inactivity or failure on the part of any future Scottish Administration or its agencies.

Over its first term, this Parliament must take responsibility for preparing for the day when the UK will be better placed than many of its European neighbours and will no longer qualify for current levels of support. We must focus better on building the infrastructure for the future and must use this window of opportunity to use the next few years, especially as we have transition funding, to ensure that we put down a rock on which we can build stability and sustainability for the Scottish economy of the future.

We have contributed a lot of money to Europe over the past few years. We are net contributors of about £3 billion, and that is part of a package that we have been party to for a long time. The previous Conservative Administration was fully signed up to enlargement, as is the current Blair Administration. We may have differences over the amount of involvement that Europe has in our internal affairs but we accept that Scotland has had a reasonable settlement in the past—and I use the word reasonable—with regard to those funds. We can argue over delivery and detail, but the UK has received more than £10 billion over the last five years. Under five out of the previous six objectives, the UK, and especially Scotland, has done well in the amount of support it has received. Sensitive and focused use of the funds, coupled with our positive management of the UK economy, has left Great Britain in a stronger position than many of our European neighbours. I pay credit to the Minister for Finance for recognising the golden legacy that we passed on to him.

**Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** Will Mr Davidson give way?

**Mr Davidson:** Be brief, Mr Rumbles, as time is pressing.

**Mr Rumbles:** On the previous two occasions on which I have intervened, Mr Davidson has suffered from terrible amnesia about the effect of the

previous Conservative Government on farming. He now seems to be taking all the credit on this issue. Does Mr Davidson always want to refer to the past record of the Conservative Government?

**Mr Davidson:** I am grateful that Mr Rumbles is concerned about my health, sleeping patterns and forgetfulness. If he wants to take that argument further, I suggest that he lodges a motion so that we can debate it properly, rather than have Liberal Democrat members, who do not seem to offer anything positive in this Parliament, indulging in constant back-stabbing.

**Mr Keith Raffan (Mid Scotland and Fife) (LD):** We are not stabbing you in the back, but in the front. Your front is so exposed.

**Mr Davidson:** I heard that, Mr Raffan.

That is not to say that the Commission might not do much better and become more productive and cost-effective. If we could achieve that through our MEPs, we would have even more funds for disbursement in this country.

It is the Executive's duty to be a strong advocate for Scotland in any UK discussions prior to bids being made to Europe. This Parliament has a strategic role in focusing on, and arguing for, the needs of Scottish regions. I am delighted that, under the new objective 2, the rural areas and fisheries-dependent areas of Scotland have been recognised as needing support at a difficult time. The rural economy is under great pressure, not least from the fuel taxation policies of the Labour Government and its apparent lack of enthusiasm for tackling rural economy issues. The rural economy requires a more constructive and sensitive approach than we have experienced thus far.

The new support measures for those areas, many of which are currently without such support, will be even more meaningful when the implications of the implementation of the European waste water directive put our fish processors, the food industry and our agricultural markets under even greater pressure. Scotland is also on the brink, and we have the evidence in Parliament, of an accelerating industrial decline, especially in the traditional manufacturing sectors that employ older technology. We must apply more focused development funding in those sectors. If there is an opportunity for refocusing within the current process, through the teams that the minister has mentioned, that should be one of the prime areas for their operation.

The Borders, Clackmannanshire and Glasgow have been recognised. I will not list the communities, but again emphasise that unless there is matched funding, those areas will not receive the full potential of the offered support. I remind the Parliament that the Conservatives

managed to obtain a 20 per cent share of the UK structural fund allocation for Scotland between 1979 and 1998, hardly based on a population split, as SNP colleagues might suggest. Judged in terms of the European population, that is a creditable benefit to Scotland and a clear challenge for the Executive to take up, as the 1999 outturn figures indicate a drop to 15.2 per cent. Objective 1 funding will use up a major part of the total funding for the objectives. My party appreciates and welcomes the transitional extension of this support.

In Inverness last week, at the Enterprise and Lifelong Learning Committee, we heard from some of the agencies up there that the £300 million European relief for the Highlands and Islands spread over the next few years will give local agencies the opportunity to develop new funding streams. That is a positive and welcome approach from those agencies. Other areas in a similar position should consider how best they can refocus to cope with a new, more streamlined future. We should consider the reduction as recognition that, over the past 20 years, Scotland has improved in comparison with the EU, thus affording an opportunity to reconsider our strategy for the future.

Unlike the SNP, we believe that Scotland should not be run as an old-style collective, dependent on public funding and subsidy. It is not good enough for the separatists to moan and groan about bad deals and blame Westminster for everything. It would be refreshing to hear just what the SNP would do if it dragged Scotland out of the UK, which has muscle in Europe, into a new existence as a peripheral, offshore new entrant to the EU at the back of a lengthening queue of applicants. Independence in Europe, which was bandied about during the elections, is a joke. In the SNP's terms, we are either independent or we are in Europe.

**Mr Raffan:** The Conservatives are neither.

**Mr Davidson:** If we were to follow the SNP's line, we would miss out on the opportunity to co-operate with the rest of the UK, which has the ability to negotiate reasonably—I use the word reasonably, because it is a negotiation—in Europe.

**Bruce Crawford rose—**

**Mr Davidson:** The UK has the collective clout to argue a strong case in Europe—[MEMBERS: "Give way."] I am sorry, I did not see Bruce asking to intervene.

**Bruce Crawford:** It is very difficult to get riled up about this man, as he is so polite. [Laughter.] However, he will not disarm me that easily.

I am interested in some of the statements that

we have just heard about our position on Europe, and that of the Conservatives. I want to find out from the member where he is coming from on this issue. At the moment, there seem to be four different camps in the Conservative party with regard to Europe. We have Heseltine and Clarke, who want to be part of the euro and do not want to renegotiate—

**The Presiding Officer:** Order.

**Bruce Crawford:** Will the member tell us to which arm of the Conservative party he belongs?

**The Presiding Officer:** Interventions must be brief, and Mr Davidson is now coming into injury time.

**Mr Davidson:** It strikes me as typical of the left-leaning collection of members from the SNP to want to label everything. The Conservative party in Scotland wants Scotland to be a strong member of an even stronger United Kingdom that is capable of doing its best in the world, which includes Europe. We are part of Europe, we have contributed to Europe and we will continue to do so. Unlike the SNP, we may not welcome too much intervention in our internal affairs, because we think that decentralisation tends to make for better decision making. We would rather that the UK took upon itself some of the measures that come across to us from Europe. Perhaps Bruce Crawford will join me in saying that some of our civil servants tend to gold-plate regulations, and that ministers go along with it. Our party does not favour that. The member needs to think on a stage further. It is irrelevant to apply labels to us from down south. We are in a different situation.

**Bruce Crawford:** So the Scottish Conservatives are no longer part of the UK?

**Mr Davidson:** I will take the member's word for that.

**The Presiding Officer:** Mr Davidson, you need to wind up now.

**Mr Davidson:** The new objective 3 has some admirable aims, but the primary focus of these funds must be to regenerate employment across Scotland. Infrastructure spending is required from the funds, and not just in the central belt. Areas such as Aberdeen, with a perceived affluence that is based on oil, are missing out in this package. That is symptomatic of the fact that we need to get on with the ward-mapping exercise. The SNP has made that point, and I believe that the minister has taken it on board. We have something in common.

We must take a long, hard look at the threats to our economy and its stability, along with the opportunities that are on offer. This may not be a perfect solution, but I think that we have done reasonably well over the years. As this programme moves forward, we must look to the next six or

seven years. We must take action now to ensure that the use of these funds produces the outcomes that not only the people of Scotland expect, but Europe expects.

**Mr Raffan:** On a point of order. Is there a time limit on front-bench speeches today?

**The Presiding Officer:** Yes. I have already told Mr Davidson to wind up. However, he has taken interventions.

**Mr Davidson:** That is very kind of you, Sir David. I will wind up—I thought that I had started doing so before Mr Raffan interrupted.

**Mr Raffan:** If he made some sense, it would be worth it.

**Mr Davidson:** I look forward with great pleasure to seeing what positive contribution and how much of their own thinking, rather than mere rubber-stamping of their colleagues' position, the Liberal Democrats will bring to today's debate. Presiding Officer, there are other members who wish to speak, so I will happily sit down.

**The Presiding Officer:** I repeat that there is no prospect of calling all members who wish to speak, so the occupants of the chair this morning will be keeping speakers strictly to a four-minute time limit.

10:24

**Tavish Scott (Shetland) (LD):** I thought that Mr Davidson illustrated rather well the difficulties that the Conservatives have on Europe, although his speech was rather long.

In his opening remarks, Mr Crawford introduced an important context—that of the wider and enlarging Europe. We need to take that into account, particularly with regard to what may happen a number of years down the line. However, this is a devolutionary settlement, not an independence settlement. We need to be positive about what we can achieve with European funds in that context, rather than in a context that does not and will not exist.

Mr Crawford did not speak much to his amendment and, in particular, to the point about unsatisfactory consultation. I have done some research and tried to consult organisations, particularly in the Highlands and Islands, which have concerns of which I want to be aware. The consultation has been very full: it has involved partners and the plan team, which includes local enterprise companies and local authorities. In general, I do not recognise the problem that is described in this amendment.

Clearly, different sectors want more. That will always be the case. However, Bruce Crawford was present at the meeting of the European

Committee last week at which the minister asked the committee to identify areas where it wanted there to be more investment; in other words, to make a pitch for increased funding where the committee considered that important. David Mundell raised agricultural diversification, Winnie Ewing raised fisheries and Allan Wilson made the case for more transport infrastructure. In other words, members had an opportunity to put their case.

**Bruce Crawford:** Tavish will be aware that questions were put to the minister by the European Committee about discrepancies in the consultation process in the Highlands and Islands. Concern was also raised about the consultation that had taken place with the committee itself with regard to the Highlands and Islands document, and about the fact that the committee was receiving documents so late.

**Tavish Scott:** If Bruce Crawford had made that point in his speech, it might be a fair comment, but he did not say anything about that. I thought that members were supposed to speak to their amendments.

I take the point about the European Committee, but what is important is how the plan team put its proposals together, how it introduced its ideas and how it came up with what it considered to be the best use of the moneys that were available.

Having been given some information about the benefits of the devolution settlement in the context of European funding, it seems to me that we need to be aware of the wider context. I understand that, earlier this autumn, Stephen Boyle of the Royal Bank of Scotland gave evidence to the Finance Committee. He said that

"Identifiable spending per capita in Scotland was 19% higher than the UK average"

and that

"Per capita spending in Scotland"

was

"higher in all programmes than in UK".

He also said that what he called the "Scottish 'premium'" was

"greatest in agriculture, housing, environmental services & 'economic development'".

Those statements were illustrated in a table. Current spending on structural funds amounts to some £150 million per year—1 per cent of the assigned budget. In that context, surely structural funds complement national and local social and economic development programmes.

The other issue that I would ask Mr Crawford to consider is the additionality point. If the additionality point is so much at odds with what

these plans are doing and with the submission that the Executive is making, the Commission will say that and find difficulties with the plans. However, that has not been the experience in the past. We will see the proof of the pudding in what happens when the plans are put forward.

I was never happy about arguing that the Highlands and Islands was a desperately poor area. To rabbit on about that demeans the work that many local authorities and local enterprise companies did when seeking the son of objective 1 funding—the transitional support. Sparsity of population was the key to that. We should pay credit to the work that those people did rather than pour scorn on their efforts.

I believe that more money from the Highlands and Islands programme could be allocated to fisheries. Because the programme is shorter, we need more time. The moneys will be cut unless we can increase the allocation.

I want to finish by reiterating Mr Davidson's point about the role of the European Committee. Like the other committees of the Parliament, the European Committee has a role in monitoring and putting in place mechanisms to ensure that these programmes achieve their objectives.

10:29

**Allan Wilson (Cunninghame North) (Lab):** I rise to support the motion and to deal with some of the points that the amendment raises and to which Bruce Crawford did not refer. I commend the settlement, which sets out the total structural funds that are likely to apply to Scotland.

A little over a year ago, the West of Scotland European Consortium and North Ayrshire Council were predicting a substantial reduction in European funding that would seriously curtail their activities. Fortunately, that situation has not arisen, due to the favourable settlement that was arrived at after negotiation between the various parties.

It is right that the motion looks to the future. It is also right that it expresses an intent, in preparing for the new round of structural funds programmes in consultation with local and national partners throughout Scotland, to ensure that the new plans for Scotland complement the policy priorities in the programme for government.

That new round must target areas of need and prioritise targets in those areas. In my constituency, the islands of Arran—with which I know the minister will be familiar—and Cumbrae qualify for objective 1 funding.

I take the opportunity that today's debate affords to comment on the consultation process in the Highlands and Islands. I welcome the political involvement in the programme's implementation

and recommend that local authorities be fully represented. The political involvement redresses the democratic deficit and enables local authorities to provide substantial match funding for the programmes.

I support the continuation of the partnership executive as the implementing mechanism for the programme. The principle of partnership is fundamental to the success of the programme, as is a strong role for local area groups in the development of projects.

The programme executive in the Highlands should become a company limited by guarantee, as has happened in other programme areas. I also recommend the decentralisation of programme implementation from national and regional centres. That will help to achieve internal cohesion in the Highlands and Islands and will allow more equal access to information and resources. I further recommend a greater simplification and transparency of the programme application process, with a two-tier application process—in principle and detailed—and clear information to applicants on reasons for project refusal.

How do we manage the transition period between the 1997 to 1999 programmes and the 2000 to 2006 programmes? Failure to do so properly will cause problems of cash flow for organisations involved in the implementation of the programmes.

There are slightly different problems in different objective areas, but the prolongation until 30 June 2000 that was agreed with the Scottish Executive, though welcome, might not go far enough. If we do not work out a plan and tell people about it, organisations that recruit on a continuous basis will face huge problems and might have to reduce capacity. Training programmes cannot be treated like water from a tap—something to be turned on and off.

A solution would be to treat 2000 as a one-off year zero and guarantee to underwrite the risk for existing capacity, making longer-term decisions for the 2000 to 2006 period. There is a precedent in section 10. The costs would be small, since much will be funded and only six or eight months' extra funding would be needed, because of the prolongation. That would keep options about the future of the programme open for much longer.

10:33

**Dr Winnie Ewing (Highlands and Islands) (SNP):** Presiding Officer, fellow members of this distinguished Parliament, I was disappointed not to be invited to the opening of Scotland House in Brussels, although, when he met me in the street, Mr McConnell apologised for having overlooked me. It is strange that I was overlooked, as I am the

only member of the Scottish Parliament to have been a member of the European Parliament and I was one for 24 years.

I admired the speech that Donald Dewar made at the opening. He said that Scotland must fight its corner as a country with a stake in Europe's future. Scotland House is a positive mechanism with which to draw the attention of the European Union to the nature of this ancient part of Europe. However, the SNP sees Scotland House more as a pocket battleship than as a flagship. It is a part of a good procedure. Calum Macdonald and Henry McLeish went to Europe and got all sorts of information from many regions. I co-operated fully with that process.

Some would argue that Scotland benefits from having the UK to act as our big brother in negotiations in Europe, but I do not agree. We are one of the only states that turns down European money. We did not apply for poverty money or post-channel money. The European Commission explained that to me in the Parliament. We are in the most incredible situation of hailing as a great victory the loss of objective 1 status for the Highlands and Islands when it is quite clearly a terrible defeat.

**Hugh Henry (Paisley South) (Lab):** Will the member give way?

**Dr Ewing:** Not until I have finished my argument.

The Highlands and Islands had objective 1 status because of its uniqueness. We have 90 inhabited islands, a figure with which only Greece can compete. Our gross domestic product was 76 per cent of the European Union average—1 per cent off the figure that is required to qualify for objective 1 status.

In the Highland Convention's debates, every regional council and local enterprise company in the area argued brilliantly the case for retaining objective 1 status. There is no satisfaction among those bodies that it was not retained. We were unique in that we were only 1 per cent off. No other applicant was in that situation. The representatives of the Scottish Office who attended the Highland Convention thought that we might retain the status if the European Commission used its powers of flexibility.

We were reasonably optimistic, as such a move would not open the floodgates—the GDPs of Sweden and Finland were more than 80 per cent of the European average. They did not use the peripherality argument but relied on the special deal that they had struck as new member states. We tried to argue our case along with Sweden and Finland and I think that it would have been to their advantage to have the peripherality criteria established: as we pointed out, when they lose



objective 1 status, they will get only transitional money. When our transitional money runs out, that is the end of all assistance.

I do not apologise for arguing that we should be entitled to assistance. We had a debate in this Parliament about the Mallaig road. Many members could talk about terrible roads of which they are aware, as well as other massive infrastructure problems.

When Mr McLeish spoke to the European Parliament's Committee on Legal Affairs and the Internal Market, which came to Edinburgh, he said that, during negotiations in which the Scottish interest dominated—such as those to do with fisheries—the Scottish minister would have the lead negotiating position. I am interested to hear how John Home Robertson's meeting with the Fisheries Council went. I was appalled to hear that although Scotland's legal system is distinct from that of England, we were not invited to the Tampere justice meeting. It does not look as though big brother is very good at negotiating on our behalf.

The Tories tell us that they did well in negotiations with Europe, but Mrs Thatcher's Government did not even ask for the Highlands and Islands to be included in objective 1—that is a matter of public record—even though the European Commission was in favour of the area's being included. She did not want to match the funds that would become available. The Tories did not do well.

10:39

**Dr Sylvia Jackson (Stirling) (Lab):** I will speak about Stirling, but will try to draw general points, which I have made in the European Committee, from the specific case.

Following the publication of the Scottish Executive's recommendations for objective 2 coverage, the local newspaper in Stirling spoke of the bad news. It said that Stirling Council was still reeling from the blow of losing much of its assistance and reiterated that the deprived areas of Raploch, Corton and Culsenhove have all missed out.

The three most disadvantaged wards in Stirling—Gowanhill, Ballangeich and Borestone—have unemployment figures of 14.7 per cent, 12.1 per cent and 11.2 per cent, respectively, yet they are all excluded from objective 2 funding.

It is even more disturbing that wards in a neighbouring council area, with unemployment figures of only 2.2 per cent and 2.6 per cent, have qualified for objective 2 funding. Stirling's neediest area, Castleview, which includes the Ballangeich and Gowanhill wards, is recognised as being

among the worst 5 per cent of deprived areas in Scotland. It includes parts that fall within the worst 1 per cent, yet it has been excluded.

At the meeting of the European Committee on 19 October, the Minister for Finance, Mr Jack McConnell, explained that a ward group approach had been used in drawing up the objective 2 map. That approach has obviously worked against the most needy wards in Stirling. The same is true of Edinburgh, Dundee and parts of the Falkirk Council area. Of the 101 wards in the worst 10 per cent in Scotland in terms of unemployment, 16 have been excluded from objective 2 funding. Six of those 16 are within the worst 5 per cent in Scotland in terms of unemployment. Together, the 16 wards cover 62,000 people.

That is not all. There are communities in Stirling that qualify for assisted area status because they have been recognised as areas of extreme urban deprivation, but they are excluded from objective 2 funding. Where is the joined-up thinking there? Furthermore, those disadvantaged wards in Stirling are attempting to recover from years of unemployment and decline and have relied on current and past programmes using objective 2 funding, which has allowed the development of social inclusion projects essential to the regeneration programme. Local initiatives have worked well, using an integrated strategy throughout Stirling but focusing on areas of greatest need. Limited access to those funds via transitional funding will have a serious impact on the success of urban regeneration projects.

My message is simple: it is imperative that the Scottish Executive looks at devising a strategy to support—at the very least—the 16 disadvantaged wards to enable them to continue with the regeneration projects that are already on stream. I look for assurance from the Executive and—in particular—the Minister for Finance.

**The Deputy Presiding Officer (Mr George Reid):** I ask members to keep their eye on the clock to ensure that their speeches last four minutes.

10:42

**Dennis Canavan (Falkirk West):** I shall begin on a positive note and welcome the inclusion of eight wards in my constituency in the Government's proposals for objective 2 status. I am particularly pleased about the inclusion of Bonnybridge, as I protested strongly to the First Minister and the Secretary of State for Scotland about its exclusion from the assisted areas map. The fact that Bonnybridge is now included in the objective 2 map reinforces the case for its inclusion in the assisted areas map.

However, I would like to present a broader view

of the situation in the Falkirk Council area, compared with Scotland as a whole. According to the Government, 40 per cent of the Scottish population will be covered by eligibility for objective 2 assistance. In the Falkirk Council area, less than 25 per cent of the population will be covered, despite the fact that unemployment—particularly youth unemployment—is higher than the Scottish average. There must be 800 or 900 wards in Scotland, yet the Dawson ward in my constituency, which has the 19<sup>th</sup> highest unemployment rate in the country, is excluded from the objective 2 list.

Unemployment is not the only indicator of social exclusion. If we take the proportion of people on income support, standardised mortality rates, crime rates and the number of people lacking educational or vocational qualifications as other indicators, there are several other wards in the Falkirk Council area that have a high rate of social exclusion. I mention the Victoria, Ladysmill and Dunipace areas in my constituency; Cathy Peattie could cite the former mining area of Bo'ness in hers.

I do not understand why those areas have been excluded. There seems to be no logical explanation. In his statement earlier this month, the Minister for Finance, Mr Jack McConnell, said:

"I am confident that the"

objective 2 proposals

"focus on areas of real need in Scotland."

I do not share the minister's confidence, because some areas of very real need have been excluded. I believe that the Government has reached decisions using information that is not up to date. Over the past year, the Falkirk area has suffered the loss of well over 1,000 jobs, with closures or threatened closures at Wrangler, Baird Clothing and Russell Athletic, and redundancies at BP-Amoco.

Falkirk was the birthplace of the Scottish industrial revolution, but over the years there has been a massive decline in traditional industries, and a resultant loss of jobs, especially in manufacturing industry. The area and its people still have great potential, but it will never be completely fulfilled if areas of deprivation are excluded from objective 2 status. I appeal to the minister to think again—even at this late date—and try to ensure a fairer deal for people in the Falkirk area.

10:46

**Cathy Peattie (Falkirk East) (Lab):** I agree with Sylvia Jackson and Dennis Canavan, and will almost repeat everything Dennis said. Falkirk has been on the objective 2 map, and much valuable

work has taken place. The new map seems to exclude a range of services and things that are going on in Falkirk. The fact that coalfield areas are not included is worrying, considering that—as Dennis said—only last week we heard that more than 200 jobs are being lost at Russell Athletic. That is worrying for an area of Bo'ness where unemployment is more than 10 per cent.

In some areas of Falkirk, unemployment is 15.5 per cent. Many of Falkirk's social inclusion areas have not been included, in spite of very good practice in partnership working. Projects involving the local enterprise company, the voluntary sector and councils are delivering in social inclusion areas. They include the routes to employment project, which helps people who are long-term unemployed to get back to work. That can involve finding someone transport to a place of work. It can also involve finding them something to wear for an interview. For somebody who has been unemployed for more than a year, that can be quite difficult. The map fails to recognise some practical things that are happening at local level. I am concerned that a valuable partnership in Falkirk is being threatened.

As Dennis said, for a while there has been concern about the problem of unemployment in Falkirk East. BP-Amoco is downsizing by 400 jobs, but that could lead to another 2,000 job losses in the Grangemouth area. Russell Athletic is shedding more than 200 jobs, while last week we heard that Baird Clothing in Grangemouth is under threat, which would mean the loss of another 500 jobs.

The Minister for Finance's statement is little comfort to Falkirk East. Will he agree to meet Falkirk Council and other representatives of the area to discuss the issue as a matter of urgency?

10:49

**David Mundell (South of Scotland) (Con):** I welcome the opportunity to speak in today's debate. As a member of the European Committee, I have already had the opportunity to scrutinise the proposals. It has been useful for us that Mr McConnell has twice attended committee meetings for detailed questioning.

Much has been said about how closely the Executive has worked with Westminster, the Secretary of State for Scotland and other ministers, but I put on record that I was disappointed that the Secretary of State for Scotland, Dr Reid, did not respond positively to an invitation to meet the European Committee. There is no doubt that European funding issues take us into some of the greyest constitutional areas. It is important that the secretary of state works closely not only with the Executive but with the Parliament

and its committees.

As other members have said, the matter is extremely complex—so complex that at last week's European Committee meeting, Bruce Crawford got Andrew Wilson in to ask a question on his behalf—Andrew then shuffled off. That seemed very unusual. Similarly, at a previous meeting, we had to question the Minister for Finance about his nuts, although fortunately it was NUTS 5, which he has decided upon as the determining methodology.

There are imperfections: we have heard much about the inconsistencies produced by ward boundaries, particularly in South Ayrshire, Dundee and Falkirk—about which Cathy Peattie made representations to the committee—and Stirling. I accept the minister's approach, which targets transitional aid at the wards in those areas, rather than tinkering with the process.

I am pleased that Mr Sheridan's rather divisive amendment has been withdrawn. It is most unhelpful to get into a discussion about whether one area has a greater claim than others—particularly in reference to the Borders, or Dumfries and Galloway. There has been a perception that, because those areas have great natural beauty and pockets of apparent prosperity, they do not have difficult economic circumstances, but Dumfries and Galloway has some of the worst unemployment statistics and levels of take-home pay in Scotland. Entrepreneurial activity has not reached its height in the area. I welcome funding for Dumfries and Galloway. It is necessary, not simply because the area is large—when coloured in, it takes up a greater part of the map.

The Minister for Finance has invited written questions on issues arising from today's debate. I will write to him about objective 3 funding. I have received some representations saying that it is difficult for smaller organisations in rural areas to make claims for relatively small sums under objective 3 funding. I hope that the minister will consider the matter.

10:53

**Michael Matheson (Central Scotland) (SNP):** I am very pleased to be part of a cross-party alliance, with Dennis Canavan and Cathy Peattie, that is addressing the issue of Falkirk. I hope that that will emphasise for the Minister for Finance the concern in the Falkirk area about the present proposals for objective 2 funding.

Objective 2 funding has served the area well in recent years. Cathy touched on several of the projects that have benefited from the funding, such as the routes to employment initiative, Falkirk Enterprise, the business parks and business development. It is important that we recognise that

objective 2 funding has been an important building block in the regeneration of a community that was very dependent on traditional industries.

However, there should be no doubt that the Falkirk area has suffered major setbacks in the past year. As Dennis Canavan mentioned, over the past year there have been several closures and many redundancies in major industries in the local community. I want to take a moment to draw together some of the points made by Dennis and Cathy. The loss of 500 jobs at Wrangler has been followed by the loss of 160 jobs in support businesses in the local community. That was followed by the loss of 400 jobs at BP-Amoco in Grangemouth. It is estimated that a further 2,000 jobs will be lost in support services in the local community as a result of that downsizing. So far this year, almost 3,000 jobs have been lost—both directly and indirectly—in the area.

I recognise that objective 2 status has been awarded to the area where the Wrangler factory was based. However, the wards covered by the BP-Amoco refinery in Grangemouth have not been awarded objective 2 funding. I am conscious that the minister may say that such matters were considered when the objective 2 map was being drawn up. I would like to point out to the minister that things have moved on since then—matters have got worse.

Cathy Peattie and Dennis Canavan also mentioned the plans for closures at Baird Clothing and Russell Athletic, both of which are clothing manufacturers. About 560 jobs could be lost directly and it is estimated that another 180 indirect jobs may be lost. Almost 750 jobs may be lost in the area—in addition to the 3,000 that have already been lost this year. The areas where those losses will be felt the most, particularly Bo'ness and Grangemouth, do not have objective 2 status.

One of the Department of Trade and Industry's key principles in the award of objective 2 status is that an area has high unemployment. Unfortunately, that does not appear to have been applied in this case. I have particular concerns that several wards, including Dawson, Inchyra, Dunipace and Victoria, have the highest levels of unemployment in the district but do not have objective 2 status.

I must tell the Minister for Finance that now is not the time to abandon communities that are suffering severe job losses. It is time to help local communities rebuild and to ensure that they can address their current problems. I urge him to meet officials from Falkirk Council to consider the matter, bearing in mind the developments in the past year.

10:58

**Hugh Henry (Paisley South) (Lab):** I am sorry that Dr Ewing did not feel able to take my intervention earlier; I would have asked her to confirm that when the original proposals for the Highlands and Islands were drawn up, it was recognised that the Highlands and Islands were not included in objective 1. The only reason the Highlands and Islands have been included in the financial assistance is the work carried out by the United Kingdom Government. Scotland's local authorities undertook part of the lobbying to influence the UK Government. Earlier, the positive role that the Convention of Scottish Local Authorities played was mentioned. It was because of the work carried out by COSLA that the United Kingdom Government came to recognise the case for the special deal that was done.

In general, the minister was right to say that this is a good deal for Scotland. He has described the coverage that the Scottish population has in comparison with the rest of Europe or the United Kingdom.

**Alex Neil (Central Scotland) (SNP):** Will the member give way?

**Hugh Henry:** No, I am sorry. I will extend to Mr Neil the same courtesy that Dr Ewing extended to me—I will take his intervention after I have made my points.

The minister mentioned the significant gains that Scotland has made. One of the things we need to emphasise is that although we have benefited, which is a good outcome, reductions in European funding are based on success. The reductions are based on the fact that, relative to the rest of the UK economy, the Scottish economy is growing.

In the past, European funding was based on our relative backwardness compared with many other parts of Europe. We are gaining because the UK Government has argued a good deal for Scotland. We are also starting to gain from some of the benefits of European investment.

A number of noticeable improvements have been made in the current round. A new seven-year programme is replacing two three-year programmes, which will help many of the agencies involved. However, we must emphasise to all the partners involved that they need to prepare exit strategies for European funding: they cannot keep thinking that more of the same will come.

The vexed question of the maps has been raised. The advice from the European Commission was that maps should be grouped together. Again, we gained from the lobbying that was done in Scotland's local authorities that there should be maps based on wards. That has been built in, but certain clear anomalies have resulted.

Given that the European Commission has three months to agree the list, I hope that the Scottish Executive's actions will reflect what it said to the European Committee—that representations can be made to the Executive that will then be taken back to the Commission for it to consider. I hope that that will be done in a way that reflects the debate.

There were some serious concerns about the way in which negotiations and consultation were carried out, especially with regard to objective 1. We must address some of those concerns. The minister has already given some indication on that.

The thrust that we now have means that, for the first time, we have a serious opportunity to ensure that different funding streams from European Union sources and Scottish and UK sources are brought together. Where there are gaps caused by a reduction in European funding, I am convinced that the Scottish Executive will, in the years to come, step in with imaginative programmes, using the money that we gain as part of the Barnett formula.

**The Deputy Presiding Officer:** Before I call Nora Radcliffe, I should remind members that the Presiding Officers, in determining today's order of speakers, will have regard to those members who were in the chamber for the opening statements by the minister and the Opposition.

11:02

**Nora Radcliffe (Gordon) (LD):** A good settlement has been won for Scotland, but all regions must be treated equally and objectively to achieve a fair distribution of the funding. It must be recognised that fragile rural economies that currently benefit from funding will require continued support. The proposed map for objective 2 assistance was greeted with dismay and disbelief in Keith and Strathisla and in west Gordon. Although those areas may benefit from transitional funding, the case for continued objective 2 funding is strong.

If we consider the criterion of sparse population, and take percentages of population outwith settlements of 10,000 people, the figure for the Highlands and Islands is 70.6 per cent and that for Moray is 77.2 per cent. Aberdeenshire has an even sparser population—84.7 per cent of its population is outwith settlements of 10,000.

The Borders is included because of low incomes. Gross domestic product per head in the Borders is £9,041; in Moray, £8,779; and in Aberdeenshire, £7,926. The economic output of Aberdeenshire and Moray on 1996 figures was below the Scottish average.

The north-east is often regarded as affluent

because of oil. The oil bonanza, such as it was, was welcome, but it was centred largely on Aberdeen. The overall figures for the north-east mask pockets of real deprivation. Dependence on the oil and gas sector is likely to cause problems, as oil employment in the north-east is expected to fall by as much as 10,000 in the next 10 years, with an obvious and severe impact. That is already happening.

**Mrs Margaret Ewing (Moray) (SNP):** Obviously, Nora Radcliffe and I share a combined interest in Keith and Strathisla. It is no longer in my constituency, but lies within the Moray Council area. Considering the criteria, does she agree that, with its traditional industries of textiles and agriculture, the Keith and Strathisla area suffers a clear disadvantage? We have also lost the adjacency argument, because of the loss of objective 1 in the Highlands and Islands.

**Nora Radcliffe:** I fully agree with what Margaret Ewing said. Keith is in an anomalous position—the poor town is on the periphery of my constituency and on the periphery of its local authority area. It often feels like the poor relation, and it does not deserve to.

The recent crisis in the agriculture sector, BSE and the strong pound have led to sharply falling prices and farm incomes, and a situation for many that could fairly be described as desperate. We should be increasing aid at such a time, not withdrawing it. There is a strong case for continuing European aid to existing objective 5b areas. Both Turriff and Huntly are integral parts of the rural hinterlands, and both need help to diversify and create economic opportunities that are currently lacking. Keith and Strathisla are equally deserving. As Margaret Ewing said, there have been cutbacks in the textile industry that have hit it hard. It is ridiculous that Keith and Strathisla are not included when the rest of Moray is.

There is a strong sense of injustice in Keith and Strathisla and rural Aberdeenshire. We hope that the minister will accept the strength of the arguments to adjust the map for assistance.

11:06

**Ben Wallace (North-East Scotland) (Con):** Whether some people like to admit it or not, Scotland has become a more prosperous and better-off place in the past 20 years. I would add that 18 of those were under the previous Tory Government. That had to be said, because most people forget it.

It would be wrong to expect that Scotland should receive more European funding as the European Community expands eastwards into Poland. The European Committee was part of the Executive's

consultation. The minister was keen to help out and attended on two occasions to answer our questions. He also gave me a number of lengthy written replies to some of my concerns about the region that I represent.

However, I point out that, in this European debate, the Department of Trade and Industry at Westminster will be presenting Britain's case in Europe. It would therefore have been nice if John Reid had either come before the committee to listen to our concerns or made a submission to explain his position. The Cabinet committee that worked on the DTI proposals does not, I am afraid, have Jack McConnell as a member, but it does involve John Reid. That is important, and in future, John Reid—while he is looking for something to do in Westminster—should take it into consideration.

To the Scottish National party I would like to say that we shall be negotiating in Europe as part of Britain and as part of the United Kingdom—as part of a larger, more powerful country that can make a better case. We will not be some federal region that is stuck on the end of Europe.

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP) rose—**

**Mr Raffan rose—**

**Ben Wallace:** I shall give way to the SNP, because I do not know what party Keith is in.

**Fergus Ewing:** Does Mr Wallace think that Mr Hague's particular style of diplomacy in stating to the French that their beef should be banned from the UK would be helpful in arguing the Scottish case in Europe?

**Ben Wallace:** That comes from a party whose policy until 1983 was to remove itself completely from Europe, and which would therefore be in no position to negotiate anything. [MEMBERS: "Not true."] Mr Hague is quite within his rights to state his position on beef.

**George Lyon (Argyll and Bute) (LD):** Will the member give way?

**Ben Wallace:** No—I have just given way.

I have a number of concerns about the plans for objective 2 funding, and, indeed, for objective 3 funding. The changes to some of the travel-to-work criteria mean, I am afraid, that some strategic sites might be left out because of a lack of recognition of industrial networks. In Dundee, for example, the technology park and some of Ninewells have been left out. They could have benefited from more start-up and more enterprise funding.

The minister's insistence to the committee that he would prefer the objective 2 map to mirror the assisted areas map that was submitted earlier in the year meant that some areas—for example, in

the north-east—were missed out. I would have liked more of a skew from the assisted areas to the objective maps, to cover some of those shortfalls.

The plan's Highlands and Islands provision does not give enough weight to both agriculture and the economy that depends on that sector, and more funding should have been provided.

On the subject of fairness, I am not sure whether we will ever know the exact details of the setting of each ward's criteria. I recognise that, although some of the circumstances in Falkirk, the Borders and the north-east are exactly the same as those of some wards that have received objective 2 funding, those areas have been left out. I urge the minister to release the details of those criteria once he has completed his negotiations, so that we can see whether the system was fair and just.

Finally, I ask the minister to be imaginative when he hands out the money from Europe and not to stick to traditional methods. Members of the European Committee have raised concerns about the use of venture capital and how we can stimulate future long-term business when European funding runs out. I welcome today's debate and acknowledge that there was consultation, although perhaps not enough in some areas. I am also concerned about fairness. However, I hope that the European funding will allow us to build more sustainable industry, better business and a better Scotland.

11:11

**Mike Watson (Glasgow Cathcart) (Lab):** It is inevitable that much of the back-bench debate on this issue has revolved around parochial matters. After all, we have been sent here to look after our constituencies, however those may be defined.

I make no apology for continuing the trend of the debate. I have considerable concerns that reflect a number of representations that I—and I imagine other Glasgow MSPs—have received from Glasgow City Council, the Glasgow Alliance, the Strathclyde European Partnership, Heatwise and, from my own area, the Castlemilk Partnership, about the effects of operating objective 2 status.

I do not think that there is any general objection to basing funding on wards instead of on local authorities, and we broadly accept the logic behind that plan as outlined by the minister. However, we need to question how some of the wards have been selected. Cathy Peattie, Sylvia Jackson and other members eloquently outlined the problems in their areas, and I have to do the same for Castlemilk. The ways in which those ward boundaries have been chosen cause real difficulties in that area of the Cathcart constituency. Although there are three wards in

the Castlemilk district, the Castlemilk ward itself is to be excluded—the organisations that operate in the ward find that inexplicable.

I do not know whether it will be possible to have a rethink on that issue. The detail emerged only relatively recently. I understood from the minister that the European Commission could amend the UK submission, and I hope very much that any amendments can be made before the EC announces its final decisions.

Castlemilk stands to suffer if the centre of the district is excluded from objective 2 status. Although Glasgow City Council wanted such status for 75 per cent of the city, only 61 per cent will be covered. That is serious. I know by talking to MSPs from other parts of the country that Glasgow tends not to get much sympathy. It is thought that, as Glasgow has had considerable assistance in the past, it needs less assistance now. All the now widely accepted poverty indicators are most obvious in Glasgow, which is not to say that other parts of Scotland do not have them. Although Castlemilk has improved greatly over the past 10 years as one of the partnership areas in the new life for urban Scotland programme, the area still has serious problems, which is evident from many of the poverty indicators.

For the first time, the new European structural fund boundaries will create boundaries within Castlemilk, with the potential to set communities and residents there at odds with one another. I have to tell the minister that the proposed boundaries seem to run contrary to the tenets of the social inclusion policy. Although Castlemilk cannot be one of the social inclusion partnerships because of what has happened over the past 10 years, the Glasgow Alliance regards the area's needs to be sufficiently important as to merit funding and to allow it effectively to continue as a social inclusion partnership area.

Local people and organisations will not understand the divide being drawn within the council ward boundaries. We might have a potentially divisive situation whereby people are refused access to opportunities because they have the wrong address in an area such as Castlemilk, and that might destroy some of the community consensus built up over the past 10 years.

**Bruce Crawford rose—**

**Mike Watson:** I am sorry, Bruce. Under the constraints, I do not have time to give way. Time for interventions is not taken into account and added on.

Over the years, some organisations—I do not have time to name them—have developed valuable projects, particularly through the

Castlemilk Economic Development Agency in conjunction with Langside College's Glenwood campus. I am concerned at the effect that the new boundaries will have on such organisations.

I am also concerned that details of any transitional funding that presumably will be available to areas such as the Castlemilk ward have not been specified. Well-respected organisations such as Heatwise, which does much work through structural funds assistance, are also concerned.

Finally, I would like further information about how the decisions on ward boundaries were made and about whether those decisions are final. Is there room for more consultation with local authorities such as Falkirk? If so, I want Glasgow to be included in such consultation. I hope that we will find a way of not simply allowing the EC to be the only organisation that can change the proposals, because they seem to have severe flaws, which MSPs of every party have recognised.

**The Deputy Presiding Officer:** It would be helpful if members kept their eye on the countdown clock. I call Brian Adam.

11:16

**Brian Adam (North-East Scotland) (SNP):** It should come as no surprise that I also rise to make some special pleading. In particular, I want to talk about several different aspects of the issue. The first is the general problem of the removal of objective 2 status, or what was objective 5b status, for a number of rural areas in north Tayside, parts of rural Perthshire such as Blairgowrie and the parts of west Aberdeenshire—and Huntly in particular—that Nora Radcliffe mentioned. I support her claims for Keith and Strathisla, which is an issue that I shall develop further.

I also want to highlight the Government's stated intention to use the funds to support existing programmes such as social inclusion partnerships at a time when Aberdeen City Council's claim for its partnership has been excluded. Furthermore, I echo comments made by John Swinney and Ben Wallace about Dundee, which is trying hard and is winning new business because of its technology park, its medipark and its universities. However, the way in which the boundaries were drawn in Dundee has excluded certain wards in key areas of the city. My colleague Shona Robison has written to the Executive with her concerns about the situation and I support her in that.

Members will forgive me if I relate some of my personal history. I was born in Newmill in the Strathisla ward, and many members of my family still live in that area. My mother worked in Kynoch's woollen mills, and uncles, aunts and

cousins worked in both Kynoch's and Laidlaw's woollen mills in Keith. The Conservatives will be sympathetic to that as one of the members of the Kynoch family eventually ended up as a parliamentarian.

**Mr Raffan:** Briefly.

**Brian Adam:** Of course, the other family funded the Conservative party. However, both families' support for Keith and Strathisla is somewhat absent now. Keith has a particularly strong case for funding because its textile, agriculture and whisky industries have been hit hard. That should allow further consideration of both wards in any review.

One of the problems with European funding is that it is set for a fairly long time and there is no flexibility to deal with changes that are beyond the European Union's control. The EU might need to consider a structure that allows minor adjustments to be made. I do not think that any special pleading by MSPs today will have a major impact on the programme produced by the minister on behalf of the Executive. I hope that adjustments can be made for those areas, and particularly for Dundee and for Keith and Strathisla.

**The Deputy Presiding Officer:** I call Cathy Jamieson, after whom I will call Sandra White and Irene Oldfather, who have regularly missed out on being called in recent debates.

11:20

**Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab):** I recognise the difficulties that the Executive faces in trying to draw a map that will suit everyone, and I also recognise that not everyone will be happy with the final outcome. I welcome the fact that Jack McConnell came to the European Committee and was prepared to engage in a dialogue. I will not, however, apologise to Jack for saying things that he has heard me say several times, and about which I have written to him on several occasions.

I am glad that Tommy Sheridan's amendment has been withdrawn. I do not know whether that is because Tommy is not here to move the amendment or because he has recognised that it was not helpful. It might, however, have been interesting to hear the socialist argument for putting forward the more prosperous areas in south Ayrshire for objective 2 status when the former coalfield areas in Fife were not put forward.

In this issue, it is not helpful to pit one disadvantaged community against another. It is about ensuring—as the Executive has stated—that the funds are targeted at the areas that need them.

It would be remiss of me not to mention my

constituency. The Cumnock and Doon Valley part of Carrick, Cumnock and Doon Valley has done relatively well out of the objective 2 map, but it was a great disappointment to me that the Girvan area in particular, and also Maybole and South Carrick, were not included in the map. It is all the more disappointing because on 8 October, when I attended the opening of the new Carrick buildings of Ayr College in Girvan, Henry McLeish acknowledged the difficult situation for Girvan. He acknowledged that there is high unemployment and, indeed, that unemployment rates there are among the highest in the UK—not just in Scotland. He also acknowledged the value of the social inclusion partnership there; it is disappointing that the announcement of the objective 2 map coincided with that opening.

All credit is due to the local press—*The Carrick Gazette & Maybole News*—which tried to give balanced coverage of the positive news. That building project was partially funded by European funding in partnership with South Ayrshire Council. We should look to what is positive and I want Jack, in his summing up, to address the points that I am making.

Regarding the representations that we have made on behalf of South Ayrshire Council, the inclusion of some wards—the former coalfield areas of Annbank, Mossblown, Coylton and Kincaidston—which were not originally to be included has been achieved, and I have worked closely with the council to achieve that.

I want recognition that the Girvan area meets all the criteria for objective 2 status in terms of rural deprivation and industrial decline and in relation to former fishing areas such as Dunure, Maidens and Girvan harbour.

**Bruce Crawford rose—**

**Cathy Jamieson:** I will not give way, as I do not have time.

I want an assurance that the Girvan area and other areas like it that have missed out on objective 2 funding because of a technicality relating to drawing of maps and adjacent wards will be top of the list of priorities. The people in those areas deserve that. This is about taking things forward positively and I want the projects that I can encourage into that area to address high unemployment and to ensure that people have the equality of opportunity that the Executive wants to work towards.

If the minister can give me that assurance, I will leave here happier than when I arrived this morning.

11:24

**Ms Sandra White (Glasgow) (SNP):** I am

surprised at the number of Labour members who appear to be supporting the SNP amendment and I would like to ask them whether that is in fact their intention. Mr McConnell has already said that he is pleased to announce the programme, but most Labour members who have spoken have asked him to think again about the map. They should, perhaps, think about supporting our amendment, or Mr McConnell could think about taking the SNP amendment on board.

I would like to concentrate on the Glasgow area. Mike Watson—or Lord Watson—is not in the chamber at the moment, but I agree with most of what he said. Glasgow City Council carried out a case study that mentioned that 10 of the poorest areas of the city are excluded from the proposed objective 2 areas. Those areas include Pennilee, Castlemilk—which Lord Watson mentioned—Govanhill, Dennistoun North and Dennistoun South, Glasgow West, North Maryhill, Shettleston and Carmyle.

Those areas of deprivation have been removed from the objective 2 map but are in the worst 10 per cent of areas in Scotland. The Department of Trade and Industry has said that, based on their need, they should be included. Why have they not been included?

I would like to mention joined-up thinking and continuity. Dennistoun, Cardonald and Mount Vernon are areas of opportunity for business parks, for example, and they have been excluded. Why? Broomhill, Summerston, Mount Vernon, Pennilee, Cardonald, Castlemilk and Newlands are included as assisted areas, but will not receive structural funds. There is no joined-up thinking in relation to structural funding in Mr McConnell's programme.

We are all supposedly fighting for our areas—as we were elected to do. I am fighting for the Glasgow area, but I would like to point out that the SNP feels that the Scottish people have been hard done by because of the way in which the map has been drawn up and presented. I put it to Mr McConnell and the Executive that they and successive Westminster Governments have pulled the wool over the eyes of the Scottish people, who have been told that they are getting extra money when they are not.

We are the only oil-producing nation in Europe and we must go cap in hand to Europe and Westminster to ask for money that is rightfully ours. That is the case that the SNP makes—a case that must be put to the Scottish people. Members can all put forward their individual cases as they were elected to do, but we are also elected to highlight the anomalies that the Executive and Westminster have not addressed for successive years.



We are not here with a begging bowl—we are a country in our own right and we should get the money that we deserve.

11:27

**Ms Irene Oldfather (Cunninghame South) (Lab):** I am pleased to be able to speak in the debate, and I am grateful to the Deputy Presiding Officer for fitting me in.

Before I begin my comments, I would like to pick up on a point that was made by Brian Adam regarding flexibility and inflexibility, fixed time scales of programmes, and the difficulties that that creates in funding. Will the minister say something about that? That point was made vociferously by the West of Scotland European Consortium, where we argued in favour of a fund that would deal with asymmetric regional shocks. Will the minister also say something about that?

It is important to reflect on the fact that the key objective of European structural funds is to advance social and economic cohesion, thus reducing regional disparities throughout the European Union. While I am delighted that my area qualifies for and continues to benefit from objective 2 funding, that is a measure of the chronic and deep-seated structural problems from which the area suffers. Despite significant European and other funding over the previous programme period, unemployment remains higher than the national average and there is a dependence on declining industries.

I am aware that developing a knowledge base and modernising our economy is part of the solution to social exclusion, and the agencies in my area are committed to those objectives and to working in partnership to achieve them. The extension of structural funds is a vital boost to help my area continue its much-needed economic regeneration.

One of the major difficulties in the Ayrshire economy is the small number of small and medium-sized enterprises. I do not believe that that is because the people of north Ayrshire are less enterprising or less innovative than people in other parts of Scotland. It is an understandable reaction to the severe structural problems faced by the area.

Substantial business support programmes must accompany development finance, so that potential can be fulfilled. Perhaps I can mention projects such as the recently announced management upskilling programme in Ayrshire, which gives management training to the owners of small and medium-sized enterprises. The project is assisted by European structural funds—it should be built on and developed.

Small and medium-sized enterprises could benefit further from business support programmes that are aimed at strengthening supplier and customer links with inward investors. I hope that this round of structural funding will prioritise such programmes in concert with Government schemes such as the business growth unit.

The structural problems facing north Ayrshire and many other parts of Scotland do not affect businesses alone. They affect the aspirations of the people, which is why it is vital that the structural funds bolster measures such as the social inclusion partnerships and deliver social and economic regeneration throughout our country.

The social economy has as much to contribute to communities as business has. The three towns initiative in my area is another example of a scheme that works well and is supported by structural funds. It has provided training for local people, concentrating on things such as child care, furniture recycling and research skills. Such projects offer people the opportunity to give something back to the local community, fostering in the individual a sense of citizenship and stakeholding, and in the community a sense of social inclusion and unity.

To tackle the problems in our most deprived communities, the philosophy of partnership and joined-up government must be carried through. It is clear that some areas of Scotland, such as my constituency, are still suffering substantial structural difficulties and, with them, unemployment and social exclusion. European structural funding can make a difference and can offer renewed hope to those areas in partnership with joined-up thinking and a local approach. I call on members to support the motion.

**The Deputy Presiding Officer:** There is time for one final speech. I call Mike Rumbles. Please limit your speech to three minutes.

11:32

**Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** Nora Radcliffe, MSP for Gordon, the neighbouring constituency to mine, argued the case powerfully that aid to rural Aberdeenshire should be continued. Brian Adam, a regional member for North-East Scotland, also made a powerful argument. People may have noticed that, during the debate, one or two MSPs have argued the case for their own areas—they are absolutely right to do that.

I am not going to talk about special pleading, because this is not special pleading. I want to draw attention to the fact that people in West Aberdeenshire and Kincardine and in other parts of rural Aberdeenshire feel that they have been missed out. I believe that a fundamental error has

been made in relation to the structural fund aid map. Even at this late stage, it is not impossible for the minister to change the draft map.

The Upper Deeside and Upper Donside areas in my constituency, which are currently eligible for objective 5b funding, have been excluded from the map for objective 2 funding. I know that transitional funding is available, but the point about that is that it is transitional. I am concerned that my constituency and the neighbouring constituency of Gordon are universally perceived as affluent because of their proximity to oil-rich Aberdeen, which has resulted in the exclusion of the area from the aid map. That perception is completely misleading because, in many parts of the area, the principal driver of the local economy is not oil but farming. The farming crisis has increased rural unemployment, which in turn leads to population drift and undermines rural communities. Those are the sort of conditions that structural funds are supposed to tackle.

United Kingdom ministers have defended the exclusion of areas such as rural Aberdeenshire by saying that those areas are not among the poorest in Europe. That may be true in a European context. In a Scottish context, however, there are areas of Upper Donside and Upper Deeside that not only meet the EU criteria for objective 2 funding—and we heard lots of relevant statistics from Nora Radcliffe—but are more sparsely populated, are more dependent on agriculture and have a lower income per head than some areas of the Highlands and the Borders that have been included in the draft funding map.

In that context, the case for continuing financial support is unmistakable. The obvious temptation to draw neat lines on the map must be resisted. We need to take account of local factors.

I hope that the minister will address that point. This is not an administrative exercise. We need to take account of real problems in rural areas, as has been said forcefully by several members today. I urge the minister to take account of our concerns. It is not too late to change the proposals.

11:35

**Bill Aitken (Glasgow) (Con):** This debate is highly technical, but it is important, as we are dealing with a large amount of money.

It is important to maximise the impact that the funding will have, so it is understandable that one cannot please all of the people all of the time. I listened with considerable sympathy to the views that have been expressed by representatives of the areas that have lost out, but it is vital to consider the big picture. Having said that, I understand and empathise with those who feel

that the present criteria and the formula for the funding calculations are not appropriate. When reducing the test bed down to a local government ward, we cannot possibly get a strategic overview. After all, when is one ward entirely economically dependent on another?

I have to confess that it was with some cynicism that I watched Jack McConnell, that honours graduate of the Mandelsonian institute of spin, putting forward the Executive's proposals on the basis that it was Executive or UK Government money that was being injected into the economy. He was very clever and did not actually say that, but the implication was firmly there. This has been an exercise in salesmanship that I do not think has quite come off. It certainly did not come off for the SNP, which has lodged a rather carping and negative amendment.

Let us face the realities. There is a big picture but it is a diminishing one.

**Bruce Crawford:** I hear what Mr Aitken says about carping, but does he agree that so far almost all members—including Conservative members—have backed the sentiment and spirit of the SNP amendment?

**Bill Aitken:** Of course there are some aspects of the amendment that are worthy of consideration, particularly when one considers the parlous state of the agriculture industry in the Highlands and Islands. Only about €21 million is being put into the 2000-06 package, and much more money is required. It is important to recognise those points, but the amendment is carping, negative and divisive none the less.

It is ironic that members of the SNP, who consider themselves the champions of the European dimension of Scottish politics, constantly and consistently propose policies that would reduce Scotland to the economic equivalent of Cuba or Albania.

**Andrew Wilson:** I am glad that Mr Aitken is so confident about his own country's economic well-being, but will he specify which words in our amendment cause him difficulty?

**Bill Aitken:** There is no need to specify anything. The phraseology of the entire amendment and its negative attitude are indicative of the thought processes of the SNP.

What should we be trying to achieve? Let us be honest about this. The European concept is one that is likely to grow in the years ahead. Members of the Conservative party want to be part of Europe, but certainly not run by it, and we recognise that, in time, the European dimension will increase. More and more countries are joining the European Community and that in itself will have an adverse effect on Scotland.

Members of the SNP like to consider Scotland as equivalent to Ireland in the early 1980s. The Irish unmercifully exploited European funding—from their point of view, they did so successfully.

**Dr Winnie Ewing:** Very successfully.

**Bill Aitken:** Very successfully indeed. The Irish were successful because, at that stage, their economy was very poor. With the emergence of the eastern European countries, other countries will come forward that are much poorer than Ireland, and significantly poorer than Scotland. Those countries, after all, did not have the benefit of being governed by a Conservative party which showed imagination and success in its economic policies and which greatly increased the benefits to the people of Scotland.

**Alex Neil:** We have heard Jack McConnell boasting that 40 per cent of the Scottish population are so poor that they will be covered by the measures—Scotland has one of the highest coverages in Europe. Is it not a total indictment of successive UK Governments' management—or mismanagement—of the Scottish economy that 40 per cent of our people are so poor that they have to be covered by the measures?

**Bill Aitken:** It is not a matter for satisfaction that that is so, although, once again, that totally disregards the starting base. What was the situation 20 years ago? Much better. What will the situation be in 10 years' time, when these eastern bloc economies come into the European Union? Scotland will undoubtedly be the loser. That is why what we are discussing today is, in effect, an exit strategy, which will have to be managed carefully.

Jack McConnell must realise that the consultation process on the formulation of European structural funding has been wide and well considered. He must also recognise, however, that the funding on which we are deliberating today will not always be there. He will need to report back to the various committees of this Parliament over the next year on how the funding is being operated, because we will eventually have to go without it.

Conservative members have listened to the arguments carefully. This is a purely technical matter. We recognise that one cannot please all of the people all of the time, but we must address the fact that the goose that has laid the golden eggs for so many years is not likely to be doing so for much longer.

11:42

**Andrew Wilson (Central Scotland) (SNP):** I would like to cover three main issues from the debate: the consultation process; the loss of objective 1 status and the so-called special

agreement; and additionality.

I am bemused by Mr Aitken's inability to find what he does not like in our amendment, other than the fact that it is from the SNP—and he does not like the SNP.

There seems to be agreement on our criticism of the consultation process. In the interests of consensus, I should say that there has been remarkable agreement across the chamber on this key issue. On consultation, Mr Hugh Henry, convener of the European Committee, repeated what he said in that committee. He said that the consultation

"document has significant weaknesses as regards consultation. The section on consultation has nothing in it".—[*Official Report, European Committee*, 19 October 1999; c 200.]

There was no effort by the Government or Executive seriously to consult the European Committee on the matters in hand.

Mr Scott, speaking for the Liberal Democrats, said that we needed an opportunity to make our case and, as the opportunity was there, there was no need for the amendment. All the opportunity is after the fact, however—it is after the submission has gone to the Commission. The Minister for Finance's only case seems to be that we will wait for the Commission to decide whether things are inadequate, and then make our case.

If the consultation process had been adequate, we would not have to wait for the Commission before we had the chance to offer criticism. We would have had things all sorted out up front.

Allan Wilson, for the Labour party, suggested changes to the consultation process. That is confirmation that he agrees with us that the consultation process was inadequate. If the Commission, the body on which we must now rely, does not object, does that mean that we are snookered and that everything that has been said today is lost? The Minister for Finance seems to be slipperily washing his hands of the whole process and handing responsibility to the European Commission. That is not good enough.

Mr Canavan rightly called for new information to be taken into account. Our amendment gives us that opportunity. Mrs Peattie made the same point and agreed with the arguments of Michael Matheson. Mr Henry agreed with both elements of our amendment; he agreed with what it says about European objective 1 status and about the anomalies in the consultation process. If members agree with what we are saying, there is no case for their not voting for the amendment. If they do not vote for it, their words will fall empty.

Our point on objective 1 status—I see that Mr Henry is no longer in the chamber—is that there

was a complete lack of lateral thinking from the Executive when making the case for retaining objective 1 status: 1 per cent below the cut-off point is very close.

Scotland is in a unique position to make the case that the gross domestic product measure, for example, is wrong for us. Scotland is unique in the European Union in having a GDP that is much higher than the gross national product. Put simply, the GDP measure is not a good measure of our state of national welfare or standard of living. It is unusual, because of high inward investment and because of the oil sector.

Shetland skews the figures. It sits at about 112 per cent of the average GDP, although that is not enjoyed by the people of Shetland. Much of it is expatriated in profits and salaries. The Executive fails to make that case. Perhaps Jack does not understand it.

The special deal is an absolute nonsense. It is an example of the triumph of Labour spin over reality. There was no special deal. Labour would like us to believe that there was so that it can claim the credit, but that is what it always does. It would say anything to anyone at any time to save face or to win an argument. There is no substance behind its argument.

The case was put perfectly by my colleague, Mr Crawford. I have the European Commission document here. There are two special deals—two special programmes. One is for the PEACE programme; one is for Sweden. I point out to Ben Wallace that Sweden does not have to rely on the big clout of the UK to secure that special programme; it is an example of a small country doing rather well. As I said, there are the two special programmes, but where in the Commission document is the Highlands and Islands? It is not there. It is an untruth to suggest that there is a special deal. It has always been the case that transitional support would apply to the Highlands and Islands if it lost objective 1 funding.

The pre-briefing for this debate concentrated on additionality, and we have heard no criticism of our arguments from the Executive, other than some childish taunts from the Minister for Finance, which do not do his office any credit. When, on 7 October, the First Minister was asked whether structural funds were non-additional to Scotland, he said: "That is broadly correct." Mr Davidson made the point that the funds are additional at a UK level, not at a Scottish level. Mr Dewar's spokesman was quoted in *The Herald* on the following day, 8 October. He said:

"If money from Europe goes up then the money we get from the Treasury would go down because we can't go above what we are entitled to under the Barnett formula."

In 1998—not ancient history—our allocated

share of the UK structural funds pot was 23 per cent. What we actually got through the Barnett formula share—as Mr Dewar says, we cannot get more than that—was about a third of that. That is a fact—Mr McConnell can get to his feet if he disagrees. The resulting loss, under the Labour Government, was £350 million. None of what the Minister for Finance has said—none of his taunts or childish assertions on the radio this morning—makes any difference to that fact.

Let us consider the forward process. The minister's entire assertion would appear to be that, because we are losing out now, we will gain in the future by losing less. When he sums up, will he say whether Scotland's share of the 1999-2005 structural funds is less than our population share of the UK? If it is not, we will lose out; if it is, the minister has a big problem to answer for.

Drawing, I think in good time, to a close, I believe that Winnie Ewing, who probably has more experience of Europe than anyone else in this chamber, put it well: we have lost out. I say to our friends on the Conservative benches that we have done so by being an appendage of a very reluctant partner throughout the 1980s.

Mr Davidson made the point that, under the Tories, we had 20 per cent of UK structural funds. The point is that we never got 10 per cent of that because, as Mr Dewar said, we only ever got our Barnett formula share. We are asking not for anything special from Europe, just normality. We are asking for the status not of Cuba, as Mr Aitken suggested—he would do well to show more respect for his own country—but of Denmark, Ireland, Sweden and any other normal country in Europe. If we had that, we could argue our case with consensus without waiting for the Commission to make up its mind and then change its position. We could think laterally about making the case for objective 1 status on the ground of what is good for Scotland, rather than just accept the proposals for a variety of reasons that are unclear. The funds would be additional if we were at a member state level—we would reap the benefits of being an independent state in Europe.

Everyone in this chamber appears to agree with the amendment, with the possible exception of those on the Labour front benches. The Tories agree with it, although they do not like it because it is from us. Their back benchers will probably agree with it, but will be whipped into opposing it.

**Ben Wallace:** Will Andrew Wilson give way?

**The Deputy Presiding Officer:** No, there is no time.

**Andrew Wilson:** Believe me, Ben, I would have done.

Likewise, the Liberal Democrats would appear to

agree with the amendment—I know that from an offhand remark that one of them made a moment ago. They would love to support it, but cannot. Members cannot make their words in the chamber stick if they are not going to follow through when it comes to the vote. I call on them to do their constituents a service by voting for a reasonably worded amendment.

11:50

**Mr McConnell:** I thank members for their contributions to the debate—I make the exceptions of the opening and closing speeches from the front-bench members of the nationalist party—and for the constructive way in which they put the case for their local areas and contributed to the way in which we can spend this money over the next seven years. That is a serious responsibility of the new Executive and the Scottish Parliament, and it is a serious part of the devolved arrangements. We have a duty to take that responsibility seriously as we discuss and discharge it.

We also have a responsibility to keep the European structural funds in perspective. Although they amount to a lot of money—£150 million or so a year, which may go up or down over the next few years—that is only 1 per cent of our overall budget. Significantly more money is being spent on economic and social development in Scotland through many agencies and from Executive funds. It is important that the work that we do with the European structural funds complements that activity rather than replaces it, and that, over the next seven years, it prepares us for a time when much of this money, if not all of it, might no longer be available.

In the time that I have, I want to address some of the points that have been made by individual members of all parties. In my opening statement, I referred specifically to several areas, including Keith. Several areas have been missed from the map because of the range of the criteria that we had to meet, because of competing pressures and priorities throughout Scotland and because of economic developments in different parts of Scotland over the past three or four years. By any objective criteria, those areas would, taken on their own, have been deserving of these European funds. That is why the transition money is so important. We have heard nothing from Andrew Wilson or Bruce Crawford about the negotiation of the transition fund by the UK Government at the Berlin summit.

**Dr Winnie Ewing** *rose*—

**Mr McConnell:** Sorry, Dr Ewing.

The UK Government provided strong and important support for all those Scottish areas that

can no longer stay on the map. That is why I am so determined to ensure that not only Keith, but a number of other areas receive top priority in the spending of that transition funding in the years to come.

I also want to make it clear that some areas of rural Scotland benefit significantly from the new map. The Borders provides a particularly good example, with current economic problems that deserve objective 2 status. Other parts of rural Scotland are already benefiting from the £500 million a year from the common agricultural policy that is spent in Scotland. Those areas will benefit from the rural development regulation in addition to the moneys that are targeted towards both the new objective 2 map and the transition funding. It is important to keep that in perspective. I assure members that I will insist that the transition areas that need such funding most will receive the transition funding. For the benefit of Cathy Jamieson, who made her point so clearly, I state that those areas will include Girvan, in south Ayrshire.

Cathy Jamieson made it clear that, since the objective 2 funding map was first hinted at, and almost published, back in July, it has been improved. One example of such an improvement involves Falkirk. Given the recent job losses in Falkirk and the problems that are faced by Falkirk district, I was particularly keen to ensure that areas of Falkirk were included on the map. I assure members that they were among those areas that it was most difficult, behind the scenes, to negotiate on to the map. In response to Cathy Peattie's request, I would be delighted to meet representatives from Falkirk Council and other local organisations to discuss that and to discover what can be done to improve the position of those areas that were not included on the map that has been submitted.

We were also keen to include as much of Glasgow as possible. I take on board the points that were made by Sandra White and Mike Watson. However, 61 per cent of the Glasgow area is on the map. That is a significantly higher percentage than for most other parts of Scotland. If the whole of Glasgow had been on the map, we would have had difficulty in including most of the other areas whose inclusion on the map has been welcomed, never mind all those areas that have not made it on to the map. However, the points were well made and I take them on board. We will do everything that we can to ensure continued support.

Sylvia Jackson made the best point about an individual area. She spoke about Stirling. The wards that she highlighted—which are among not only the top 10 per cent, but the top 5 per cent of the most deprived areas in Scotland—are the

wards on which the transition funding should be focused. I repeat the commitment that I made in my earlier speech: I will reject plans that do not target the transition money on those areas.

Several good general contributions have been made; I do not have time to mention them all. I agree with Allan Wilson that it is important to decentralise decision making in the programmes. It is important that we support small, rural projects, as David Mundell said—and we do. Many of the 450 projects that are already supported through the European structural funds would come into that category. We are keen on flexibility. However, the best response to the on-going shock economic problems, to which Irene Oldfather referred, is the quick reaction of the national Government and the Scottish Executive to allocate an even higher level of funding than is available through Europe to those areas in a co-ordinated and spontaneous way. That is not always possible through European funding, but it is possible for us and we should continue to make that a priority.

I welcome many of the comments that were made about rural areas in the Highlands and Islands. However, to describe the success of winning that money for the Highlands and Islands as a defeat, as Dr Ewing did, is a disgrace not only to her and to her position, but to this Parliament.

**Dr Ewing:** Will Mr McConnell give way?

**Mr McConnell:** No.

The Highlands and Islands did not qualify for objective 1 status. At the last minute, that package was secured by the UK Government. As I have said before in this chamber, it would be nice if every now and again we heard the nationalists congratulate the UK Government on the work that it has done, instead of this continual carping, moaning and criticism from the sidelines.

The money will be well spent. I notice that there was no contribution from the SNP this morning about how the money might be spent in those areas when it is allocated, about the priorities for spending the money or about the allocation within individual programmes. We are here to ensure that we discharge our responsibilities. We are here to ensure that this money is spent in a way that improves gross domestic product and incomes in Scotland, year-round employment in the Highlands and Islands and the economic and social cohesion of the different communities in Scotland; we are here to ensure that, when the European structural funds finally run out, we will have an opportunity to move on and play a full part in the European Union.

To describe the financial position in which we find ourselves as in any way damaging to the work of the Executive, this Parliament or the communities of Scotland, is so financially ludicrous

that it is staggering that the argument is still being made. We have been arguing against that since July. The truth is that the European structural funds have always been in the Scottish budget. They are used in Scotland, as throughout the rest of the UK, as additional money. The amount that will be spent from the European structural funds that are in the assigned budget will decrease, which means that there will be extra money, not less, for Scotland over the next seven years.

Those who do not acknowledge that are either not telling the truth or are failing to understand the situation. Nothing makes me angrier than constant carping about the UK and England, when, in this matter, the devolution settlement is of huge benefit to Scotland. We will run our own programmes. We can determine our own priorities. We can use the European funding with our own funding, in different areas, to ensure that communities in Scotland benefit. We will receive a financial benefit that was perhaps not predicted by the Treasury at the time, owing to the fact that the European structural funds will decrease and will release money elsewhere in the budget that is assigned to Scotland.

**Andrew Wilson** rose—

**Mr McConnell:** That is good news for Scotland as Mr Wilson should accept. Until he accepts it, he will not be taken seriously on this subject in this Parliament.

I hope that we can look forward to plans—not only in the Highlands and Islands, but in objective 3 areas and the new objective 2 areas—that involve the economic and social partners locally, that make a difference in local communities, that are positive and forward looking, and that create the kind of constructive and positive Scotland that can play its role in bringing about an economic future for the European Union that is full of opportunity as well as challenges for us.

**The Presiding Officer (Sir David Steel):** That concludes this morning's debate. The decisions on the amendment and on the motion will, as usual, be taken at 5 o'clock.

## Fisheries Council

**The Presiding Officer (Sir David Steel):** We turn now to the ministerial statement on the European Union Fisheries Council, which will last for about 20 minutes. Then we will come to the business motion.

12:00

**The Deputy Minister for Rural Affairs (Mr John Home Robertson):** I am pleased to have this opportunity to report to the Parliament on the outcome of the Fisheries Council meeting held on 26 October in Luxembourg.

I attended the meeting as part of the UK team together with Elliot Morley, the Minister of Agriculture, Fisheries and Food for the UK Government. My attendance was of some constitutional significance. That was the first time that a Scottish Executive minister had attended a European Council meeting. I was welcomed by the chairman of the council, and I made useful preliminary contacts with other fisheries ministers. I intend to go to future Fisheries Council meetings, starting with those scheduled for 22 November and 16 December. However, the Executive does not intend to make a statement of this sort after every council.

The council had extensive discussions about two important draft regulations. The first of those involves proposals for revising the marketing arrangements for fish and aquaculture products.

The European Commission has proposed a wide-ranging revision of the fisheries marketing regime within its common fisheries policy. The Commission's proposal includes providing better consumer information through compulsory labelling of fish at retail level; supporting producer organisations and more detailed requirements for POs, including the need to prepare annual production plans; imposing tighter limits for payment for withdrawal of fish from the market; and the setting of permanent import tariff reductions, or suspensions, for fish species of importance to EU processors.

On that final point, the position on herring is of key Scottish interest. Scottish fishermen are the main catchers of herring in the EU and the suspension of a tariff for herring could enable cheaper imports of herring into the Community. Unlike other areas where tariff suspensions are proposed, there is a Community production surplus in herring.

The UK made the council aware of the vital importance of herring to the Scottish fishing industry and advised it that, from a Scottish perspective, it was important that herring is

removed from the proposals for tariff suspension. Some importing of herring to the Community is unavoidable, but we need to ensure that that is closely managed with the smallest possible tariff quota that the market will bear. The council made some progress with that item but a number of detailed points remained unresolved. The council will resume consideration at its November meeting.

A similar position was reached on the second major regulation relating to the reform of structural funds in the fisheries sector in the context of Agenda 2000. That proposal sets out the fisheries measures which can be given financial aid from 1 January 2000 under the financial instrument for fisheries guidance.

The major sticking point is about the conditions under which public aid might be paid to support the building of new vessels. The Commission has proposed that such aid should be subject to a requirement that the capacity of any subsidised new boat should be 30 per cent less than the capacity of the vessel that is being replaced. I support that approach, which is the agreed UK line. The ratio is important to take account of the higher efficiency and greater catching power of new vessels. I know from my discussions with the fishing industry prior to the council that it understands the logic behind this measure.

Also on the council agenda was an item on the future of fisheries relations with Morocco, a report on the cost-benefit analysis of third-country fisheries agreements and a Commission presentation about a regulation on closer dialogue with the fishing industry.

The last of those is perhaps of greatest interest to this Parliament. I discussed that issue with the Scottish Fishermen's Federation before the council. We share its view that regional meetings should be a very important element in the Commission's dialogue with the fishing industry, and the Commission proposal has been remitted for further examination. I will ensure that Scottish fishermen's views are fully taken into account.

**Richard Lochhead (North-East Scotland) (SNP):** I welcome this statement coming so soon after the Fisheries Council meeting, although I am astonished that it will not be a regular occurrence. I urge the minister to take on board the pelagic industry's concerns as these discussions are on-going.

Does the minister agree that it is not just attendance at Fisheries Council meetings that matters? What matters is being able to wield authority on behalf of the Scottish fishing industry. I would like to know if he did that, how he did that, and if he had to clear his line with the minister from the fisheries department in London? Did he

have to clear his line before sticking up for the Scottish fishing industry? That is an important question for the fishermen in connection with issues such as fleet renewal and modernisation, which are referred to in the statement. If funds become available under the proposed regulations, does the minister support the industry's case to access funds for fleet renewal and modernisation which have been denied them in the past? Will he put the industry's case on that matter?

**Mr Home Robertson:** I suspect that I would be trying the patience of the Parliament if I were to make statements on every single Fisheries Council meeting. We will, however, consider whether there is anything of substance to report. If there is anything that we judge needs to be reported to the Parliament, we will certainly do so. We will no doubt consider that further.

Mr Lochhead makes a specific point about what authority I have as a UK fisheries minister at the council. Frankly, it is rather more than a minister from a nationalist Scotland would have. I spoke on behalf of the United Kingdom with the benefit of 10 votes in the Fisheries Council. If an independent Scotland were able to get admission to the European Union, the most it could hope to have is three votes. We have considerably more clout than Mr Lochhead could ever aspire to have.

I spoke at the council and my presence was acknowledged. As the minister with the lion's share of responsibility for fisheries in the UK, I intend to use that authority in discussion with my colleagues at the Ministry of Agriculture, Fisheries and Food and at the council.

Scotland has had the benefit of £30 million of expenditure under the FIGG programme over the last five years. We are keen that a successor instrument be put in place as soon as possible so that our industry can take full advantage of it.

**Mr Jamie McGrigor (Highlands and Islands) (Con):** I welcome the minister's statement, especially the bit about better consumer information, which will encourage more consumption of fish in this age of information addiction. I also welcome support for producer organisations, but I must ask the minister if he has taken account of the smaller fishermen, especially those on the west coast, who are not part of producer organisations and who are in danger of being swamped by them.

How will the minister encourage the industry's future, and encourage young people into it? How can young people, for example, come into the prawn creel fishing industry with prawn quotas at their present price level? And what is he doing for the scallop fishermen who have been tied up all summer, complying with the ban on scallop fishing due to amnesic shellfish poisoning? They have

been unable to do any other fishing and have thus had no income at all.

**Mr Home Robertson:** I am grateful to Mr McGrigor for the points that he raises, particularly those on marketing. He is right that it is important that this industry should be able to take more advantage of value adding. The potential value of fish landed in Scotland is considerably higher than the actual value realised by the catchers and the local fishing communities. That is a very important part of the Scottish Executive's policy. We want to encourage measures that will help fishermen and fishing communities to get more out of what they catch.

Mr McGrigor may know that we recently established the Scottish inshore fisheries advisory group, in partnership with the industry, to discuss in particular the problems of small boats to which he refers. We understand the tremendous importance of the smaller ports, particularly on the west coast where the industry is rather fragile and has suffered many pressures. He mentioned the ASP problem, and I would also refer to the recent closures of the nephrop fishery in the North sea. I am delighted that we may have been able to reopen that. I was encouraged by the constructive tone of the initial discussions in the inshore fisheries advisory group and I hope that we will make progress with those objectives.

**Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** While I understand fully the reasons why the Executive will not make a statement to the chamber after attendance at future meetings, I hope that ministers will make statements to the relevant parliamentary committees on their return.

In the statement, the minister recognised, correctly, the importance to Scotland of the herring industry. Will he ensure, when he attends the Fisheries Council meetings on 22 November and 16 December, that he presses home the point that herring must be removed from the proposals for tariff suspension?

**Mr Home Robertson:** I accept Mr Rumbles's point about making a statement to the committee as an alternative. The making of such statements is a matter that will evolve. As I said to Mr Lochhead, I am advised by colleagues who have long experience of attending council meetings that some such meetings go on for a long time and achieve very little indeed. Not a lot is to be gained from inflicting long, boring statements on the Parliament on every occasion.

**Mr John Swinney (North Tayside) (SNP):** Indeed. [*Laughter.*]

**Mr Home Robertson:** Our friend from North Tayside will understand the full horror of such things, I am sure. We could certainly inflict it on



the committee instead.

Mr Rumbles's point about herring is well made. I made that point to the council and I think the Danish delegate said that he wanted the full suspension, so that the Danish processing industry could access herring from outside the European Union. I made the point directly to him that plenty of herring is available from Scottish catches. We have made that point to the Commission, and I am sure that the Commission officials will take account of what we said. Some negotiating still has to take place on that, but we have made our position abundantly clear.

**Rhoda Grant (Highlands and Islands) (Lab):** Owing to the current ASP outbreak, profits that would have been used to improve facilities in the fish processing industry are threatened. Will there be assistance for that sector to help it improve its facilities?

**Mr Home Robertson:** We do not yet know the details of the next generation of the financial instrument for fisheries guidance. However, as I said, a lot of good work—worth £30 million—has been done on marketing, port improvements, processing, safety and other aspects of the fleet. We are keen to put in place a successor scheme, and it is important that that should be up and running as early as possible next year, precisely in order to help sectors such as the one referred to by Rhoda Grant.

**Tavish Scott (Shetland) (LD):** I assure the minister that those of us who come from fishing constituencies will not find speeches on fisheries boring. Indeed, we will look forward to them.

Is the aid for new build that the minister mentioned in the context of FIFG available to all parts of the catching sector, or will the multi-annual guidance programme requirements prevent some sectors from taking it up?

On the minister's point about closer dialogue with the fishing industry, I understand that the committee that has existed since 1971 has not achieved a heck of a lot. The important principles are that the new structures take into account the views of Scottish fishing organisations and, perhaps more important, that in the context of developing regional management of fisheries, the new committee and new structures of dialogue can be adaptable to those changes. Will the minister consider those points?

**Mr Home Robertson:** Those are helpful points. I appreciate the obvious interest in the fishing industry in Mr Scott's Shetland constituency. He may live to regret his undertaking to consider every detail that comes out of every council working party, but we will try to test him on that one in due course.

Mr Scott's point about the requirement to make any investment in new build in the fleet conditional on reducing capacity is very important. There is concern that the Mediterranean countries in particular might take advantage of that provision to put public money into the replacement of older boats with much more modern boats that might be superficially the same size but have substantially increased catching capacity. That is why we support the Commission line on that.

On the multi-annual guidance programme, Mr Scott is right. We will have to keep a particularly close eye on those countries that have not achieved the requirements to reduce their capacity in those segments. We do not want what is described as capacity creep, particularly of the publicly funded nature. *[Laughter.]* I thought you would like that, Mr Swinney. Of course, I will not mention the other creeps in this chamber.

Consultation is certainly very important. We made it clear to representatives of the Scottish Fishermen's Federation that we want to see as much of them as possible. Indeed, I am looking forward to dining with them this evening. The Commission is setting up a new Community-wide advisory committee on fisheries. That is a matter for the Commission, but we are going one step further and seeking a regional approach to discussions on fisheries, for example, in the North sea area.

**The Presiding Officer:** I call Maureen Macmillan.

**Maureen Macmillan (Highlands and Islands) (Lab):** I am sorry, I do not have a question.

**The Presiding Officer:** I am sorry. Your name was still on the screen, but that may be an electronic fault. I call Margaret Ewing.

**Mrs Margaret Ewing (Moray) (SNP):** Will the minister rethink the concept that he may try the Parliament's patience by making regular statements after council meetings? In particular, full statements should be made to the Parliament on the November and December meetings because the agenda is set down for the following year at that time. The industry, as well as Parliament, will certainly want to hear public statements on that.

I disagree with Mike Rumbles that statements should be made to the Rural Affairs Committee and the European Committee. In the context of the Commission asking for additional meetings, the Rural Affairs Committee and the European Committee should hold pre-council meetings to reflect the Parliament's views and those of members who represent fishing communities. Those views would then be taken on our behalf to the council and, I hope, the minister might actually demand the right to vote to reflect those views.

**Mr Home Robertson:** It is not for me to suggest what committees of the Parliament should do. The Parliament and its committees are autonomous bodies and can, quite rightly, take their own decisions on how they approach such matters. We are the servants of the Parliament, and rightly so. *[Laughter.]* That might cause some alarm in some quarters—I do not know.

What Mrs Ewing said is important. The forthcoming council meetings in November and December will deal with important decisions on structures, on marketing and, in due course, on total allowable catches, which are of enormous importance to our industry. On matters of substance, I certainly intend to report directly to the Parliament.

**Lewis Macdonald (Aberdeen Central) (Lab):** I welcome the minister's historic statement. Is progress being made on our long-term objective of achieving regional management of fisheries within the European Union and, in particular, in the North sea, which the minister mentioned in his answer to Mr Scott?

**Mr Home Robertson:** Certainly. I had some useful discussions with council colleagues on that issue. With the enlargement of the European Union, it will become increasingly difficult to manage the local details of the common fisheries policy. There is a strong case, which is being pursued by the entire UK delegation, including myself, for finding ways of working up regional discussions about the management of the North sea in which we, and our North sea neighbours, have the primary interest.

My only word of caution on that is that if we have complete regional management for the North sea, there might also be complete regional management of the Mediterranean. Some overall control from the council is needed; I would not like the Mediterranean countries to have complete freedom to decide to increase the capacity of their fleet using our taxpayers' money. Regional management and discussions are important and we are pursuing that idea.

**Robin Harper (Lothians) (Green):** The minister will be aware that two thirds of the world's fish stocks are overfished. Many of Europe's stocks are also dangerously overfished. A quarter of the world's total catch is thrown overboard, because the fish are either too small or of the wrong species. Business as usual is no longer acceptable.

While I welcome the 30 per cent rule for the larger boats, I would rather that there was no capitalisation for big boats and more capitalisation for smaller community fishing. That would address the concerns raised by Jamie McGrigor.

With reference to the broader picture, will the

minister, with UK ministers, call for the ratification of the United Nations fisheries agreement, which I believe the UK has already signed? In particular, will the minister address the following points?

**The Presiding Officer:** We cannot have a speech as this time is for questions.

**Robin Harper:** These are questions.

**The Presiding Officer:** Yes, but we cannot have a list of questions. You must be brief.

**Robin Harper:** I will pick one question then. Will there be a real attempt to cut back on EU capacity? What the minister has told us so far does not assure me that there will be.

**Mr Home Robertson:** If Mr Harper were to have discussions with the fishing industry, he would establish that there have been significant cuts in capacity in Scotland, in the UK and across the European Union. Those cuts have been painful for the fleet, although rightly so, because the overriding principle must be to ensure the sustainability of fisheries. Lessons must be learned from the disasters that have happened in other parts of the world where whole fishing industries have been destroyed by overfishing. That point was made in the council—I made a passing reference to the Moroccan agreement. It is important when we negotiate agreements with other African countries that we ensure that their fisheries are sustainable. There is nothing justifiable about allowing European fleets to fish out stocks in other parts of the world. I therefore take Mr Harper's fundamental point that sustainability is an important principle and one to which we have signed up.

**The Presiding Officer:** I will take a couple more questions, as long as they are brief.

**George Lyon (Argyll and Bute) (LD):** Will the minister reflect on the damage that has been done to Scottish fishing interests and our wider interests in Europe by William Hague's extremely damaging argument that we should enter a tit-for-tat trade war with France over the illegal French beef ban? That position, which is supported by Scottish Tories here, is completely against Scotland's wider interests and threatens the destruction of—

**The Presiding Officer:** Order. The member must ask a question on the statement.

**George Lyon:** The question, clearly, is how much damage has been done to Scottish fishing interests in Europe.

**Mr Home Robertson:** Mr Glavany, the French agriculture and fisheries minister, was at the council, but I did not have an opportunity to talk to him about other issues. It is a little depressing to see the French delegation looking almost as, if not as, isolated as the United Kingdom delegation

looked when the Conservative party was in power. Tit-for-tat trade wars are infantile and destructive.

**Mr David Davidson (North-East Scotland) (Con):** I will not respond to the minister's remark other than to say that some of the ministers in the Blair Government dare not listen to that comment.

Fleet safety is an important issue. The Scottish fleet is, on average, about 28 years old. Fishing communities are concerned about the safety of their vessels. Will restrictions in fleet renewal keep boats below a size at which it is economically viable to maintain a fully trained engineer on board?

**Mr Home Robertson:** My colleague Elliot Morley addressed that point in the council. Safety is obviously of paramount importance in an industry in which people work hard and in potentially dangerous circumstances. Every year there is an accident somewhere. Safety is therefore a high priority. Funding under the financial instrument should include provision for genuine safety improvements to boats. There are borderline issues, however. Aspects of investment can add to catching capacity. We have made it clear that we want to be able to help fishermen to improve safety on their vessels. That was done under the existing scheme and it is our intention that it should continue under the new scheme.

**The Presiding Officer:** I will take one more question and answer, if they are brief.

**Ian Welsh (Ayr) (Lab):** Is the minister aware of the outstanding success of the electronic fish market at Troon? How will the European Community address the key issues of quality and marketing in the fishing industry?

**Mr Home Robertson:** I commend my colleague's interest in this important subject. I had the opportunity to visit the new market at Troon not long ago. It is an excellent example of how to improve the quality of fish delivered to the market. In addition to labelling and other developments, it will improve the prospects for the fishing industry and the rewards for fishing communities. I pay tribute to everyone concerned in the innovative marketing scheme in Troon. It is the kind of thing that we want to see elsewhere.

## Business Motion

**The Presiding Officer (Sir David Steel):** We now move to the business motion. I call Tom McCabe.

**Euan Robson (Roxburgh and Berwickshire) (LD):** On a point of order. How many members were not called to ask questions on the fisheries statement?

**The Presiding Officer:** Three members were not called, including your good self, but that is not a point of order.

12:25

**The Minister for Parliament (Mr Tom McCabe):** The motion, as usual, sets out the business for next week and the provisional business for the following week. The proposal is as follows.

On the afternoon of Wednesday 3 November, the meeting will start at 2.30 pm with time for reflection. That will be followed by a debate on an Executive motion on the Scottish Executive's compact with the voluntary sector. Thereafter, decision time will take place at 5 pm, followed by a members' business debate on motion S1M-208, in the name of Mr Michael Russell, on unemployment in north Ayrshire.

On Thursday 4 November, business will begin with a debate on a non-Executive motion from the Scottish National party on agricultural and rural affairs. A more specific motion will be laid nearer the time. On conclusion of the debate, I will move a further business motion.

The afternoon meeting of that day will start, as usual, with question time at 2.30 pm. That will be followed at 3.15 pm by a ministerial statement and debate on the strategic roads review. Decision time will take place at 5 pm and will be followed by a members' business debate on motion S1M-212, in the name of Lord James Douglas-Hamilton, on the Scottish parliamentary elections.

The business for the following week is, as always, provisional. On Wednesday 10 November, the meeting again will start at 2.30 pm, with time for reflection, followed by Executive business on a subject yet to be announced. After decision time at 5 pm, there will be a debate on members' business on a subject yet to be announced.

On Thursday 11 November, the first item of business will be a ministerial statement and debate on year 2000 and millennium date change issues. Before lunch, a further business motion will be moved. The afternoon meeting will begin at 2.30 pm with question time, followed at 3.15 pm by a debate on an affirmative Scottish statutory

instrument, the Maximum Number of Judges (Scotland) Order 1999, which increases the maximum number of persons who may be appointed as judges. Following decision time at 5 pm, there will be a members' business debate on a subject yet to be announced.

The motion also sets out the date—22 November—by which the European Committee must report to the lead committee, the Rural Affairs Committee, on the Organic Aid (Scotland) Amendment Regulations 1999.

I move,

That the Parliament agrees

(a) the following programme of business

Wednesday 3 November 1999

2.30 pm Time for Reflection

followed by Executive Debate on the Scottish Executive's Compact with the Voluntary Sector

followed by Parliamentary Bureau motions

5.00 pm Decision Time

followed by Members' Business Debate on the subject of S1M-208, Michael Russell: Unemployment in North Ayrshire

Thursday 4 November 1999

9.30 am Non-Executive Business on a motion by the Scottish National Party

12.20 pm Business Motion

2.30 pm Question Time

3.00 pm Open Question Time

followed by, no later than 3.15 pm Ministerial Statement and Debate on the Strategic Roads Review

followed by Parliamentary Bureau motions

5.00 pm Decision Time

followed by Members' Business Debate on the subject of S1M-212, Lord James Douglas-Hamilton: Scottish Parliamentary Elections

Wednesday 10 November 1999

2.30 pm Time for Reflection

followed by Executive Business

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 11 November 1999

9.30 am Ministerial Statement and Debate on Year 2000

12.20 pm Business Motion

2.30 pm Question Time

3.00 pm Open Question Time

followed by, no later than 3.15 pm

Debate on the Maximum Number of Judges (Scotland) Order 1999

followed by

Parliamentary Bureau motions

5.00 pm

Decision Time

followed by

Members' Business

and (b), the following dates by which other committees should make any recommendations on instruments or draft instruments to the lead committee

the European Committee to report to the Rural Affairs Committee by 22 November 1999 on the Organic Aid (Scotland) Amendment Regulations 1999 (SSI 1999/107).

**The Presiding Officer:** No member has asked to speak against the motion, therefore I will put the question to the chamber. The question is, that motion S1M-231 be agreed to.

*Motion agreed to.*

*Question,* That the meeting be now adjourned until 2.30 pm today, *put and agreed to.*—[Mr McCabe.]

*Meeting adjourned at 12:28.*

14:30

*On resuming—*

**Alex Johnstone (North-East Scotland) (Con):** On a point of order, Presiding Officer. Will you rule on what appears to be an attempt to manipulate the privilege of questioning the Executive? Five almost identical questions appear in today's questions, in what appears to be an attempt by one of the smaller parties in the chamber to score party political points.

**The Presiding Officer (Sir David Steel):** It is not unknown for parties in this chamber to put forward party political points [*Laughter.*] There is nothing out of order in members combining to lodge questions.

Before we begin question time, I am sure that the chamber would like to welcome in the distinguished strangers gallery the right hon Taranth Ranabhat, Speaker of the House of Representatives of Nepal, and his delegation. [*Applause.*]

## Question Time

### SCOTTISH EXECUTIVE

#### Education Funding

**1. Mr Keith Raffan (Mid Scotland and Fife) (LD):** To ask the Scottish Executive what its estimate is of the increase in money for education that will be available in 2000-01 to each of Fife, Stirling, Clackmannanshire, Angus, and Perth and Kinross Councils as a consequence of the £80 million extra spending for education announced by the Minister for Finance on 6 October. (S1O-464)

**The Deputy Minister for Children and Education (Peter Peacock):** The additional money for education that was announced by Mr Jack McConnell on 6 October has been widely welcomed. Detailed allocations of education resources for individual councils will be made as part of the local government finance settlement later this year.

**Mr Raffan:** Does the minister agree that the extra sum means that the pupils of Dunblane High, who were here this morning, will directly benefit from the partnership agreement between our parties?

Will he reassure me that the good that will be done for education by the extra money will not be undone by capping Perth and Kinross Council's spending next year if its budget is slightly above guidelines, bearing in mind that the First Minister rightly described capping as crude, and that none of us wants to do anything that could possibly undermine the robust health of our coalition?

**Members:** Speech.

**The Presiding Officer:** Order.

**Peter Peacock:** I do not often have the chance to agree whole-heartedly with Mr Raffan, so I will take this opportunity to welcome what he said about the additional resources. One of the hallmarks of this Administration is the high priority we give to education. That is why money is flowing not just to Dunblane High, but to every school in Scotland in order to improve education in every community—and it should continue.

#### Scottish Legal Aid Board

**2. Bill Aitken (Glasgow) (Con):** To ask the Scottish Executive what action it intends to take to ensure that accounts rendered to the Scottish Legal Aid Board are settled timeously. (S1O-483)

**The Deputy First Minister and Minister for Justice (Mr Jim Wallace):** The Scottish Legal Aid Board gave an undertaking to introduce, by 25 October 1999, a new target of paying all criminal legal aid accounts within 30 days—excluding public holidays—from the receipt of an account supported by appropriate documentation. I understand that the backlog of accounts has been cleared and that the target is being met. The board's performance will be monitored at regular meetings between the chief executive, the chairman and my officials.

**Bill Aitken:** I thank the minister for his response and for the courtesy of his recent correspondence on this matter.

Does he agree that our principal concern should not be for the members of the Faculty of Advocates, whose main concern is where the next plate of smoked salmon is coming from, but for the one-man practices that rely heavily on a consistent funding flow from the Scottish Legal Aid Board?

**Mr Wallace:** I should declare an interest as a non-practising member of the Faculty of Advocates. I would not wish to say anything that might upset my colleagues, especially as I am attending a reception at their behest tonight.

I agree that single-member practices in the legal profession have difficulties maintaining cash flow and with the paperwork that they must undertake. It is for those reasons that the Scottish Legal Aid Board has brought new systems into play to try to ensure that the 30-day target is met.

I will take this opportunity to pay tribute to current staff of the Legal Aid Board and the ex-employees who returned to help, who worked exceptional overtime to ensure that the backlog was cleared as soon as possible.

### North Ayrshire Council

#### 3. Michael Russell (South of Scotland) (SNP):

To ask the Scottish Executive what representations it has received from North Ayrshire Council about the impending deficit in the council's direct labour organisation. (S10-472)

**The Deputy Minister for Local Government (Mr Frank McAveety):** None.

**Michael Russell:** I am not sure that Mr McAveety will win debater of the year with that speech.

You know as little about this as the trade unions and the workers. Despite their efforts to find out why those decisions have been made, the trade unions and DLO workers have not received any information. In the light of the fact that you know nothing about this, will you join me and the trade unions in trying to get information by asking North Ayrshire Council to delay the decision until there has been an independent audit, discussed with those who are involved?

**Mr McAveety:** That is a perverse interpretation of an eloquent, monosyllabic point.

The local authority is responsible for its actions and for its relationship with its DLO. Its legitimate responsibility is to ensure that there is no fiscal deficit at the end of the year. Last week, I took the opportunity to visit the local authority. Many issues were raised about the modernisation of the council. One of its key commitments is to improve its public service through the DLO structure and to offer value for money for the local taxpayer. I am absolutely delighted that North Ayrshire Council is engaging in that process and hope that it will continue that process with its work force. If Mr Russell has concerns, he should raise them directly with the appropriate body, which is the local authority.

**Michael Russell:** I am concerned that you use the words "absolutely delighted" about the loss of 40 jobs in North Ayrshire—an area that has the second worst unemployment in Scotland. Will you encourage an independent audit so that the workers involved can understand the reasoning behind this decision? Although modernisation may mean a lot to you and your colleagues in new Labour, in these circumstances it means job losses to people in North Ayrshire.

**Mr McAveety:** That, too, is a misrepresentation of what I said. I said that I was delighted at the opportunity for the local authority to address how it structures its DLO. I hope you recognise that, because of the principle of subsidiarity in decision making, it is for the local authority to determine within its resources how best to approach these matters. I am fairly confident that councillors in North Ayrshire, most of whom are committed to

the change agenda—some parts of which the SNP would not support—will ensure that the council delivers quality DLO services and for the local taxpayer. The pity is that your SNP colleagues say one thing locally and do a different thing nationally.

**The Presiding Officer:** Order. The word you are coming into these exchanges too much.

### Scotland House

#### 4. Ben Wallace (North-East Scotland) (Con):

To ask the Scottish Executive what plans it has to use Scotland House to secure new markets and jobs in the expanding European Community. (S10-451)

**The Minister for Finance (Mr Jack McConnell):** Scotland House is a prominent and useful new Scottish facility in the heart of Brussels. The new Scottish Executive EU office and Scotland Europa are co-located in Scotland House. Scotland Europa, Scottish Trade International and Scotland the Brand are working together to make Scotland House a focal point for Scotland's export drive into the European Union and central and eastern European markets.

**Ben Wallace:** Will the minister explain the logic behind the Executive's reasoning for joining on a stage the leader of the SNP, who would clearly like to use Europe and the euro as a way to break Scotland away from the United Kingdom?

**Mr McConnell:** Those matters would be easier to explain if we had any idea of a clear, consistent Conservative policy. This morning we heard Mr Davidson contradicting the rest of his party: he talked about being fully involved in Europe when the rest of his party is trying to take Britain out of Europe. That would destroy British jobs, the British economy and many other opportunities.

### Out-of-town Retail Development

**5. Hugh Henry (Paisley South) (Lab):** To ask the Scottish Executive, given current planning presumptions against major out-of-town retail developments, whether any further major out-of-town retail developments will be permitted in, or in proximity to, the Renfrewshire Council area. (S10-454)

**The Minister for Transport and the Environment (Sarah Boyack):** Each application must be treated on its merits. In assessing new proposals, planning authorities will take into account all relevant material considerations, including the policies set out in revised national planning policy guideline 8, on town centres and retailing, which was published last year.

**Hugh Henry:** I thank the minister for that reply. She is no doubt aware of the new Braehead development. The developers have been trying to

work closely with local councils to revitalise the local economy, but PPG8, to which she referred, on town centres and retailing states:

"The Government is committed to protecting and enhancing the vitality and viability of town centres."

Will the minister confirm that this policy will be strictly adhered to in dealing with any major retail developments proposed for sites outwith town centres and shown to have a detrimental effect on existing town centres?

**Sarah Boyack:** I can guarantee that we will apply those policies consistently throughout Scotland and that we will consider the sequential test, which tries to give priority to developments in town centres and takes into account vitality and viability when any out-of-town proposals are being considered.

**The Presiding Officer:** I call Alex Neil.

**Hugh Henry:** Sir David—

**The Presiding Officer:** I am sorry, you had a long run on your second question.

### Poverty

**6. Alex Neil (Central Scotland) (SNP):** To ask the Scottish Executive whether it intends to use its own Scottish indicators to measure poverty in Scotland. (S1O-448)

**The Deputy Minister for Communities (Jackie Baillie):** A wide range of information on poverty and social exclusion in Scotland is currently collected, some of which is on a specifically Scottish basis. Our targets for tackling poverty and on social inclusion in Scotland will be published soon.

**Alex Neil:** In terms of measuring poverty in Scotland, will the Executive be forced by Alistair Darling and the Department of Social Security into using their indicators, rather than doing what the Minister for Communities previously promised to do—apply a more radical set of indicators here in Scotland? Would that not be in total defiance of the principle of devolution?

**Jackie Baillie:** Unfortunately, Mr Neil operates on muddled information. We will have distinct targets on devolved aspects of tackling poverty. However, we must be clear and not mislead people by setting distinct targets for areas of policy for which the Executive is not primarily responsible. This is too important an area to fudge. It will take Edinburgh and London working in partnership to ensure that, within a generation, no child will have to grow up in poverty.

### Health Care

**7. Mary Scanlon (Highlands and Islands) (Con):** To ask the Scottish Executive whether it

can confirm that its health priorities are unchanged and that it stands by its manifesto pledge on waiting lists. (S1O-491)

**The Minister for Health and Community Care (Susan Deacon):** Cancer, coronary heart disease and stroke, and mental health have been clinical priorities for the national health service in Scotland for the past three years, and remain so. As is stated in the partnership agreement and in the programme for government, the Scottish Executive is committed to setting targets to speed treatment and to shorten waiting times. At present, we are taking forward work in that area, which builds on the significant reductions in waiting lists that have been achieved since 1997.

**Mary Scanlon:** I welcomed the announcement on waiting times. Does the minister now accept that the Executive's obsession with reducing waiting lists has seriously distorted clinical priorities in our health service? Does she now agree that waiting times for treatment are what really matter to patients, and support our policy of a guaranteed waiting time based on clinical need?

**Susan Deacon:** The obsession of this Executive is to ensure that we use this Parliament to provide a better quality of life, better opportunities and better services for the people of Scotland. There are many ways in which we can do that in the health service. I am delighted that almost 10,000 fewer people are waiting for treatment now than was the case in May 1997. Those are real people, who would otherwise still be waiting to be seen. We want to build on that. That is why the Executive is committed to speeding up treatment and shortening waiting times, and why we are now embarked on a comprehensive exercise—working with a support group and with the NHS in Scotland—to build on the tremendous work that has been done in the NHS thus far to ensure that we improve the speed with which we can offer treatment in future. I am delighted that we are able to take that work forward in this Parliament.

### Residential Homes

**8. David Mundell (South of Scotland) (Con):** To ask the Scottish Executive whether it will reconsider its decision not to grant the application by the Federation of Small Businesses for the setting up of an inquiry under section 211 of the Local Government (Scotland) Act 1973 into the manner and consequences of the divestment or "externalisation" of 11 residential homes formerly run by Dumfries and Galloway Council. (S1O-480)

**The Deputy Minister for Community Care (Iain Gray):** Our view remains that a section 211 inquiry is not appropriate. However, I am happy to meet Mr Mundell to discuss that further, as I indicated in my letter to him of 19 October.

**David Mundell:** I welcome the minister's response and his letter, although I note that the controller of audit has said that there are some arrangements that give cause for concern in respect of the value for money of the transfer.

Is the minister aware that one of the consequences of externalisation has been the adoption by Dumfries and Galloway Council of a three-for-one policy, whereby three elderly people in private nursing homes have to die before one elderly person is allowed into a private nursing home, and that that has led to bed-blocking, to the enormous cost of the local health service?

**Iain Gray:** I thank Mr Mundell for pointing out why a section 211 inquiry would not be appropriate at the moment. The controller of audit is already investigating the decision-making process that resulted in the externalisation. Several other people, including the local government ombudsman and the council's monitoring officer, could address some of the concerns Mr Mundell has raised. The possibilities have not been exhausted, which is why an inquiry is not appropriate.

On the policy of delayed discharge, I understand that the council and the health board agree that 13 people are in hospital awaiting placement because the council does not have the resources to accommodate them. The delay in discharge is approximately two months and my officials have been encouraging the local authority and the national health service trust to work together to improve the situation as soon as possible, as is their responsibility.

#### Local Government Finance

**9. Christine Grahame (South of Scotland) (SNP):** To ask the Scottish Executive what the impact is of the reduction by £1 million in its social work budget made by East Lothian Council as a consequence of reductions in local government funding. (S10-488)

**The Deputy Minister for Community Care (Iain Gray):** Between last year and this, the total grant-aided expenditure allowances for social work services in East Lothian have increased by around 9 per cent—more than £18 million. GAE allowances are not hypothecated and it is for the council to determine its expenditure plans. East Lothian Council has indicated that it plans to spend £1.2 million more—7 per cent—on social work than it budgeted last year.

**Christine Grahame:** Is the minister aware that in the *East Lothian News* and in the *East Lothian Courier* on 25 June 1999, reference was made to savings—a nice way of putting it—of £920,000 in the social work budget?

Is the minister aware that, as a consequence of

those savings, the Waverley home in Gullane was closed earlier this year and 27 elderly residents were scattered throughout the county to other homes, that the meals on wheels service was discontinued and that a fortnight's supply of frozen food was substituted? That would have had a disastrous effect on the elderly and would have denied them vital human contact.

Does the minister agree that that is appalling and affects the most vulnerable? Does he further agree that as 85 per cent of the Labour-administered East Lothian Council's budget comes from the Scottish consolidated fund, for which the Executive is responsible, he bears the responsibility for those cuts to services?

**Iain Gray:** Responsibility for the allocation of budgets in East Lothian lies, quite properly, with East Lothian Council. The social work GAE has risen by 9 per cent, the council social work budget has risen by 7 per cent, the overall GAE for East Lothian Council has risen by 6.6 per cent and the council's expenditure guidelines for this year have been raised by 5.5 per cent. Those are increases, not cuts.

I am concerned about delays older people and other client groups experience in receiving services in line with their assessed needs. I have asked the head of the community care division of the Scottish Executive to meet the council to discuss the matter. That should happen this week and a report should be made soon.

#### Pig Industry

**10. Alex Fergusson (South of Scotland) (Con):** To ask the Scottish Executive what steps it is taking to support the UK Minister for Agriculture, Fisheries and Food in his efforts to assist the UK pig industry by requesting financial aid from Europe to eliminate the cost burden caused by BSE. (S10-482)

**The Minister for Rural Affairs (Ross Finnie):** I am very conscious of the serious problems that face the pig industry, but Mr Fergusson will be aware that the European Union state aid rules are a major obstacle to our providing direct financial assistance, even in the case of on-costs associated with BSE.

I should mention two matters that have been raised as a part of the consultations that have been going on with UK agriculture ministers. First, we have renewed our application to the European Union to have the state private storage aid for pigmeats and the export refunds reinstated.

Secondly, a package of some £5 million of aid throughout the United Kingdom, to promote the marketing of pigmeat, which was formalised only this morning, is now being put in place. In Scotland, we will be able to use our proportionate



share of that to give further substance to the Scottish pig industry initiative and the Scottish pig marketing quality mark.

**Alex Fergusson:** I thank the minister for his full reply—I am sure that the pig industry will be very grateful for the announcement that he has just made. However, given the fact that imports of pigmeat into the UK from Belgium have increased by 51 per cent in the first two quarters of 1999, despite the fact that dioxin-contaminated feed was given to the Belgian herd, what steps is the Executive taking—or has it taken—to ensure that pigmeat from Belgium, which may have been contaminated by dioxins, has not reached the Scottish consumer?

**Ross Finnie:** First, we are constantly in touch with the Commission, because it is for the Commission to deal with any evidence that meat of that quality is being exported. Secondly, I issued a consultation document yesterday, outlining proposals to clarify and strengthen guidance on country of origin labelling. I appreciate that that will not deal with the whole problem, but I hope that being more specific about what is Scottish and what is not will go some way to ameliorating the problem.

#### Rural Development

**11. Mr Adam Ingram (South of Scotland) (SNP):** To ask the Scottish Executive what measures are being taken to ensure that employment opportunities in rural areas do not suffer as a result of transport restrictions on rural economic development as laid out in the national planning policy guidelines. (S1O-467)

**The Minister for Transport and the Environment (Sarah Boyack):** Our national planning policy guidelines do not impose traffic restrictions on rural economic development. They seek fully to exploit sustainable patterns of travel. Planning and road policy should be appropriate to the specific circumstances of rural areas.

**Mr Ingram:** I contradict the minister's answer. Could she clarify what measures are being taken to ensure that public transportation—particularly in the south of Scotland and in Moffat—is of a sufficient standard to ensure that jobs do not suffer? I ask that in the light of the Executive's decision against the building of a factory outlet centre at Hammerlands. It stated:

"While the prospect of increased employment opportunities is generally regarded as beneficial . . . the proposals are likely to result in increased use of the car, contrary to sustainable transport policy."

**The Presiding Officer:** Order. This is not argument time; it is question time.

**Sarah Boyack:** I do not want to get into the specifics of an individual application, but the broad

approach that is pursued—through the national planning policy guideline on transport and the rural development national planning policy guideline—is to direct development to the most appropriate places. We recognise that in rural areas, the car is often the most easy and accessible form of transport for many people. The presumption—through the planning system—should be to identify appropriate sites that can promote business development, take most account of existing travel patterns and try to promote development in rural areas.

**The Presiding Officer:** I remind members that the standing orders say clearly that questions should be brief.

#### Natura 2000 Directive

**12. Robin Harper (Lothians) (Green):** Thank you for the reminder, Presiding Officer. My question is: To ask the Scottish Executive what steps it intends to take to meet the demands of the European Union Natura 2000 directive on habitat protection. (S1O-481)

**The Minister for Transport and the Environment (Sarah Boyack):** The Scottish Executive is fully implementing the birds and habitats directive and contributing to the network of Natura 2000 sites across the European Union.

**Robin Harper:** I thank the minister—to whom I am disposed to give my support whenever possible—for her answer. However, is she aware of the criticism levelled at the UK at the recent EU Commission meeting in Dublin over its minimalist approach, in comparison with other countries, to implementation of the EU habitats directive? Thirty-nine different UK habitats, 37 of which are in Scotland, had not been considered for designation. Is she aware of the concern—

**The Presiding Officer:** Mr Harper—

**Robin Harper:** This is part of the question—please let me finish.

**The Presiding Officer:** I am sorry, but we cannot have questions in different parts. Questions should be brief—you have made your point, and I ask Sarah Boyack to reply to it.

**Sarah Boyack:** We have suggested candidate special areas of conservation to the EU and are in the middle of a moderation process.

The meeting to which Mr Harper referred took place in Kilkee last month. Several issues were raised about the principles of issues attached to sites. We will review our sites and will ask Scottish Natural Heritage to carry out scientific research on the issues that were raised at Kilkee. We will take that evidence into account when proposing a final list of special areas of conservation to the European Union at the next moderation meeting.

### Education Funding

**13. George Lyon (Argyll and Bute) (LD):** To ask the Scottish Executive what its estimate is of the increase in money for education that will be available in 2000-01 to Argyll and Bute and West Dunbartonshire councils as a consequence of the £80 million extra spending for education announced by the Minister for Finance on 6 October. (S1O-461)

**The Deputy Minister for Children and Education (Peter Peacock):** There is something faintly familiar about that question. I am very pleased that our colleagues in the Liberal Democrats have embraced the policy of best value in terms of question-writing.

**Mr Lloyd Quinan (West of Scotland) (SNP):** You were nearly one of them.

**Peter Peacock:** I can do no better. *[Interruption.]* I refer Mr Lyon to the answer that I gave to Mr Raffan some time earlier.

**George Lyon:** Will the minister repeat his answer, as I could not hear it?

**Peter Peacock:** I refer Mr Lyon to the answer that I gave to Mr Raffan earlier.

**George Lyon:** Does the minister agree that the additional money will help Argyll and Bute Council to think again about its proposals to close as many as 10 rural schools? Can he guarantee that while the money will be ring-fenced for education, it will be left to local authorities to determine their own education priorities?

**Peter Peacock:** It is for local authorities to determine their own priorities within the resources that are allocated by the Executive. Local authorities, with the Executive, have usually given education the highest priority they can. In that context, I expect schools in Argyll and Bute to continue to benefit from the additional money.

**14. Nora Radcliffe (Gordon) (LD):** Third time fair or fatal.

To ask the Scottish Executive what its estimate is of the increase in money for education that will be available in 2000-01 to Moray Council as a consequence of the £80 million extra spending for education announced by the Minister for Finance on 6 October, a sum of money that will be very welcome to many people. (S1O-471)

**The Deputy Minister for Children and Education (Peter Peacock):** I keep getting a feeling of déjà vu. I refer Mrs Radcliffe to the answer that I gave to Mr Raffan earlier.

**Dorothy-Grace Elder (Glasgow) (SNP):** We object to the Liberal Democrats having more plants than Dobbie's.

**The Presiding Officer:** Order.

**Nora Radcliffe:** As three rural schools in Moray are under threat of closure, including Boharm in my constituency, does the minister agree that additional funding will be of great value to Moray Council, given the higher annual running cost per pupil for small schools in rural areas?

**Peter Peacock:** The grant allocations that are devised for local authorities take account of the real factors that affect councils such as Moray. A higher distribution per head of population is given to account for that. Moray Council, along with other councils in Scotland, has enjoyed more resources for education. That is one of the reasons why Moray Council is farther ahead than most in, for example, the provision of the national grid for learning.

### Charity Shops

**15. Trish Godman (West Renfrewshire) (Lab):** To ask the Scottish Executive what recent representations it has received concerning the discretionary relief from business rates allowed to charity shops. (S1O-453)

**The Minister for Finance (Mr Jack McConnell):** Recently, we have received three representations: a written question from Ian Jenkins, the member for Tweeddale, Ettrick and Lauderdale, in September, a letter from Peebles Civic Society in September and a letter from the Association of Charity Shops in October.

**Trish Godman:** Will the minister give us an assurance that there will be no change to the present arrangements, which provide an 80 per cent mandatory and 20 per cent discretionary relief from business rates for charity shops?

**Mr McConnell:** Yes.

### Objective 2 Funding

**16. Shona Robison (North-East Scotland) (SNP):** To ask the Scottish Executive what impact the change to objective 2 status will have in Dundee, specifically in relation to the exclusion of the science and technology park and the universities from the new objective 2 boundary. (S1O-473)

**The Minister for Finance (Mr Jack McConnell):** The proposals for objective 2 coverage in Scotland target significant areas of need. More than 50 per cent of the population of Dundee should be covered by full objective 2 status.

We will ensure that the transitional funding is targeted on the main priorities in transition areas—which could be the science park and the university campus in Dundee, if that is considered

appropriate by those involved in the planning process. I have already passed representations on this issue from Kate MacLean MSP to those responsible, as she raised these points with me three weeks ago.

**Shona Robison:** What criteria will the minister use when considering the amendments? What will be the time scale, given that the whole package requires to be approved by Christmas?

**Mr McConnell:** The plans will not require to be approved by Christmas. As I said this morning in the debate, I will ensure, in considering the plans when they come forward from the plan teams, that the transition areas are properly prioritised and that the areas of greatest need benefit most from the transition money.

## Open Question Time

### SCOTTISH EXECUTIVE

#### Secretary of State for Scotland (Meeting)

**1. Mr Alex Salmond (Banff and Buchan) (SNP):** To ask the Scottish Executive when the First Minister last met the Secretary of State for Scotland and what issues were discussed. (S10-485)

**The First Minister (Donald Dewar):** I met the Secretary of State for Scotland on 18 October, when, as always, we discussed matters of mutual interest.

**Mr Salmond:** In view of the quite unjustified criticism that has been heaped upon Sheriff Margaret Gimblett after her decision in Greenock sheriff court last week, does the First Minister agree with the general proposition that the courts of Scotland have a duty to

"follow or at least carefully consider"

international law in determining their own decisions?

**The First Minister:** I certainly accept that the courts of Scotland have a duty to follow the law; the matter of the interpretation of the law is, of course, sometimes the subject of debate. I do not want to comment on the merits of this particular matter because, as Alex Salmond knows, the whole judgment has now been referred by the law officers to the High Court.

**Mr Salmond:** It has not been referred as yet—I checked a few minutes ago. I am glad that the First Minister agrees with that proposition, because I was quoting from Ronald King Murray, the last Labour Lord Advocate, who went on to argue, in a paper delivered to the United Nations Association in Oxford last year, that the Trident nuclear system could well be illegal under international law. Does it trouble the First Minister that such an eminent legal authority in Scotland considers that the nuclear system that the First Minister supports could well be illegal?

**The First Minister:** I have said already that I do not wish to comment on the merits of those arguments, as they are being considered by people of considerably more legal experience than either Alex Salmond or me. I accept that, and I hope that Mr Salmond will as well. We should wait for the review to take place.

I am genuinely astonished to hear that Andrew Hardie—Lord Hardie, our present Lord Advocate—is a non-person. He certainly is a Labour Lord Advocate in my book.

**Mr Salmond:** Ronald King Murray was the

Labour Lord Advocate before Andrew Hardie, and he is an eminent legal authority. I would have thought that the First Minister would acknowledge that. This is, after all, an issue of current controversy. The Scottish National party is against Trident; Labour's official policy in Scotland is against Trident; many Labour MSPs say that they are against Trident; and one of the First Minister's ministers may or may not be against Trident. If it is substantiated that the Trident nuclear system could be illegal under international law, will the First Minister acknowledge that he, and this Parliament, which is responsible for the law of Scotland, will have an obligation to do something about it?

**The First Minister:** That is a splendid series of hypothetical points. I again advise the gentleman to wait for the judgment. If I allow myself one little indulgence, I will say that the judgment came as a surprise to most people with an interest in the law.

**Phil Gallie (South of Scotland) (Con):** When the First Minister met his colleague last week, did he find time to talk about the health service in Scotland, and did he perhaps find time to express his pride in the cochlear implant treatment that is offered by Crosshouse hospital? Does he advocate that that system should remain at Crosshouse, and that John Reid could take the message of Crosshouse's success back to his colleagues at Westminster?

**The First Minister:** I am always very proud to see the advances in medical practice and treatment in the health service in Scotland. We are fortunate in Scotland to spend 20 to 23 or 24 per cent more per head on the health service than is spent in other parts of the United Kingdom. It is fair to say that we see real results for that spending, in both staffing and technique. We should all be glad that we are in a position to afford that impetus to progress in the health service in our own country.

**Dennis Canavan (Falkirk West):** In view of the recent historic decision at Greenock sheriff court, will the First Minister ask the Secretary of State for Scotland to try to persuade the rest of the British Cabinet to abide by international law by removing all nuclear weapons from British soil and territorial waters in line with the policy of the Scottish Labour party?

**The First Minister:** Mr Canavan's theory is touching and he is obviously attached to it. However, I suggest gently that international law is not defined by Greenock sheriff court.

**Dennis Canavan:** We will see about that. That is prejudging the judgment from on high.

## SNP Leader (Meetings)

**2. David McLetchie (Lothians) (Con):** To ask

the Scottish Executive how many meetings the First Minister has had with the leader of the SNP and whether further meetings between them are planned. (S10-477)

**The First Minister (Donald Dewar):** There has been one encounter. I would argue that the meeting was technically a photo opportunity and can assure Mr McLetchie that opportunities for discussion were sadly limited.

As for the future, I have no plans.

**David McLetchie:** I am very sorry to learn that this first date was such a hurried affair. *[Laughter.]* Given that we have this arranged marriage of convenience in Scotland—otherwise known snappily as Scotland in Europe (part of the Britain in Europe campaign)—did the First Minister have a brief opportunity to exchange views on the effect that a rush to sign up for the euro, or the single currency, would have on the Scottish economy and jobs, and the threat that doing so poses to Scottish pensions and taxes and the sovereignty of our country?

**The First Minister:** I think that I have the advantage of knowing the position of the leader of the SNP on the matter. However, I am a little bit confused by what I hear from the Scottish Conservative benches. At the Conservative party conference south of the border, we had the vision of Lord Tebbit going to the rostrum to say that he had been an unhappy Conservative for many years, but that that week he was yet again a happy Conservative. That tells us all we need to know about the state of Conservative thinking.

**David McLetchie:** I am very interested to learn that the First Minister thinks that he knows the SNP's position on the issue. Of course, he knows the position of the SNP leadership. However, that party's national council has never voted to join the single currency. Is not it clear from this unholy alliance that only the Scottish Conservative party is standing up for our interests in Europe to defend our sovereignty? Furthermore, is not it clear that the unholy alliance that the First Minister is putting together—the Lib-Lab-Nat pact of SNP, Liberal Democrats and Labour *[Laughter.]*—is committed to handing over control of our economy to Brussels? Will the First Minister admit that that is his intention or is he, like Tony Blair, a big feartie, afraid to tell the truth about Labour's plans to abolish the pound with all that that entails?

**The First Minister:** David McLetchie will have to learn the difference between people laughing at him and people laughing with him.

Engagement in Europe is important. It is important for the Government of this country at every level to fight for Scottish and British interests in Europe. Furthermore, our ability to do so effectively is badly damaged if we indulge in

rhetoric that suggests that not only are we positioned at the exit from the European Union, but that many of our members would like to take that exit route. I am very sad to say that that is the direction in which William Hague, purely out of political expediency, has led his party.

**Andrew Wilson (Central Scotland) (SNP):** Is the First Minister aware that, in last week's European Committee, Mr Ben Wallace, who is sitting on the Conservative benches among the Europe extremists, made the best case for the euro when, on the subject of structural funding, he pointed out that the divergences between the euro exchange rate and the pound were very damaging to the Highlands?

**The First Minister:** I am grateful for having the matter drawn to my attention. I must confess that I have not studied the works and writings of Mr Wallace with any great attention. I know that I disagree with him on a number of social and other issues, but if this is a shining exception to my normal prejudiced approach to his affairs, please—give me a script.

**George Lyon (Argyll and Bute) (LD):** In view of Mr McLetchie's previous answer, does the First Minister agree that, if William Hague's idea of standing up for industries in Scotland and Britain in Europe is to advocate an illegal trade war, that will result in a tit-for-tat action that will destroy jobs and the whole of the rural economy if it escalates out of control?

**The First Minister:** I firmly believe that a trade war would be a disaster for all parties caught in it and for many third parties. I do not want tit-for-tat politics in this matter. I remind members that our case for France lifting its beef ban is based on scientific evidence and it behoves us, therefore — if we are thinking about any action that we might take—to make sure that we base our actions on good scientific evidence. There is no evidence to justify the retaliation advocated by some of the more excitable elements in British politics.

### NHS Pay Negotiations

**3. Brian Adam (North-East Scotland) (SNP):** To ask the Scottish Executive which national health service pay bargaining groups have settled their 1999-2000 pay negotiations, which have yet to agree and what percentage pay rises have been agreed by those bargaining groups that have settled. (S10-484)

**The Minister for Health and Community Care (Susan Deacon):** I can advise Mr Adam that nurses, midwives, health visitors and professions allied to medicine, or PAMs, were awarded 4.7 per cent and doctors and dentists received 3.5 cent for 1999-2000. Negotiations are still continuing for the other staff groups.

**Brian Adam:** Does the minister agree that the other staff groups have been offered 3 per cent, and that they are not part of the pay review? How long does this Administration intend to continue with the Conservative practice—which seemed to issue from the health workers' strike of 1982—of differentiating between the two groups?

**Susan Deacon:** I can confirm that the other staff groups concerned have been offered 3 per cent and that negotiations are continuing through the machinery of the Whitley council.

The Executive is committed to working with its counterparts throughout the UK fundamentally to overhaul and improve the pay system for the whole national health service. "Agenda for Change", which was published earlier this year and which the Executive has signed up to, sets out a way in which to do that—to modernise an outdated pay system and to put in its place a fairer system that is affordable to the public purse and that shows the value that we attribute to those who work in the NHS in Scotland and throughout the UK.

**Euan Robson (Roxburgh and Berwickshire) (LD):** Will the minister pay particular attention to the rates of pay of laboratory assistants, who seem to be remarkably poorly paid compared with other workers in the health service, but who deliver a vital and effective service?

**Susan Deacon:** I agree that it is important to recognise the vital contribution of all staff groups in the NHS. Regarding that, I must repeat points that I made in answer to the previous question. We continue to support and to work for all staff groups within the existing machinery, but we are absolutely committed to making improvements in the future. That commitment will apply not only in future—it is real now. That is why we are working with staff groups across the NHS in Scotland through the Scottish partnership forum to develop and improve the NHS in Scotland.

**Dr Richard Simpson (Ochil) (Lab):** Will the minister look into the current shortages in laboratory staff? The recruitment programme for laboratory assistants is now entirely restricted to graduates and the average starting salary is £7,000, which is extremely low and is leading to considerable problems in the laboratory system—problems that are likely to get worse.

Will the minister also encourage our UK Government colleagues to examine the inclusion of laboratory technicians and workers in the second-level pay review body, which currently covers nurses and PAMs?

**Susan Deacon:** I stress our commitment to examine the needs of all groups in the NHS. We are doing that in Scotland through mechanisms such as the Scottish partnership forum—which I

mentioned—and through our own distinctive arrangements for work force planning in Scotland. That takes account of planning the health service's needs in future for recruitment and retention of staff. We are doing that work now, but we are also planning to ensure that, as we move into the 21<sup>st</sup> century, the best provisions are in place for all groups that work in the health service.

**Tommy Sheridan (Glasgow) (SSP):** In the light of today's income data survey report, does the minister agree that there should be condemnation of the continued excesses in British boardrooms, where bosses are awarding themselves pay increases five times greater than the average increases that are being awarded to our health workers, and that the case for a maximum wage as well as a minimum wage is now formidable?

**Susan Deacon:** I make promises to workers in the NHS that I know are deliverable, rather than painting a picture that suggests that there is a quick fix involving taking money from one place with one hand and giving to them with the other. I will do what is within my powers to ensure that we reward people working in the health service in Scotland fairly and effectively, and I will do so based on practical politics and on promises that can be kept, not on nice left-wing rhetoric.

**Kay Ullrich (West of Scotland) (SNP):** Given that health spending in England and Wales will rise faster than health spending in Scotland, can the minister guarantee that pay settlements will be met in full?

**Susan Deacon:** I repeat the point that the First Minister made very eloquently just a moment ago. Spending per head of population in Scotland is 20 per cent above that in England, reflecting the health needs that exist in Scotland and reflecting also our commitment to develop the health service. As I said, we are working within the UK framework for pay negotiations with NHS staff. Our co-operation with NHS staff across the UK—which the SNP would not support, but which NHS staff do—and our record of supporting staff and responding to the recommendations of the pay review body speak for themselves.

## Scottish University for Industry

**The Presiding Officer (Sir David Steel):** The next item of business is the debate on motion S1M-227 in the name of Nicol Stephen, and on the amendment to that motion, on the Scottish university for industry.

15:17

**The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen):** Yesterday, the Scottish Executive published its document, "Scottish University for Industry: The Shortest Route to Learning"—[*Interruption.*]

**The Presiding Officer:** Order. Just a moment, Mr Stephen. Would members who are leaving please do so quietly and without conversation? That applies to the First Minister as well as to everybody else in the corner of the chamber.

Please carry on, Mr Stephen.

**Nicol Stephen:** Thank you. The document presents our vision for the Scottish university for industry and gives a progress report on its development. The Executive is committed to the creation of a culture of lifelong learning. At the hub of our plans is the establishment in 2000 of the Scottish university for industry.

Scotland's future competitiveness will be governed by our ability to innovate and to use new skills to maximise the potential of new technology. The development of a knowledge-driven economy requires a shift in our mindset, greater receptiveness to new methods, and flair, determination and commitment to serve ever-changing customer demands. A passion for upgrading skills and knowledge will create the economic benefits for Scotland that we all want.

Rapid social and economic change is having profound consequences. The job for life is disappearing, career patterns are becoming more fluid and individuals are having to take responsibility for their own learning. People need to develop their capabilities throughout their working lives to stay in employment and to maximise earning potential.

The Scottish UFI is a radical new initiative that aims to promote a step change, a real transformation, in our drive to create a culture of lifelong learning. It is one of the key lifelong learning commitments in "Making it work together: A programme for government". It will connect people and businesses that want to improve their skills and training with the organisations that can offer them the learning that they need. It is about providing the right training, in the right place, at the right time and at the right cost.

The first key objective of the Scottish UFI is to encourage more people, not only those with existing degrees or diplomas, but, perhaps especially, those with no formal qualifications, to carry on learning and gaining new skills throughout their lives.

**Mr John Swinney (North Tayside) (SNP):** I listened with great interest to the minister's comments about the publication that was issued yesterday. I took the trouble of trying to access the document as set out on the internet. I was surprised that, when I accessed the web address given in the document, I got a page saying:

"This is the default page for a website that has not yet been uploaded".

I now understand that that will not be done for another week. Does the minister think that it is a bit unusual for the Government to launch a document that raises expectations among a wider audience, encouraging people to use new technology to access information, when those who do so find that there is nothing there for them to find?

**Nicol Stephen:** That is a good example of the need for skills development and for encouraging greater use of the new technology—which I will come to. I will try to ensure that the document is available on the website as soon as possible, if it is not already.

The Scottish UFI will encourage demand for learning. It will increase the number of people who participate in learning, and will play an important role in boosting competitiveness and combating social exclusion. There will be a major marketing campaign, advertisements, a freephone helpline number, and a sophisticated—by the time it is launched—website with all the information contained on it.

The Scottish UFI will not provide any training or education itself. In that sense, it will not be a university. To visualise it better, members should consider it as a broker or gateway that will explain to people the learning that is available. It will explain particular qualifications, arrange for people to obtain advice on their choice of learning and put people in touch with a learning provider.

The Scottish UFI will have a core staff of around five directors and around 15 to 20 employees. It will contract out provision of many of its services, such as the helpline, website and accredited learning centres. It will also provide a vital database of all existing training provision, which will be continually amended and updated.

That brings me to the second objective—a very important one—of the university for industry. Over time, we must amend, update and radically change the shape and structure of training and

lifelong learning in Scotland. Learning in the future will be very different from that in the past. It will consist not simply of learning from existing conventional courses. That is one reason why the Scottish UFI will commission new, often web-based materials and courses, where gaps in provision exist.

Providers will be encouraged to provide learning in new ways, and to make use of the latest IT developments in interactive materials, for example. Materials will also be commissioned in the light of information on the skills needs specified by employers, by the national training organisations and by learners.

The Scottish UFI development team, based in Scottish Enterprise, is working hard to ensure a successful launch in autumn 2000. Development work is continuing to set in place the information and communication technology systems that the Scottish UFI will need. It is about to be established as a company limited by guarantee with charitable status.

Yesterday, the Minister for Enterprise and Lifelong Learning, Henry McLeish, announced the appointment of Frank Pignatelli as Scottish UFI chief executive. Recruitment of the other executive directors is at an advanced stage. A chairman and board will be appointed early in the new year, and we wish Mr Pignatelli and his team well.

The name Scottish university for industry is only a working title for the concept. Work is under way to develop a brand name that will appeal to the public and attract as many people as possible into learning. The name will almost certainly change. The Scottish UFI will provide a one-stop shop to connect individuals and organisations to providers of the learning they need in the way that suits them best: by the Scottish UFI freephone helpline, through the website, or locally, face to face, at part of the network of accredited learning centres. The Scottish UFI will not own or run learning centres itself; it will accredit a network operated by a wide range of providers. At the moment, there are around 400 learning centres in Scotland. Our target is to create more than 1,000 such centres throughout the length and breadth of Scotland.

Henry McLeish recently visited East End Park, Dunfermline Athletic's football ground, where he launched the up-for-learning project. That is one of 17 European Union projects that are funded under objective 4. Those new initiatives have been key in assisting the work of the Scottish UFI development team. The aim is to establish learning centres in non-traditional locations, such as high streets, business parks, libraries, supermarkets and even football clubs.

I am keen for Scottish UFI accredited learning centres to develop in deprived and rural areas. A

good example from the north-east started as a single project in a council house on the Middlefield estate—the Middlefield learning house—and has now developed in partnership with similar projects in two other deprived areas of Aberdeen. It has created two further learning houses in rural areas in Huntly and Fraserburgh. The concept is that adults and children from deprived backgrounds learn best together in those learning houses. Demand for that form of learning has so far outstripped supply that a booking system is needed in those houses. Let nobody here say that there is not enthusiasm and real demand for learning—not only about basic literacy and numeracy skills, but about the internet and new technologies—in deprived, disadvantaged and excluded areas.

Remoteness can be another barrier to learning. Six months ago, Lews Castle College opened a learning centre on Barra. Already, more than 50 people have enrolled, out of a population of 1,200. Two people have already signed up for university degrees. We expect the Scottish UFI to build and expand on the network of all kinds of learning centres throughout the country.

**Mr Jamie McGrigor (Highlands and Islands) (Con):** I have a question on the subject of Lews Castle College. Does Nicol Stephen agree that, if primary and secondary funding is accepted to be one-and-a-half times as much in the Highlands and Islands, the university funding for Lews Castle College probably should be the same amount extra as well? That college considers itself to be some 25 per cent underfunded anyway. Will Nicol Stephen address that, to determine whether the college could receive extra funding in recognition of its remoteness?

**Nicol Stephen:** Mr McGrigor's point about remoteness and the need for greater investment in rural areas is the point that I was trying to make. I agree with the main thrust of that point. However, four new learning centres have been opened by the college, of this nature, in the past year. Progress is being made, but we need to do more.

The Scottish UFI will pay particular attention to the needs of small businesses. In Scotland, more than 800,000 people work for organisations that have fewer than 50 employees, and about two thirds of them work for organisations that have fewer than 10 employees. Small businesses often lack the funds and management time to focus on training. Their needs can differ greatly from those of big business. The Scottish UFI will also enable larger organisations to expand on the learning options that they offer their employees, and will encourage them to consider making available their workplace training facilities outside normal working hours—not only to families of their employees, but to those who are out of work, the self-employed

and employees of smaller organisations.

A great deal has still to be done before we launch the Scottish university for industry. The target date is next autumn. We are investing £16 million in the development of the Scottish UFI over this year and the next two years.

**Dorothy-Grace Elder (Glasgow) (SNP) rose—**

**The Deputy Presiding Officer (Mr George Reid):** The minister is now winding up. He has overrun by a minute, anyway.

**Nicol Stephen:** That is a major investment, but we believe that it is the only way in which we can bring about the expansion and development of, and the passion and enthusiasm for, education and training that will be vital if Scotland is to seize the potential of the knowledge economy. The creation of a genuine culture of lifelong learning will transform Scotland. That is why the Scottish university for industry is vital.

I move,

That the Parliament welcomes the publication on 27 October of *The Shortest Route to Learning*, the Scottish Executive's progress report on the development of the Scottish University for Industry and supports the creation of the Scottish University for Industry which will enable people to access learning opportunities and learn throughout life on their own terms, so increasing individual employability and economic competitiveness.

15:30

**Mr John Swinney (North Tayside) (SNP):** I give a broad welcome to the concept of the Scottish university for industry. The Scottish National party is committed to the principle of widening access to education and learning. What we most want from this debate, and from the work of the Scottish university for industry, is the translation of the high hopes that are contained in this document into some practical action on the ground in our communities.

I acknowledge and welcome the support that has been given to assist student access, which was referred to in the partnership document and again in yesterday's publication. We must recognise, however, that the most important issue with which we are still wrestling is the need to tackle the perception of individuals in our community that access to education is expensive. Although the Government has put measures in place to assist people in cases of hardship, the agenda that is being pursued by the Cubie committee is of vital importance in breaking down perceptions that education may be off-limits to some people in our community because of the costs associated with it.

The SNP supports the use of technology to access learning, particularly for rural areas. We



want to ensure that the measures that the Government proposes in this document—and the many commitments that have been made to expanding the use of technology in the learning process—can be delivered by a cohesive network within Scotland. There are many initiatives under way at the moment and we have genuine concerns that the complexity of initiatives in terms of technological development is not as co-ordinated as it should be. As we go down the route of trying to build a truly national grid for learning in Scotland, I want the Government to take the lead in that process to ensure that all the component initiatives stick together. We are concerned that those issues are not to the fore at present.

I give a warm welcome to the concept of locating learning centres in what the minister called non-traditional locations—convenient locations. There is an outreach centre of Perth college in Atholl Road in my constituency. It is part of the University of the Highlands and Islands project and it is easily accessible to my constituents. I compliment the venture that Scottish Power has established and that I have been invited to visit. I intend to take up that invitation to see how, in a workplace environment, that has been done effectively.

I am sure that there are many people who have attended Dunfermline Athletic matches who will welcome the opportunity of somewhere else to go, rather than witnessing the horror of what goes on in the football park.

**Bruce Crawford (Mid Scotland and Fife) (SNP):** I am sure that John did not mean to take Dunfermline Athletic's name in vain in the way that he did. There are many of us present who are avid supporters of Dunfermline Athletic. [*Laughter.*] Please would he withdraw that comment.

**Mr Swinney:** I have made the foolish mistake of treading over the chief whip. I did not, however, specify whether I was referring to home or away supporters. [*Laughter.*]

On a more serious note, I wish to point out the way in which this matter has been brought before Parliament. We have a glossy brochure here containing an interesting definition from the minister, Mr McLeish. I would have loved to see him explain at his press conference yesterday that he is determined to make it cool to learn. I am sure that he would have conveyed that point with great colour.

He was involved in a press launch at Dunfermline Athletic yesterday, but he is not here today to put forward the arguments for the Scottish university for industry. Mrs Godman is here today, and some time ago she asked questions about the initiative to set up the Scottish university for industry. She asked specific questions about when the chief executive and the board would be

appointed. Parliament has not had the courtesy of having that information conveyed to it first. It is important that ministers respect the bringing of announcements to Parliament to ensure that it is properly advised, not through the media, as continually happens.

I give a warm welcome to Frank Pignatelli's appointment. He has a distinguished record in education and learning and I am quite sure that he will lead this initiative with energy and dynamism.

In the time that remains, there are four key points that I want to make which set out the arguments for our amendment. The first point arises from the demand for learning. The material that we have seen on the university project identifies, correctly, that we must be more responsive to the demands for learning within our community than to the provision of courses that are made available by the institutions and the colleges. That is an important point of principle, but it is not clear to me how it will be changed by the Scottish university for industry concept.

The minister said that the university will act as a broker to draw together information on learning and that it will not be a provider but will encourage new provision to emerge. That seems to be the key point of difference that the initiative must make; it must show how a strategy can be pursued successfully that will change the pattern of availability of learning at a local and community level. Nothing in the debate so far, or in the material that I have read, gives me confidence that there is a great deal of substance or knowledge on how that can be done. More learning centres in more accessible locations are fine, but how will they be staffed and run? I have not yet heard an explanation of how they will offer courses that meet tailored individual requirements.

My second point relates to the concept of added value. If the initiative is to be successful, it must add value to the existing learning networks in Scotland. I suspect from what I have read in the documents that this is a repackaging or remarketing of the availability of existing provision. If that is not the case, I hope the ministers will make it clear today how the new and different provision will emerge. I detect high expectations within the community about what the initiative will deliver and how the content of the learning experience for individuals will be delivered.

My third point concerns funding. I never grudge money that is added to public expenditure in Scotland, but a large proportion of the development expenditure that underpins the initiative comes from the national lottery new opportunities fund, a UK-determined programme that is outwith direct ministerial or Scottish control. I seek assurances from ministers that the £23 million commitment from that fund that has been

mentioned is absolutely secure.

Another important point on funding is that securing capital expenditure is no problem in many cases, largely because of the availability of lottery funding. We all experience that in our constituencies on a range of different projects. However, revenue funding is critical. I want to know from ministers the implications for revenue streams to guarantee that services can continue to be provided to local communities and whether the resource that is required for those revenue costs is leveraged out of existing hard-pressed further education budgets. As we all know, in all our communities those budgets are under much stress.

The Presiding Officer has indicated that I should wind up, so I will make my last point on our amendment. In the programme for government document, the Government states:

"We will establish the Scottish University for Industry in the year 2000."

I warmly support that target and am sure that the Government will achieve it, but I would like to know a little more about what impact the Government thinks that measure will have on the Scottish economy and learning environment. In the same document, the Government states that by 2002 it

"will ensure that more part-time students and students from low income families have access to further and higher education".

I would like to know how many more and how that will be achieved. Performance measurements will have to be in place if we are to know whether the expenditure of public resources has been effective.

Mr Stephen said that much had to be done on the Scottish university for industry project. I am glad he said that, because I must express concern that progress has not been quite as swift as we might have hoped. I detected that that concern was at the root of Mrs Godman's question to Parliament a few weeks ago, although I do not want to put words into her mouth. We need a clear strategy, soon, to deliver the expectations that the Government has raised.

I move amendment S1M-227.1 to motion S1M-227, to insert at end,

"and requires that the project to establish a Scottish University for Industry must clearly establish that value is being added by the project to existing provision and that adequate performance measurement be undertaken to enable the Parliament to judge the effectiveness of this initiative."

15:39

**Mr Brian Monteith (Mid Scotland and Fife)**

**(Con):** I welcome the opportunity to respond to the minister's statement today. I trust it will not have escaped his notice that the Conservatives have not sought to amend his motion. We have some serious reservations, on which we would like his reassurance, and after the Executive's winding-up speech we hope to be able to support the motion. In our opinion, the SNP amendment strengthens the motion; we will therefore support it. I hope that the minister will see fit to accept the amendment and establish one of those rare occasions when we achieve consensus after a serious debate.

**Nicol Stephen:** It is the Executive's intention, in the spirit of consensus in which Mr Monteith's remarks were made, to accept Mr Swinney's amendment, which reinforces the main motion. The amendment is constructive, as Mr Swinney's remarks have reinforced.

**Mr Monteith:** I am glad to hear that. The concept of a university for industry is not driven so much by ideology as by technology. For that reason, we believe that it should be given every chance to succeed. I am well aware that the university for industry was Gordon Brown's baby. I wish the initiative more success than Harold Wilson's much-vaunted, but ultimately unsuccessful, dalliance with trying to harness the white heat of technology.

A recent survey published in the *Edinburgh Evening News* showed that, although the vast majority of adults agreed that lifelong learning was highly desirable, less than 20 per cent of them would go back to a formal education course. Therefore, it is important that the Scottish university for industry, as a new educational broker, seeks to provide easy, informal access to education. If it does that, it must be given our support.

As the minister has admitted, and as John Swinney has pointed out, there is a great deal to be done. The initiative was launched two years ago, relaunched yesterday with the publication of the report and will no doubt be launched again in autumn next year—that is not so much the shortest route to learning as the longest. I have spoken to many academics who have a rather jaundiced view of the university for industry. It has become almost a subject of derision. That must be changed if the university is not only to be successful with providers, but to have credibility with users of the service.

Many academics, looking ahead, see the creation of a university that utilises artificial intelligence as a means of teaching—which may in the end be what is connected with a service such as the Scottish university for industry—as a cuckoo in their nest. That would inevitably be a threat to lecturers, who could see their positions replaced by technicians. Such changes will

undoubtedly open up new opportunities for learning, but as the rate of technological change increases exponentially, the Scottish Executive would be mistaken if it thought that it could plan a strategy that keeps up with such changes.

The document that was launched yesterday is typical of new Labour. It seems to have been written to try to convince us that something is being done, rather than to say what is being done. Particular emphasis is placed on the case studies, although I am not sure that they give a particularly clear indication that the Scottish Executive knows what business is about. The relationship between business and the Scottish university for industry will be crucial, which is a point that some of my colleagues will touch on later.

One case study features Bill Million—clever name that. The document says:

"Bill Million, MD of SubCo Ltd, has just read an article on SUFI in Scottish Business Insider. At the same time, his local Chamber of Commerce has sent him an extract from a report highlighting the damagingly low-level of internet use by Scottish SMEs."

Bill Million decides that he needs to do something about the situation. He gets in touch with SUFI and everything is solved. However, surely no managing director with a name like Bill Million would have got where he is without knowing what to do. He would know to contact his local enterprise company or chamber of commerce to find out how to resolve the situation. We therefore need to have a clearer idea of what the Scottish university for industry will do for industry and encourage industry to come on board. As the document points out, the institution even needs a permanent name, because it is not about industry and it is not a university, as it covers far more than higher education. All that can be said at present is that it is Scottish.

The document tells us why Scotland needs a university for industry and the minister will gather that the Conservative members agree that Scotland needs such an institution. However, the document does not tell us why we should have a separate university for industry from the one for the rest of the UK. Indeed, while there are many areas where it is advantageous for Scotland to develop new institutions, there can also be times when we should seek to share the development of a new project and reap benefits in that way. I am yet to be convinced that a technologically driven initiative such as the university for industry should be established separately in Scotland from the rest of the UK.

**Fiona McLeod (West of Scotland) (SNP):** On that point, does Mr Monteith agree that we need a separate Scottish university for industry in order to maintain our separate Scottish national vocational qualifications and so on? If we went for a UK-

driven system, we would send folk off to do qualifications that are not relevant to the geographical area in which they live.

**The Deputy Presiding Officer:** Brian Monteith, you have one minute.

**Mr Monteith:** I thank Fiona McLeod for that point, which I was just coming to.

We have different institutions that work differently and that have different qualifications, which would need to be protected. Guidance would need to be issued—it is supposed to exist in the system. I have no fears on that point, although it is important that our institutions are able to benefit from the wider access that they could give to the rest of the UK and I hope that arrangements might be put in place for them to be able to do that still. We should not forget that some 25,000 students from England already attend higher education establishments in Scotland, bringing more than £100 million of revenue to those institutions. It would be good if we could open up more work for our institutions.

It is interesting that the English University for Industry has already appointed its chief executive. It has even appointed an advertising agency and it is well down the road to introducing its website. Is there a clear idea of why we are establishing a separate body? If so, is it costing us more? Are our students losing out? Will we launch at the same time? Will we lose any market share, given that these institutions can be accessed through the internet? Will potential students face different charges, if charges are introduced?

**The Deputy Presiding Officer:** Please come to a close.

**Mr Monteith:** Certainly. The original intention was that these centres should be stationed not just in colleges, universities and schools. The minister mentioned the Dunfermline project—I think that being relegated is taking widening access a little too seriously. However, it is not clear whether the Scottish university for industry has any control over projects such as the pilot study in Dunfermline or whether it is simply working in partnership with that project. Pilot studies in England are already proving to be beneficial.

My colleagues have many more questions for the minister, particularly in relation to industry, enterprise companies and the establishment of SUFI. I suggest that he sharpen his pencil as well as his wits.

**The Deputy Presiding Officer:** Overruns by opening speakers have cost one member a chance to participate in this debate. I ask members to keep speeches strictly to four minutes from now on and their eyes on the countdown clock.

15:49

**George Lyon (Argyll and Bute) (LD):** I welcome the minister's agreement to accept Mr Swinney's amendment, in which he made some valid points about the need to monitor closely performance of the Scottish university for industry.

I broadly welcome the proposals for this new organisation, which is a worthwhile initiative that attempts to link the needs of business and industry to the education and training network. In this day and age, that is very important. It will create a single gateway for anyone who wishes to access lifelong learning.

The initiative should enable a picture to be built up of the demand from industry and from individuals seeking new skills. By establishing demand, the university should be able to show where skills gaps and gaps in course provision are. It should also establish where there is overlap or under-use of current provision. Its role is to promote and stimulate the demand for lifelong learning and increase access to it.

Good ideas need to be translated into action and there are a number of issues that need to be addressed, some of them raised by previous speakers. One that was mentioned by John Swinney is finance: £15 million has been earmarked for start-up costs but there will be revenue costs thereafter, possibly of around half a million a year. How is that money going to be raised? Who will supply the revenue funding after the three years—the students, industry, the providers, the Scottish Executive?

I am glad that the Deputy Minister for Enterprise and Lifelong Learning referred to that sector in his opening remarks. It is vital that the small business community buys into the concept if the lifelong learning agenda is to succeed because 98.8 per cent of all businesses in Scotland employ fewer than 50 people and small businesses employ nearly half of the Scottish work force. A recent Scottish Enterprise survey showed that 80 per cent of small businesses recognise the need to invest in training but 42 per cent said that lack of information on how to access that training was a stumbling block. I hope that the university for industry will overcome that perceived problem.

Another perceived hurdle—

**The Deputy Presiding Officer:** Very briefly please.

**George Lyon:** —was the need for people to be away from the business for days at a time, travelling to attend courses. The university for industry must reassure the small business community that it will come up with innovative and workable methods to make training flexible and accessible. Above all, it must convince small

businesses that it is profitable to invest in people.

**The Deputy Presiding Officer:** That is four minutes so—

**George Lyon:** A couple of sentences—

**The Deputy Presiding Officer:** No, I am sticking firmly to four minutes; otherwise, other members will not be able to speak. I hope you understand that.

15:53

**Elaine Thomson (Aberdeen North) (Lab):** It was only two days ago that the Enterprise and Lifelong Learning Committee was told that although Scotland compared favourably with foreign competitors in education qualifications—for example, the number of graduates—we compare very poorly in employee training and continuing to maintain the skill level of the work force. It is essential in today's economic climate that not only those seeking to enter the work force but those currently in work have the opportunity to train, whether to gain new skills or simply to stay abreast of developments.

In some types of work the idea of training and retraining throughout a working life has been accepted for some time—science and medicine are examples. In my own experience as an information technology professional, continuing to train is necessary to stay abreast of the ever-increasing rate of change. The technological revolution in telecommunications and information technology is affecting larger and larger numbers of people. Every day we hear more about the internet and the world wide web; for example, the expansion of retailing via the internet for supermarket shopping or purchasing holidays. It is vital that Scotland is able to grasp the opportunities offered by that. The key will be a well-educated and well-trained work force able to understand, apply and develop the technologies.

We know that, increasingly, the knowledge that is in people's heads will add to the value of businesses. For those reasons, the publication today of the Scottish Executive's document on the Scottish university for industry can only be welcomed, and it is undoubtedly a step in the right direction of increasing the skill level of the Scottish work force. The university will give all employers and employees a single source from which to identify suitable training and training providers, making that task more straightforward.

Today's labour market has changed considerably. The days of people going in to one job and retiring 40 years later have gone for ever. Today, people are likely to have an average of eight different jobs during their working lives. The new jobs that people take may be in completely

different sectors of the employment market, and require different skill sets. Lifelong learning is not an optional extra: it is essential. A university for industry will be the first stop for many people, and it will be essential. The university for industry and individual learning accounts will encourage people and allow them to take control of their training and professional development. It is essential that employees increasingly have a say in, and control of, their training requirements: it cannot all be left to employers.

The university will be in the best position to perform a number of other tasks, such as gathering labour market information and helping to identify skill shortages. I was particularly happy to hear the minister refer to the learning house in Middlefield. That is an innovative project, and it is an excellent example of the kind of modern learning that should be provided through the university for industry. The importance of establishing the university cannot be overstated. It is likely to be an institution that we will all come in to contact with during our working lives. It will allow Scotland's work force to compete with the best, and give our economy the best possible future.

15:57

**Michael Russell (South of Scotland) (SNP):** It must be a feature of age that ministers, like policemen, look younger every day.

On behalf of the SNP, I thank the ministerial team for accepting the amendment. The gentlemen of the press should note that this is the second day in a row that an amendment has been accepted. That tells us something about consensus politics.

I have two points to make. First, the amendment is important. I am glad that it has been accepted, as there must be an element of scepticism about initiatives that are proposed in the manifestos of political parties—I speak as a former campaign director. It is important that initiatives that are to be funded from the public purse are carefully scrutinised.

Over the years in training and education, we have had a large number of wizard wheezes—particularly the Manpower Services Commission from the Tories—which crumbled like dust when they were closely examined. This initiative is far too important for us to allow that to happen, so the most rigorous criteria must be applied in assessing the work of the university for industry. I look forward to that rigorous approach, so that we can ensure that the university adds value.

My natural scepticism was heightened a little yesterday when I read the document “Scottish University for Industry”. It takes spin into the

realms of fiction and kailyard fantasy—a cultural development that we should probably welcome. The remarkable stories about fictional individuals that are contained in the document are gripping. I was particularly attracted to the story on page 12 about June Russell. I am of a certain age, and I thought that it might be Jane Russell, but it is not. Some care needs to be taken over presenting the information on such an important development. There might be an advantage in taking a soap-opera approach when selling the university—*[Interruption.]* Is Alasdair Morrison indicating that he wrote the document? I did not write it, if that was what he is trying to indicate.

It might be useful to take the soap-opera approach when selling the university to students and others, but we would have liked something more rigorous when selling it to Scotland and this Parliament.

My second point is that this is an exciting and innovative project. It is a new way of thinking about connecting people to the needs of a changing market and a changing society. It is a new way of bringing people forward, of doing what education does by definition, which is to draw people out.

There must be new thinking in terms of where the university is based and how it operates. I welcome the appointment of Frank Pignatelli. One of the factors that distinguished Frank Pignatelli's reign as director of education in Strathclyde was a keen concern for the rural areas. We now have an opportunity in Scotland to establish the headquarters of the university for industry—it is not learning centred in the sense that pupils and students have to attend the venue—at the Crichton campus in Dumfries.

Crichton College has an enormously innovative approach to education. I had the honour to give the inaugural lecture at the new college some weeks ago. I have visited the campus twice and I think that it is a most exciting place. Various colleges and universities are coming together to look at education in a new way. There are facilities and buildings there. I know that the Crichton Development Company Ltd and Dumfries and Galloway Council have been in touch with the civil servants in the relevant department. I hope that Mr Pignatelli, the board and others, will go to the college.

**Mr McGrigor:** Will Mr Russell give way?

**Michael Russell:** If I take the intervention, will I be allowed to get my last sentence in?

**The Deputy Presiding Officer:** If you can do so inside 20 seconds.

**Mr McGrigor:** Does Mr Russell agree that if he had a fiver for every time that George Lyon, and

some other Liberals, had said that they would abolish tuition fees, we could easily afford to build a university?

**Michael Russell:** I am never averse to being rude to George Lyon, but on this occasion it would be gratuitous.

I want to be certain that the university for industry has the best location and I think that Crichton College would be best. I ask the minister to give a commitment to visit the college and talk to people there, because I think that it is the right place for the university to be based.

16:01

**Mr Duncan McNeil (Greenock and Inverclyde) (Lab):** The merits of establishing a Scottish university for industry are not in doubt. We all agree that we live and work in an ever-changing global economy. We have rejected the low-pay, low-productivity sweat-shop vision of the Tories in favour of a high-value knowledge economy. There is broad agreement and common ground between employers and the work force that we must move on.

Why is it, as Elaine Thomson said, that access to in-company training in Scotland compares badly to that in the rest of the UK and internationally? Why do substantial amounts of money that are spent pre-employment stop when someone starts their first job? It is a sad fact that access to training in Scotland is a lottery. It depends on which company someone works for and where they live. Is it any wonder that skill shortages are starting to appear in vital sectors of the economy?

Here is some information for Mr Monteith, who, unfortunately, has now left the chamber. Only a third of the 300 exporters in Renfrewshire do business on the internet. That is frightening. Of that 300, only two have a multilingual facility. That gives us an idea of the scale of the problems that we face. The success of any company increasingly depends on the quality of its human resources in a world in which, in many ways, people create their own job security—if they are not learning, they are not earning. Why is it that we must convince employees and employers to invest and participate in good-quality, work-based education and training?

**Mr Swinney:** Will Mr McNeil give way?

**Mr McNeil:** Be brief please, as I have not got much time.

**Mr Swinney:** On Mr McNeil's point about exporters, a large proportion of small companies in Scotland are disengaged from the exporting process. They are not in contact with the agencies involved in the exporting sector, so they are not encouraged to export. Is there not a similar

danger—which should be avoided—in the Scottish university for industry project that the initiative will fail to touch those small companies? Special efforts should be made to ensure that small businesses are incorporated into the thinking behind this venture.

**Mr McNeil:** I have sympathy with that point and I will mention some of those issues in my speech.

That is the negative side of this matter. Many good initiatives are taking place. From a previous life, I am well aware of the successes of the partnership agreements in the whisky industry, which have training, education and personal development initiatives at their core. The workplace learning centres and the grants for employees provide unskilled and semi-skilled workers with opportunities to escape the dead-end, repetitive work that they are asked to do. The centres allow them to increase their earnings and their job satisfaction. For employers, there is the reward of increased commitment from the work force, increased productivity, improved quality, and success and growth in place of demoralisation and decline.

Recently, there was a very important initiative in my constituency. IBM, in partnership with others, is tackling the skills gap. It is a partnership for action. Young people can access IBM, a world-class company. The initiative focuses on information technology and language skills.

I have three wishes—

**The Deputy Presiding Officer (Ms Patricia Ferguson):** Will you wind up, please.

**Mr McNeil:** I will finish there. I am sorry that I let Mr Swinney intervene.

16:06

**Mr Nick Johnston (Mid Scotland and Fife) (Con):** I hope that I can finish as eloquently as Mr McNeil.

Like my colleagues, I welcome the main strands of this initiative, while not being entirely sure what I am welcoming. To me, the whole project seems rather woolly and unfocused, but that could be because of my lack of skills—I find it very difficult to wade through waffle.

Like my colleagues, I have spoken to academics, who have made the point that this is not a university and that it has little to do with industry. I have spoken to industrialists, who express either bewilderment or indifference. The Scottish Council of National Training Organisations, the national training organisations' umbrella body, says in a paper submitted to the Enterprise and Lifelong Learning Committee:

"The Scottish University for Industry has the potential to

give the lead in localised delivery systems, although there seems some danger that it might be restricted to being a telephone help-line to a national database."

I would like the minister to tell us who in industry he has consulted on this project and what form that consultation took. Might we now examine the responses from business and industry? The minister might also take the trouble to explain why the development team included not one person from business or industry. Instead, the usual suspects have been hovering around to see how they can Hoover up any available funding. Apparently, the development team consulted 70 organisations, but only about a dozen have any links with the world of business.

The published information makes it clear that SUFI is intended to become self-financing after three years. If that is the case, why is so much of its content based on higher and further education courses and not on industry suppliers of education, even though the latter was indicated as one of SUFI's aims?

The SUFI website has a discussion page, on which most of the questions have received answers. One question that has not been answered concerns the possible involvement of private education.

Other questions present themselves. Guidance for bids for learning centres has yet to be issued and a guide for the production of SUFI material will not be issued until later in the year. That was supposed to set a house style. Surely providers need that now, so that they can set up courses early.

My other concern is that the university for industry in England has set indicative targets of 2.5 million people accessing information services and 600,000 people being involved in programmes by 2002. No such targets seem to have been publicly released for SUFI.

The following have all to be finalised: membership plans; the information and communications technology contract; the production of a corporate plan; and how SUFI will link with other learning centres and the national grid for learning.

I have some specific questions. How will we avoid the "second class" epithet that has been attached for 20 years to institutions such as the Open University? How does the Executive hope to break down academic snobbery about this project? How will the validation of life experience be undertaken, and how will we avoid the diploma disease? I was interested to see in the document a reference to community education. My wife works in community education and has very little information on the Scottish university for industry. The minister may want to take up that point.

I am interested in how inquiries will be followed up, so that we can see how people take up the opportunities that are on offer. I am particularly interested in whether the outcomes will be acceptable to business.

If those questions are answered to the satisfaction of the business community—

**The Deputy Presiding Officer:** Will you begin to wind up, please.

**Mr Johnston:** I will.

We need assurances that this initiative will lead to greater access to skill enhancement for people in small and medium enterprises. If it turns out to be merely another of the myriad organisations feeding from the educational trough at the taxpayer's expense, it will quickly—and deservedly—die a death.

16:10

**Dr Elaine Murray (Dumfries) (Lab):** As the minister has said, the Scottish university for industry will be a broker between individuals and organisations rather than a provider. As such, it will have an important role to play in widening access to learning and in addressing the difficulties that are experienced by adult learners living in remote areas who want to study courses relevant to their needs and their employment aspirations.

Mature students with work and family commitments need flexible, usually part-time, provision that they can fit around other obligations. They may have additional needs. For example, some potential adult learners have had negative experiences of education in the school system and may have little confidence in their ability to learn. Community education services in local authorities have an important role to play in enabling those adults to tackle their personal development needs. I was pleased that the document said that councils have been asked to prioritise that issue, although, from what Mr Johnston says, perhaps more information is needed.

Methods of teaching and learning are changing rapidly with developments in information and communications technology. Many education providers are already taking advantage of those developments to deliver courses to students in remote locations. The Open University has used distance teaching and learning throughout Scotland for a long time. During my time with the Open University, I taught chemistry to students living from Stranraer to Shetland without—perhaps unfortunately—anybody being required to travel.

Last week, the Enterprise and Lifelong Learning Committee enjoyed a presentation—I certainly enjoyed it, anyway—from the principal of the

University of the Highlands and Islands. He demonstrated how that institution intended to use new technology and short-break courses at centres of excellence to deliver to students from remote areas a wide range of courses, including, interestingly, engineering and applied sciences.

Exciting developments are taking place in Dumfries, where the Crichton College of the University of Glasgow has just taken in its first cohort of students. I can miss out the next section of my speech, as Mike Russell has said many of the things that I wanted to say. He will not be surprised to learn that I have written to the newly appointed chief executive of the Scottish university for industry, Mr Frank Pignatelli, whom I know from a previous life, to offer him my congratulations and to outline the sterling qualities of that site for that purpose.

The Scottish university for industry must be more than a telephone or e-mail helpline or a database account provision. I agree with what Mr Swinney said on that issue: it must be a vehicle for a change in attitudes to learning and a real opportunity for Scots, wherever they live and whatever they have or have not achieved in other learning environments, to access the education that they want and need. It must also be a mechanism for Scottish industries to access training for their employees to ensure that they benefit from a skilled and confident work force.

Education is and will remain the powerhouse of the Scottish economy. I welcome the publication of the document, although, like some other members, I am slightly confused by its style, particularly the inclusion of a picture of a young gentleman's posterior on page 16. Perhaps I am a little old fashioned.

16:14

**Fiona McLeod (West of Scotland) (SNP):** In line with the spirit of the words on the first page of the document, I would like to impress upon Parliament the fact that, if Scotland is to become a knowledge-driven economy in the next century, it must first become a knowledge-driven society. I welcome the Scottish university for industry development if it will assist in contributing to that aim through the development of lifelong learning in Scotland.

I welcome the commitment to use a wide and innovative range of locations—such as libraries, community centres and colleges—as learning centres. However, I remind the Executive that we already have almost 3,000 learning centres in Scotland. They are called schools and they are in the heart of our communities.

My concern is increasing that, as various departments and individuals in the Executive

hurtle towards the knowledge economy finishing tape, there is, as John Swinney said, a lack of a strategic approach. If SUFI is to enable our communities to participate in, and benefit from, lifelong learning, it needs to be integrated into a coherent strategy. That means that we need an integrated information strategy for Scotland.

As a first step, I suggest that we require a national audit on the preparedness of our telecommunications infrastructure for SUFI and the plethora of other initiatives. Are there still pockets of communities without access to digitised telephone exchanges? If so, the vision of lifelong learning being accessed through technology is little more than a pipe dream.

As well as facilitating a knowledge-driven society, SUFI should be structured so that it provides an opportunity to manage knowledge, be it that of an individual, a community or society as a whole. One way of achieving that is by creating an electronic learning environment that is accessible by everyone and from everywhere. Coherence and integration are essential if we are to ensure that any person can have access to information, no matter what their social or economic circumstances are or where they live.

In providing that access, we must ensure that the right tools are used. The search engines that are employed will be one of the most important tools in the technological environment of SUFI. If we had an integrated information strategy for Scotland, specifications in those technological areas would be clear, and we would not have to look at them individually for each initiative.

Copyright is another area where co-ordination and clear guidance are required. That is a complex legal issue, which sometimes baffles even the professionals—I admit that having been one myself. The issue is likely to become more complex, but it has to be considered now, in an integrated fashion. Recently, the Copyright Licensing Agency issued the first digitisation licences, but only to higher education institutions. We must find ways of licensing material in both print and electronic formats if we are to facilitate the widest possible access to information without prohibitive costs. That issue has a bearing on SUFI's ability to commission learning materials.

There should be a national strategy that not only assembles the policy framework to manage the development of our information-intensive society, but co-ordinates access, infrastructure and the content of the knowledge economy and society's initiatives. To deliver that strategy, there should be a national body to oversee the creation of our knowledge society. If SUFI is to succeed—and thank goodness the name is being changed; RIP SUFI—in meeting people's aspirations and raising their expectations of what learning can do for



them, it must be an integral part of an integrated approach to delivering a knowledge-driven society and economy.

I hope that this document is not just another glossy contribution to the imminent information gridlock that Scotland faces.

16:18

**Trish Godman (West Renfrewshire) (Lab):** I believe that the Scottish university for industry has five key aims: to provide the people of Scotland with information, advice and guidance on learning opportunities; to analyse the needs of the market and the client groups that will contact the university; to commission new learning materials where gaps in provision are identified; to ensure the availability of high-quality learning programmes; and to assure the quality of products and services provided by the university brokers or commissions.

All those aims are admirable, although it may be worth commenting on the tension between the university's role as a broker and its mission to provide information, advice and guidance and to assure the quality of products and services. If the university is to deliver those worthwhile objectives rather than just broker them, the Scottish Executive should perhaps consider empowering it to adopt a more proactive role in ensuring the quality of the guidance and learning that it will be recommending to Scottish learners. That is all the more important if many of those learners are socially excluded, and anxious or even afraid to come back to learning in the first place. A high quality of guidance and learning must be guaranteed.

There is enormous emphasis on the learner as an individual. At one level, that may be unproblematic. After all, we are all different and have diverse needs. The university stresses that learning is to be offered where and when the learner wants it, rather than where and when the colleges, trainers, providers and universities will provide it.

To treat learning as an individual activity and to fund it as such is to deny the role of a range of groups and networks that may want to learn together. We need to find imaginative ways of funding social learning as well as individual learning. The university must have a role in providing groups—community groups, families who have literacy problems and want to learn together, disability groups, black and ethnic minorities—with the guidance that they need to be connected to the organisations that provide learning.

We should take the socialising of the Scottish university beyond its operation to its structure. If

we want individuals—and, as I have argued, groups of every sort—to take ownership of learning, we must consider innovative ways of giving those who use the university a real stake in its ownership. That would be the best way of ensuring that it really is the Scottish people's university for industry.

16:21

**Nicola Sturgeon (Glasgow) (SNP):** I start by echoing the sentiments of John Swinney in giving a broad welcome to the progress that has been made in the establishment of the Scottish university for industry. I also welcome the opportunity that today's debate gives us to ask some important questions about the detail of the project.

There is no doubt that, as a concept, SUFI is, to use Henry McLeish's words, "ambitious and innovative". However, the acid test will be to assess how the jargon of the document—even Labour members would agree that it contains its fair share of jargon—translates into a reality that will add value to the existing provision for the many individuals and organisations that want and need easier and wider access to learning opportunities.

I want to reiterate three points that, inevitably at this stage in the debate, have been touched on by other speakers. My first point relates to what is called for in the SNP amendment: rigorous performance measurement. In order to judge the success or failure of the project in coming years, a rigorous and comprehensive system to measure performance must be in place in time for the establishment of SUFI. We need to measure, for example, how many more people, who were previously excluded, are accessing learning opportunities as a result of SUFI. There must be assessment of where those opportunities are being accessed. Similarly, we must assess the success rate of matching learning needs with learning opportunities. There must be careful monitoring of all those things.

We also need to monitor the different categories of user that are accessing the service. The document and past parliamentary questions make it clear that one of SUFI's key client groups is the small and medium business sector. No one would take issue with that. I am also concerned that young people, the unemployed and those people whose skills level effectively bans them from entry into the labour market have access to the opportunities offered by SUFI equal to that enjoyed by the business community. That is especially important in areas of high unemployment such as Glasgow, which is the area that I represent.

It is extremely important that those things are measured and that mechanisms to ensure that they happen are in place from the beginning. In accepting the amendment, the ministers are acknowledging—I hope that they will now flesh this out—the need to examine how such things are to be measured, so that, in future years, we can take a considered opinion of the practical success of the initiative.

My second point is connected to the general issue of access. Like Mr Lyon, I noted in the funding section of the document, that, after 2002, SUFI

“will seek to develop income streams in order to reduce dependency on government funding”.

We have heard that the yearly revenue costs of SUFI may reach about £500,000. I want the minister to assure us that there will be no charges for the service over and above the cost of course fees. If there were, I would have serious concerns about access to the opportunities offered by SUFI, particularly in the categories that I have mentioned.

Finally, I reiterate the point made by my colleague Mr Swinney on general funding. I want the minister to give a guarantee that the start-up costs are not coming from the hard-pressed budgets of the further education sector because, if that were the case, the problems in that sector would become even worse than they are at the moment.

16:25

**Karen Whitefield (Airdrie and Shotts) (Lab):**

Like other contributors, I welcome the chance to speak in today's debate. The launch of the Scottish university for industry in autumn 2000 will mark an important and exciting time in Scotland's proud tradition of educational excellence. The university will respond constructively to the substantial pressures faced by Scots in a rapidly changing and dynamic global market. It will ensure that the learning opportunities that are offered by a range of institutions are responsive to the needs of the marketplace; by doing so, it will ensure that the Scottish people are well placed to compete for employment opportunities. It will also ensure that the learning opportunities that the institutions offer are responsive to the individual circumstances of people throughout Scotland.

We live in exciting and dynamic times. For those with access to information technology, information is more readily available now than at any time in the past. Conversely, those who are socially and technologically excluded become more excluded. We need to ensure that all members of Scottish society have access to the benefits of information technology. Along with other initiatives—such as

the national grid for learning—the Scottish university for industry will ensure that that happens.

By establishing learning centres throughout Scotland, in places that are convenient for the individual learner rather than for the educational institutions, we will ensure that more people can take up the challenge of lifelong learning. Locating learning centres in the workplace, in local libraries, in schools or in shopping centres will allow for a more flexible approach to learning.

As a member of the Social Inclusion, Housing and Voluntary Sector Committee, I welcome the investment of around £23 million over three years from the national lottery new opportunities fund to establish learning centres that will focus on the socially excluded. I am pleased that the Scottish Executive intends to add to that sum by providing £12 million over three years from the capital modernisation fund to be spent developing centres in non-traditional locations such as community schools. I also welcome the Executive's commitment to spend more than £16 million to develop the Scottish university for industry during the first three years. I believe that those spending pledges demonstrate our commitment to lifelong learning.

Through those efforts, the Scottish university for industry will provide educational opportunities for the many and not the few. It will provide the Scottish taxpayer with value for money. It will be ideally placed to benefit from economies of scale and to deploy resources effectively. Learning providers will benefit from extensive marketing and promotion, which will be undertaken through a variety of methods. The promotion of new technologies will help to drive down the costs of learning materials. Effective and efficient learning opportunities will result from partnership work with agencies such as further and higher education institutions, schools, the private sector, trade unions, libraries and local enterprise companies.

Like Mr Russell, I noted that SUFI has not decided where to establish its headquarters. Members will not be surprised to learn that I would like to put in a bid for Airdrie and Shotts. Situated in the heart of Scotland, Airdrie and Shotts has a wealth of talented people and a need for increased employment opportunities. What better location could be found?

It makes sense for us to create educational and training systems that anticipate and respond to future knowledge needs by identifying relevant economic, employment and technical trends. That is an ambitious objective, but one that the people of Scotland deserve.

16:29

**Christine Grahame (South of Scotland) (SNP):** I want to pick up on what Brian Monteith said about SUFI—as we now seem to be calling it—attracting the derision of academics. That was not the impression that I got when I spoke to Borders College today. It has a student roll, including part-time and evening students, of some 10,000, and has doubled its roll in the past two years. It has welcomed the university for industry and—being a competitive and successful college itself—the opportunities the university gives it.

I have two caveats, aspects of which have been addressed. First, the necessary technology is not available and rural areas have particular telecommunications problems. The minister stressed the importance of deprived and rural areas; sometimes they are deprived rural areas. For instance, although Galashiels has ISDN lines, there are none in Newcastleton and other smaller Borders towns and villages, which means that there is no on-line remote video access for students in the area. If this is truly to be a university for all, rural students should have the same facilities as urban students. I am sure that the minister recognises that that would reduce the necessity for rural students to travel to study. Are there any plans to deal with that problem? Are there funds to install the necessary cabling to those areas?

Secondly, SUFI should make courses subject to minimum quality standards. The education provider should be monitored to ensure that we do not have charlatans posing as educators and awarding Mickey Mouse awards, which is what happens in the US degree culture. The clients—the students—should also be monitored to find out their satisfaction with the facility. The costs of the operation should also be monitored.

Karen Whitefield has put forward plan C and Mike Russell has suggested plan B. I have plan A, which is to locate the university in the Borders—and not just because the Borders has no domestic university. I am told by my technological colleagues that the joint academic network—JANET—lines, which are essential for digital connections, run through the Borders near Galashiels.

Locating the university in the Borders would emphasise that access to the university is open to all, whether they are in a conurbation or in the country, and it would boost the economy of an area that deserves better than it has had. The letter to Mr Pignatelli is in the post tonight. By the way, it would be handy if the university was located next to the restored rail link.

16:32

**Euan Robson (Roxburgh and Berwickshire) (LD):** I, too, support the Scottish university for industry. It will bring new learning opportunities to the home, the workplace and the community through the creation of a multimedia learning network.

I support the university's purposes: to improve the quality and availability of learning materials, to widen access for individuals and businesses—particularly small businesses—and to provide an opportunity in all parts of rural Scotland. However, the minister will not be surprised to hear that I also support the location of the national SUFI base in the Borders.

The Borders is a community without a home university, although two major Edinburgh universities have a presence in the area. We have access to advanced IT networks through the recently installed Eastman broad band link, which the First Minister viewed on the Heriot-Watt University campus. We also have a unified stance and welcome from Borders College, Scottish Borders Council, the local enterprise company and other agencies driven by the new ways strategy for redeveloping the Borders economy. There are sites for the university in Peebles, Melrose, St Boswells and other places, and Edinburgh and other parts of the central belt are only an hour away.

Mr Swinney talked about how things can be put into practice. Borders College is a contract partner in the major SUFI pilot consortium led by Napier University. In September, the college opened a pilot learning centre in Hawick and it is planning several more learning centres during the coming months in Galashiels, Jedburgh, Selkirk and Newcastleton.

The announcement represents an exciting opportunity. Perhaps the title is a misnomer. I hear that the minister might change it. I welcome today's announcement, as widening access to training will mean that 600,000 people a year in Scotland will take courses facilitated by SUFI.

**The Deputy Presiding Officer:** As the previous two speakers were admirably brief, I will just about manage to get in one more if he or she will also be brief. I call Des McNulty.

16:35

**Des McNulty (Clydebank and Milngavie) (Lab):** I would like to give a general but not entirely enthusiastic welcome to the creation of a Scottish university for industry. There has been substantial delay in reaching the point that we are at and it is disappointing that we have had to wait so long for the Scottish university for industry proposal to come to fruition.

The university for industry could do a number of things that the present further and higher education system in Scotland cannot deliver, but having read the document I have some concerns about what we are about to create. I would like to highlight three issues.

First, having worked in higher education for more than 20 years, I know that there is a substantial resource cost and skills requirement in creating high technology-based learning materials. That is not fully recognised in the document. It is a very expensive process and many universities and businesses around the world are engaged in the production of such materials. To produce those materials at the required quality and to make them as accessible as is required is a very resource-intensive process. People should understand what is required if the objective is, as I think it must be, to achieve a world-class system of learning materials.

The university for industry is a start on that route, but it should not be seen as the only mechanism by which Scotland can move that agenda onwards. The university could be a co-ordinating mechanism, but the document does not make its role as clear as I would like.

The second great danger is that the university might become a separate university institution—another degree-awarding body. There is a real danger it might become a different kind of university that exists in competition with the current university sector. I see the proper role of the university for industry as being less a degree-awarding body than a bridge to learning. It could be a mechanism through which people who are presently excluded from learning—because of their personal circumstances, their educational history, or the fact that their particular needs are not catered for in the existing system—can get what they need.

The university for industry must have a unique selling point and its own profile. If it replicates the existing system, it will fail. The document should be clearer about that and I hope that ministers will be clear that it will be complementary—not more of the same—unique and different.

Thirdly, I think the chapter on partnership issues is vague. Partnership is a good idea, but I would have liked to see real case studies—not imaginary ones—that show what can be achieved in terms of real educational materials, the creation of learning centres and the other objectives mentioned in the document, through existing examples of co-operation between people in education and people in industry.

The document's objectives and the processes it mentions are entirely admirable.

**Mary Scanlon (Highlands and Islands) (Con)**  
rose—

**Des McNulty:** I am just about to wind up.

The document represents a positive start in the direction in which I would like to see us move, but it is not fully formed. I hope that the new management group of the university for industry and its newly appointed chief executive will take us much further forward, and that they will move us on more quickly than has been the case so far.

The university for industry offers great potential to Scotland, but I would like us to have arrived at this point a bit sooner, and to move rapidly forwards.

16:38

**Miss Annabel Goldie (West of Scotland) (Con):** It is with the greatest of reluctance that I divert my attention from the young man's posterior—one of the more diverting features of the debate—on page 16 of the document.

The Conservative party entirely endorses the principle of the document, which states very properly that many people perceive learning as an end in itself and not as way of fulfilling their potential. It also says that

"the Scottish university for industry (SUfi) will change that. It will address people's aspirations, and raise their expectations of what learning can do for them."

That is admirable and we Conservatives applaud it, but endorsement of a principle justifies examination of the practice. This debate has raised questions about practice. How will the concept work and, indeed, what is the concept? Mr Stephen said in his introductory remarks that it will not be a university. Perhaps we ought to stop calling it that. He also said that it would not end up being called the Scottish university for industry. We need to get the nomenclature right.

If I may say so, if I think that the minister is an honourable man, I shall call him that, and if I think that he is a prat, I shall call him that, too. Whatever we think this is going to be, we ought to understand what it is and we should define it more precisely.

I suspect that it would be more honest to describe it as the institution for Scottish lifelong learning. One of the case studies in the document opens with the question:

"Why a Scottish University for Industry?"

and answers:

"If Scotland wants to remain part of a highly competitive global economy, it has to grasp fully the wide-ranging opportunities afforded by advances in technology."

That suggests to me that it must be driven by

industry and I hope that, when he winds up, the minister will confirm what consultation has taken place with industry and how industry responded.

Mr Swinney was right to refer to concerns about duplication of advisory and educational facilities at local level. That problem is already exercising the attention of members of the Enterprise and Lifelong Learning Committee.

The document has much in the way of verbiage, but it also has glaring gaps. If, as has been indicated, this institution or concept is not to be a mere telephone database, we need to know the answer to some questions. We need to know how the expensive duplication of existing education and advice sources will be avoided and we need to know how the concept will materialise in a manner that is clear and accessible to the public. Such clarity is certainly lacking.

Would not the network of local enterprise companies be a sensible co-ordinator of local provision to serve industry? What will be the quantitative measures of the performance of the institution? How will we know whether it is working? How will we know whether it is succeeding in achieving whatever its declared objectives will be? This Parliament has a specific interest in those questions and I hope that the minister will clarify the Executive's intention to make matters more transparent.

Will the institution, whatever it is to be called, be directly accountable to the Executive? For audit purposes, will it be subject to annual examination by the Audit Committee of the Parliament? If those questions cannot be answered satisfactorily, the proposal will be seen as empty Government dogma and that would be regrettable. The Conservative party would like to see the Scottish university for industry as a much-needed added-value component to industry. That is what this country needs.

The Conservative party endorses the motion and the amendment. However, I hope that the minister will respond to questions about areas of concern when he winds up the debate.

**The Deputy Presiding Officer:** I call Fergus Ewing to wind up for the Scottish National party.

16:42

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** When I glanced at the document rather late last night after a long and heavy dinner, I thought at first that it was not a Government publication at all but, because of the striking good looks of all the individuals involved, the portfolio of a local model agency. After I realised that my first perceptions were incorrect, I struggled through the night to work out exactly

what the document is all about.

We all welcome the idea and the concept but, as T S Eliot once said:

"Between the idea  
And the reality"

falls the problem. As Mr McNulty said, there has already been unacceptable delay and we have little more than an idea, a concept. It is the Government's duty to come forward with workable, thought-out schemes that are capable of being implemented to meet their own purposes.

Just yesterday, the document described the proposed body as the Scottish university for industry. Today, we learn from Nicol Stephen that it is not going to be called the university for industry. In the history of the world of tertiary education, surely there has never been a university of such short duration—just 24 hours. I appreciate that I am a man of modest imagination, but perhaps the new name will be the new university for industry. [*Laughter.*]

To be serious, there is a worthy aim here. People need to develop skills and businesses need to find people to perform the work required for the future. However, if the role of the body is to matchmake, we are not talking about a university for industry at all, but about a dating agency. I have nothing whatever against that concept; in fact, I rather welcome it.

I wonder, however—again being serious for a moment—what is the reaction of the existing universities in Scotland to this new, proposed body, which has changed its name after 24 hours, and has unfortunately not yet got a new name on its birth certificate. What is the reaction of the further education colleges to this new kid on the quadrangle? I think that we should be told.

I think that we should also be told the answers to questions that have been asked by members on all sides of the chamber. Being part of a debate that is relatively free of political point scoring—in which I do not indulge myself, but which I have noticed goes on here from time to time—is a welcome experience.

I am bound to ask the following five questions. First, what will be different about the new body? Secondly, what that is different can the new institution do that others—such as the University of the Highlands and Islands learning resource centre, which, as Elaine Murray mentioned, the Enterprise and Lifelong Learning Committee visited last week—cannot?

Did I notice Alasdair getting off that posterior of his, which was referred to earlier in the debate, or is it just my imagination?

**The Deputy Minister for Highlands and Islands and Gaelic (Mr Alasdair Morrison):** I saw hands on that photo—not a posterior.

**Fergus Ewing:** Pass, Deputy Presiding Officer.

Why cannot existing institutions provide the worthwhile functions the Government has set out and with which we concur?

Thirdly, and specifically on funding, we understand that of the £16.3 million, £12 million will come from the capital modernisation fund. That leaves a shortfall of £4.3 million. Am I right to draw the conclusion that that £4.3 million will come from existing tertiary education institutions? Where will it come from? I am happy to give way to the deputy minister now, if he has any answers.

**Mr Morrison:** In the winding-up speech.

**Fergus Ewing:** Okay.

Fourthly, what will the operating costs be? Half a million pounds seems far lower than what I would expect, given what I have heard.

Fifthly, what happened to the marketing campaign that Kim Howells referred to last year in the House of Commons? As George Lyon said, small businesses have needs that require to be met, but they know absolutely nothing about this project at the moment and they have no means of knowing how to avail themselves of the advantages that it might provide.

I am delighted that, for the second day running, the Executive has had the good sense to support an SNP amendment. It is a trend that, sadly, I think will be short lived. The amendment contains vital ideas. One is that before there can be a university for industry—a brokerage if that is what it is—two conditions must be met: value added and performance measurement. I would say, as a solicitor in my old days, that that is a condition precedent. Those two criteria must be fulfilled before the new body can be launched, exist or go anywhere.

In this debate, as in life, there have been more questions than answers. I think that it is the duty of the Government to provide answers. I hope that we will hear some.

16:48

**The Deputy Minister for Highlands and Islands and Gaelic (Mr Alasdair Morrison):** We have had a useful debate this afternoon. It has given many of us a wider insight into the barriers to learning that people across Scotland face. Those barriers must be overcome if we are to realise a culture in which lifelong learning is for everyone.

As Nicol Stephen said, we will accept Mr

Swinney's amendment and appreciate that it reinforces our motion.

Mr Swinney asked about the motion. The Scottish UFI will be required to develop a number of success criteria, which will be monitored and, of course, published. They will include targets, such as the number of inquiries to the Scottish UFI helpline, the number of people who take up learning, the number who get into further learning, and the number who complete learning. The Scottish UFI will also be expected to publish an annual report and will be required to meet tough targets for its funding under a contractual agreement with the Scottish Executive.

I am glad to assure John Swinney—

**Brian Adam (North-East Scotland) (SNP)** rose—

**Mr Morrison:** I would rather deal with the points raised during the debate and not give way at this stage.

I am glad to assure Mr Swinney that we will measure the effectiveness of the Scottish UFI on that basis, and on that basis I am content to accept his motion.

Mr Swinney asked about revenue funding for learning centres. The Scottish UFI will stimulate most people to learn, and will bring more business to learning providers. Some learners will be funded by existing student support mechanisms; others will use independent living allowances to fund their learning, drawing on the £150 incentive from the Government and on contributions from employers' own savings.

The short answer to Nicola Sturgeon's question is yes: funding of some £23 million, over three years, is available for Scotland through the national lottery's new opportunities fund to develop or enhance centres in existing premises. The aim is to increase community access to lifelong learning, particularly—as was rightly pointed out by several members—in deprived areas.

Mr Monteith's point concerned the need for a distinctively Scottish UFI. Scottish ministers accepted the Scottish UFI advisory group's recommendation that, in Scotland, the university for industry should be established as a distinct organisation that reflects the different arrangements that are in place for education, training and business development in Scotland. I must make the pedantic point that education is a devolved matter. It makes no sense to set up a UK body to address a devolved issue.

Jamie McGrigor raised the issue of more funding for Lews Castle College, in recognition of its remoteness. I am sure that Mr McGrigor will join me in congratulating Lews Castle College and the University of the Highlands and Islands in

establishing four distance learning centres in the western isles between Ness, in the north, and Barra. It was pointed out by my colleague Mr Nicol Stephen that in Barra we have a phenomenal success story—54 people enrolled for learning courses within weeks of that learning centre's opening. In the context of a population of 1,200, that is a remarkable success. There has been the additional good news that two students have enrolled for degree courses at that centre.

**Mr Swinney:** I suspect that, from the way in which Mr Morrison is addressing what has been said, he may have dealt with the points that I raised. However, I would like him to comment, either today or in writing afterwards, on one specific point that I raised. Will he explain how the university for industry project will create a reconfiguration of service provision locally, to meet the demand that is expressed by individual learners? Whether it can respond to personal demand for particular educational opportunities is the key to whether the university for industry proposal will make a difference. How will the university project influence that provision, either through learning centres or existing institutions?

**Mr Morrison:** I am delighted to respond to that question. I refer to something that I mentioned earlier—the learning centre on Barra. We would like that particular situation to be recreated throughout the country. We will establish learning centres in football stadiums and other unconventional arenas. I shall expand on that response in writing to Mr Swinney.

A bidding war about the location of the UFI has been going on all afternoon. Elaine Murray, Mike Russell and Euan Robson, among others, made their pitch. The name of the Scottish UFI—SUFU, as it has been called all day—is under consideration and will change in due course. However, the location of the Scottish UFI headquarters is still to be determined. That will be announced shortly.

Fergus Ewing said that he struggled through the night with this document. Well, it concerns me that he did, but it makes a refreshing change from Ceefax. *[Laughter.]*

The Scottish Executive aims to build a new culture of lifelong learning that will cut across traditional boundaries and reach people of all ages, backgrounds and capabilities. Education and training can generate higher earnings and lead to improved prospects and a better quality of life. They can help to build a more cohesive society, in which everyone can benefit from the opportunities that learning brings.

For our young people, the Scottish Executive is taking steps to modernise Scottish schools, to raise standards and to achieve excellence. For

those who are already in the work force, or who aspire to join it soon, we are committed to widening access to world-class further education and to enabling people of all ages and from every section of the community to enjoy new educational opportunities and lifelong learning. We need to overcome past exclusion and break down the barriers that prevent people from re-engaging, as adults, with the world of education and learning.

We are committed to promoting greater social inclusion in Scotland. We want to encourage a society in which everyone, regardless of their personal, economic or geographic circumstances, is able to make the most of the opportunities available.

Flexibility and ease of access are fundamental. Ground-breaking lifelong learning initiatives, such as the Scottish university for industry, the national grid for learning and individual learning accounts, will harness the power of information technology by breaking down traditional constraints and creating dynamic new structures which will empower people to fulfil their potential. We are developing thinking on the national framework for individual learning accounts which will offer a way for individuals to invest in their own learning, with input from employers and, in certain targeted groups, from the state. We are committed to having 100,000 ILAs up and running in Scotland by 2002.

More than £200 million will be channelled towards the development of the national grid for learning over the next three years. By 2002, all schools will have good internet access and all school pupils will have their own e-mail address. Some £23 million is being spent in Scotland by the new opportunities fund to make training in the use of information and communications technology available to all teachers and school librarians. As far as I know, no other country has attempted a programme on this scale.

At the hub of our plans to create a culture of lifelong learning in Scotland is the Scottish university for industry. It will have a central role in motivating learners, telling people what learning is available, explaining particular qualifications, arranging for people to obtain advice on their choice of learning and putting people in touch with a learning provider.

For many people considering further learning, obtaining advice and guidance is critical. By taking over responsibility for the learning direct Scotland helpline, the Scottish UFI will take advantage of modern, responsive call-centre technology. The helpline will offer a comprehensive service of information and guidance to callers from across the country, free of charge. People also look for advice and guidance locally, and we recently announced continued funding for adult guidance

across Scotland to bring more coherence to the provision of guidance at a local level.

A good deal has still to be done before the Scottish UFI is operational next year. That was recognised by my colleague Nicol Stephen in his opening speech. To keep people informed of progress, the development team will issue a series of guides to individuals and organisations wishing to work with the Scottish UFI. In the coming months the Scottish UFI will aim to engage with learning providers, employers, national training organisations and others with a key interest in learning.

**Mr Swinney** *rose—*

**Mr Morrison:** I am literally on my last sentence, John. The UFI will build strong working relationships with those organisations in the approach to the launch in the autumn. The Scottish UFI will be for everyone. I commend the motion to the Parliament.

## Lead Committee

*Motion moved,*

That the Parliament agrees the following designation of lead committee—

The Rural Affairs Committee to consider the Organic Aid (Scotland) Amendment Regulations 1999 (SSI 1999/107).—[*Mr McCabe.*]

## Decision Time

16:59

**The Deputy Presiding Officer (Ms Patricia Ferguson):** There are five questions to be put as a result of today's business. The first question is that amendment S1M-230.2, in the name of Mr Alex Salmond, which seeks to amend motion S1M-230, in the name of Mr Jack McConnell, on European structural funds, be agreed to. Are we all agreed?

**Members:** No.

**The Deputy Presiding Officer:** We have a division. Members should vote now, please.

### For

Adam, Brian (North-East Scotland) (SNP)  
Campbell, Colin (West of Scotland) (SNP)  
Canavan, Dennis (Falkirk West)  
Crawford, Bruce (Mid Scotland and Fife) (SNP)  
Elder, Dorothy-Grace (Glasgow) (SNP)  
Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
Ewing, Mrs Margaret (Moray) (SNP)  
Fabiani, Linda (Central Scotland) (SNP)  
Gibson, Mr Kenneth (Glasgow) (SNP)  
Grahame, Christine (South of Scotland) (SNP)  
Hamilton, Mr Duncan (Highlands and Islands) (SNP)  
Hyslop, Fiona (Lothians) (SNP)  
Ingram, Mr Adam (South of Scotland) (SNP)  
Lochhead, Richard (North-East Scotland) (SNP)  
MacAskill, Mr Kenny (Lothians) (SNP)  
Matheson, Michael (Central Scotland) (SNP)  
McLeod, Fiona (West of Scotland) (SNP)  
McGugan, Irene (North-East Scotland) (SNP)  
Munro, Mr John (Ross, Skye and Inverness West) (LD)  
Neil, Alex (Central Scotland) (SNP)  
Paterson, Mr Gil (Central Scotland) (SNP)  
Quinan, Mr Lloyd (West of Scotland) (SNP)  
Reid, Mr George (Mid Scotland and Fife) (SNP)  
Russell, Michael (South of Scotland) (SNP)  
Salmond, Mr Alex (Banff and Buchan) (SNP)  
Sturgeon, Nicola (Glasgow) (SNP)  
Swinney, Mr John (North Tayside) (SNP)  
Ullrich, Kay (West of Scotland) (SNP)  
White, Ms Sandra (Glasgow) (SNP)  
Wilson, Andrew (Central Scotland) (SNP)

### AGAINST

Aitken, Bill (Glasgow) (Con)  
Alexander, Ms Wendy (Paisley North) (Lab)  
Baillie, Jackie (Dumbarton) (Lab)  
Barrie, Scott (Dunfermline West) (Lab)  
Boyack, Sarah (Edinburgh Central) (Lab)  
Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
Davidson, Mr David (North-East Scotland) (Con)  
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
Douglas-Hamilton, Lord James (Lothians) (Con)  
Eadie, Helen (Dunfermline East) (Lab)  
Fergusson, Alex (South of Scotland) (Con)  
Finnie, Ross (West of Scotland) (LD)  
Galbraith, Mr Sam (Strathkelvin and Bearsden) (Lab)  
Gallie, Phil (South of Scotland) (Con)  
Gillon, Karen (Clydesdale) (Lab)  
Godman, Trish (West Renfrewshire) (Lab)  
Goldie, Miss Annabel (West of Scotland) (Con)



Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (Edinburgh Pentlands) (Lab)  
 Harding, Mr Keith (Mid Scotland and Fife) (Lab)  
 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)  
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)  
 Johnston, Mr Nick (Mid Scotland and Fife) (Con)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollock) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 McAllion, Mr John (Dundee East) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)  
 McLetchie, David (Lothians) (Con)  
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Morrison, Mr Alasdair (Western Isles) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Mundell, David (South of Scotland) (Con)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Oldfather, Ms Irene (Cunninghame South) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Radcliffe, Nora (Gordon) (LD)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (Lab)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, Tavish (Shetland) (LD)  
 Simpson, Dr Richard (Ochil) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North-East Fife) (LD)  
 Smith, Mrs Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Thomson, Elaine (Aberdeen North) (Lab)  
 Tosh, Mr Murray (South of Scotland) (Con)  
 Wallace, Ben (North-East Scotland) (Con)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Welsh, Ian (Ayr) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)  
 Young, John (West of Scotland) (Con)

#### ABSTENTION

Harper, Robin (Lothians) (Green)

**The Deputy Presiding Officer:** The result of the division is as follows: For 30, Against 73, Abstentions 1.

*Amendment disagreed to.*

**The Deputy Presiding Officer:** The second

question is, that motion S1M-230, in the name of Mr Jack McConnell, on European structural funds, be agreed to. Are we all agreed?

**Members:** No.

**The Deputy Presiding Officer:** There will be a division.

**Robert Brown (Glasgow) (LD):** On a point of order. My thing is flashing. [*Laughter.*]

**The Deputy Presiding Officer:** Order. I am sorry, Mr Brown, I could not hear what you said. Do you want to repeat it?

**Robert Brown:** I was trying to convey the fact that the machine was not working. [*Interruption.*]

**The Deputy Presiding Officer:** We appear to have corrected the difficulty. The machinery was working for the division.

#### FOR

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Galbraith, Mr Sam (Strathkelvin and Bearsden) (Lab)  
 Gillon, Karen (Clydesdale) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (Edinburgh Pentlands) (Lab)  
 Harding, Mr Keith (Mid Scotland and Fife) (Lab)  
 Harper, Robin (Lothians) (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)  
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollock) (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)  
 McAllion, Mr John (Dundee East) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Morrison, Mr Alasdair (Western Isles) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, Mr John (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Oldfather, Ms Irene (Cunninghame South) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Radcliffe, Nora (Gordon) (LD)

Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (Lab)  
 Scott, Tavish (Shetland) (LD)  
 Simpson, Dr Richard (Ochil) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North-East Fife) (LD)  
 Smith, Mrs Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Thomson, Elaine (Aberdeen North) (Lab)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Welsh, Ian (Ayr) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### AGAINST

Adam, Brian (North-East Scotland) (SNP)  
 Campbell, Colin (West of Scotland) (SNP)  
 Canavan, Dennis (Falkirk West)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Elder, Dorothy-Grace (Glasgow) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Gibson, Mr Kenneth (Glasgow) (SNP)  
 Grahame, Christine (South of Scotland) (SNP)  
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Lochhead, Richard (North-East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 McLeod, Fiona (West of Scotland) (SNP)  
 McGugan, Irene (North-East Scotland) (SNP)  
 Neil, Alex (Central Scotland) (SNP)  
 Paterson, Mr Gil (Central Scotland) (SNP)  
 Quinan, Mr Lloyd (West of Scotland) (SNP)  
 Reid, Mr George (Mid Scotland and Fife) (SNP)  
 Russell, Michael (South of Scotland) (SNP)  
 Salmond, Mr Alex (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Ullrich, Kay (West of Scotland) (SNP)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)  
 Wilson, Andrew (Central Scotland) (SNP)

#### ABSTENTIONS

Aitken, Bill (Glasgow) (Con)  
 Davidson, Mr David (North-East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Fergusson, Alex (South of Scotland) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Johnston, Mr Nick (Mid Scotland and Fife) (Con)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)  
 McLetchie, David (Lothians) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Mundell, David (South of Scotland) (Con)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Tosh, Mr Murray (South of Scotland) (Con)  
 Wallace, Ben (North-East Scotland) (Con)  
 Young, John (West of Scotland) (Con)

**The Deputy Presiding Officer:** The result is: For 62, Against 30, Abstentions 16.

*Motion agreed to.*

That the Parliament welcomes the intention of the Executive, in preparing for the new round of European Structural Funds Programmes in consultation with local and national partners throughout Scotland, to ensure that the new plans for Scotland complement the policy priorities in the Programme for Government.

**The Deputy Presiding Officer:** The third question is, that amendment S1M-227.1, in the name of Mr John Swinney, which seeks to amend motion S1M-227, in the name of Nicol Stephen, on the Scottish university for industry, be agreed to.

*Amendment agreed to.*

**The Deputy Presiding Officer:** The fourth question is, that motion S1M-227, as amended, in the name of Nicol Stephen, on the Scottish university for industry, be agreed to.

*Motion, as amended, agreed to.*

That the Parliament welcomes the publication on 27 October of *The Shortest Route to Learning*, the Scottish Executive's progress report on the development of the Scottish University for Industry and supports the creation of the Scottish University for Industry which will enable people to access learning opportunities and learn throughout life on their own terms, so increasing individual employability and economic competitiveness and requires that the project to establish a Scottish University for Industry must clearly establish that value is being added by the project to existing provision and that adequate performance measurement be undertaken to enable the Parliament to judge the effectiveness of this initiative.

**The Deputy Presiding Officer:** The fifth question is, that motion S1M-232, in the name of Mr Tom McCabe, on the designation of a lead committee, be agreed to.

*Motion agreed to.*

That the Parliament agrees the following designation of Lead Committee—

The Rural Affairs Committee to consider the Organic Aid (Scotland) Amendment Regulations 1999 (SSI 1999/107).

**The Deputy Presiding Officer:** That concludes decision time.

## Regional Selective Assistance

**The Deputy Presiding Officer (Ms Patricia Ferguson):** We now move to members' business. I ask those who are leaving to do so quickly and quietly. The final item of business today is a debate on motion S1M-128, in the name of Allan Wilson, on regional selective assistance. The debate will be concluded, without any question being put, after 30 minutes.

### *Motion debated,*

That the Parliament calls for the retention and development of the regional selective assistance priority scheme in areas of high and persistent unemployment.

17:03

**Allan Wilson (Cunninghame North) (Lab):** I realise that this might not be the most exciting subject for this time of the evening, but I believe that regional selective assistance is a vital tool in combating the areas of high and persistent unemployment in our communities.

With the advent of a new assisted areas map, it is appropriate and opportune to have a brief debate on the workings of RSA and how it might assist areas such as my constituency of Cunninghame North, most of which remains eligible to receive RSA. The assisted areas map represents an excellent result for Scotland and is a good example of the UK Government working closely and effectively with the Scottish Executive and the Scottish Parliament.

The negotiating strength of the UK has got us a good deal overall on RSA and structural funds cover, which we discussed this morning. The Scottish Executive has been able to define the areas of eligibility at a detailed level in line with local needs. Regional selective assistance remains probably the most important incentive for companies that are thinking of establishing or consolidating businesses in eligible areas. It is important to remember that RSA is available to indigenous companies as well as to inward investors and to companies that need to invest to protect existing jobs as well as to those that are investing to create employment.

Perhaps that is not sufficiently understood. The impression is sometimes given that only big, glossy inward investors qualify for regional selective assistance, which is far from the truth. I am assured that no indigenous company has been turned down for regional selective assistance because the money has been taken up by inward investors. Perhaps the minister will confirm that.

I want to stress two issues. First, RSA must continue to span the whole range of job-creating activities in eligible areas. It is all very well to talk

about focusing RSA more effectively on sustainable, so-called quality projects—no one would argue with that—but that must be interpreted flexibly. In many of the areas that have most need of regional selective assistance as a tool to attract the high-tech projects that I suspect the word "quality" refers to in this context, for example, the three towns in the Garnock valley in my constituency, any development that brings substantial additional employment is welcome—the higher the quality, the better. I would hate to think that a call centre or a fairly basic manufacturing investment might be lost because RSA was concentrated on more sophisticated or headline-grabbing projects. I hope that the minister will give an assurance that that is not the case.

I also want to make a strong plea for the regional selective assistance priority scheme, which has now been running for two years and targets five areas, including the three towns in north Ayrshire. In general, the scheme allows regional selective assistance in those five pilot areas to be paid at a substantially higher rate—up to £3,000 per job extra—than is paid anywhere else, if the company takes on employees who live in those areas, which have high and persistent unemployment. In principle, it is an excellent scheme that should go a long way towards levelling the playing field for communities that have the greatest difficulty in attracting investment and employment. However, I am far from convinced that the scheme is being promoted with much enthusiasm or commitment by the various economic development agencies.

What national advertising has been done, for instance, to draw attention to the existence of RSA priority and the significant extra benefits that can be offered in the five pilot areas? The answer, I suspect, is none. I meet companies all the time that might be interested in going to those three towns, rather than some other location, but which have never heard of RSA priority. What has been done to promote it? I make a serious plea for a real marketing strategy to raise awareness of the priority scheme, not only on behalf of the three towns in my Cunninghame North constituency, but on behalf of the other four pilot areas, in particular the areas of high unemployment in Glasgow, Dundee and the Vale of Leven.

The pilot period for RSA priority will soon come to an end. I do not want anyone, especially at ministerial level, to suggest that it should be abandoned because the uptake has been low. Uptake has been low largely because so little has been done to stimulate interest in and awareness of the potential of RSA priority. What I want to hear from the minister today is that RSA priority will continue in the pilot areas, but at a higher rate per job than has been the case hitherto, and that

such an increase will be accompanied by an innovative, imaginative and strident marketing strategy to promote RSA and RSA priority plus.

17:09

**Mr John Swinney (North Tayside) (SNP):** I congratulate Allan Wilson on securing the opportunity for a debate on this subject, which I hope will trigger a genuine discussion on how we should tackle issues relating to regional selective assistance.

I want to endorse Allan Wilson's point about the availability of and access to the body of information that exists on RSA. It would be fair to say that the economic community in Scotland is a bit deluged, if not bamboozled, by the amount of information that is available. Companies commit a vast amount of time to try to penetrate—to get to the nub of—the information that they require, which often is not available to those hard-pressed companies at particular stages of development. There is a broad view of those matters in the Parliament and there is an obligation on us to examine how we could improve access to the information and advice that exist in Scotland, to assist companies in their development.

There must be a debate in Scotland on how we structure the support that we make publicly available to companies. There is a danger that a geographical determination of those issues can skew the pattern and effectiveness of regional selective assistance. A case in my own area has concerned me a great deal, although it is moving towards some form of resolution.

Stevens Blinds is a successful company in Brechin in my constituency, employing about 50 people. It develops Venetian blinds and operates in cramped premises in the centre of Brechin, which is in an area that is not without its economic problems, although it is surrounded by areas that do not have quite the same problems.

The advice often given to that company over many years has been, "If you could just move your factory to Arbroath, we would be able to get you a new factory"—because Arbroath happened to have access to RSA resources. It would have been an unmitigated disaster if the company had followed that advice, as it would have lost its greatest asset: the 50 or so people who walk to work in Brechin. The development of that opportunity was not right for that company and, thankfully, that case is moving to resolution. However, the geographical concentration of RSA can skew our ability to assist successful companies that deliver a lot of employment to our communities to expand in particular areas. I understand Allan's arguments, but we must dig into the debate and find some flexibility to assist

the companies that have the most to contribute to the Scottish economy.

Finding a mechanism within the area of public assistance to companies to assist their development is another vital point in the debate—we must find the companies that have the greatest potential to expand, be they inward investment companies or indigenous companies. We must find a mechanism to identify the companies that have the most to contribute to employment growth in Scotland, although I openly concede that that will be difficult to devise and that it is a difficult approach for our enterprise companies. However, if we can find that mechanism, we might find that the economic rewards to the Scottish economy are much greater and deliver much more than the simple geographic formula that concentrates RSA.

Allan Wilson has triggered an interesting debate and I look forward to hearing other speakers and to seeing where the debate takes us in scrutinising the most effective use of this public resource.

**The Deputy Presiding Officer:** Members should restrict their speeches to about three minutes, please.

17:13

**Ms Irene Oldfather (Cunninghame South) (Lab):** I thank Allan Wilson, my neighbour and colleague in Cunninghame North, for the opportunity to debate the motion. I am happy to support Allan's call for the retention and development of regional selective assistance priority schemes in areas of high and persistent unemployment.

The three towns priority area, to which Allan referred, is split between my constituency and his, but I would dearly like to see its positive effects spread through more of Cunninghame South, given my constituency's structural problems. I wish to take this opportunity to outline to the minister some of the problems in Cunninghame South before addressing the action that needs to be taken and how regional selective assistance priority can help.

On employment in Cunninghame South, north Ayrshire's unemployment rate is consistently 4 per cent above the Scottish average. While Scotland's employment rate is expected to grow by around 3 per cent by 2007, that of Ayrshire is expected to fall by 1 per cent, mostly accounted for by north and east Ayrshire.

The situation has been worsened with the announcement that the Volvo bus and manufacturing plant, as the Deputy Minister for Enterprise and Lifelong Learning knows, wants to move its operations to Belgium and Sweden. That is symptomatic of the problems of the Ayrshire

economy: 95 per cent of Ayrshire's exports are generated by firms with more than 200 employees, making us vulnerable to such relocations. Our business birth rate remains low and existing small and medium enterprises are still reliant on traditional markets. Ayrshire's economy is overweight in the traditional manufacturing sector and underweight in growth sectors, such as creative industries and new business.

There are positive signs, including the expansion of higher education. In my area, we will have the new north Ayrshire college next year. The siting of Universal Scientific Instruments in Irvine will provide 800 jobs over the next three years. However, north Ayrshire urgently needs a greater knowledge base, to attract new industries to the area and to encourage diversification in existing firms. Given Ayrshire's highly self-contained labour market, generating jobs locally is the most effective way of addressing structural change, so I call for an extension of the priority scheme to cover more of north Ayrshire. The status of the three towns remains and I hope that funding will stay at least at its current level and perhaps will increase to more than £3,000 per person, to increase the competitiveness of the priority areas.

In areas such as north Ayrshire, which have suffered from high unemployment for decades, the Scottish Parliament represents a real hope for change and a brighter future.

17:17

**Mr Murray Tosh (South of Scotland) (Con):** I endorse what John Swinney said about supporting Allan Wilson's motion and agree with what he said about finding more effective ways to support companies that are most likely to expand. Regional development requires joined-up government—it is not just a matter of economic incentive. Irene Oldfather was correct to point to the importance of local education opportunities; that must be done strategically.

I have spoken before about transport as an important strategic factor. I know the Ardrossan, Saltcoats and Stevenston area, as I was a candidate in Stevenston at the general election. Thus I appreciate that the Ayrshire lobby for the M77 must look at the transport requirements of that part of Ayrshire as well. The local authority's ambitions for economic development are unlikely to be realised without decent transport infrastructure. That argument is true for all the south of Scotland and, indeed, for many other areas of Scotland. The Executive must look at transport in relation to the location of industry.

One of the issues that disadvantaged Ayrshire was the selection of sites for high-technology,

single-user industries, when Ayrshire lost out to the Clyde valley. The Government must make sure that sites are available, because the promotion of sites through Locate in Scotland and other agencies is often critical to decisions made on location.

The fine-tuning of the map for selective assistance was a subtle attempt to maximise the number of areas and the proportion of population that would be covered. It has become clear from the fallout since then that concentrating on wards where the unemployment figures are high does not do the whole job. Mention was made today of problems in Dundee—there are similar problems in Galashiels and other areas.

The industrial zonings, the sites, the facilities and the buildings might not be in the wards designated—grants must go to wards where the industrial estates are. In some cases, the map misses the places where the money needs to go. I do not know whether it is possible to fine-tune it before the Community finalises it, but if there is any way in which the Executive can do so, I hope that it will take on board the concerns of local authorities and enterprise agencies across Scotland.

17:20

**Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab):** It seems as if this is a three towns initiative debate. If it is a members' debate, it is disappointing that there are not more members present. It is also disappointing that there are not more members from further afield than Ayrshire.

As a resident of the three towns area, despite the fact that I represent Carrick, Cumnock and Doon Valley, I welcome the debate, because I know that many of the people who live and attempt to find work in the area around me are in the third generation of those who have never had a decent or quality job. Allan Wilson is to be congratulated on initiating the debate. It is unfortunate that more members are not here to examine the issue.

When we look at the future of selective assistance, we should do so critically. Allan was right to point out the benefits that have been brought to the priority areas. I welcome the fact that priority was given to areas of high unemployment, in an effort to ensure that money was targeted at the correct areas, but in some instances, some of the promised jobs have not materialised. We must be honest about that. We must also be honest about the fact that some of the companies that have received assistance, particularly some of the manufacturing and electronics companies, have not brought the

working conditions that, as a trade unionist, I would like to see. If we are looking to the future, we should concentrate on that.

Let us target the money and support firms, but let us put some conditions on that support: jobs should be high-quality, and there should be trade union recognition and decent working conditions. If companies do not deliver those conditions, they should not be able to get up and walk away. That should apply to inward investments and indigenous companies. The money is there for a purpose. Let us ensure that it is targeted at the right areas, but we should also ensure that people have the working conditions that they deserve.

17:22

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** I congratulate Allan Wilson on initiating the debate and on his motion.

Regional selective assistance is a useful tool to have in one's toolbox to deal with high unemployment. Although I do not represent a constituency in the central belt of Scotland, I can assure everyone that there is high unemployment in many parts of my constituency of Inverness East, Nairn and Lochaber. One such area is Kinlochleven, which has been the home of the aluminium company, British Alcan, for many years. Next spring, the British Alcan operation will close down. Kinlochleven was based on the aluminium industry, so its departure will have grave consequences. To be fair to the Government agencies involved, particularly the local enterprise company, and the local councillor, great efforts have been made.

My concern about regional selective assistance is that in attracting new employment—whether through inward investors or indigenous businesses—to areas of high unemployment, we find that there are many other barriers to overcome. Generally, locations where there is high unemployment are not seen as the optimum or preferred locations. My plea is that RSA should be applied with the maximum flexibility.

I am reminded of a story about an unnamed official of Locate in Scotland whom I met some years ago, who told me that when Scotland and Holland competed to attract inward investment, Scotland lost out. That was because the Dutch equivalent to Locate in Scotland took the rule book, put it to one side, and said to the prospective employer, "The rule book is over there. Tell us what you want." I have a suspicion that that *modus operandi* might operate in other European countries, too.

I hope that the Executive will consider my plea for flexibility in applying RSA. It is a useful tool, but it is by no means the only one that can be used

when tackling the serious problem of unemployment.

**The Deputy Presiding Officer (Mr George Reid):** The final seven minutes of the debate go to the minister, who will wind up.

17:26

**The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen):** I add my thanks to Allan Wilson for introducing the debate and welcome his support for the new assisted areas map. It was difficult, as we were required by the EU significantly to reduce the percentage of the population that is covered by the map. The approach taken in Scotland, with close targeting using the new council wards rather than travel-to-work areas, has been good. In the five areas covered by RSA priority pilot schemes, it would have left more than 90 per cent of successful RSA projects in place.

Allan Wilson asked various questions. I cannot turn round to address him because the microphone is in front of me, but I confirm that no indigenous company has ever been refused RSA because of a competing inward investment. There is considerable flexibility each year in the budget allocated to RSA, which is driven by demand. RSA projects consider job creation. That is one of the criteria central to RSA priority. If high-tech jobs are created, that is all the better as Scotland must look to added value, high technology and the knowledge economy. However, that is not a requirement. Low-tech projects are equally eligible for RSA.

On the promotion of RSA priority, I have been told that the department contacted all the key local players in relation to RSA priority: the local enterprise companies, the local authorities and local enterprise trusts. Everyone locally who advises companies should be aware of it. The media launch, which involved Brian Wilson MP—who was then Scottish industry minister—received a great deal of attention. I assume that Allan Wilson's specific comment was about a funded marketing campaign. He is correct that there has been none.

There is no question of abandoning RSA priority because the uptake has been low. As will be made clear in my later remarks, uptake has been good for a pilot scheme of this nature.

I agree with John Swinney about the complexity of the rules. We need simpler, clearer communication. It is especially important to help growth companies. It is crucial to target assistance in a way that assists the companies with the greatest potential. One of the problems is that we are limited by the EU rules on RSA. I will address ways of encouraging wider and more creative use

of RSA later in my speech.

On Irene Oldfather's speech, I commend the efforts that are being made—this debate is a good example—to put the problems of north Ayrshire and its high unemployment on the map. I have visited the area on more than one occasion and realise that a great deal has been done in a partnership between the public and private sector to address those problems. Clearly, more requires to be done.

Murray Tosh mentioned fine-tuning of the map. Some fine-tuning is being considered, although the extent to which that can be done once the map has been submitted is restricted. The positive side is that some fine-tuning is being considered, but on the negative side, the map must be approved by the EU, so it is possible that the EU could comment critically on our proposals. We await the EU decision with interest.

I agree with Cathy Jamieson that more members should be well informed about this subject. I also agree with Fergus Ewing's comments about maximum flexibility. In my formal response, to which I now turn, I will give examples of that.

RSA has been a central component of regional policy since its introduction more than two decades ago. Its underlying objective is to encourage industrial development and employment in less prosperous areas. However, strict EU rules—the need for a map is one such—mean that we are constrained.

RSA priority is a uniquely Scottish initiative that operates within the RSA scheme. There are no comparable initiatives anywhere else in the UK. Its aim is to give additional employment opportunities to residents of particularly deprived parts of assisted areas. RSA has been operating in the five pilot areas that were mentioned: Glasgow North, Glasgow East End, West Dunbartonshire, Dundee, and three towns in Ayrshire.

Under RSA priority, businesses with projects qualifying for RSA are able to secure £3,000 additional grant for each new job filled, but within the overall maximum EU limits. As I mentioned, to date, uptake has been good and broadly as expected. There have been 21 offers of additional RSA priority assistance, on projects involving a total RSA commitment of £3.8 million. The RSA priority element is £453,000. That has offered employment opportunities to an extra 151 residents in the pilot areas.

Those numbers are modest. At the local level, they are clearly good news and important for the potential employees, as well as for the areas in which they live. However, it is too early to draw conclusions about the effectiveness of the pilots because of the comparatively small number of projects and the fact that most of the projects that

have been offered assistance are now only at the stage of recruiting staff.

Where do we go from here? I have been most impressed with the support voiced for the RSA priority initiative. The premium approach, in the form of the extra grant that is given under RSA priority, has produced clear benefit in the pilot areas, in terms of increased job opportunities. I see merit in not merely sustaining the pilots, but building on them. We are, therefore, examining how the RSA scheme might further complement existing social inclusion initiatives that are aimed at improving employment opportunities for those in greatest need.

The debate has been particularly timely and interesting. From what I have heard today, there is support for building on RSA priority to bring forward employment opportunities for the socially excluded, not just in the five pilot areas covered by RSA priority, but more widely throughout Scotland. The Scottish Executive is investigating that, but it will not be the subject of an announcement today.

*Meeting closed at 17:33.*

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