

MEETING OF THE PARLIAMENT

Thursday 18 November 1999

Volume 3 No 8

£5.00

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Scottish Parliament

Thursday 18 November 1999

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

Ethical Standards in Public Life Bill

The Presiding Officer (Sir David Steel): The first item of business is a statement by the Deputy Minister for Local Government on the publication of a draft ethical standards in public life bill. The minister will take questions at the end of the statement, so there should be no interventions.

09:30

The Deputy Minister for Local Government (Mr Frank McAveety): The last time I stood at this dispatch box was on the day after the opening of the Scottish Parliament. The opening day was a great day for Scotland and, for a brief moment last night, we nearly had another great day but that delight was snatched—again—from the Scottish supporters. I want to put on public record our appreciation that at least we were allowed to dream for 90 minutes last night.

I turn to more interesting matters. I am delighted to announce to Parliament that the Executive is today publishing its draft bill on ethical standards in public life. This bill is one of the eight that Donald Dewar promised the Executive would introduce to Parliament in its first year. As with each of those bills, we are publishing a draft for wide consultation. We will take account of responses to the consultation before we introduce the bill to Parliament early in the new year.

The title of the bill is significant and appropriate. We believe that the ethic of public service extends not only to elected councillors, but to those who serve on public bodies. As I visit councils across Scotland and deal with public bodies in carrying out my responsibilities as a minister and MSP, I am impressed by the continuing tradition of public service of which we are all proud.

In June 1999 the First Minister said:

“the aim is to enhance the reputation of”

public service

“and to ensure a commitment to the highest standards”.—
[*Official Report*, 16 June 1999; Vol 1, c 407.]

Too often the reputation of the many has been undermined by the publicity given to the misdemeanours of the few who fail to come up to standard. High standards must not only be maintained, they must be seen to be maintained.

We believe that there should be equity in the application of standards in public life. Our bill will ensure that equity and fairness are enshrined in those standards. Whether it be a council or a public body, there should be a shared agenda, with shared expectations and shared standards.

Our starting point has been the Nolan committee on standards in public life, but our consultation so far has taken place within Scotland and we have produced a bill that is shaped and influenced by Scottish traditions and circumstances.

There will be an opportunity to scrutinise the draft bill in full detail. Today I will identify the key elements of the bill. In essence, the bill will provide for the introduction of new codes of conduct for local authority councillors and members of public bodies. It will give councils and public bodies a duty to help their members to comply with their code. It will also establish a standards commission to oversee the new framework and deal with alleged breaches of the codes.

On the codes of conduct, we recognise that the introduction of a new ethical framework needs to relate to the nature of the organisations that it will apply to. We are mindful of the fact that one is an elected body and the other is an appointed body. We believe that our bill is sufficiently flexible to address those concerns. The content of the codes will require careful consideration. Local government will have the opportunity to shape and influence its code before it comes to Parliament for approval. The bill provides for that.

Public bodies form a diverse group. Each has its own constitution and functions and will need a code tailored to that. Accordingly, for those bodies the bill will establish a new statutory model code for the members of public bodies and will require each body to adopt a version of that code that is suitable and customised for its circumstances. The central change is that the model code, shaped by the Parliament, will be addressed by those public bodies within three months and will also require ministerial approval.

The bill will cover, initially at least, devolved executive public bodies which have their own staff and budget, which operate solely in Scotland and which have devolved functions only or a mixture of devolved and reserved functions. Those include executive bodies, the national health service bodies and the water authorities.

The public will have the right to know—for the first time in any real way—members’ interests within councils and public bodies. Members’ outside interests and influences will be made transparent.

Adherence to the code will be a personal responsibility for each councillor and member of a public body. However, councils and public bodies

also have an important role to play in assisting their members to uphold the code; for example, by providing clear and effective guidance, training and development, to ensure that the code is upheld. The bill will place a duty on each council and each body to promote its members' observance of high standards of conduct and to assist them to observe their code of conduct.

We welcome the creation of local standards committees and recognise that they can assist in the maintenance of public confidence in elected members in councils. We welcome those initiatives that signal that a council is taking responsibility for standards. In fact, I pioneered one of the first such initiatives in Scotland, in the most difficult of circumstances. The fact that all-party consent was achieved on that in Glasgow—a unique achievement, given the politics of that city—indicates the importance of the good ethic of public service for elected members.

We also consider it essential, however, for the public and members of councils to have confidence that every allegation will be subject to a consistent process and will be dealt with thoroughly and fairly. If that confidence is to be achieved, all allegations of breaches of the code should be dealt with by an entirely independent body. The bill will therefore provide for the establishment of a standards commission for Scotland, which will have responsibility for dealing with all allegations of breaches of the codes.

Never again do we want the conduct of an individual to affect the reputation of an institution or a council. Our public bodies should have robust and clear codes that have public confidence. Those codes should be applied clearly and effectively. It is not for those who run public bodies, as members or officials, to become the personal gatekeeper of the conduct of an individual in their organisation. It is for the establishment of the standards commission to create an authoritative and independent scrutiny of conduct in all public bodies. In the new Scotland, with the creation of the Parliament, we are beginning the modernisation of our democratic structures. The Parliament is not the end but the beginning of that process. The standards commission will be the gatekeeper to the establishment of high standards and best practice in public bodies in Scotland.

We will ensure that investigations of alleged breaches of the code will be carried out swiftly and accurately. It is important for the individuals concerned to know that the allegations will be dealt with quickly, to reassure the public and to clarify the personal circumstances for that individual. An independent person—the chief investigating officer—will be responsible for investigating alleged breaches of the code and

reporting to the commission. Where appropriate, the chief investigating officer will be able to refer matters to another body; for example, the ombudsman, an auditor or, in the most extreme cases, the police.

For local government, if the commission finds that a councillor has breached the code, it will decide what sanction would be appropriate. Sanctions may range from censure of the individual concerned to temporary suspension, or, in cases of significant violation, disqualification of the individual from being, or being elected, a member of a local authority for up to five years.

The chief investigating officer will also investigate alleged or suspected breaches of the code by members of relevant public bodies and will report such breaches to the standards commission. Sanctions open to the appointing body would be similar to those proposed for the local councillors, ranging from censure to suspension and, in extreme cases, removal from public office in public bodies.

Those are the central provisions of the bill: a commitment to equity and fairness; a commitment to a Scotland with high expectations of public service; and a commitment that the citizen is at the forefront of our considerations. How we serve our citizens and reflect their needs and aspirations is at the core of our legislative programme. We can lead Scotland in Britain in the development of ethical standards in public life. We can do the same for equality and social inclusion.

We have an opportunity, in the bill, to address the commitment we made in our programme to building a Scotland on the principles of social justice and fairness—a Scotland of equal opportunity and inclusion. We intend to repeal section 2A of the Local Government Act 1986, commonly known as section 28 of the Local Government Act 1988.

Our view is that that legislation was, and remains, ill conceived. We believe that it has served to legitimise intolerance and prejudice. It has acted as an unhelpful constraint on the ability of local authorities to develop best practice in sex education and to tackle bullying in schools. It has also reduced the capacity—a central capacity, in my opinion—of local authorities to respond to the needs and aspirations of the people they serve, which includes the gay and lesbian community and communities throughout Scotland. We believe that repeal of section 2A will enable the gay and lesbian community to be full participants in the building of a socially diverse and equitable Scotland.

Regarding education, we believe repeal of section 2A will assist in allowing schools to provide a balanced, coherent and responsible approach to

the nurture of personal and social development. I have more than 13 years' experience of teaching in Glasgow and beyond, and I believe that teachers will continue to develop in a sensitive manner, as good professionals do, an understanding of personal values and respect for others of different creed, different race and different sexual orientation.

The issue of sexual orientation is also central to tackling the problems of bullying that have emerged in schools. At present, many professionals fear the possible legal consequences of tackling head on issues such as homophobic bullying. Repeal of section 2A will enable teachers to do that. It will also help voluntary groups who work within the gay and lesbian community to work with councils and it will help them to feel that when they make applications, those will be considered according to the quality of the group's work rather than according to sexual orientation.

We believe that our bill will enhance and reinforce high standards in Scottish public life. We believe that it will create a Scotland that puts citizens and public interest first. It will address the unfairness of the restrictive legislation in section 2A and it will show that Scotland is leading Britain in ensuring that those who govern do so by the consent of the governed, and that the principles of fairness, transparency and social justice are at the heart of our programme for this Parliament.

The Presiding Officer: Many members wish to speak in the economic debate, so I will restrict questions to the minister to 20 minutes. I ask members to make their questions brief.

Mr Kenneth Gibson (Glasgow) (SNP): I thank the minister for that statement and I commend him for providing us with a copy of it last night. With his indulgence, I will ask some brief questions for clarification.

First, what does the minister propose will be the mechanism and criteria for the selection of the chief investigating officer for Scotland's standards commission?

Secondly, the Executive has had time to consider the workings of existing standards committees, such as the one that is established at Glasgow City Council—on which the minister and I both served—and the Parliament's Standards Committee. What lessons can we learn from the workings of such committees?

Finally, will the minister clarify, for some sections of the media, that the repeal of section 2A of the Local Government Act 1986 does not involve the promotion of one lifestyle over another, but is simply the end of legal discrimination against lesbians and gay men?

Mr McAveety: I thank Kenneth Gibson for those questions. The first question was about consideration of the selection of the chief investigating officer. That officer will be someone who understands the workings of public bodies in local authorities throughout Scotland. It will be someone who has credibility in the role that he or she must play and who will set examples on the key issues that will underpin the standards commission. I will welcome suggestions from all members of all parties as to how we can arrive at a firm conclusion regarding the criteria that we want to apply.

The second question was about the functioning of the standards commission. The establishment of standards committees in some authorities has helped to address issues of public concern in those local authority areas. The fact that there was all-party consensus in the example with which we are most familiar signifies that we in public office recognise that a small minority can affect the majority who execute their public duties with great diligence and effort. It is important that we learn from that experience when we set up a standards commission. That experience indicates that there should be clear guidance and codes of conduct. We must also make it clear that all are responsible for their actions and that effective sanctions will be applied to ensure minimisation of misbehaviour. The establishment of standards committees has led to a significant diminution of the criticisms levelled at local authority members in many parts of Scotland. That is testimony to the fact that we should have such standards committees.

I also welcome Mr Gibson's comments regarding section 2A and I agree with his remarks relating to the repeal that we are putting forward. It is a pragmatic response to the issue of developing understanding and knowledge of personal and social development in schools and it will help to ensure that all participants feel that they have a role to play. We do not recognise the caricature that some have drawn of the issue of repeal of section 2A.

David McLetchie (Lothians) (Con): As we said when the First Minister announced the legislative programme, the Conservatives have no objection in principle to this bill. It starts the long process of restoring public confidence in our local authorities—confidence which is sadly lacking. The minister is to be commended for that, but the fact that the bill is necessary at all is a damning indictment of the unacceptable face of the Scottish Labour party in local government in Scotland. If the Labour party had put its house in order, legislative time would not be required for this purpose.

I notice that the minister proudly referred to the standards initiative taken by Glasgow City Council

that had all-party support. Does Mr McAveety agree that the miracle in George Square was not that the initiative commanded all-party support, but that it commanded the support of one party—his party?

I want to ask a few specific questions about the bill. The idea of a standards commission is fine on its own, but the minister also referred in his statement to the local government ombudsman and the Accounts Commission for Scotland. Are we not, perhaps, in danger of duplication and overlapping of functions between those bodies and the proposed new commission? Should not we be looking to rationalise the number of scrutinising authorities? How will overlaps between the standards commission, the Accounts Commission and the ombudsman be dealt with within the framework that the minister envisages will develop through this legislation?

The repeal of section 28, or section 2A, has been tacked on to the ethical standards bill. The Conservatives regard that as yet another example of the perverse priorities of the Executive. That part of the bill has nothing to do with ethical standards and everything to do with political correctness. Will the minister explain what local authorities are currently constrained from doing that they would wish to do when section 2A is repealed? I found his justification for the repeal somewhat unconvincing. If local authorities plan a range of new activities after the repeal of section 2A, how much does the minister envisage that such activities will cost, and what local services will be cut to pay for them?

Finally, does the minister's postbag make him aware, as mine does, that there is concern among parents regarding the content of sex education and social education classes in our schools? Those classes might not conform to the parents' wishes or to the family values that they wish to promote. In those circumstances, will not repeal of section 2A add to their anxieties, and does not the minister agree that, at this time, it would be more appropriate to set out and to agree curriculum guidelines on such sensitive issues—guidelines to which all parties could agree before taking the steps proposed in the bill?

Mr McAveety: I thank Mr McLetchie for his breathtaking arrogance in lecturing anyone in this chamber on standards in public life, given the Tories' record at Westminster. He claimed that he is willing to listen to the people of Scotland. The people of Scotland made their point about the conduct of the Conservatives in public office quite clear at the election in 1997.

All parties consented to the setting up of a standards committee in Glasgow City Council. That was not a priority of an individual in the majority group on the council. John Young, who is

now a Conservative member of the Parliament, welcomed the initiative as a remarkable breath of fresh air in municipal government in Glasgow. I welcomed John's support for that initiative because he recognised it for what it was: an effort to ensure that there are high standards applied to public life and that people are reassured that that is done. That underpins what we have laid out in the bill.

The ombudsman is not an enforcer and it would, therefore, be inappropriate to put the ombudsman in the role that we foresee for the chief investigating officer of the standards commission. The Accounts Commission looks at the finances of local government. If there are grey areas in the bill, those issues should be addressed at the committee stage of the bill and we will welcome suggestions at that stage.

David then moved on to repeal of section 2A. I do not think that Mr McLetchie's use of the phrase "perverse priorities" was a Freudian slip. It was deliberate use of language to suggest and connote something that is not necessarily the case. The truth is that evidence indicates that teachers are inhibited, by the existence of section 2A, from giving the full professional advice that is appropriate to particular circumstances. In my teaching career, I have been prohibited from intervening and assisting youngsters in understanding their own complex personal and social development. I would not wish that on any future children in Scotland. I hope that the teaching profession will have the opportunity to operate as it always has in Scotland, in a sensitive and understanding manner, and to intervene in these matters.

Parental consent is essential for any programme for personal and social development. There is nothing in the bill, or in the intentions behind it, which will not allow parents to be involved in the negotiation and consultation with teachers and care agencies on the way in which programmes for personal and social development are delivered. The issue is to put on a relatively equal footing all approaches to life, and to support people in our communities throughout Scotland. I do not think that that is unreasonable. I remember the point of view that was expressed by William Hague only three or four months ago, when he said that caring Conservatism was about to re-emerge. It is a pity that that point of view has not yet permeated the Scottish Tory party.

Donald Gorrie (Central Scotland) (LD): On behalf of the Liberal Democrats, I welcome the general tenor and purpose of all parts of the bill and its proposals. We will work in this Parliament, and in local government, to make the bill as good as possible.

Will the minister allow councillors and MSPs to

play a vigorous role in drawing up clear-cut rules? That seems to be the essence of the matter. Declarations of interest, and so on, are a bit peripheral. We need absolutely clear-cut rules for elected people and officials, and I hope that he will consider local government officials, civil servants, MSPs, people on quangos and councillors. For example, when I refused an offer of a freebie to go to Hampden, was I daft or was I being sensible? I want to know the rules that set that out. The rules are absolutely essential. If a council produced a robust system of dealing with first-line complaints, would the minister consider building that into the system, allowing that those complaints would have to be reported to the central body? Quite a lot of problems could be sorted out locally, while retaining public confidence.

Finally, what level of proof does the minister think that the standards commission will require? I got into great trouble with esteemed former council colleagues for making the obvious point to the Nolan committee that corruption takes place privately. If a developer gives an envelope full of used notes to a councillor, he does so in a darkened room and with nobody else present, so that his actions cannot be proved. The level of proof that is required is an interesting point.

Mr McAveety: I reassure Donald Gorrie that we will consult throughout Scotland on the codes, and that we will welcome contributions from MSPs. It is also important that local government shares this agenda. For too long, councillors have felt that they were not being considered in this debate. It is important to recognise that they have a contribution to make to the development of codes. Without the active consent and support of local government, such a principle cannot be maintained.

Donald Gorrie asked whether he was daft or sensible. If he had gone to Hampden, he would have been daft; if he had gone to Wembley, he would have been absolutely sensible. It is a matter of judgment, depending on the circumstances at the time. I firmly believe that some matters can be dealt with quickly and efficiently locally, and that reassurance can be given to the wider public. There will be an escalating level of severity, according to the nature of the case. That can be discussed at stage 1 of the bill.

Donald Gorrie said that corruption cannot be proved, as deals take place in private rooms. At the moment, we do not have the benefits of "The Truman Show", in which everything is recorded for public consumption. That is why we need a framework for this code for ethical standards in public life. This is Holyrood, not Hollywood, and it is important that that issue is addressed. We must ensure that there are clear guidelines for its effective operation.

I assure Donald Gorrie that we take those matters on board, and that they will influence some of the debates through the Local Government Committee and through the Convention of Scottish Local Authorities.

Mr Andy Kerr (East Kilbride) (Lab): I welcome the minister's announcement, particularly on the repeal of section 2A. I ask for further explanation of the rationale behind the inclusion of quangos. If someone who is a member of both a local authority and a quango is found guilty by the local authority, how does that affect their membership of the quango?

Mr McAveety: We hope that, at the various stages of the bill's scrutiny, those matters will be addressed in a coherent and sensible way. It strikes me that the way in which someone operates in one public body cannot be separated from the way in which they operate in another. If someone errs in their behaviour in one public body, that can impact on their credibility within another. It must be recognised, however, that one body is elected and the other is appointed. The chief investigating officer's recommendation should be passed on to the appropriate public body. If action is not taken by that body, the matter could be raised before the Parliament for further consideration.

There should be equity in all public bodies, whether they are local authorities or quangos, which Mr Kerr mentioned. My experience in local government leads me to believe that people would welcome that, as part of a shared agenda of high public standards for both elected and appointed officials.

Alex Neil (Central Scotland) (SNP): Will the minister follow the practice that he adopted in the City of Glasgow Council, by ensuring political balance in the standards commission and by rotating the chairmanship? Furthermore, will local enterprise companies be included in the scope of the bill, and will the bill deal specifically with problems of lobbying and lobbyists?

Mr McAveety: The role of the organisations that Alex Neil mentions has already featured in other discussions that have taken place in the Parliament.

The form and approach that I might have undertaken in the context of the administration in Glasgow would not necessarily be welcomed in this Parliament. Therefore, I would not necessarily want to use that council as a slide rule. It would, however, be interesting to find out how decisions could be executed fairly quickly, in the face of opposition.

Two other issues are important. First, we should have a debate on the role of the standards commission. That, and other aspects of the bill,

might be influenced through discussions in the Local Government Committee. I welcome contributions on that issue. I have no fixed view; therefore that could be developed over the next two or three months.

Secondly, as LECs are private companies, they are excluded from the provisions of the bill, although certain regulatory responsibilities may intervene in the issues that Alex Neil has raised. That matter might be considered by the appropriate committees of the Parliament. However, we believe that this bill will address those concerns as far as they affect the bodies for which we have responsibility: local councils and other public bodies.

Karen Gillon (Clydesdale) (Lab): Does the minister agree that the bill sets out a path to a greater public confidence in those who are elected, and that that is to be welcomed? Will he indicate the way in which the repeal of section 2A will affect those in wider education—in community education, for example—and what impact it will have on them?

Mr McAveety: The bill will reassure people and reinforce the general public confidence in those who operate in our elected and appointed bodies. In his assessment, Nolan found very little evidence of what the tabloid press might call allegations of the misuse of public office. We want to set a standard, from the outset of this Parliament, that is of such a high level that the public will be reassured that we are operating in the public interest rather than from self-interest.

I accept what Karen Gillon is saying about others who are involved in education. Many people who are involved in care provision or youth provision would welcome the opportunity for the flexibility that the repeal of section 2A would provide, to address many of the concerns that young people themselves have raised. Only recently, it was found that, within the gay and lesbian community in Glasgow, almost 60 per cent of people had been threatened or physically attacked in the past year on the grounds of their sexual orientation. Youth workers on the streets would pick that up in debates and through sharing experiences.

There is a need to respond to that in a sensitive and understanding way, which the repeal of section 2A will allow to a greater extent. That will be welcomed not only by the gay and lesbian community, but by everyone in Scotland who believes that we should use community education and youth work to assist young people in the difficult choices that they face.

Dorothy-Grace Elder (Glasgow) (SNP): I welcome any measure that seeks to improve standards in public life. However, I heard no

proposal to stamp out that continuing and insidious threat to equality that is known as cronyism. The appointment of friends, relatives, placed people and councillors from only one party—guess which—to public bodies has become a traditional form of what might be called cosy corruption. Brown envelopes are not necessarily involved, but there may be a web that controls many areas of Scotland, particularly in the west. I would like to hear Frank McAveety's view on what can be done to stamp out cronyism. I would also like to hear his view on people in public life taking a full public oath against cronyism and against corruption in any form whatsoever.

Mr McAveety: There is a remarkable symmetry in Dorothy-Grace Elder being cheered by the Conservatives. After the Tories' track record, there is some remarkable surrealism in this chamber.

Dorothy is wonderful at tabloid-speak and at linguistic caricaturing. I appreciate the fact that she has spent many years—that is the best euphemism that I can find—engaging in that sort of use of language. However, if she wants to raise those matters, she will have the opportunity to influence the debate during the progress of the bill.

We recognise the issues that Dorothy raised. We want to reassure individuals throughout Scotland that those of us who are in public service operate in the public interest rather than with self-interest. I cannot remember her ever writing positively about the creation of a standards committee in Glasgow.

My main reason for addressing that question is that I want to reassure people, irrespective of their political stance or party, about people in public office. I caution Dorothy against playing the game of claiming that one party is intrinsically morally superior to the other, when individuals in all parties have erred. That would put us on shaky ground. We should recognise the broader picture.

Dorothy can raise the issues that she has mentioned during the discussion of the general principles of the bill. I welcome a learned and intelligent contribution from her at that stage.

Bristow Muldoon (Livingston) (Lab): As we are talking about a bill on ethical standards, I ought to declare an interest. My wife is a serving councillor—placed there not by cronyism, I have to add, but by the good people of Broxburn.

Given that the minister has commended some of the councils, such as Glasgow City Council and West Lothian Council, that have established standards committees, why has he not compelled all local authorities to establish standards committees? What role does he see the councils that do establish such committees playing with the standards commission?

Mr McAveety: If local authorities feel that it is appropriate to establish local standards committees, I encourage them to do so. However, we felt that the introduction of an all-Scotland standards commission would address any issues that were raised and would allow for consistency throughout the country. I recommend that local authorities consider establishing standards committees, and I understand that many authorities are doing so, which will reassure the public.

The Presiding Officer: I apologise to the four members whom I have not called, but we will be returning to this subject again.

Scottish Economy

The Presiding Officer (Sir David Steel): This morning's main debate is on the modernisation of the Scottish economy. I call Henry McLeish to speak to and move the motion.

10:02

The Minister for Enterprise and Lifelong Learning (Henry McLeish): I hope that you will not mind, Sir David, if I reinforce in passing Frank McAveety's comments. The late, great Bill Shankly, when asked whether a football match was a matter of life or death, said that it was far more important than that. That is why football is still important for the Scottish psyche.

The Parliament should record its genuine appreciation of the dignity, style and flair of the Scottish football team, as well as the fact that we simply out-classed the English at Wembley yesterday. We won the battle; unfortunately we did not win the war. Nevertheless, it is important to recognise that we have the best fans in the world. Some day the team will have the success that it and the fans richly deserve. This Parliament should record a big thank you to Craig Brown, the team and the back-room staff, who made us very proud of yesterday's result.

Mr John Swinney (North Tayside) (SNP): I associate the Scottish National party with the minister's remarks about the fine performance of the Scottish squad last night. Does the minister speculate that, if his playing career were still active, he might have been able to take that final step and secure a victory for Scotland last night?

The Presiding Officer: I hope that this exchange will be brief. It is all out of order, but very interesting.

Henry McLeish: Because it is out of order, I will not respond to Mr Swinney's question. Suffice to say, if I were at least five stones lighter, I might have been able to run a bit, but I could not have compared with the stars whose talents were on display yesterday.

Turning to the real business of the morning, I want to use the opportunity that this debate offers to outline the Scottish Executive's vision of a modern, vibrant and successful economy. We have come a long way in the past 100 years. The Scottish economy has evolved and diversified and it continues to do so. A snapshot of the structure of our employment shows that the heavy industry that once dominated our economy now sits alongside manufacturing, construction, agriculture, energy-supply industries and utilities, financial and business services, public services, retail and tourism, with nearly 200,000 people self-

employed. This is a modern economy, but we cannot stand still against the challenges of global competition. As a nation we must continue to drive forward technological boundaries and embrace new ways of doing business, such as e-commerce and the internet.

There is no simple solution to the challenges that are thrown up by global competition and we must tackle this issue on many fronts. Modernisation cuts across whole areas of society and the economy, and is largely dependent on our ability as a society to change our attitudes and expectations, and to be receptive to learning new skills. It is natural to want to hold on to familiar ways, but if we are to remain successful we must not stand in the way of progress. Yes, we must learn from the traditional industries and help them to develop, but we must also be prepared to look forward and to innovate. If we can do that, we can all look forward to higher standards of living and a society in which there is opportunity for everyone to benefit.

The economy has already undergone enormous change in the past few decades and that is a tribute to the resilience and adaptability of the people of Scotland. We are already used to the process of change, but perhaps not to the accelerating rate of change.

The challenges that we face are largely to do with developing our responsiveness to new global market trends. With our exports dominated by just three sectors—electronics, chemicals and drinks—we need to innovate and diversify into new growth sectors to keep up with our competitors. We need to address our below average company formation rate. We need to boost company spend on research and development. We must also ensure that there is a greater spread of wealth across Scotland in both urban and rural areas so that we can create a truly inclusive society and counter the significant variations in gross domestic product and unemployment.

An overarching aim of this Parliament and of our nation must be to create a high and stable level of employment. Our goal must be job opportunities for all people, throughout their working lives. I hardly need to remind Parliament of the intensity of the competitive pressures that are now a feature of trading in a global marketplace. The harsh reality is clear. The recent decision by Marks and Spencer to source more of its clothing ranges from offshore producers is an example of that. Business is now being done globally in many sectors and we should acknowledge that reality.

Not only are we under pressure from low wage costs overseas, but the quality of the production processes that can be managed overseas is also improving. Globalisation is being fuelled by advances in information and communication

technologies, which make it much easier to control quality remotely. E-commerce is also becoming an ever more attractive way of doing business. It will no doubt feature in the debate this morning. Modern knowledge and information technology based industries are location neutral and therefore have the potential to compensate for Scotland's peripherality and distance from some markets.

Virtually every sector of our industry will be affected by this new industrial revolution and by increased international financial flows. We must accept and acknowledge that basic manufacturing operations in advanced economies will continue to evolve, and we should recognise both the challenge and the difficulties involved. We need to consider the opportunities for our nation in research, design and the development of innovative products.

I shall touch briefly on the economic backdrop to this debate. The economic climate for bringing about change has never been better. I am confident that Scotland is already involved in leading-edge technology in a number of areas, such as biotechnology. My recent visits to Remedios in Aberdeen and to Cyclacel in Dundee confirmed that opinion. We need to continue to capitalise and expand on the success of such firms.

Thanks to the chancellor, we have economic stability with low interest rates, low inflation and sound public finances. Many commentators have noted the growing confidence of employers. The Confederation of British Industry recently reported that optimism among manufacturers has continued to grow and is now at its highest level since April 1995. The Bank of Scotland's October survey reported that manufacturing output rose at the fastest rate since January 1998.

Our electronics sector continues to burgeon, with output in electrical engineering continuing its almost inexorable rise over the last six years—about 9 per cent in the latest four quarters. Service sector activity rose for the 12th consecutive month. There are opportunities for employment growth in the newer sectors, including biotechnology, software development, multimedia and call centres. Since 1 April 1999, 16 companies have announced plans to create nearly 8,500 jobs in Scotland. Yesterday we had further good news on unemployment. The trend remains firmly down, with the lowest claimant count for nearly a quarter of a century. As was mentioned by the chancellor last week, this is a wonderful opportunity for us to see employment rise and unemployment fall over the next months and years.

The chancellor's pre-budget speech last week showed the Government's intention to provide the right conditions for speeding up the modernisation of the UK economy by stimulating enterprise and

entrepreneurship—a factor mentioned in the Conservative amendment.

Mr Swinney: Will the minister tell Parliament what consultation the Scottish Executive had with the chancellor prior to the preparation of the pre-budget report?

Henry McLeish: John Swinney will know that contributions were made to the Executive from the political parties in the Parliament on, for example, the climate change levy and the fuel escalator. All of those issues were raised in Scotland and have been discussed in this Parliament. As part of the normal machinery of government there has been dialogue with the Treasury and the Department of Trade and Industry on those and other issues. Even on matters reserved to Westminster, this Parliament has real power and clout and the Executive will use it at every opportunity to ensure that Scotland's interests are represented, whether on devolved or on reserved matters.

Mr Swinney: I will pursue that point a little further in relation to the enterprise-friendly measures announced by the chancellor. A number of them are very welcome, but I am not sure that they are all tailored to the requirements of the company sector in Scotland. Does the minister have the discretion to tailor initiatives launched by the chancellor that apparently have a pan-UK dimension but which would better suit the company base in Scotland so that companies can maximise the benefits provided by those opportunities?

Henry McLeish: I am happy to confirm that what John Swinney said is correct. The chancellor introduced a number of excellent measures on entrepreneurship, on small businesses and on the enterprise economy, as well as incentives for research. I will be happy to show the report to John Swinney when we receive it. We are now looking at the proposals to ensure that they are fine tuned for Scotland. In other areas, we are developing our own policies and initiatives and we have the funding to do so. It is important that the interface between what we do here and London is close so that Scotland gets the benefit of both.

Tommy Sheridan (Glasgow) (SSP): Is the minister aware of the recent Joseph Rowntree Foundation report that shows that the pressure to boost performance and cut costs has led to a serious intensification of work and has pushed job insecurity to its highest level since the second world war, causing health, family relationships and the long-term future of the economy to be put at risk because of the increased push on competitiveness? What is his response to that report?

Henry McLeish: I am aware of the report but I do not recognise the interpretation that Tommy

Sheridan has put on the findings—*[Interruption.]*—a view that is perhaps shared by the baby in the gallery. I agree that the basic economic foundations are there and that we are rapidly modernising. Unemployment is at the lowest level for a quarter of a century; we have all the ingredients for economic success. As an Executive we believe—and I am sure the Parliament agrees—that one of the ways in which to tackle social exclusion is to ensure that people have access to employment opportunities and to training and education in the learning society that we are trying to develop. Tommy has an over-pessimistic view of what is happening, but there are nevertheless real challenges in the UK and in Scotland and on that I am sure he and I can agree.

The chancellor announced new measures that will help to raise our productivity faster than that of our competitors, including the reform of capital gains tax and new incentives for corporate ventures and share ownership. The chancellor gave the clearest signal yet that this is a business-friendly Government that recognises that investment and risk taking must be better rewarded. I associate myself with his comments and I hope that they will be endorsed by the Parliament. We must look at new models to help the economy.

Alex Neil (Central Scotland) (SNP): Does the minister realise that Scotland's share of the benefits from the chancellor's pre-budget speech is outweighed by a factor of five as a result of the interest rates announced by the Bank of England? Any benefit to Scotland from the chancellor's measures has already been wiped out. Additionally, the increase in interest rates maintains a pound overvalued by about 20 per cent, with a devastating impact on our export industries.

Henry McLeish: The latter comment on the impact on exports is simply untrue—the volume of exports in the second quarter of 1999 is up by 6.4 per cent. That suggests to me that rather than bemoaning the conditions that beset the economy, our exporters are working very hard to ensure that they win exports and prosperity and, more important, keep jobs throughout Scotland. Calculations based on the fantasy figures that Alex Neil has used produce fantasy results. The pre-budget report identified the key areas that will help us win success. No one in this Parliament should be decrying the chancellor's right to do that in the interests of the UK and Scotland.

The Scottish Parliament can help to fine tune our resources to fit the needs of Scotland, and it is helping to bring about a new confidence in our ability to determine our economic future. New models of working with business are taking shape.

That must be set in the context of the economic framework that is being developed by the Scottish Executive under the direction of the chief economic adviser, Dr Andrew Goudie. The framework looks at how economic progress can be accelerated while meeting our commitments on social justice and the environment. We are beginning a major process of consultation and I encourage members who would like to participate in this effort to make contact with Dr Goudie, who will be happy to meet them. I add, for John Swinney's benefit, that we want to have serious discussions on the new framework with the Enterprise and Lifelong Learning Committee.

Companies must tap into the latest ideas and markets and produce innovative products for them. That is what greater entrepreneurship is about. It is a risky process; it requires vision and courage to enter new markets, which may not in the short term produce the returns that the company would like. It is instructive that many of the new, highly valued, internet-based companies have yet to produce a profit. The UK generally lags behind our main rivals in this kind of entrepreneurship, but there are some very good role models. In recent years, huge successes have been chalked up in telecommunications, the utilities, financial services and transportation. We need to tilt the balance towards risk taking so that we are more often the first to benefit from new trends. We need a cultural shift towards greater acknowledgement of risk takers and the economic benefits that they can bring; towards not always rushing to condemn the risk that went wrong; and towards providing better rewards to those who harness the new ideas that are ultimately translated into employment. I think that that captures the spirit of the Conservative amendment. I have no hesitation in saying that entrepreneurship is a key issue for Scotland. We must build a national mood that values modernisation, seeks success and is confident and always aspirational.

So what do we need to do to accelerate the modernisation of the Scottish economy? First—and I hope that there is complete agreement on this—we must raise productivity across all sectors. We must build what has become known as a knowledge economy where we compete with the world on the basis of knowledge, ideas and innovation. We are currently drawing up an agenda for the new knowledge economy task force, which will help me to prepare further work plans early next year focusing on the key themes of business innovation and skills.

Secondly, we need to adopt a strategic approach. Tinkering simply will not be good enough. We need a coherent, comprehensive approach to the economy. That is why we are looking at manufacturing, tourism, the

commercialisation of science, skills development and small businesses, because small firms are crucial to the Scottish economy. In that way we aim to bring all of that work together in the overall economic framework that I mentioned earlier, but we must also recognise the importance of modernising our transport, telecommunications and educational infrastructure.

Mr Murray Tosh (South of Scotland) (Con):

Will the minister say when the Government will make a statement on its strategic policy for Scotland's port developments, what it will do about Scotland's strategic rail freight developments, and when it will address the problems of the interface between England and Scotland—the M6 and M74 and the comprehensive upgrading of the A1—all of which are critical to Scotland's long-term transport infrastructure?

Henry McLeish: That was a long contribution and I could reflect on it further. I take those points seriously. Scotland's infrastructure needs to be invested in and modernised. Indeed, Sarah Boyack has started to do that with her statement on the strategic roads review. All of those developments are part of the framework. There is no point in aiming for a sound, prosperous economy if we do not have the infrastructure to back it up. In Sarah's absence I am happy to pass on Murray Tosh's comments and, of course, they will appear in the *Official Report*.

Mr Kenneth Gibson (Glasgow) (SNP): Is not it the case that the Minister for Transport and the Environment has not accepted that the M74 northern extension is a strategic road, despite the fact that the "Complete to Compete Report on the M74 Northern Extension" suggests that failure to accept the fact that the M74 northern extension is a strategic road and must go ahead will cost Glasgow between 6,100 and 6,800 manufacturing jobs?

Henry McLeish: There is widespread agreement in Scotland about the importance of that link. Sarah reflected on the strategic roads review in her statement. Certain schemes are going ahead, while other big schemes are being developed further. There is no point in distorting the argument. Scotland wants a modern infrastructure and will get it, but some of the political parties have to face up to the fact that finance cannot be plucked out of thin air. We have to deal with harsh priorities and realities.

Thirdly, we must do more to create an entrepreneurial culture and new businesses. The document "Making it Work Together" sets targets: we want 100,000 new Scottish businesses by 2009; the establishment of a Scottish institute of enterprise by 2001; the introduction of a new business mentoring scheme by April 2000; and the rapid acceleration of technology transfer, including

the commercialisation of science. Those are just a few examples of what we are doing.

Fourthly, we must broaden and raise our skill levels. If we are to embrace the lifelong learning revolution, we must connect resources and efforts in order to improve our education system at all levels. That is why we are committing resources to enable 42,000 more students to enter further and higher education by 2002. That is why we are setting up the Scottish university for industry and supporting the University of the Highlands and Islands. That is why we are going to create a further 10,000 modern apprenticeships and 100,000 individual learning accounts. Finally, underpinning all of those initiatives, that is why our universities and colleges will be at the core of our new economy.

Mrs Margaret Ewing (Moray) (SNP): Have all the University of the Highlands and Islands courses been ratified? If not, can we expect an early decision on any of them—they affect areas in my constituency?

Henry McLeish: I am pleased to say that I was in Inverness yesterday having discussions with Inverness College and the University of the Highlands and Islands. Tremendous progress is being made in developing the programme. I am pleased to say that a number of courses have been approved, and more are in the pipeline. I would be happy to give Margaret Ewing an update on my visit.

Fifthly, we must embrace new technologies. It is all too easy to be overwhelmed by technological advances. It is even easier simply to ignore everything that is going on, or to decide "it's not for me". That is the way to economic ruin. We must embrace new technologies, such as e-commerce and biotechnology. All Scottish companies must be alive to the opportunities that exist and, even more important, to the threats that they present if competitors steal a march. We must empower ourselves to compete with the best in the world.

The new economy must be based on an inclusive approach. We will be able to make progress in Scotland if we focus our social inclusion strategy alongside our new economy proposals. Through new deal and area-based strategies we must stamp out the inequalities caused by deprivation and poverty. Access to jobs and education is the long-term key to solving those problems, and the Executive is committed to tackling them.

Unemployment is a subject that has raged in debate for nearly a century. Today, the rate of unemployment, as measured by the International Labour Organisation, which was over 15 per cent in 1984, is 7 per cent on a seasonally adjusted basis. The rate has halved, but it is still too high.

The seasonally adjusted claimant count of 5.2 per cent is the lowest rate since 1976. Reforms since 1997 have cut numbers in the youth and long-term unemployment new deal target groups in Scotland by 58 per cent and 36 per cent respectively. This is a wonderful opportunity for the country. The Chancellor of the Exchequer referred to it in his statement on the pre-budget report last week. For the first time in the past quarter of a century we have the prospect of employment opportunity for all, based on a clear definition of rights and responsibilities.

Unemployment rates are the lowest for a generation, but we can do much better. Measured unemployment in the 1950s and 1960s was always below 5 per cent. Indeed, it was below 3 per cent in some years. Even after allowing for changes in definition and other statistical health warnings, it is clear that there is further scope for employment in Scotland to rise and for unemployment to fall. The Scottish Executive's policies on the modernisation of the economy will help to take us in that direction.

Much activity is under way, but we are far from complacent. We must identify new ways of improving our productivity and competitiveness. Today, therefore, I am announcing our intention to identify and help develop centres of excellence for the industries of tomorrow. We already have a number of emerging centres of excellence, such as Prestwick for aerospace and Livingston for semiconductor research. Those centres not only provide local employment, but represent best practice in collaboration between companies, education institutions and the public sector. They have the potential to be important not only to the local economy, but to the Scottish and UK economies.

Over the coming months, we will identify further opportunities for developing centres of excellence. I can confirm press speculation from earlier this week that the Executive is working closely with interested bodies to develop a centre for engineering excellence at Rosyth. I hope to be able to announce more details on that matter early next month.

We want to create a truly modern economy that also promises full employment. We will need to ensure that the transition is handled sensitively and positively. People must be helped to find new jobs and skills. There is a crucial role for the Executive and for all of the economic agencies. It is in the nature of change in the global economy that there will be gains and losses. The task for Government and business is to be smart and focused and to use change to our national advantage. If we do that, there is no reason why full employment should not be possible. That is a sensible objective, and I look for the support of the

Parliament in achieving it. I look forward to the debate.

I move,

That the Parliament acknowledges the very real progress being made to prepare the Scottish economy for the next century, but recognises the growing global competitive pressures it faces, that as a result modernisation of every sector of the Scottish economy will need to be accelerated and that public support is best targeted on initiatives which encourage modernisation.

10:28

Mr John Swinney (North Tayside) (SNP): I welcome this debate on modernising the Scottish economy. It gives Parliament the opportunity to test effectively how the Executive is performing in leading the development of the Scottish economy to face the challenges of the future.

Having listened to what the minister said about modernisation, and having studied the points that are made in the Conservative amendment that stands in the name of Annabel Goldie, I am confused. The minister talked about the need to have a culture that embraces modernisation. If I interpreted him correctly, he seemed to be embracing the Conservative amendment, which would delete a reference to modernisation from the motion and insert in place of it some specific commitments in relation to the Government's work. I am sure that the deputy minister will clear up that point later.

As I listened to the Queen's speech at Westminster yesterday, I was struck by the defining characteristic. It had clearly been written by a Labour spin doctor. Her Majesty was almost unable to complete a sentence without using the word modernise. Of course, the speech was consistent with so much of the Government's rhetoric at Westminster and in Edinburgh. It seems that simply mentioning the word modernise solves all the challenges that we face—but what does modernise mean?

I suppose modernise means equip for the future and the challenges that lie ahead; being ready for change and embracing it rather than being fearful of it. I suppose it means responding to the Government's clarion call for action, or the support that is required will not exist.

I am concerned that that is not what the Government is offering today. I hope that this debate is not just another Executive time filler, with the danger that it confuses rather than clarifies the way ahead for Scottish companies. I fear that what we now hear from the Government on the debate about modernisation is another feature of its wanting to be seen to be doing things rather than getting on with doing them.

One of the criticisms that the SNP has regularly

made of the Executive is that ministers continue to announce a range of initiatives that lack cohesion. It is nice in politics when somebody makes a point that enforces our arguments. I was intrigued by an article in the *Sunday Herald* at the weekend. Alf Young, who is one of Scotland's most distinguished economic commentators, opened his article with these words:

"Scotland's enterprise and lifelong learning minister Henry McLeish was complaining about 'initiative overload' on Friday . . . In the week when the chancellor's pre-budget report heaped even more enterprise initiatives on the already groaning pile, Mr McLeish was candid enough to admit that the plethora of agencies, task forces, programmes, initiatives and incentives clustered loosely under the enterprise banner is, in large measure, down to politicians anxious to be seen to be doing something positive."

That is an admission if ever there was one.

I reiterate one of the SNP's criticisms of what the Government is doing and how it is going about policy making in this field. It must move away from this cluster of initiatives, programmes and press announcements. The cluster strategy seems almost to come from the number of announcements that are being made. We must have a comprehensive economic strategy for Scotland. I am often staggered by the fact that we do not already have one.

Henry McLeish: I am willing to enter into a deal with John Swinney, which is that in my efforts to cut down initiative overload he promises in the debate today to give us one scintilla of an SNP proposal to improve the Scottish economy that is not about the waffle of macro-economic strategy or its obsession with interest rates. If he agrees to that deal and specifies the SNP's policies for improving the Scottish economy, I will be delighted to go further on my activity overload.

Mr Swinney: The minister will not be surprised to hear that I will address that point later in my speech and give him some specifics that he can chew over with his extensive range of advisers.

I notice that the SNP's pleas for a comprehensive economic strategy for Scotland have reached the ears of the First Minister. He is going to make a speech tonight about the launch of the economic strategy for Scotland.

The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen): No he is not.

Mr Swinney: I read those reports in the newspaper and assumed that there was a vague element of truth in them. I am told that briefings were made to journalists yesterday about the fact that the economic strategy was going to be launched and that there was a lot of covering up for the fact that we did not have a strategy beforehand.

If the strategy is launched, it is important that it

is brought before this Parliament. I would like to think that what the Minister for Enterprise and Lifelong Learning has told us this morning has been designed to give us a hint of what might be drawn together into that economic strategy and what it will tell us about the future direction of the Scottish economy.

We must ensure that the Parliament, and the Executive on our behalf, is truly in command of the direction of the Scottish economy. Ministers must have a vision of the type of economy that we are trying to achieve in Scotland. To do that, the economic strategy, upon which the Executive must consult widely and attempt to secure a broad consensus across the parties and across Scotland to support those objectives, must give clear strategic direction to all the partners in our society.

An implicit part of the minister's message this morning was the need for us to be technologically equipped for the future, yet the way in which the minister has handled it means that we are having this debate on a compartmentalised subject and we will have the debate about digital Scotland this afternoon. If digital Scotland is not at the heart of the debate about the modernisation of the Scottish economy, what on earth is?

I admire Mr McLeish's enthusiasm for the economic regeneration of Scotland and I support many of the initiatives that he produces because they are, in the main, good ideas about developing the Scottish economy. However, he does not run the whole show on this policy area as, for example, policy on digital Scotland is in the custody of the Deputy Minister for Children and Education.

Excuse me for asking silly questions, but I do not understand how this hangs together. If we are going to modernise the Scottish economy, we should give responsibility to the ministers who are responsible for the modernisation of the Scottish economy and give them the equipment to get on with it. We should not compartmentalise vital aspects of policy. I have been asking for weeks why Mr Peacock is in charge of digital Scotland policy. I have yet to get an answer.

Alex Neil: He has nothing else to do.

Mr Swinney: That was a helpful comment from Mr Neil. I will move on.

A comprehensive economic strategy for Scotland, designed to develop and equip our economy for future challenges, would take many of the issues raised by the "Pathfinders to the Parliament" document—on electronics, transportation, manufacturing, textiles, tourism and the small business sector—to heart and build a coherent picture of what we are trying to achieve.

The points that Murray Tosh and Kenny Gibson

made about the transport infrastructure are vital. We must draw those aspects together into a cohesive strategy for the future of the Scottish economy. That strategy must also have strong linkages to the existing tenets of economic development strategy in Scotland, particularly the cluster strategy that Scottish Enterprise has launched.

I notice that the First Minister is making his speech tonight at the Bank of Scotland dinner in Glasgow. I hope that the evening gives him an understanding of the need for the Scottish Executive to consider seriously the involvement of the financial services sector in the cluster strategy. That sector has developed enormous competitive strength for the Scottish economy over many years.

The Scottish Executive should not just build on the professionalism and high-quality employment that exists in the financial services sector in Scotland; it should provide an engagement between the enterprise agencies, the Scottish Executive and that sector to entrench our global position in financial services and build a powerful set of companies with professional expertise at their disposal. That sector is a prime target for the development of dynamic thinking about how to adjust our economy to new challenges and methods of generating wealth. I hope that the Executive takes that message on board.

In searching for this economic strategy for Scotland, we must be aware that not all of the devices that we need to use will be at our disposal. We are a devolved Parliament and to create that economic vision we must be able to use macro-economic powers.

Last week, the chancellor announced his pre-budget report. He called for a range of measures to stimulate an entrepreneurial culture in the UK. He concentrated on creating the right incentives for entrepreneurs and ensuring that young people learn the right skills to take advantage of a more entrepreneurial Britain. He called for the promotion and growth of business in deprived areas. He announced a huge programme of investment in the Massachusetts Institute of Technology and Cambridge University partnership. He talked of tax incentives and tax reliefs.

If those initiatives are not at the heart of the use of macro-economic powers to change, modernise and reconfigure the economic base of a country, I do not know what are. That is why our amendment refers to the need for the Scottish Parliament to be able to use macro-economic powers to deliver measures and initiatives that will be right for the Scottish economy.

I asked the minister what consultation there had been with the Scottish Executive about the

contents of that report and what attempt there had been to secure synergy between the chancellor's announcements and the work of the Scottish Executive. Other than "on-going discussions", there was not an awful lot in the minister's answer. We have often found out that the use of macro-economic powers is of enormous influence in the pattern of the Scottish economy.

As we found with interest rates, those powers are not often used in the best interests of Scotland within the context of UK macro-economic policy. The minister made a comment about the formidable performance of our exporting sector. I would be the last person to decry the exporting sector in Scotland, other than saying that it is too narrowly focused, which is a real issue that we must wrestle with.

It is hardly surprising that, over the past few months, there has been an improvement in our export performance, given the seriousness of the problems with which the export sector has been wrestling over the past two years because of high interest rates.

As we consider the degree of change the Scottish economy requires, we must have confidence that the Executive has in place the measures to manage transition away from our traditional manufacturing base. We need to hear from the Executive how its approach to managing that transition differs from the economic dislocation that the Tories brought about in the 1980s. Measures need to be taken to ensure a smooth transition from dependence on the older, heavier industries to reliance on the newer, growth industries.

When considering how to modernise the Scottish economy, we must, as the Executive's motion suggests, be clear about what we are encouraging Scottish companies to do. The SNP supports encouraging companies to befriend information technology, to improve their business and manufacturing processes, to invest in new technology and new plant, to empower their staff and motivate them in a culture of lifelong learning, to change arm's-length suppliers into committed partners, and to embrace e-commerce. All those initiatives are important, but they are not enough.

I am happy that the Scottish Executive and the economic development agencies are advocating modernisation and pointing to the advantages that will accrue to companies that adopt modern practices and technologies to meet customer needs, but effective business people will modernise only when it will make their businesses more profitable and competitive. If they see clear-cut advantages in doing so, it will be hard to stop them modernising. As a result, they should be able to gain access to the finance that is needed to support that.

If we are setting out a comprehensive strategy for modernising the Scottish economy, we must relate to the real issues that face business as it tries to change, to achieve more sustainable profitability and to deliver competitiveness. We must be aware of three key issues that impact on business profitability and competitiveness: education; retained earnings; and research and development. With those in mind, I will set out our views on the challenges that we face.

In my opinion, an economic development strategy must encompass the three key factors that I have mentioned. Our European partners in Ireland have taught us how to modernise by investing heavily in education over a period of not a couple of years, but 20 years. Ireland is now winning new inward investors and experiencing high levels of indigenous business growth as a result of that 20-year investment. Most serious business people in Scotland now recognise their absolute need for educated staff and the benefits that flow from motivating and rewarding them. Investment in education is a vital component in creating the base on which we can build.

The second issue is retained earnings. In last week's *The Economist*, I noticed an advertisement that had been placed by the Austrian Government, stating that Austrian companies retain 83 per cent of their profits after total corporate taxes. That gives Austria the third lowest level of corporate tax in western Europe, behind Ireland and Portugal. The experience in Austria has been that lower corporate taxes encourage new businesses to start, foreign business to move in and the reinvestment of profits. If we in Scotland had access to macro-economic powers, we could deliver competitive advantage to our companies and to companies interested in building their activities base in Scotland by offering flexibility on business taxation, which is currently outwith the powers of this Parliament.

On research and development, we have some stiff lessons to learn. The Scottish Enterprise network strategy document that was published in January this year included a graph showing the amount spent on research and development as a percentage of gross domestic product in Scotland in 1996. The graph shows that Scotland invests less than half as much as a percentage of GDP as England, and less than a third as much as Japan. That looks bad, but when we take into account the fact that Japan's GDP per capita is approximately twice that of Scotland, it becomes clear that we are investing at less than one sixth of the Japanese level. If the minister tries to quieten my fears by saying that those frightening statistics reflect the fact that many Scottish businesses are owned from outwith Scotland, he will fail to reassure me. We need a secure headquarters base in Scotland for our businesses, with high

value-added posts, so that real decisions can be taken here on investment in the future of individual companies.

We need an economic strategy to modernise the Scottish economy that draws on three fundamental strengths: investment in education; a competitive business tax regime; and the capacity of companies to invest in their organisations here in Scotland.

I am pleased that the Government is coming forward with an economic strategy for Scotland—if that is what it is doing—because such a strategy is required to draw together the proliferation of initiatives. However, it will face many challenges because of the limitations on this Parliament's powers to reduce the burden of business taxation and to take the quantum leaps that are required in investment in education and research and development. I fear that too much of the thinking that goes into the Executive's strategy will be directed from London and will lack input from this Parliament, our ministers and businesses in Scotland.

As the Government mulls over its economic strategy, I hope that it will have the vision that is required to assess the pace of change that we are experiencing. We may applaud jobs in new call centres—and I do. We may appreciate and admire the technological advances that are being made—and I welcome them. We can see that new jobs are being created, but we must realise that the pace of change is so fast and fierce that the perspective of any economic strategy must span more than two, three, five or even 10 years. It must equip Scotland for a reconfiguration of our economy that will last us for the truly revolutionary period to which the minister referred. It must last us well into the next millennium, to ensure that we do more than just catch up—as I fear we are doing at the moment—with the economic forces and powers that are at work in other fast-growing economies around the world. The strategy should allow us to lead that process with dynamism and vitality, as many sectors in Scotland have done in the past. We can do that if we harness the powers of this Parliament and acquire for it the power to shape the macro-economic future of Scotland, on which our prosperity will be built.

I move amendment S1M-296.2, to leave out from "encourage" to end and insert:

"will create new wealth and sustainable employment but regrets that these ambitions will be difficult to realise due to the absence of macro-economic powers from this Parliament."

10:46

Miss Annabel Goldie (West of Scotland)
(Con): I welcome the Executive's motion for two

reasons. First, it offers for debate a subject that is of vital interest to Scotland. Secondly—and refreshingly—it does not seek to slaver fulsome praise and adulation all over the Executive. From Mr McLeish, I would expect nothing less. Those two features of the motion are innovative, and I hope that they will become the hallmarks of future debates.

Mr Swinney referred to the Conservative amendment. We did not excise support for the concept of modernisation—that is specifically retained—but we framed our amendment as we did because we detected something of a tautology in the motion. If the amendment is read with the motion, it is clear that we embrace the need for modernisation.

The Conservative party is glad to contribute to a meaningful debate but finds the motion unexceptionable. Indeed, it is so anodyne as to be almost soporific—along the lines of a fireside chat. We want to amend the motion to focus attention on specific areas that, if they are not dealt with, will not only obstruct the modernisation of the Scottish economy but set us back from where we are.

Before discussing the motion and the amendment in more detail, a quick spring clean round the Executive's cupboard marked "Business" would be timely, because I see in there some items that should head for the skip without delay. They include excessive rolls of red tape—as the minister knows, a favourite theme of mine. There have been 2,600 new Labour regulations since May 1997, which represents grim news for business.

Joining the red tape is the box marked "No new roads", to which passing reference has been made. As an item in the Executive's enterprise portfolio, "No new roads" has no place in a modern enterprise economy. In the current economic climate, asking local authorities to assume responsibility for matters such as the M74 extension is like asking granny to take part in the 400 m hurdles. The Scottish Executive should not hide behind the skirts of local authorities, but examine the current enterprise budget and, with the private sector, identify funds for the improvement of our roads infrastructure. That is synonymous with sound business investment, as business cannot function without an adequate roads infrastructure.

Well worth taking out of the Executive's business cupboard and dusting down are two boxes marked "Education" and "Training". It might even be worth while looking in those boxes to see what they contain. If our education system and training schemes are driven by a vacuum of provision, rather than by the demand-led needs of business and industry, we shall end up hitting a

wall at the end of a cul-de-sac.

In the recent debate on the Scottish university for industry, I asked the minister what consultation had taken place with industry and how industry had responded. Answer came there none. Inquiries that I have made from business about the Scottish university for industry have not elicited a flattering response. Such initiatives, if not validated by demonstrable business demand, are at risk of damaged credibility and dismissal as tokenism, which would be unfortunate, as there is merit in the concept of a Scottish university for industry.

If, in the Labour business cupboard, there is a shelf creaking with the burden that it bears, it is the shelf marked "Tax". That shelf is in danger of coming away from the wall. The Conservative party is calling on the minister and the Chancellor of the Exchequer to lighten that burden. I do not share Mr Swinney's observations on the merits of macro-economic decisions being taken exclusively in Scotland. I am a supporter of the United Kingdom and a firm believer in the union, particularly in the advantages that it has brought to our trading position.

Andrew Wilson (Central Scotland) (SNP): Leaving aside Miss Goldie's romantic attachment to the outmoded idea of Westminster, may I ask whether she agrees with Mr Swinney and the SNP that it would be useful for Scotland to be able to lower corporate tax to the Irish and Austrian levels? Would not she rather have the power to make such changes than the romance of Great Britain?

Miss Goldie: I get the feeling that Mr Wilson sees only the sweeties in the jar while I see their cost. My concern is that he talks about the merits of independence and ignores the possible disadvantages. We will never agree on the matter. I have confidence in the structure of the United Kingdom and I am in no doubt that it has brought immense trading advantages to Scotland.

Tommy Sheridan: Will the minister give way? Sorry, I mean the member.

Miss Goldie: Married one week, promoted the next. Heady stuff, Mr Sheridan.

Tommy Sheridan: I thought that flattery might help my chances of being allowed to intervene.

Does Miss Goldie agree that new Labour's credentials in supporting big business are impeccable, given that the rate of corporate taxation in Britain is lower than in any other European country?

Miss Goldie: I favour low taxation—Mr Sheridan will have his reasons for disputing that that is a respectable agenda. If new Labour has lightened the corporate tax burden, that is because it stole the idea from the Conservative manifesto, which I

applaud.

The minister and the Chancellor of the Exchequer must consider ways of further lightening the burden of tax on business. I say that as someone who believes in the union but sees no paradox in discussing macro-economic matters in this chamber. An escalation of business tax equals regression, lack of growth and recession. The omens under new Labour—despite Mr Sheridan's comments—are not auspicious.

Alex Neil: Will the member give way?

Miss Goldie: I have a lot to get through and I want to make progress.

Tommy Sheridan: You did not flatter her enough, Alex.

Miss Goldie: He has tried in the past, but to no avail.

An Organisation for Economic Co-operation and Development report published on 3 November shows that Britain has the fastest-rising tax burden in Europe. The tax burden is rising 30 times faster than that of France and 10 times faster than that of Belgium. We pay more tax than Ireland, Spain, Portugal, America and Japan. For the first time in a generation, we are paying more tax than Germany.

I do not list those statistics as a sterile litany of criticism of the Labour Government. I state them as evidence of the chilling reality of the situation. They are indicative of precisely the climate that business does not need. In relation to the motion, I suggest that careful note should be taken of the level of taxation.

If I find an unlikely ally in Mr Sheridan, I find an even more improbable one in Mr Livingstone, who, on 7 November, was honest enough to say

"we haven't increased the standard rate, but we have increased a lot of other taxes . . . we have done it with all these stealth taxes. I just think it would have been better to have honestly told people beforehand".

The fact of increased taxation is without dispute.

I have listed several areas in which the Government is impeding the growth of a healthy enterprise economy. However, this debate also provides an opportunity to think positively and adventurously. I hope that our amendment reflects that.

We are considering the motion and the amendments against an alarming backdrop—given the wording of the Executive's motion, it is also a perverse backdrop. According to the Scottish new business statistics, published by Scottish Enterprise on 12 November, 5,064 businesses were started in Scotland during the second quarter of this year, which is a decline of 12.9 per cent from the second quarter of 1998.

That is not the evidence that we want to have before us, but it leads to the text of our amendment, which is an attempt to broaden the debate and to make the phrase “modernisation of the Scottish economy” meaningful in the best sense.

The key is an expansion of the Scottish enterprise base. We lag behind the rest of the UK in terms of business start-ups. It is difficult to procure data, but I have been able to secure some information that suggests that the ratio of Scotland’s business birth rate to that of the UK average improved during the five years to 1997. Although I recognise that there has been a modest reduction in the gap between Scotland and the rest of the UK in terms of business births, I have a document that says that the data

“merely underlines what was said in the Business Birth Rate Strategy when it was originally published in 1993: that closing the gap with the rest of the UK in terms of new business starts is a long-term task, requiring sustained effort by many people and organisations.”

If asked about the most likely deterrent to the creation of a new business, any businessman will say that it is difficulty in securing finance. Scottish Enterprise says that

“the evidence certainly seems to suggest that problems in securing finance are seen as the biggest obstacle to start a business.”

It also says that

“making it easier for people to *gain access* to finance, helping people to understand more about how to go through the process, could have a significant impact on the number of businesses that are created.”

Access to finance is a problem that also dogs businesses that seek to expand. We need to encourage a change in lenders’ attitudes from risk aversion—to which the minister referred—to an acceptance of risk as an investment. In Scotland, the trend is to leave as much risk as possible with the borrower. That contrasts sharply with attitudes in other countries, particularly the United States of America.

It is time for the Government to engage in a dialogue with the enterprise agencies and Scotland’s major lending institutions to consider ways of changing attitudes and transforming our economic culture to one in which failure is not a stigma. In the USA, failure is regarded as a sign of having tried; in Scotland, it is a stigma. Our culture must change so that risk assessment is seen as respectable economic judgment.

Mr Gibson: Would the member give way? I note that she is wearing a very beautiful jacket.

Miss Goldie: I cannot be seen to be bought by anyone. Sit down, Mr Gibson.

I suggest that we widen the debate, with our

colleagues in Westminster, to consider fiscal encouragement to allow prosperous businesses to invest in other businesses. In America, that is succeeding well, because the Americans have a far broader enterprise base than we do.

Henry McLeish: Will Miss Goldie give way? I ask without offering compliments.

Miss Goldie: Of course I give way.

Henry McLeish: I wish to reinforce the point that Miss Goldie makes and to pose a question. Will she welcome the fact that Cyclacel in Dundee, which is working at the frontier of new technology in cancer treatment, received £4 million of its £8 million capital investment from Brian Souter and Ann Gloag? We want present Scottish success to invest in future Scottish success. Practical demonstrations of that illustrate the need for a change of culture.

Miss Goldie: I welcome a very helpful intervention by the minister, which well illustrates the point that I seek to make. In entrepreneurial terms, I wish that there were more Brian Souters and Ann Gloags in Scotland. We do not have enough of them; that is why we cannot generate self-expansion in the enterprise base, which is what we desperately need.

Whatever happens, we must recognise that the number of businesses does not increase because Government so commands. Yes, I applaud the minister’s initiative of seeking to have 100,000 new businesses by 2009. However, in terms of a Government edict, that may sound praiseworthy, but it will not happen unless some dramatic changes begin to take place in Scotland.

I genuinely believe that we have an opportunity to do things for Scotland—we should seize it. I move amendment S1M-296.1, to leave out from “initiatives” to end and insert:

“improving our education system and our transport infrastructure; and in particular urges the Scottish Executive to promote an expanded enterprise base by encouraging a new culture of risk management in Scotland to enhance the opportunities for new and young entrepreneurs.”

11:01

George Lyon (Argyll and Bute) (LD): On behalf of the Scottish Liberal Democrats, I welcome this important debate, which raises an issue that the Parliament should address.

As John Swinney said, there is similarity between what we are discussing now and what we will be discussing in the debate this afternoon on digital Scotland. There is a fair bit of overlap; that could have been thought through a little better.

The Liberal Democrats—like, I am sure, all members—welcome the decrease in the

unemployment figures that were announced yesterday. Those figures demonstrate that we have a stable economy that is delivering real benefits: growth and a fall in unemployment.

What are the difficulties that face Scotland? They are the challenges that the Scottish Parliament has to take head on: we are a small, peripheral economy on the edge of Europe, which gives us severe disadvantages in some areas. We are remote from our major markets, highly reliant on exports—

Mr Lloyd Quinan (West of Scotland) (SNP): Does George Lyon agree that, far from being a peripheral economy on the edge of Europe, we are the largest energy producer in the European Union?

George Lyon: We are still on the periphery. If Mr Quinan had taken geography at school, he might realise that.

Fifty-two per cent of our exports are to the UK market and 29 per cent are to Europe. We are very much an export-driven economy. Another major problem that our economy faces is that we have a narrow base, in terms of spread and diversification; that has to be tackled over the longer term.

Previous speakers have alluded to the fact that we seem to lack a spirit—or culture—of enterprise. Again, any change will not occur by an edict of the Parliament. There is a severe cultural issue that we must try to address, not by stigmatising failure, but by praising those who have tried, failed and tried again, and have been successful the second time round.

As has been said, our business start-up rate is significantly lower than that of many other countries. The start-up figures in Scotland for the period 1980 to 1996 were 3.9 per 1,000 of the working population. The figure for the south-east of England was 6.9 per 1,000, which shows that we are lagging well behind. I welcome the partnership Government's commitment to creating 100,000 new businesses over the next 10 years. Again, that will not happen just through parliamentary edict. We must ensure that we establish the right climate to allow those businesses—and the jobs that they will bring—to be created.

Scotland is hampered by a lack of investment in research and development. Thirty-eight per cent of Scottish manufacturing plants carry out research and development, compared to 52 per cent just across the border in northern England. It is crucial that we address that gap if we are to develop a competitive business sector.

The Parliament must tackle all those challenges. However, Scotland has overcome massive hurdles

in the past, especially in our manufacturing sector. Our manufacturing economy was wholly based on heavy engineering and metal bashing, yet we now see a complete transformation, in which the electrical sector dominates. We do not have to worry about whether Scotland has the ability to face up to change—that has been demonstrated in the past. The task for the Scottish Parliament and the Scottish Executive is to help that transformation as we face up to the new challenge of creating a knowledge-based and knowledge-driven economy.

Mr Tosh: Will Mr Lyon acknowledge that one of the challenges that the Parliament will face is the increasing difficulty of moving our goods, whether the traditional manufactures or the manufactures of the future. I realise that he has only a little lectern today, but I hope that the Liberal Democrats have the independence to say that something needs to be done about our strategic transport links. So far, the partnership agreement has not addressed that issue.

George Lyon: I do not think that we will be taking £100 million or £200 million out of the enterprise budget and switching it into the transport budget to address what Mr Tosh alludes to as a problem, as the Conservatives committed themselves to doing in the transport debate. I do not think that that is the solution and I do not think that industry thinks that it is the solution.

Miss Goldie: Will Mr Lyon clarify how the problem of the roads infrastructure should be addressed? That problem is what stands in the way of much of his very favourable comment.

George Lyon: We will not spend £100 million of the enterprise budget to take on that challenge. As part of the strategic roads review, we have announced significant investment in new roads.

If we are serious about delivering the knowledge-driven economy and the lifelong learning agenda, it is vital that we break down the barriers between industry and higher and further education. By setting up a department of enterprise and lifelong learning, the Parliament has recognised that we need to bring those areas closer together.

In itself, however, that will not break down the barriers. If we look closely at the big company sector, we can see that it has seized the lifelong learning agenda and is starting to drive it forward. Scottish Power, for example, has spent £2 million over the past three years on promoting individual learning accounts for its employees; that should be welcomed. The company realises the benefits of investing in its work force; it realises that that is crucial if it is to remain competitive. The BP-Amoco executives to whom I spoke to last week reinforced the need to invest in human capital to

remain competitive in the marketplace, and there is no more competitive a marketplace than the oil industry.

Similarly, attitudes are changing in the higher and further education sector. The agenda of commercialising the knowledge that lies within our educational institutes is being driven forward.

The real challenge, however, is how to engage the small business sector. There have been several conferences over the past few weeks on issues such as e-commerce and lifelong learning; at one or two of them, there was no representative from the small business sector, despite the fact that that sector employs 50 per cent of the working population. If we cannot engage small business in this agenda, we will fail.

Small businesses need better and easier access to information on lifelong learning. They need to understand the benefits of investing in training for their work force and to know that that will bring financial benefits. We need to bring small businesses into the lifelong learning agenda by establishing better networks between them and higher and further education.

Most important, we need fewer Government initiatives. Small businesses are bewildered by the number of Government initiatives. Mr Swinney referred to the plethora of initiatives that were announced in the chancellor's pre-budget statement last week: the national high-tech venture capital fund; the network of regional venture capital funds; the new challenge for community finance; loan guarantees; the new small business service; and the joint infrastructure fund for university buildings. I would be grateful if the minister would let us know how many of those proposals will affect Scotland, and what Scotland's influence will be on those initiatives.

Andrew Wilson: Will the Liberal Democrats support those initiatives if the minister introduces them?

George Lyon: We need clarification of what they mean for Scotland and how much discretion we have in implementing them.

Mr Swinney: I was struck by a feature—this confirms Mr Lyon's point—of the business taxation agenda in the pre-budget report. The chancellor tended to concentrate on headline business taxation for larger companies but had nothing to say on the business taxation regime as it affects smaller companies—for example, he had nothing to say on class 4 national insurance contributions. Does Mr Lyon share that view?

George Lyon: I agree with some of what Mr Swinney says.

Clearly, how we help small businesses is an important matter. Small businesses employ 50 per

cent of the working population. I believe that they are crucial to the further development of a competitive Scotland. Governments have to act as catalysts and enablers for change, rather than take a top-down approach. We need to examine closely the number of initiatives that are being introduced.

From the Enterprise and Lifelong Learning Committee's investigation, it is clear that there is scope for rationalisation in business advice and the enterprise network. That is a consistent message from the customers. I hope that we will make some clear recommendations on that issue.

E-commerce—I know that this impinges on this afternoon's debate—is a huge challenge for Scottish industry. We are lagging behind other countries and we must ensure that we catch up. This year, a benchmarking study by Scottish Enterprise revealed that Scotland is seventh out of the 10 countries surveyed. We have low levels of connectivity. Again, it is the small business sector that is lagging behind—we need to tackle that. Forty per cent of Canadian companies use websites, whereas only 22 per cent of Scottish companies do. It is important that the Scottish Executive recognises that and drives forward the e-commerce agenda.

Of course, there are areas in which Scotland is ahead. The Scottish Tourist Board's Ossian project is a classic example; it is an on-line tourism database that will give potential visitors to Scotland unparalleled information on events and accommodation, right down to the smallest bed and breakfasts, even in places such as Campbeltown and Tiree. That will bring real benefits to the rural economy and to small businesses. Those are tangible benefits of the e-commerce revolution.

However, if the Executive wants to set the e-commerce agenda, it must take action. We have a short time scale. I realise that the Executive will present an e-commerce strategy to involve industry and enterprise—I hope that that will happen in the new year. Last week, we heard that IBM, Dell Computer and Wal-Mart will be committed to 100 per cent e-procurement by the end of the year. The Scottish Executive, however, aims at only 25 per cent e-procurement by 2002—it is lagging well behind. The Executive must give a commitment to emulate the objective of private business. We should set our targets higher. That would result in significant savings; above all, it would demonstrate that we will lead by example. I hope that the minister will address the issue of e-procurement.

Finally, I will speak about the SNP amendment. As ever for the SNP, independence is the solution to all Scotland's problems—as modernisation is for the Labour party. The SNP seems to believe that,

if it separates Scotland from the UK, the Scottish people will wake up the next morning, be seized by enterprise fever, rush out to create new businesses and discover that our financial institutions have suddenly become less risk averse. That is absolute rubbish. It is a fundamentally naive argument, which demonstrates again that the SNP's answer to every problem is the blunt instrument of independence.

The Deputy Presiding Officer (Patricia Ferguson): We now move to the open part of this debate. I ask members to keep their speeches to four minutes or less.

11:17

Mr John McAllion (Dundee East) (Lab): My hearing is not as good as it used to be, but I thought that I heard Miss Goldie say that the Tory amendment did not seek to slaver fulsome praise all over the Executive. If she did say that, I commend her for using such a good Scots word. I remind her that it is not the role of any member of this Parliament, irrespective of party, to slaver all over the Scottish Executive. I am sure that my party would be disappointed were I to seek to slaver over the Executive.

Miss Goldie: There is some confusion over who is slaving over whom. I was not referring to the amendment. I merely observed about the motion—and meant it—that it was refreshing to see a motion that was not fulsome in its praise and adulation of the Executive.

Mr McAllion: I was trying to be complimentary, but obviously I have not made myself clear.

The thought that we need more Brian Souters and Ann Gloags in Scotland does not necessarily appeal to me. I do not know anything about those two people, other than that they are multimillionaires. If the argument is that we need more multimillionaires in Scotland, I disagree, as that would require a redistribution of wealth from the many to the few. I am in favour of the opposite—redistribution from the few to the many. I would like to take money off the multimillionaires and give it to other people, as part of a modern Scottish economy. That is what divides my party, or the one to which I think I belong, from the Tory party.

The Executive motion says that the way to prepare the Scottish economy for the 21st century and the competitive global pressures that it will meet is to modernise every sector of the economy. "Modernise" is a word that pops up everywhere today. All kinds of things are required to modernise: political parties, systems of education, the health service, the welfare state and even the dear old Commonwealth are told to modernise or

die. People should be wary of that word and never take it at face value.

Certain questions always have to be asked: for example, what kind of modernisation, and in whose interests? In the current phase of capitalist modernisation in Scotland, and around the world, it is fairly clear who benefits most. Certainly, the equity markets around the world have never been stronger. According to the financial pages of the Scottish press this week, after the US Federal Reserve increased interest rates, Wall Street roared ahead. The sustained rise in American stock markets since 1991 has led to a series of headlines in the American financial press such as, "America is smug and prosperous" and "Fat and happy America."

America has been so successful that the suggestion is that we should copy what the Americans have been doing. I remind members of the Parliament that 1 per cent of the American population owns half the stocks and shares in America; most of the rest of the shares are owned by the next 10 per cent. About 90 per cent of the American people have not benefited from the roaring ahead of Wall Street's equity markets.

This week's papers show that the same thing is happening in the United Kingdom. In one day this week in the City of London, more than 1½ billion shares were traded for profit. We know who has profited from that trade. This week, Vodafone announced pre-tax profits of £879 million for the first six months of the year. Scottish and Southern Energy—a merger of two companies that used to belong to us all—announced pre-tax profits for the first six months of £197 million. It said that that was at the top end of its expectations.

When things go wrong, the shareholders continue to benefit. National Power has been busy selling off most of the assets that were privatised—mostly coal-fired power stations. Its share of the power generation market has declined from 46 per cent to 8 per cent, because it is selling off the assets. That is not a successful performance for a company. However, because of institutional pressure, National Power has announced a payout to shareholders of £600 million.

We know who is benefiting from modernisation: the owners, those who control capital, shareholders and the chief executives who pay themselves large salaries—they are doing very well. I am not surprised that Donald Gorrie was invited to the Scotland-England international by a chief executive, probably from one of those big multi-corporations that are doing well from the current phase of modernisation.

Who else has profited? What about the workers? Tommy Sheridan was right to ask about

the increase in insecurity among workers in this country. Alan Greenspan, chairman of the US Federal Reserve, said that the miracle of the US economy is due to greater worker insecurity. Not everybody benefits from capitalist modernisation. What about the workers? When will someone in the Parliament raise that question?

There has been a massive step forward for workers in this country in the form of the national minimum wage. However, at a time when everyone connected with the boardroom is going through massive increases in salaries—

The Deputy Presiding Officer: Will you wind up please, Mr McAllion?

Mr McAllion: I am sorry—I did not realise that the time had gone so quickly. I had just got started.

The Deputy Presiding Officer: I hope that you will finish quickly.

Mr McAllion: I have been listening to all those long speeches and began to think that I had the same time, but that is not the case.

Let us think about ordinary working people. They are not benefiting from modernisation; until they do, our modernisation is not good enough.

11:23

Nicola Sturgeon (Glasgow) (SNP): Like John Swinney, I welcome this morning's debate. However, there are several points that I would like to raise. The motion talks about modernising all sectors of the Scottish economy; I hope that ministers are genuine in pursuing that objective. There is no doubt that the Executive needs a clear strategy to ease the transition from traditional manufacturing industries—where necessary—but it must not write off traditional industries that have an important role to play in the Scottish economy as we move into the new millennium.

I would like to take shipbuilding as a specific example of such an industry. There is a widespread but mistaken belief that the Scottish shipbuilding industry is a smokestack industry, struggling to drag itself into this century, never mind being ready to move into the next one. Nothing could be further from the truth. Shipbuilding is an extremely modern, high-tech industry, employing highly skilled workers. Some 4,000 people are directly employed in the industry and the work of thousands more depends on it. In recent times, the Kvaerner yard at Govan has built a prototype command ship for launching communication satellites into space and an oil drill test well vessel, for on-board drilling and processing. That is hardly smokestack—it is as high-tech as possible.

In his opening remarks, Henry McLeish asked for suggestions about centres of excellence. I suggest that there is a case for a centre of excellence in shipbuilding technology on the Clyde. I trust that the deputy minister will pass on that suggestion to the minister.

Shipbuilding is an industry under pressure. The Parliament needs to know what the Executive can do to protect and sustain shipbuilding and similar industries. The SNP amendment and John Swinney's remarks about the Parliament's lack of macro-economic powers go to the heart of the matter. I refer the deputy minister to an observation made by a Kvaerner spokesperson on 13 April 1999, the morning that Kvaerner announced its withdrawal from shipbuilding. The spokesman said that the strength of the pound had had a negative impact on our ability to be competitive. The question posed by John Swinney remains. What can the Executive do to protect the Scottish economy and its industries from inappropriate economic policies pursued by Westminster?

The experience of the shipyard workers in Govan during the campaign to secure a buyer for the yard did not do much to instil public confidence in the Scottish Executive, which was rather conspicuous by its absence. Ironically, there is a suggestion that it is the Executive that is responsible for the delays in GEC-Marconi's buyout of Kvaerner. Although we remain confident that the deal will go ahead, it would settle a few nerves in Glasgow if, in his summing up, the deputy minister reassured the workers of Kvaerner that the Scottish Executive is not responsible for any delays.

Finally, I want to refer to the external pressures faced by shipbuilding. The motion talks about global competition; the minister will be aware that the global competition faced by our shipbuilding industry is unfair. In particular, he will be aware of the allegations that South Korea is illegally subsidising its shipbuilding industry using International Monetary Fund loans to run its shipyards at a loss. That is particularly pertinent to the Govan yard as it bids for a Ministry of Defence contract, because one of the rival bidders intends to build its ferries in Korea. I would appreciate the minister's comments on that.

That matter will be pursued at the highest European levels, and rightly so. Last week, we heard about the Executive's record in pressing Scotland's case in Europe and how that record left much to be desired. The workers in shipyards in Scotland would appreciate the assurance of Scottish ministers that they will forcefully press the case for our shipbuilding industry in Europe.

We welcome the debate, but the Scottish people deserve to know that the Executive has the will,

and more crucial, the power to do everything that is necessary to sustain industries in Scotland and to build a vibrant economy that is fit for the next millennium.

11:27

Rhoda Grant (Highlands and Islands) (Lab): I welcome the opportunity to debate the modernisation of the Scottish economy and the actions that we must take to ensure that that happens.

On the one hand we have enterprise and on the other we have social justice. Since 1997, the Labour Government has shown that those two objectives are not mutually exclusive. Governments can encourage businesses to be competitive but also to seek social justice.

Our society is changing beyond all recognition because of global forces. Global forces tie our economies together, which means that we cannot simply act alone. Access to information has greatly increased with the growth of the internet. Therefore, there needs to be an emphasis on giving people access to the sources of information enjoyed by many of us in the chamber.

The Executive has emphasised the need for social inclusion; part of that is about having the opportunity to engage in the knowledge economy. There are barriers to economic growth, and it is our job to address them. Having talked to constituents, I believe that there is a distinct lack of knowledge about the initiatives that are already in place. As a consequence, people do not know how to access knowledge and services.

Asking some people to draw up a business plan for a new enterprise can sometimes prevent them from putting a good idea into practice. We need facilitators based in communities to advise and assist people to develop their ideas into real initiatives.

During the past 20 years, our economy has totally changed. There has been a decline in the manufacturing sector, leaving behind much pain and disenchantment for the communities that have been affected. In its place, the service sector and the information technology sector have grown. Those sectors, with their new demands, require a re-equipping of our work force so that people can work in them.

In rural areas, we have seen the decline of traditional industries such as farming and fishing. Other types of employment are hard to find. With the innovations of modern technology, that can change. Indeed, it has already begun to do so.

I agree with the minister that the University of the Highlands and Islands is an important development. It aims to bring knowledge closer to

people, by creating small learning centres in remote communities. I cannot emphasise enough the importance of that development. Communities that have previously felt neglected will have the opportunity to take part in learning. The UHI will also give our young people the opportunity to stay at home to study, rather than having to leave. That raises the prospect of young people staying and studying in the Highlands, where they will, I hope, contribute to the economy. It will stop young people being cleared from the Highlands in search of education and opportunities. Through learning, we can equip our young people with the necessary skills to play an active role in the expansion of the Scottish economy.

There is much to be done, and I am greatly encouraged that the Government recognises the specific needs of the Highlands and Islands. To ensure that progress continues, we need investment in infrastructure. Multinational companies that control the digital links must be made to address the social need of providing those services in rural areas. I urge the minister to hold talks with those organisations, to ensure that the infrastructure required does not stop in towns, but is continued into villages and crofting communities. If that happens, the geographical barrier need not be considered a major issue when it comes to equipping our rural work force with the necessary skills and knowledge to participate in the Scottish economy in the 21st century.

11:32

Mr Lloyd Quinan (West of Scotland) (SNP): I welcome the opportunity to debate the modernisation of the Scottish economy. Unfortunately, there was only one welcome contribution from the Labour benches—the speech by John McAllion, who seems to have some understanding of history.

We have become used to hearing regurgitated statements and figures from the Labour party. As I listened to Henry McLeish, I was reminded somewhat of a speech that was given on 1 October 1963 in Scarborough, in which more or less everything that Mr McLeish said was flagged up:

“We present this document to the nation, Labour and the Scientific Revolution, because the strength, the solvency, the influence of Britain, which some still think depends upon nostalgic illusions or upon nuclear posturings—these things are going to depend in the remainder of this century to a unique extent on the speed with which we come to terms with the world of change.

There is no more dangerous illusion than the comfortable doctrine that the world owes us a living.”

I quote:

“The danger, as things are, is that an unregulated private

enterprise economy in this country will promote just enough automation to create serious unemployment but not enough to create a break-through in the production barrier."

I quote:

"The problem is this. Since technological progress left to the mechanism of private industry and private property can lead only to high profits for a few, a high rate of employment for a few, and to mass redundancies for the many, if there had never been a case for Socialism before, automation would have created it. Because only if technological progress becomes part of our national planning can that progress be directed to national ends."

I quote:

"That this country should not be able to provide employment for boys and girls leaving school and going out into the world for the first time is an intolerable reflection on our so-called civilisation. Galbraith warned the world a few years ago that social imbalance is the inevitable consequence of the unplanned affluent society, and we are finding this imbalance in the growing number of young people and of old people who cannot find employment. That is why we need the new industries, the revitalisation of declining industries and declining areas, to provide new hope for the nation's youth."

I quote:

"We are re-defining and we are re-stating our Socialism in terms of the scientific revolution. But that revolution cannot become a reality unless we are prepared to make far-reaching changes in economic and social attitudes which permeate our whole system of society."

The Britain that is going to be forged in the white heat of this revolution will be no place for restrictive practices or for outdated methods on either side of industry."

Those words were spoken 36 years ago at the Labour party conference. There was no mention this morning by Mr McLeish of the trade union movement. Only Mr McAllion talks about the modernisation of the Scottish economy and about the workers in that economy. "Access to work," Mr McLeish says to us. What about access to work for the 374 prison officers who are about to lose their jobs courtesy of the Government's cutbacks?

What has happened in the intervening 36 years, and during the three Labour Governments that have existed in that time? Why are we again discussing a keynote speech made by a socialist leader of the Labour party, who pointed out, many years ago, what needed to be done in our economy? Where in the minister's statement this morning is the planning that Harold Wilson suggested? Where is the recognition that we need macro-economic control, and that unbridled private capital must not build and run our schools, and build our bridges? There have been many questions from the Tories about the necessity for us to develop our infrastructure. Will that development come from unbridled private money?

There is nothing in the statement for the working people of Scotland. Nothing.

11:36

Mr Nick Johnston (Mid Scotland and Fife) (Con): Like John Swinney, I was astounded to be told at a recent meeting of the Enterprise and Lifelong Learning Committee that Scotland has no national strategy. That view was also expressed recently by Ray Perman, chief executive of Scottish Financial Enterprise. He attacked the Government for failing to consult business on its national economic strategy.

I am always reluctant to criticise Mr McLeish—who I am sorry is not here—because to berate someone who oozes such good intentions seems somewhat churlish. However, I remind him that he is not a builder of roads to Hades, but the enterprise minister, and Scotland's economy needs more than good intent.

I welcome Mr McLeish's acknowledgement of the long haul that we face in Scotland, but surely the biggest hurdle to building an enterprise Scotland is the failure of Labour's education system to teach our young people to read and write. If we cannot teach children to read and write, what hope do we have of creating a knowledge economy? As a first step, the minister should take Scotland's excuse for an education minister by the throat and demand that he create a climate in schools where basic learning is re-established as a priority.

Perhaps then Mr McLeish would not have to face the unpalatable fact that Labour's new deal is failing miserably. He mentioned Labour's plans for job creation, but new deal is simply not working. It is failing 60 per cent of its participants, and only 7,000 of the 16,000 who have left new deal have gained full-time jobs. Recent research suggests that a large proportion of those people would have found their jobs without new deal anyway. Over a quarter of new deal successes are now back on the dole.

Perhaps when he sums up, the deputy minister will tell us how many young people are still in gateway after six months. We in the Conservative party believe that the best way forward is to provide young people with real experience, and we believe that business and industry—and not whatever approach the Government believes to be in vogue—are best placed to provide such experience. That is why we propose that all 16 to 18-year-old school leavers should be given access to a training apprenticeship through training vouchers that they can present to an employer or training provider of their choice. That would include the traditional apprenticeships such as those in the building trades, engineering and the sunrise industries.

I would like to talk about business start-ups. Research on business creation suggests that the

low start-up rate in Scotland is accounted for by low rates of home ownership, low presence of professional and managerial skills, and population loss. Scottish individuals are less likely to be interested in forming their own firms and have greater difficulties in translating interest into action. That is mainly because of lower interest among Scottish women. It is interesting that in the United Kingdom, 33 per cent of business start-ups are by women, while in Scotland the figure is only 24 per cent. It is also interesting that in America 38 per cent of private companies are owned by women.

In Scotland, there seems to be a greater desire for job security, and an aversion to taking risks by individuals and by the private sector. There is a belief that family life will suffer as a result of becoming self-employed.

Scottish companies have failed to develop an innovation culture, and are much less willing—compared with the rest of the UK and with Ireland—to undertake research and development, to formalise the innovation process, and to involve key employee groups. However, we have a blueprint for the regeneration of Scotland. We should be encouraging entrepreneurial skills at school by appointing a dominie of entrepreneurship in every school. Furthermore, there should be classes in true-life business studies, and schools should be allowed to compete in running a profitable company with the incentive of a major reward at the end of the exercise.

We need a lower-value pound and incentives for start-up companies and companies in depressed areas. Furthermore, we need a lower fuel tax; a restructuring of local enterprise companies and training companies; less bureaucracy and planning; more ferry traffic between Scotland and the continent; and the strengthening and promotion of business tourism.

Fine words, computers and fine words do not create jobs; people do that. The main thrust of Scotland's economic regeneration must be encouraging people to create jobs, not just by the creation of new businesses, but by the encouragement of existing businesses—

Bruce Crawford (Mid Scotland and Fife) (SNP) *rose*—

Mr Johnston: I must finish.

That regeneration can be helped further by the removal of onerous planning burdens, the provision of clear, unambiguous, non-confusing business advice and access to training provision that is relevant and demand led. Above all, there must be investment in Scotland's transport infrastructure. I support the Conservative amendment.

11:41

Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab): I disagree with Lloyd Quinan's comment that there was nothing for ordinary working people in the minister's statement. Although I have reservations about some of the proposals, the clearest message from the minister was his commitment to creating employment and that our ultimate aim is full employment. That is the best message to give my constituents, who live in an area with one of the highest levels of unemployment in the UK.

I know that Henry McLeish has a great interest in my area, because he recently opened a new initiative in Girvan, which has persistently high unemployment. He spoke to people in the town and was concerned to take things forward.

Furthermore, I welcome the success of various initiatives that have brought new jobs into communities. I also welcome the motion's recognition of the difficulties of the global competitive economy and the pressures that they create in Scotland. I have already raised that issue in several parliamentary debates on the manufacturing sector, on our relationship with the European Community and on regional selective assistance.

Although we need to modernise the economy by bringing in new industries, I share some of John McAllion's reservations. As I am a member of the Transport and General Workers Union, I do not need lessons from any member from any political party about what is happening in, for example, the textile industry in my area. Some of the manufacturers and high street stores are opting to sell cheap imports from countries with working conditions and pay that would not be tolerated here.

The factories and work forces that have been affected have attempted to modernise by changing working practices and shift patterns. In some painful instances, the trade unions have been involved in discussions that have led to people taking redundancy to allow companies to survive. I can give chapter and verse of examples of that in Carrick, Cumnock and Doon Valley. The problem is that people do not necessarily receive any thanks for taking redundancy. The Christmas present for workers in one factory in my area might be their redundancy notice if there are no other orders.

There are problems with the coal industry, another of the indigenous industries in Carrick, Cumnock and Doon Valley. There is a particular difficulty with transporting coal. Members will be aware of the phrase, "coals to Newcastle". At the moment, coal is being stockpiled in the Ayrshire coalfields because cheap, imported coal is being

used at Hunterston power station and at other places. For a number of reasons, we cannot implement our policy of getting coal and other freight off the road and on to rail.

Murray Tosh is right to say that we need to re-examine the transport infrastructure, although I might disagree with his proposals. If we are to compete in the global economy, areas such as Ayrshire will need to formulate plans to build on improvements that have already been announced by the Executive. Although the upgrading of the A77 will be a huge boost to the area, the A70 and other routes also need to be considered. We must build on our commitment to reduce the amount of heavy goods on the road.

Although I welcome the £2.5 million investment in a new railhead near New Cumnock that Sarah Boyack announced not so long ago in my constituency, such investment will not help if companies such as English Welsh & Scottish Railway do not have the rolling stock and Railtrack cannot shift the freight. The problem raises a number of issues that we have to address.

There are some initiatives in my area that we should be progressing, particularly the Ayrshire electronic community project, which is based in Cumnock with links to other parts of Ayrshire.

The other night in Cumnock, I spoke to a group of women whose families have been affected by drug abuse and drug problems. I asked them to tell me the most important thing that the Scottish Parliament could do to help them. Their answer was, "Give us jobs and give us some hope." The minister's statement gives us that hope, and I look forward to working with him.

11:46

Mr Keith Raffan (Mid Scotland and Fife) (LD): Two sets of statistics have rightly dominated this debate. The first concerns business start-ups. In Scotland, there are 1.7 business start-ups per 100 businesses; in the UK, there are 3.4 per 100; in the US, 6.9 per 100. The second set of statistics shows that research and development spending by Scottish businesses is less than half that of UK businesses. We must continue to improve our capacity to transform ideas into successful businesses. I know from his recent article in *The Herald* that Mr McLeish has recently returned from silicon valley and is firmly of that view.

We must encourage and support our world-class research and develop the business application of ideas beyond the obvious existing examples. The Petroleum Science and Technology Institute in Aberdeen is a prime example of linking academia and the commercial sector. We also have the Dundee-Glasgow-Edinburgh biotech triangle. Might I add that I strongly support the plans for an

applied research centre for biotechnology in Dundee to bridge the gap between the academic and commercial biotech sectors.

Several Mid Scotland and Fife MSPs, including me, were extremely impressed when, recently, we visited the University of St Andrews for the day. Bruce Crawford, who also attended, will confirm that. We visited the physics, chemistry, marine biology and health care departments, and heard about the existing and potential commercial application of academic research. It was interesting to learn that, even though health care research has been developed to such a high level at St Andrews, the department has found more business outside the UK than within, even from within Scotland. Perhaps the minister could pass that information on to the Minister for Health and Community Care. We should be the customers of our own research establishments.

Business schools have a crucial role to play in transforming ideas from a research and development base into successful businesses. However, nine of the top 10 business schools are in the US. I therefore welcome the UK Government's initiatives to establish links between British and French business schools and universities and the tie-up that Mr Swinney mentioned between the University of Cambridge's Judge Institute of Management Studies and the Massachusetts Institute of Technology's Sloane School.

I believe that that is the way forward. For example, the London Business School has set up a business incubator unit, which is modelled on a similar unit at the University of California at Berkeley. The unit holds up to 12 companies for a year each. They come to the unit with a business idea that they develop into a business plan and for which they then try to obtain venture capital. As the companies are at different stages of development while they are in the unit, they are able to learn from one another. The incubator unit has also set up Sussex Place Investment Management Limited, which is a venture capital firm that manages funds for some of the bigger venture capital firms that do not traditionally invest in smaller businesses. We should investigate the potential application of such a model in Scotland.

Henry McLeish: My intervention will be brief. I endorse Mr Raffan's comments. We have an incubator unit in San Jose that allows Scottish companies to become involved in America virtually overnight. Furthermore, there are similar units in Dundee, from which Cyclacel evolved.

Mr Raffan: Absolutely. I am not saying that there are no incubator units here—there are, but they are not of the business kind. I think that we should, therefore, examine particularly closely the London Business School model. As the minister

recently said, Scotland is third in the world for research citations, but our research and development level is half that of the United Kingdom. There is a gap between ideas and commercial exploitation—turning ideas into small, growing businesses.

As my party's social inclusion spokesman, I welcome the chancellor's initiatives to help businesses to take root in poorer areas. However, it is crucial to realise that the initiative will come to nought if there is no infrastructure support. We spend far less than other countries on transport—50 per cent less than Germany and 35 per cent less than France. Many of our poorer areas suffer from inadequate road communications. Clackmannanshire is a well-known example. Despite its central location, it has no good links to the motorway network. In communications terms, it is cut off and isolated. We urgently need the Clackmannanshire bridge—as it has now become known—the completion of the A907 and the restoration of the local rail network. For the SMART village and the social inclusion project in Alloa to be really successful, communication links must be improved.

The Government deserves credit for current macro-economic stability and for the stability in our public finances. It is right for the chancellor now to turn his attention to micro-economic reforms and initiatives. I hope that the Scottish Executive will take those initiatives further in an innovative and imaginative way. The chancellor willing, they will be backed up by infrastructure investment. We need a holistic, cross-cutting approach all the more because we are, as Mr Lyon said, geographically disadvantaged. We are situated on the periphery of Europe, the centre of gravity of which continues to move eastwards.

11:52

Mr Michael McMahon (Hamilton North and Bellshill) (Lab): The Scottish economy is in good shape, despite the all too frequent attempts by nationalists and Tories to talk down the achievements of countless thousands of working Scots, managers, inward investors and the development agencies.

Mr Gibson: Is Mr McMahon aware of the report on regional unemployment published by Sheffield Hallam University in July, which states that, in Glasgow, the want-to-work rate—the Trades Union Congress measure of real unemployment—stands at 30.7 per cent? Does he accept that that is a savage indictment not only of 18 years of Tory misrule, which cost the city of Glasgow 70,000 manufacturing jobs, but of the new Labour Government, which has failed to tackle the problem appropriately in the two and a half years since it was elected?

Mr McMahon: I am not aware of the report to which Kenny refers. We are improving on what was left to us. The situation may have been bad in the past, but things are better today. That is the point that I am trying to make. Yet again the SNP is trying to talk down the achievements of the Government. Kenny has just made my point for me.

It is clear that sound fiscal control and good economic management by the Scottish Minister for Finance and by the chancellor at Westminster have been the cornerstones of the stability that we currently enjoy. That fact goes against the grain of John Swinney's amendment and his argument about the sharing of macro-economic responsibilities between Scotland and the rest of the UK. In almost all the key areas of the economy, the news is positive. Lloyd Quinan may say that the figures are regurgitated, but why should we hide good news? Output in our production industries was up 1.8 per cent in the second quarter of 1999. The manufacturing sector, which is so important to constituencies such as mine in Lanarkshire, also showed a 1.2 per cent increase over the second quarter. Output in the electrical and instrument engineering sectors rose by 8.7 per cent in the same period. Total manufacturing exports in the second quarter of 1999—

Andrew Wilson: I am grateful to the member for giving way, given that he has only a short time. Will the member comment on the fact that that manufacturing figure is half that of the trend growth in the economy and on the fact that the manufacturing sector is falling behind?

Mr McMahon: We can argue about the statistics, but manufacturing is improving. The SNP does not want to see the improvements. The member can talk them down, but I want to talk up the good news in the economy.

In the second quarter of 1999, the level of export sales in the manufacturing sector increased by 6.4 per cent in real terms compared with the previous four quarters. We have low and stable inflation—the lowest for 30 years. The retail prices index is low and has varied within a tight band of between 2.1 and 2.7 per cent during the past year. The story continues.

Miss Goldie: Will the member give way?

Mr McMahon: I keep being interrupted. I have only a couple of minutes, so I hope that the member will not mind if I carry on.

The Scottish Executive is delivering a stable and modern economy that is helping to increase prosperity for everyone. For more than 200 years, Lanarkshire has been the manufacturing heartland of the nation and of Scotland's economy. The heavy industries that once dominated in

Lanarkshire have been disappearing, but they are being replaced by new, modern workplaces in high-tech sectors such as engineering, electronics and services.

The people of Lanarkshire have faced many hurdles over the years in the search for prosperity—I do not want to recount them here—but those same people, whom I represent, have adapted to the new era. They have equipped themselves to take advantage of the new opportunities that are encouraged by the strong, modern economy that the Executive is delivering.

We know what businesses in Lanarkshire and elsewhere need—this may upset John Swinney, given his earlier comments—because we have listened to them. They want a modern, strong and fair economy, backed by a modern and credible Government that is committed to working with industry and to modernising the country.

Employers know that the Government strategy for economic growth is serving Scotland. The Government has delivered the lowest ever business tax rates, with the main rate of corporation tax cut from 33 to 30 per cent, small business rates cut from 23 to 20 per cent, and corporation tax for the smallest companies cut to just 10 per cent from April 2000. As a result, 11,000 companies from all over the globe and based in Lanarkshire know that they are better off under this Executive.

In Lanarkshire, as elsewhere, we know that we must not only attract inward investment—valuable though that is—but encourage indigenous businesses to flourish, which will utilise the immense talents of the people of the area. Nearly 12.3 per cent of Scotland's population lives in Lanarkshire. Those people welcome the Scottish Executive's commitment to create 100,000 new indigenous businesses by 2009. That is a promise from this Executive to Scotland's people. Businesses will be well served by a modern Lanarkshire that is home to prestigious international business locations, such as Eurocentral, Tannochside park, the Strathclyde business park and the technology park in Hamilton.

The Executive is committed to Scotland's economy. It is initiating a Scottish labour market unit, creating 20,000 modern apprenticeships and a university for industry, and introducing a new business mentoring scheme. Scotland's Executive is working with Scotland and with the UK Parliament to deliver for business and industry in Scotland. It is delivering a modern economy for our people and for the people I represent. That agenda, Lloyd Quinan, includes working with the trade unions in every sector of the economy.

The Deputy Presiding Officer (Mr George Reid): I deplore the growing practice of members conducting private conversations during debates, especially when they turn their backs on the member who is speaking.

11:58

Brian Adam (North-East Scotland) (SNP): I want to talk about how we can reinforce the success of the Scottish economy. I will address myself to particular sectors, to one of which the minister has referred several times—the biotechnology sector. The minister mentioned two companies, Remedios in Aberdeen and Cyclacel in Dundee. Those companies are at the cutting edge of new technologies and should be encouraged, but is the minister aware that there are concerns about how to make the sector grow?

One of the companies raised with me its concern that the problem in attracting similar companies to Scotland is not finding more money, but the fact that such companies must deal with a plethora of bureaucracy. I hope that Mr Stephen will give us some indication in his winding-up speech of how he intends to tackle the problem of firms that want to move to Scotland having to spend more time dealing with administration than getting on with setting up their business. I welcome the significant growth in the biotechnology sector. We want to create a climate in which not just the financial, but the administrative package that is offered means that Scotland is the first place to which any company wants to come. We must deal with the problems in that particular regard.

I also want to mention the oil and gas industries, another major success. I note that in the last week, Mr Tony Mackay, one of our economists, said yet again that those industries have reached their peak and that we can look forward to the downturn. How many times have we heard that over the past decade or longer? Nevertheless, it is a sign of mature province that such comments are made regularly.

We keep hearing calls to internationalise our industry. There are significant successes, but perhaps not nearly as many as we would like. I hope that the deputy minister will also advise us how the plan encourages the globalisation of our industry, and does not just concern other companies having success in the area.

The skills associated with the oil and gas industry have great spin-off potential. We have seen that in the software industry, a large part of which, in the Aberdeen area, has spun off from the oil and gas industry. There is a significant potential there for growth, and for the skills associated with the oil and gas industry to be used in tackling

environmental problems. There is also potential for those skills to be exported and for industries to grow from that.

Mrs Margaret Ewing: In the context of earlier points on competition law, does Brian Adam agree that one of the difficulties in exporting some of the skills gained in the oil and gas industry is the unfair competition from countries such as Korea, in fabrication for example, and that that issue should be examined by the Scottish Executive?

Brian Adam: I readily acknowledge that, and thank Mrs Ewing for her intervention.

I want to develop the point about the considerable success of what is often seen as a staid industry: our financial sector. It is a great strength in the Scottish economy and provides a large number of jobs. But it is not a staid industry; it is a dynamic industry. There have been significant innovations in the sector in recent years, including Direct Line, link-ups with various supermarkets and even aggressive takeovers being considered. I ask the deputy minister to say how the Executive will encourage the financial sector to deal with the innovation of e-commerce and the potential offered by Europe, particularly with the changes in regulatory requirements.

Bruce Crawford (Mid Scotland and Fife) (SNP) *rose*—

Brian Adam: I am quite happy to give way.

The Deputy Presiding Officer: We must come to an end now if we are to include Tavish Scott.

Brian Adam: In that case, that is all I have to say.

The Deputy Presiding Officer: I call Tavish Scott, but I am afraid that you now have only three minutes.

12:03

Tavish Scott (Shetland) (LD): I am grateful for that advice, Presiding Officer.

I want to pick up on a couple of points on transport that Murray Tosh, Cathy Jamieson and Kenny Gibson made earlier. On modernisation—that sometimes despised word—it is important to recognise that public moneys, carefully targeted on a variety of modes of public transport, are an important investment in the future of the Scottish economy. Investment in transport unblocks the arteries of our economy and is especially needed. We need a modern, efficient and affordable transport system to move both people and goods. We must be prepared to address those needs and target our spending to meet them.

Professor McKinnon of Heriot-Watt University argued, at a transport conference in Glasgow a

couple of weeks ago, that average transport costs comprise 2 to 3 per cent of Scottish companies' sales revenues. He pointed to the importance of minimising the impact of congestion to improve economic output by rescheduling deliveries. He quoted the figure of

"15% of lorry traffic between 8pm and 6am"

and mentioned the need to use

"Alternative modes and routes – north sea ro-ro links and railfreight services".

Other members mentioned those matters earlier.

Mr Tosh: Does Tavish Scott appreciate the significance of places such as Hull for the future of the Scottish economy? Will he indicate what the approach of the partnership and the Executive is to upgrading the M74 into England and completing the dualling of the A1—from a strategic point of view?

The Deputy Presiding Officer: You have a minute and a half, Mr Scott.

Tavish Scott: I will come back to Murray. We have had this discussion before, and those issues have been considerably debated. I have a minute and a half and I want to make two or three other points.

The Highlands and Islands and the Borders lack the basic transport infrastructure necessary for their economies. Airports could modernise our economy, and investment in them, to which we do not currently pay enough attention, is particularly important. Tourists can be brought in and businesses can export through them.

An extension to the runway of Sumburgh airport in Shetland, for example, would allow airlines to make better decisions. If instrument landing systems—ILS—were introduced at Kirkwall airport, that would improve the service to the Orkney tourism industry. At Inverness, passenger service charges handicap the development of the local economy. That point was made by the local chamber of commerce. Representatives of a local aviation company at Wick wrote to me recently. They claim to be handicapped by the restriction on hours of operation. Investments in the examples that I have mentioned would improve the economies in those areas.

We need to invest in air transport for the future. The Scottish Executive must reject the short-term lead of Westminster, with its ill-considered plans to sell off the National Air Traffic Services, and instead show what can be done by wise, targeted investment in our public transport systems, especially in air transport.

Tommy Sheridan: On a point of order, Presiding Officer. I must, as a representative of one of the smaller parties, ask that you and the

other Presiding Officers publish some transparent rules to be used when calling speakers.

I lodged an amendment to Henry McLeish's motion which was not selected by the Presiding Officer. I was not called this morning, despite trying to ask the minister questions on the ethical standards bill. I have asked to participate in today's debate, and, again, I have not been called. Some arrangement about who gets called seems to be taking place behind closed doors. I hope that the rules that I have proposed get published.

The Deputy Presiding Officer: Order. Have you pressed your request button for this debate, Mr Sheridan?

Tommy Sheridan: Yes.

The Deputy Presiding Officer: Your request is not showing on my screen.

Tommy Sheridan: It is pressed, and was activated all the way through the debate.

Mr Kenneth Macintosh (Eastwood) (Lab): Further to that point of order. The back benchers have, I think, contributed less than 45 minutes to today's debate. This is a plea to ministers to cut back their speeches. Our rules are not quite working properly at the moment, and I think that we should examine them again to ensure that back benchers make the contributions that they want to make.

The Deputy Presiding Officer: I will respond to Mr Sheridan first. I will consult with the Presiding Officer on the substantive points that you made. A response will be given to you. Secondly, I will arrange for the request button on your console to be checked. Your name is not showing on my screen.

I take your point, Mr Macintosh, about extended ministerial contributions at the start of debates.

Tommy Sheridan: On a secondary point of order. While you were speaking, Presiding Officer, my request button was still pressed, so there is obviously a fault with my console that needs to be addressed.

The Deputy Presiding Officer: I apologise, Mr Sheridan. If your name had been showing on my screen, I certainly would have called you in the course of the debate.

Malcolm Chisholm (Edinburgh North and Leith) (Lab): On a point of order. I suspect that when a member makes an intervention, their name is wiped off your screen. I think that members should be aware of that. It has happened to me.

The Deputy Presiding Officer: I now call Mr Davidson to wind up for the Conservatives. I will try to give you your full five minutes.

12:09

Mr David Davidson (North-East Scotland) (Con): That is very kind of you, Mr Reid. I welcome today's debate, but I am a little disappointed that we did not have this afternoon's debate on the digital Scotland initiative earlier, as it would have given a good lead to this debate.

I have pleasure in supporting Miss Goldie's amendment. In doing so, I draw to the Parliament's attention the need for the Executive not only to recognise that we must urgently create a new culture of economic renewal, but to take positive action to achieve that. We are in initiative overload, and have been for some time. Many members have raised that point in this debate.

We have heard the Minister for Enterprise and Lifelong Learning state, rather cosily, in line with the Labour theme tune, that "Things Can Only Get Better". I did appreciate a breakthrough in something that he said today: that the Executive is at last prepared to address the issue of risk taking in our economy, which underpins our amendment this morning. I hope that, given Mr McLeish's kind comment to Miss Goldie, he will see fit to accept, on behalf of the Executive, the Conservative amendment as an addition to his motion.

I will move on to visions and actions. We have had an awful lot of visions from the Executive to date but little in the way of action. Indeed, Mr McLeish talked about establishing an institute of enterprise some three years hence. Time is ticking by, as are lead-in times. Mr Swinney referred to 20 years-worth of Irish activity. Frankly, I do not think that we have 20 years for the Executive to come up with a game plan. Such a game plan will obviously be devised in partnership with others, but we must press on to try to get some focus.

The rate of development of our Scottish economy is progressively falling behind that of the rest of the UK. While I have no wish to talk Scotland down, I will focus on the issues that we, in the Conservative party, believe are fundamental if we are to drive our economy into the global, modern age and if we are to be competitive in world terms. The Executive has a part to play in creating a climate within which Scottish business can grow. The areas of opportunity open to the Executive include a drastic reduction in the over-regulation of business and a defence of business against the welter of European Union regulations, which absorb time and energy that would be better spent on growing businesses and creating jobs. That is particularly the case in the small and medium business sector.

As Miss Goldie stated, we have had 2,500 new regulations in two and a half years of Blair. I presume that that will mean that we will get 1,000 a year from now. In the Conservative party's last

period in Government, we disposed of 2,000 unnecessary regulations. I call on the Executive to consider doing the same.

The Government must seek incentives to encourage risk taking through creative fiscal policy. If that means that we must send a message from this Parliament to Westminster, it should be a clear message that comes from across the parties that are represented here. We must recognise the damage caused by taxes, particularly those on fuel and road haulage. My colleague Murray Tosh, in his earlier intervention, tried to get across the point that we need to move the Scottish product. To do that, we need a proper road programme with better connections to other forms of transport such as rail and shipping. We also need to develop better public transport to allow the Scottish people to access new work opportunities that may not necessarily be located in the same centres that we have today.

The secret of success in business start-up and growth is management of risk, not just by the entrepreneur, but by those who supply funding and support. Competitiveness is not just about production costs; it is about competitive advantage, product uniqueness, innovation and added value. Scotland has so many successes, some of which have been mentioned this morning and which we need to promote. Product development and support is a major issue. The minister talked of commercialisation. Fine, but when the universities seek additional funding, where does that funding come from? They find great difficulty in translating commercialisation into funding.

I am afraid that Scotland is not grasping the marketing opportunities that we should be seeking. We live in a global economy and our businesses must be supported and nurtured from the early stages of formation through the critical growth stages that are required for them to be able to compete in the world market. I think that there are common views across the Parliament on that line.

In the second quarter of 1999, new-start businesses were down 13 per cent—that is a matter of confidence. The personal enterprise shows and business shop networks produce evidence that an increasing number of people are willing to start up a business or to expand a business. The Executive must act as a midwife to the businesses of Scotland, which would be a good role to play. That is not a motherhood and apple pie notion, but a sentiment that comes across loud and clear from the people who are doing their best to start up businesses.

The Deputy Presiding Officer: Mr Davidson, would you close, please.

Mr Davidson: I will turn to the constraints on enterprise, the biggest of which is access to funding. New businesses tend to start with 50 per cent of their own funding and 40 per cent comes from the banking sector, which must be drawn into discussion with Government and business about how we can best access money where the risk is transferred in part to the investor. Mr McLeish talked about private investment. The banking system must come into that.

I wished to consider all the many things that could have been mentioned this morning but, as I am conscious of time, I will turn to comments made by the other parties.

The Deputy Presiding Officer: I must ask you to be very brief for the sake of the two speakers who will follow you.

Mr Davidson: I thought that there was a policy shift from the SNP, in that it is now seeking low taxes, rather than the high tax ideas that it favoured before the election. I welcome that shift and I hope that it will be followed through. However, does John McAllion not realise that profits produce tax, which produces the social spending that he so wishes?

I attended an event yesterday at which an American spoke about change and the rate of change and said that Government must learn to live and move at the speed that business requires. Silence greeted the remark—everyone felt it—but it is the message that we must take forward.

The Deputy Presiding Officer: That speech was a minute and a half over time. We have already had criticisms of back benchers' speaking rights being affected by overruns at the opening of debates. We should be concerned about overruns at the end as well.

Mr Wilson, you have six minutes.

12:15

Andrew Wilson (Central Scotland) (SNP): Thank you, Presiding Officer. This has been yet another tautological debate led by the Executive, with absolutely nothing in terms of substance or ideas. The minister's speech lasted 18 minutes, yet there were no specific examples of anything that the Government is going to do.

I welcome—

Henry McLeish rose—

Andrew Wilson: I will move into my speech. The minister can join me in a second.

I welcome the—

The Deputy Minister for Local Government (Mr Frank McAveety): Tautology?

Andrew Wilson: Some politeness could perhaps break out there, Frank.

I welcome the appointment of Dr Andrew Goudie as chief economist at the Scottish Executive. At least he is a man who has experience of the Organisation for Economic Co-operation and Development and of what normal countries do. Perhaps, with his experience, he will be able to give some examples of what normal countries get up to in Europe and bring some understanding of the economy. The minister—he can intervene at this point, if he wishes—cannot tell us anything of substance about what goes on in the economy. There is nothing in terms of facts or figures—

Henry McLeish: In order to facilitate a decent debate in the Parliament, I offer Andrew Wilson the same opportunity as I offered John Swinney. Can he give us some SNP policies on how to take the Scottish economy forward?

Andrew Wilson: I will repeat the points that John made on the corporate tax environment, on research and development and on education, which are key points. I wish to make this point at the beginning of my speech: as an economic minister, Henry McLeish does not know, and cannot tell us, what we export, what we import, what we save, what we invest or what the value added in the economy is at this time. He has none of the information tools at his disposal and he shows no sense of urgency about—

Henry McLeish: Rubbish.

Andrew Wilson: I invite the minister to tell me what the export figures are. He cannot tell us what the economy-wide figures are. He has quoted a lot of unemployment statistics, which are at his disposal, but, as Tommy Sheridan, John McAllion and Lloyd Quinan pointed out, there are more people in short-term contracts, working part time, working longer days and under greater stress than at any point in our history.

Henry McLeish: You are talking Scotland down.

Andrew Wilson: Those are quality-of-life issues that Henry McLeish must address as a minister. He has the choice of burying his head in the sand or facing modern realities. There is no sense of wealth spreading. I say to Mr McAllion that that is because we do not have the tools to deliver it within the devolution settlement. The key theme that the SNP wants to bring to this debate is that the will may be there on the part of many people in the Scottish Executive, but the tools are not. There is a role for supply-side measures, but we need the appropriate fiscal and macro-economic structures as well.

I will offer an example to the minister so that he can reflect upon it. Everyone in this chamber agreed this morning that there is a need to

promote export diversification. The fact of the matter is that the policy of high interest rates and a high pound exacerbates the problem of one or two sectors dominating the export market. For example, the electronics sector imports most of the inputs that it then manufactures and exports, so it is cushioned from the high pound. That makes it impossible for new firms and new sectors to enter the export market. When the minister reels off a load of misleading, volume-based export statistics, he should reflect on the fact that nothing in the Government's approach is helping to improve that situation. Indeed, he appears to be seeking to deny that it exists, which is all the more damning.

As I said, Mr Swinney focused on three key initiatives: education; how to tackle retained value in earning for investment; and research and development. It would be interesting if Nicol Stephen, when he sums up, could provide a view of the Government's position on those issues. Education is key. Everyone agrees with that. Why, then, is the Government investing less of the nation's wealth in education than at any point in the last quarter of a century? That fact must be addressed.

On retained earnings, our key point draws on European examples such as Austria and Ireland, as John Swinney said. It may be news on the Conservative benches, but the SNP has been advocating that approach for some years—the tools of a normal country would be at our disposal if we had the same status as a normal country. However, we do not. The key questions to ask are, "Why not? Why reject it?" I ask Miss Goldie why she has that romantic, misty-eyed attachment to the UK Parliament, when we could be getting on and doing the business for ourselves. Perhaps a little more hard-headed, rational analysis on what we could do for the economy would be useful. The Conservative spokesperson called for fiscal incentives to be used. Why go cap in hand to Westminster, when she could get on with the business of doing that here? That is the view of many senior Conservative members; it would be nice to hear it reflected in the chamber.

John Swinney also made the key point that research and development investment is half of that of our competitors south of the border. What is the minister's strategy for tackling that? We have heard nothing about that. Japan is more peripheral to the European market than Scotland but has three times as much investment in R and D. We must address those key facts if we are to be serious about what we do. To improve investment in R and D, we have to use fiscal incentives, yet the Executive has none at its disposal. We will achieve an innovative policy only if we take the chance, as a small country, to do what small countries can do—to innovate and use

the tools that are at our disposal. Nothing that we heard from the minister today will allow us to do that.

The wider cultural issue of how to institute a sense of entrepreneurialism, or get up and go, in our economy and society has been raised. I offer a thought to the Conservatives, because it is a difficult one for policymakers to lay their hands on. Perhaps the fact that people in Scotland have been told for the past 30 years that they were too daft, poor and retarded to take decisions for themselves has instituted a feeling in Scottish culture of "Why get up and go when someone else will do it for you?" If, as we have been told, there is something odd about Scotland, that might constrain people's self-confidence and sense of enterprise. Perhaps the constitutional arguments should concentrate on what is positive and can be offered. What has been damaging is dependency culture.

12:22

The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen): I will move on quickly from some of Andrew Wilson's more extreme comments and start on a positive note.

Of course we are in a period of accelerating progress and change. Our task will be constant; it will not be a question of catching up and, one day, succeeding. There is much to do and that will never change. However, we are ahead of the field in areas such as biotechnology, with companies such as Cyclacel, Quintiles and Scotia Pharmaceuticals, which this week received an important US drugs approval. We also have PPL Therapeutics. In semiconductor design, we have Project Alba, with Cadence and now Epson, which will open next month. Job gains currently outweigh job losses. New jobs, increasingly, are being found in modern service and high-tech industries.

We are making good progress in expanding sectors, which use the latest in communications technology. The digital revolution is very much part of Scotland. Glasgow, with more than 10,000 call centre jobs, is one of the European centres for that sector. Financial services, software development—

Mr Brian Monteith (Mid Scotland and Fife) (Con): Will the minister give way?

Nicol Stephen: I want to make progress. I have limited time.

All those examples are, in a sense, location neutral. They could be located in many places, but we have them here in Scotland. In a sense, we have overcome peripherality, but I do not want to make too much of that. Look at Japan and its successes in recent decades. One wonders

whether Japan would have been chosen as a location to tackle the North American and European markets.

Mr Monteith: Will the minister give way?

Mr Tosh: Will the minister give way?

Nicol Stephen: I will give way now.

The Deputy Presiding Officer: Brian Monteith. No, I am sorry. Murray Tosh.

Mr Tosh: Thank you very much. Is the minister aware of Scottish Enterprise's projection that ports in the south-east of England that are critical to our economic competitiveness will face 32 per cent undercapacity by about 2010? Is the Executive prepared to consider a strategy for developing Scotland's oceanic links with the European Community?

Nicol Stephen: I will cover the transport issue later. I apologise to Brian Monteith; I thought that I was giving way to him rather than to Murray Tosh.

E-commerce is a key element in the changes that face the global economy over the next few years. The Scottish Executive has strongly supported e-commerce and Scottish Enterprise has a major e-commerce strategy. A great deal was done just last month: a directory of all the companies that do business on-line was published and local LEC-based advisers are assisting companies to plan for new e-commerce systems.

We are starting to see an increasing uptake of internet use among Scottish companies, of which nearly 60 per cent use the internet while 7 per cent sell on-line. But—and it is an important and big but—in the United States, the figures are still much higher. That problem is driven, at least in part, by low computer and internet usage by Scottish consumers. A special problem is low usage by small and medium companies. We have to do more on that. We also have to do more on commercialisation of research at our universities and colleges. Cyclacel is a great example, but we must never be complacent and must give continuing support.

I will mention briefly Annabel Goldie's remarks, to which my reaction could be summed up by the simple statement, "Don't believe what they say, believe what they did." Annabel had the chance to do all the things that she spoke about, over many years. Actions are more powerful than words.

Mr Monteith: Will the minister give way?

Nicol Stephen: No, I want to finish my point. Annabel was factually inaccurate about the Scottish university for industry. Widespread consultation has taken place in Scotland with industry. Thousands of documents relating to that university have been circulated to our businesses and there will be continuing consultation—I give

Annabel Goldie this guarantee—led by the university's new chief executive, Frank Pignatelli.

Much was made of the changing economic culture. Annabel Goldie, Keith Raffan and David Davidson mentioned that that culture is essential if we are to create a more entrepreneurial spirit in Scotland. The Scottish Executive agrees with that. We agree that we must be more entrepreneurial and that the attitude to failure must change. More must be done in terms of business mentoring and business angels—large companies giving support to smaller ones. However, more risk taking is not just about individuals taking risk. It is about learning entrepreneurial, management and financial skills.

Other nations, such as the United States, are passionate about management. Boston alone has the Harvard Business School, the Massachusetts Institute of Technology, the Sloane School of Management and the Media Lab. People in the United States care deeply, discuss a lot and are highly skilled and trained in entrepreneurial, financial and management pursuits. I am very pleased that there is an initiative to bring some of that to Gleneagles. More details of that will be announced in the coming weeks.

Keith Raffan is absolutely right about the venture-capital community and our approach to management and risk taking. We have a great deal to learn. It is not all about heroic individuals. That links to another important point, made by George Lyon. He said that change would not come about by an edict of the Parliament. I absolutely agree with that. Companies such as Scottish Power are investing in individual learning accounts and the Government will support that. However, companies themselves must embrace the new approach to lifelong learning and skills. That is crucial. George Lyon mentioned that BP-Amoco is putting that at the centre of its strategy. In the small business sector, companies do not have the same scale of resources. The Scottish Executive is determined to give more support to that sector so that those companies can engage in that agenda.

Mr Swinney: In the remaining minutes of his speech, I hope the minister will address the points on which Mr Lyon and I managed to find common ground. Will the great fiscal and macro-economic measures that the Chancellor of the Exchequer took last week in relation to the companies sector touch in any way the small business sector that, he has just told us, is uppermost in the Executive's mind?

Nicol Stephen: Of course they will. That was the subject of my next paragraph. However, Gordon Brown's speech contained a lot of detail. I undertake to write to Mr Swinney, Mr Lyon and Annabel Goldie to bring them up to date with those

details.

Nicola Sturgeon spoke about the shipbuilding industry. On Kvaerner Govan, I can assure all members that the Scottish Executive is fully involved in securing the long-term future of the yard. Efforts are being made to conclude negotiations as soon as possible. I expect that an announcement will be made before the end of this month.

Mr Johnston: Will the minister give way?

Nicol Stephen: I am sorry, no. I have very little time and I want to cover the transport issue, which was raised by Murray Tosh, Cathy Jamieson, Tavish Scott and others. The strategic roads review has announced new money and new investment. However, as was said, investment in rail, bus, air and sea links is also vitally important. We have a strong message about Scotland being a place to do business and that is underscored by the level of inward investment to Scotland. We have a strong record and we should not talk Scotland down.

Regarding Brain Adam's comments, the Enterprise and Lifelong Learning Committee is examining the advice and support structure and its complexities. As I have said, we are willing to listen to constructive suggestions for change. I am sure that Brian recognises the importance of the oil and gas industry task force and the many good initiatives in that area. If he is suggesting a centre of excellence for that industry in the north-east, as Nicola Sturgeon suggested for the shipbuilding industry, we are prepared to examine that. We want new ideas.

I will finish by mentioning John Swinney's comments, which relate to Andrew Wilson's comments. We want to hear their thoughts and we want to have an inclusive approach to this issue. We want to know about the SNP's policies. Which of the "too many" initiatives that he mentioned would he cut? What would he put in their place? There will be a Scottish economic strategy and it will be brought to the Parliament and to the Enterprise and Lifelong Learning Committee, but John Swinney said that the Scottish Executive must be

"truly in command of the direction of the Scottish economy".

I would like to let Mr Swinney into a secret—the Scottish Executive and the Parliament will never be

"in command of the direction of the Scottish economy"

nor should they be. In a modern economy government's role is to support and to assist. It is not a command structure and it is not about centralised state control.

Some of Mr Swinney's comments smack of the

style of national economic strategy in which only macro-economic intervention is appropriate. His comments smack too much of the centralised state control that would stifle, not stimulate our economy. Our approach is progressive. Education is crucial and corporation tax is crucial and, particularly for smaller companies, has been reduced in recent years. We are also concerned about research and development. We are taking steps to do something about all those issues. Education is at the centre of what the Executive is determined to do.

John Swinney talks about the Government leading the process through the Parliament. It will be Scotland's business and industry and the people of Scotland and their skills, innovation and creativity that will lead the process. The Executive and, I hope, members of all parties are determined to help them succeed.

The Presiding Officer (Sir David Steel): That concludes the debate. I would like to refer to the points of order that were raised with Mr Reid, which I heard in my office. The Deputy Presiding Officers and I will review what happened in this debate regarding speaking times. Nine members who wished to speak were not called.

Regarding Mr Sheridan's point, I am advised that his card was not properly inserted into his console. When we get to Holyrood, we hope to have a better system that will enable members to know whether they have been registered as wishing to speak. What happened this morning was an accident. You were not on the list when I was in the chair earlier. I apologise for that. It is a technical matter and not a conspiracy.

Tommy Sheridan: I apologise, in that case, for my earlier intervention, but my console indicated that I had requested to speak. A number of my political opponents were even prepared to substantiate that. I will, therefore, not send to you the letter that I had written, which was extremely critical of you.

Business Motion

The Presiding Officer (Sir David Steel): The next item of business is consideration of business motion S1M-299.

The Minister for Parliament (Mr Tom McCabe): The motion is printed in today's bulletin. I would like to highlight that on Wednesday 24 November decision time has been moved to 5.30 pm. That is to facilitate an extended debate on land reform and is being done in response to requests made by members. As members will know, land reform is a very important issue and the bill will not be introduced to Parliament until next year. Members have not yet had an opportunity to discuss the issue, so I hope that members understand why decision time has been moved.

I move,

That the Parliament agrees the following programme of business—

Wednesday 24 November 1999

2.30 pm Time for Reflection

followed by Debate on an Executive motion on Social Inclusion Targets

followed by, no later than 3.45 pm Debate on an Executive motion on Land Reform

followed by Parliamentary Bureau Motions

5.30 pm Decision Time

followed by Members' Business debate on the subject of S1M-250 Ms Irene Oldfather: Tobacco Sales to Under-Aged Children

Thursday 25 November 1999

9.30 am Debate on a Scottish Conservative and Unionist Party motion

followed by Business Motion

followed by Parliamentary Bureau Motions

2.30 pm Question Time

3.00 pm Open Question Time

followed by, no later than 3.15 pm Ministerial Statement on Freedom of Information

followed by, no later than 3.45 pm Debate on an Executive motion on Carers' Strategy

5.00 pm Decision Time

followed by Members' Business debate on the subject of S1M-261 George Lyon: The Kintyre Economy

Wednesday 1 December 1999

2.30 pm Time for Reflection

followed by Parliamentary Bureau motions

followed by Stage 3 debate on the Public Finance and Accountability

(Scotland) Bill
 5.00 pm Decision Time
followed by Members' Business
 Thursday 2 December 1999
 9.30 am Debate on a motion by the Scottish
 National Party
followed by Business Motion
followed by Parliamentary Bureau motions
 2.30 pm Question Time
 3.00 pm Open Question Time
followed by, no Debate on an Executive motion on
later than 3.15 pm Equalities
 5.00 pm Decision Time
followed by Members' Business

The Presiding Officer: My screen indicates that Marilyn Livingstone wants to speak on this. Is that an error?

Marilyn Livingstone (Kirkcaldy) (Lab): I think that it is. I was one of the nine who were not called to speak earlier.

The Presiding Officer: The question is, that business motion S1M-299 be agreed to.

Motion agreed to.

Standards Committee

The Minister for Parliament (Mr Tom McCabe): Should not also the motion relating to the Standards Committee be moved?

The Presiding Officer (Sir David Steel): You are quite right.

Motion moved,

That the Parliament agrees that Patricia Ferguson be appointed to the Standards Committee.—[Mr McCabe.]

The Presiding Officer: The question is, that motion S1M-292, in the name of Mr Tom McCabe, on behalf of the Parliamentary Bureau, be agreed to.

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

Meeting adjourned at 12:36.

14:32

On resuming—

Question Time

SCOTTISH EXECUTIVE

Freedom of Information

1. Michael Matheson (Central Scotland) (SNP): To ask the Scottish Executive what provision will be made in order to enforce any future freedom of information legislation. (S1O-648)

The Lord Advocate (Lord Hardie): Before answering the question, I should explain that Jim Wallace is unable to be here today because he is attending a funeral. The questions directed to him have therefore been reallocated.

The Executive's proposed approach to enforcing a statutory freedom of information regime will be set out in the consultation document to be published later this month.

Michael Matheson: Last week, Jim Wallace spoke about the pros and cons of a human rights commission in Scotland. Does the Lord Advocate agree that one of the pros would be that a commission could enforce such legislation so that it actually worked rather than ending up on the shelf? Will he ensure that proper consultation takes place with Scottish bodies on freedom of information? Will he confirm that he will not take on the responsibilities or take the actions that Jack Straw proposes to take at Westminster?

The Lord Advocate: As I have indicated, the Scottish Executive will issue a consultation document to which people in Scotland who have an interest can respond.

A8000

2. Lord James Douglas-Hamilton (Lothians) (Con): To ask the Scottish Executive how the proposed upgrading of the A8000 will be funded, what the time scale for the upgrading is likely to be and whether the A8000 will be a trunk road after upgrading. (S1O-622)

The Minister for Transport and the Environment (Sarah Boyack): The A8000 is a local road and responsibility for its upgrading therefore rests with the City of Edinburgh Council. The Executive has no plans to expand the trunk road network.

Lord James Douglas-Hamilton: Is the minister aware that the traffic congestion in the vicinity of the Forth road bridge is among the most intense in Scotland? Does she accept that there is

widespread support for the upgrading among local motorists and from the City of Edinburgh Council? Will she also accept that it is essential that the Executive makes available resources to ensure that the matter goes ahead speedily?

Sarah Boyack: I am well aware of the intensity of congestion in and around the area of the Forth bridge. I am happy to say that the local authorities are working on that matter; I am meeting them in December to discuss the research that the Scottish Executive is doing and to discuss strategies for improving investment and the facilities in the area.

North of Scotland Water Authority

3. Tavish Scott (Shetland) (LD): To ask the Scottish Executive when ministers last met the North of Scotland Water Authority and what matters were discussed. (S10-630)

The Minister for Transport and the Environment (Sarah Boyack): I last met the North of Scotland Water Authority on 14 September 1999 to discuss strategic issues in relation to its corporate plan.

Tavish Scott: Will the minister investigate the authority's reported intention to levy the highest water charges in Scotland yet also reward its senior staff with performance bonuses? Does not the current situation illustrate the need for a root-and-branch reform of that quango, so that it becomes more responsive to customer needs?

Sarah Boyack: One of the key measures in the Water Industry Act 1999 was the establishment of the Water Industry Commissioner for Scotland. It will be his job to look independently—from a customer's point of view—at the investment programmes and charging of the three water authorities and to report to me. The report will then be considered by the Scottish Executive.

Caledonian MacBrayne

4. George Lyon (Argyll and Bute) (LD): To ask the Scottish Executive when it last met the chairman of Caledonian MacBrayne and what matters were discussed. (S10-647)

The Minister for Transport and the Environment (Sarah Boyack): The First Minister, the Deputy Minister for Highlands and Islands and Gaelic and I met the chairman and the managing director of Caledonian MacBrayne on 21 September. During that meeting, a range of matters were discussed.

George Lyon: In view of the likely withdrawal of Sea Containers from the Campbelltown to Ballycastle ferry route, will the minister ask Caledonian MacBrayne to come forward with proposals to take over that route?

Sarah Boyack: That is a commercial venture, and I know that people in George Lyon's constituency have a great interest in it. I am aware that Highlands and Islands Enterprise and the local council have provided money for a campaign to promote tourism in the area. The commercial decision is for CalMac to take. The service is not a lifeline ferry service, but I am aware of the interest in the route. I will be meeting Sea Containers on 2 December to discuss a range of issues.

The Presiding Officer (Sir David Steel): I call Pauline McNeill.

George Lyon: Can I—

The Presiding Officer: I think not.

George Lyon: Can the minister tell Parliament—

The Presiding Officer: Order. I call Pauline McNeill.

Female Offenders

5. Pauline McNeill (Glasgow Kelvin) (Lab): To ask the Scottish Executive whether it is considering options for alternatives to prison for female offenders. (S10-625)

The Deputy Minister for Social Inclusion, Equality and the Voluntary Sector (Jackie Baillie): The Executive is seeking other options for female offenders and an inter-agency forum has been established to identify practical alternatives to custody for that group.

Pauline McNeill: The minister will be aware that Kate Donegan, governor of Cornton Vale, said last week that the prison was being hit by a tidal wave of damaged and vulnerable women, despite growing calls for alternatives to prison sentences. Will the minister publish details of existing community service schemes and can she give a commitment today to work towards increasing the number of such schemes in order to widen the availability of alternatives to prison?

Jackie Baillie: Indeed I can, because the forum led by Professor Sheila McLean is looking at alternatives to custody and will specifically address the issue of enhanced services in the community. An immediate change that has already been implemented is the bail retrieval scheme in Cornton Vale, which allows women offenders a second chance of being released on bail and under supervision.

Immigration and Asylum

6. Shona Robison (North-East Scotland) (SNP): To ask the Scottish Executive whether it will be concluding a concordat regarding the terms of the forthcoming immigration and asylum legislation with Her Majesty's Government. (S10-

667)

The Deputy Minister for Community Care (Iain Gray): We expect that the legislation will be covered by the concordat between the Scottish Executive and the Home Office. We will be evaluating the effects of the new support scheme for asylum seekers in Scotland in due course.

Shona Robison: I am sure that the minister will be aware of the controversial nature of that legislation, particularly the voucher scheme, and of the cross-party concern about it. Will he assure us that this Parliament will be able to debate the terms of the concordat?

Iain Gray: As members will know from previous discussions, immigration and asylum are reserved matters, over which we have no legislative competence. We are determined to ensure that Scotland plays its part in fair, effective and fast support for asylum seekers. That is why I have announced today that we will review the operation of these measures some 18 months from their inception. It is important that the Executive and the Parliament concentrate on what it can do rather than on what it cannot.

Shona Robison: A precedent has been set in this Parliament that we can discuss and debate reserved matters, regardless of whether we have legislative competence over them. Will the minister give the Parliament an opportunity to debate this matter, which is of cross-party concern?

Iain Gray: The short answer to that question is no. I reiterate that, in matters where we have devolved responsibility, we will take measures to ensure that we can give the assurance—in response to questions or in any other way—that we are playing our part in providing the support that is required for those who seek asylum on our shores. That is the correct way forward.

Police Funding

7. Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): To ask the Scottish Executive whether it intends to review the process which determines the level of funding made available to individual police forces in Scotland. (S10-654)

The Lord Advocate (Lord Hardie): A review of the formula that determines the distribution of grant-aided expenditure for the police in Scotland commenced earlier this year. The review is being undertaken jointly by the Scottish Executive, the Convention of Scottish Local Authorities and the Association of Chief Police Officers in Scotland, and is due to report next year.

Mr Rumbles: Will the Executive ensure that the review takes account of the fact that the criteria for funding are out of date and fail to create a level

playing field? For example, the criteria penalise the people of the north-east, who have the second lowest number of police officers and the second lowest per capita expenditure of all Scottish police services, despite the fact that Grampian police have to deal with the second highest number of crimes per head of population. Will he ensure that that unfair funding mechanism is updated as soon as possible in the new year?

The Lord Advocate: The review will consider all relevant information. In 1997-98, the grant-aided expenditure for Grampian police was set at £57.9 million and the force spent only £55.2 million. That is an underspend of £2.7 million, which I understand to be equivalent to the salaries of 108 police officers.

Scottish Football Association

8. Mr Brian Monteith (Mid Scotland and Fife) (Con): To ask the Scottish Executive when the Deputy Minister for Culture and Sport last met the Scottish Football Association and what they discussed. (S10-658)

The Deputy Minister for Culture and Sport (Rhona Brankin): I will take this opportunity, as so many of the gentlemen in Parliament have done today, to congratulate Craig Brown and the team on their victory last night. *[Applause.]* We share their disappointment that they are not going to the finals, which is a source of great sadness to us all.

Since my appointment as deputy minister, I have met representatives of the Scottish Football Association on several occasions, most recently during my attendance at Scotland's match against the Czech Republic on 14 November. That has probably stumped Mr Monteith. How many people know about that football match, which Scotland also won? When I met the SFA, there was no formal agenda but a range of issues was discussed.

Mr Monteith: I welcome and concur with the minister's sentiments. I point out that the Scottish women's football team is currently leading group 6 of the Union of European Football Association's women's championship. *[Applause.]* Will the minister say what measures the Scottish Executive is taking to promote women's football in Scotland?

Rhona Brankin: That was the match that I attended at Broadwood stadium on Sunday. Cathie Craigie, the MSP for Cumbernauld and Kilsyth, was there as was the MP Rosemary McKenna. I did not notice any male MPs or MSPs.

We support the development of women's football in Scotland. More than 17,000 girls under the age of 18 play football in Scotland. Sportscotland has made plans to develop

women's football and the SFA has recently taken over responsibility from the Scottish Women's Football Association for the development of girls' and women's football. Last year, Vera Pauw was appointed technical director and coach of the national team. Women's football is something that I am keen to take forward.

Acute Services Review

10. Mary Scanlon (Highlands and Islands) (Con): To ask the Scottish Executive whether the recommendations of the acute services review will be submitted to the Scottish Parliament for approval. (S1O-659)

The Minister for Health and Community Care (Susan Deacon): The acute services review was published in June 1998 and is already being implemented.

Mary Scanlon: Given the reported £22 million overspend by 14 acute hospital trusts in Scotland only halfway through the financial year, does the minister acknowledge that the rising drugs budget, the 2,000 blocked beds and the potential problems with winter pressures constitute serious mismanagement of the national health service and prove that the Government is failing to deliver on its promises to the Scottish people?

Susan Deacon: The short answer is no. I am disappointed because, following Mrs Scanlon's first question, I thought for a moment that she was interested in the future development of the health service in Scotland, as this Executive is. That is why in the current year we are investing record amounts in the NHS in Scotland. That is not all. We are also ensuring that those resources are being used properly and effectively by putting in place strategies, such as the acute services review, to provide the best possible services for patients across Scotland.

Criminal Injuries Compensation Authority

11. Tricia Marwick (Mid Scotland and Fife) (SNP): To ask the Scottish Executive what representations it has made to the Criminal Injuries Compensation Authority about delays in handling claims from Scottish victims. (S1O-619)

The Lord Advocate (Lord Hardie): We have not made any representations on this subject. Although in some cases delays are inevitable, the authority is none the less committed to reducing waiting times.

Tricia Marwick: Will the Lord Advocate tell me what length of delay he considers acceptable?

The Lord Advocate: I do not think that any avoidable delay is acceptable, but some delays are inevitable. For example, it may be necessary to delay determining a case until the final medical

condition of the victim is known and the board is able to decide the appropriate compensation.

Tricia Marwick: Is the Lord Advocate aware that a client of Charles Wood & Son in Kirkcaldy has been waiting since May 1996 for a hearing day? Does he consider that three and a half years is acceptable, and will he now make urgent representations on behalf of Scottish victims?

The Lord Advocate: I understand that no MP or MSP has made a complaint about any particular case but, if Tricia Marwick writes to the minister, I am sure that he will take up the case to which she refers. It is possible for anyone who feels aggrieved about a delay in the handling of their case to contact the operations manager at CICA to find out what is wrong. The Scottish parliamentary commissioner for administration also investigates complaints from members of the public who may have suffered because of maladministration. That procedure would apply to CICA as well.

Juvenile Offenders

13. Phil Gallie (South of Scotland) (Con): To ask the Scottish Executive whether it will confirm that the actions of the sheriff in Ayr sheriff court on 9 November 1999 in relation to Ryan Ingram who had pleaded guilty to three separate charges involving assault and theft are in line with its recently announced plans for the treatment of juvenile offenders. (S1O-636)

The First Minister (Donald Dewar): I take the view—as I hope this Parliament does—that sentencing is a matter for the courts. In this case, the court has had the advantage of hearing submissions, both from the procurator fiscal and from the defence, and of making a judgment on that basis.

Phil Gallie: The Scottish Executive has recently announced special treatment for young offenders, which will involve attempting to limit the time that they spend in prison. Does the First Minister care about the effect on the victims in the case to which I referred, two of whom suffered from learning difficulties? The third, an elderly lady, Mrs Bryden, is now afraid to go out in the dark.

The First Minister: I cannot pretend to be familiar with the detail of this offence but I have faith that the courts will consider such matters in a balanced way.

There are provisions under the Prisoners and Criminal Proceedings (Scotland) Act 1993 for the Crown authorities to appeal if they are dissatisfied with the sentence. I understand that there have been representations—from Mr Gallie, among others—that that power should be used. These matters are under consideration but I must state clearly that I am not prejudging what the decision might be.

Police Budgets

14. Ms Sandra White (Glasgow) (SNP): To ask the Scottish Executive what action it intends to take to address the position whereby Scottish police forces have to cover the entire cost of policing visiting dignitaries from existing budgets whilst the Metropolitan police are granted over £150 million extra to cover the policing of visiting dignitaries and other special duties. (S1O-620)

The Lord Advocate (Lord Hardie): Police grant-aided expenditure in Scotland provides forces with funding to cover all their policing requirements, including the cost of policing visiting dignitaries.

Ms White: I thank the Lord Advocate for that answer, but it was not the one that I hoped for. The £150 million is extra funding for the Metropolitan police. Is he aware that we do not have extra money in Scotland for policing visiting dignitaries? Is he also aware of the special problems of Glasgow, which has three major football stadiums, and of Edinburgh, which has Murrayfield, Holyrood and the Scottish Parliament to police?

The Presiding Officer: We cannot have a speech in support of a question.

The Lord Advocate: The funding of the Metropolitan police is not a matter for this Parliament. As I explained, the issue of policing visiting dignitaries is taken into account when allocating funds to Scottish police forces.

Fife Health Board

15. Mr Keith Raffan (Mid Scotland and Fife) (LD): To ask the Scottish Executive whether it will make a statement on the provision of acute services by Fife Health Board. (S1O-638)

The Minister for Health and Community Care (Susan Deacon): No. It is the responsibility of Fife Health Board to plan the provision of acute services in Fife and to do so in consultation with local representatives and with the local population.

Mr Raffan: Does the minister agree that, during the forthcoming formal consultation period, it will be important that the clinician's views are clearly heard? Will she give her views on the proposal for a single district general hospital in Fife, as is advocated by the Minister for Enterprise and Lifelong Learning?

Susan Deacon: As I indicated in my answer to Mr Raffan's first question, it is the job of local health authorities to determine how best the needs of local populations can be met. It is the job of this Parliament to ensure that we set the national strategy and that health boards operate in a way that takes into account a wide range of opinion. I hope that that kind of dialogue will take place in

the months ahead so that the most appropriate health services can be delivered for the people of Fife.

Portmoak Airfield

16. Mr Nick Johnston (Mid Scotland and Fife) (Con): To ask the Scottish Executive whether it will make a statement on the future of the Scottish Gliding Union Portmoak airfield in Kinross and any potential dangers presented by the developments adjacent to the runways and flight path. (S1O-616)

The Minister for Transport and the Environment (Sarah Boyack): Land use planning and development in the area of Portmoak airfield is a matter for Perth and Kinross Council acting under national and local development control policy.

Mr Johnston: Is the minister aware that planning permission has been granted for an equestrian centre directly under the flight path? The Scottish Gliding Union is worried in case an accident occurs and its licence is removed. Does she agree that the Portmoak airfield is a valuable resource for Kinross and will she issue guidelines to Perth and Kinross Council regarding development on this site?

Sarah Boyack: I am aware that an appeal about further development in that area is currently in abeyance. The issue is being considered and the council, the air operators and representatives of the equestrian centre are in negotiations. It is hoped that a mutually acceptable solution will be arrived at. If there is no resolution, the appeal will come back on the agenda. I assure Mr Johnston that the issues of safety that he raises will be taken on board by the Scottish Executive reporter when considering any appeal.

Rail Network (Coal Transportation)

18. Scott Barrie (Dunfermline West) (Lab): To ask the Scottish Executive whether there have been any discussions with English Welsh and Scottish Railway to increase its capacity to transport Scottish coal on the national rail network. (S1O-642)

The Minister for Transport and the Environment (Sarah Boyack): The matter is the subject of a formal complaint made by the coal industry to the Office of the Rail Regulator on the basis of the possible abuse of a dominant position by English Welsh and Scottish Railway. The outcome of the rail regulator's investigation is awaited.

Scott Barrie: I thank the minister for that information, of which I was unaware. Will she agree that, if EWS is unable adequately to transport indigenous coal, a serious threat exists to what is left of the Scottish coal industry?

Sarah Boyack: I am aware of the significance of the transportation of coal by EWS. The lead in addressing that matter has already been taken by Brian Wilson at the Scotland Office. He has been keeping Henry McLeish and me fully informed of developments and we are all trying to address the issue. The Office of the Rail Regulator is critical in terms of ensuring that there is a proper judgment on this issue and that full attention is given to it.

Genetically Modified Organisms

19. Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): To ask the Scottish Executive, further to the answer to question S1W-1109 by Ross Finnie on 5 November 1999, whether it is satisfied that there is no risk of genetically modified crops in test sites in Scotland pollinating surrounding non-genetically modified crops and wild plants. (S1O-641)

The Minister for Rural Affairs (Ross Finnie): Yes. All tests of GM crops with sites in Scotland have been subject to detailed risk assessment by the independent Advisory Committee on Releases to the Environment. Consent holders must adhere to the detailed limits and conditions that are set. That includes the size and nature of buffer zones that surround GM plantings, which are designed to ensure that there are no unacceptable environmental consequences.

Alasdair Morgan: In view of a recent study on a farm near Oxford, which showed that beehives up to 4.5 km from a GM trial crop were contaminated by GM pollen, is it not a bit complacent to be satisfied with the current separation limit of 200 m from conventional trial crops?

Ross Finnie: The current separation distances are based on internationally agreed distances and are designed to deliver seed purity of 99.5 per cent. The separation distances have been determined through practical field experience, but we accept that there is evidence now and again to suggest that they might be altered. Buffer zones are kept under constant review by ACRE, which takes into account any new research.

Halfway Houses

20. Dr Sylvia Jackson (Stirling) (Lab): To ask the Scottish Executive whether it will consider the proposal for a number of halfway houses, which would allow women to live under supervision with their children, as an alternative to prison. (S1O-663)

The Deputy Minister for Social Inclusion, Equality and the Voluntary Sector (Jackie Baillie): Local authorities are already funded to provide a range of community accommodation for offenders and women, which is given priority as a matter of policy. Some of those hostels may make

provision for children, too.

Dr Jackson: Does the minister agree, however, that the problems faced by most women in Cornton Vale are deep-seated? Effective support requires a more sustained and structured approach, which could be provided by halfway houses.

Jackie Baillie: I recognise the deep-seated problems that women in Cornton Vale—particularly those with children—experience. Already, family visits take place in far more relaxed settings, with appropriate child care support. Special provision is made for mothers and babies to be located together. Nevertheless, the Executive would be happy to consider further what can be done for women offenders with children.

Trading Standards Officers

21. Euan Robson (Roxburgh and Berwickshire) (LD): To ask the Scottish Executive what plans it has to support and strengthen the work of trading standards officers in Scotland's local authorities. (S1O-660)

The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen): Responsibility for the consumer protection measures implemented by the trading standards service in Great Britain rests with the UK Government, which in July set out a strategy for the service's future in the consumer white paper "Modern Markets: Confident Consumers". The Scottish Executive is working with the Department of Trade and Industry on the implementation of the proposals set out in the white paper.

Euan Robson: Is the minister aware that, in Scotland, there are now fewer than 190 trading standards officers, enforcing more than 1,000 acts of Parliament? Will he encourage local authorities to take on more trainee TSOs, as there are apparently only 20 at present?

Nicol Stephen: The white paper recognises the strong advantages of locally based services but also the pressure on resources that is caused by the increasingly wide range of activities that are being carried out, especially in smaller local authority areas. Particular emphasis is given to the provision of sufficient training for new TSOs.

An additional £1.5 million has been allocated to assist potential candidates through first degree courses and to subsidise postgraduates in work study. The UK Government will invest £500,000 to improve distance learning material to assist unqualified staff to convert to a new diploma course. Those measures will benefit Scotland.

The Presiding Officer: We started a couple of minutes late, so I will allow one more question.

Speech and Language Impairments

22. Elaine Smith (Coatbridge and Chryston) (Lab): To ask the Scottish Executive what level of provision is made throughout Scotland in secondary schools for pupils with speech and language impairments. (S1O-617)

The Deputy Minister for Children and Education (Peter Peacock): That information is not collected centrally. The grant-aided expenditure for local authorities has been doubled to £6.5 million per year from April 1999 for speech and language therapy services for pupils with records of needs.

Elaine Smith: Could the minister outline what measures will be taken to ensure that pupils who have speech and language impairments, and their parents and carers, will inform Government policy on this issue?

Peter Peacock: We have recently announced that we will review issues relating to speech and language therapy with the Convention of Scottish Local Authorities and health agencies. It is very much our intention to consider the views of those who receive—or who find it difficult to receive—those services. I will be grateful for any information that the member can provide on that.

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. (S1O-612)

The First Minister (Donald Dewar): I met the Secretary of State yesterday. We discussed a number of very serious issues, in particular whether Neil McCann should play from the start. *[Laughter.]* On that weighty issue, as on so many others, we were at one. Last night's match was very exciting and satisfying. It was the last international match that will ever be played under the twin towers of Wembley, and we won.

Mr Salmond: I am delighted to share with the First Minister both the pride in last night's victory and the disappointment that we will not go further in the European championships. I am also delighted to note that the First Minister and the secretary of state do not have turf wars at Wembley.

Now that Michael Russell's motion on the Act of Settlement has been signed by 68 members of this Parliament, will the First Minister undertake to communicate to the Prime Minister and urge on him the view that institutionalised discrimination is not acceptable in a modern constitution of a modern country?

The First Minister: The Prime Minister will be aware of the issue. It has been discussed extensively not only in and around this chamber, but in other parts of our constitutional structures. Alex Salmond will recognise that it is not an area for which we have responsibility or a remit. Many of us accept that it is a legacy of the past, and should be seen as such. It is also widely recognised that the Government has many pressing legislative priorities. Indeed—I do not want to quote him selectively—Cardinal Winning made that point very fairly in the press the other day. It is something that, no doubt, will be kept under review.

Mr Salmond: The cardinal has also noted—this chamber will surely agree—that this is an offensive act, and that discrimination against Catholics or anyone else has no place in a modern constitution. When the Scotland Act 1998 provided for us to discuss any matter, was it not so that this Parliament, on a cross-party basis, could take a lead in securing change and reform on an issue such as this, which has remained unreformed for far too long?

The First Minister: I think that everybody in this chamber is united against any form of prejudice. Certainly the most vicious form is active and current prejudice. This is something that we have inherited from the past. Alex Salmond will accept that it is a complex matter.

It has been said on a number of occasions that the legislative consequences, in terms of the tour around the Commonwealth, would be extensive, and there are links into other matters in our constitutional settlement that would require careful negotiation and discussion.

Of course, the Scottish Parliament has the power to talk about issues outwith its remit, although there is a general agreement that we would do so only in exceptional circumstances.

Donald Gorrie (Central Scotland) (LD): Will the First Minister ensure that his staff improve the quality of the presentation of the information on the Executive website? I am told by those who understand such matters that, after a good start early in the summer, the timing and the accuracy of the material on the website—

The Presiding Officer (Sir David Steel): I am sorry to interrupt you, Mr Gorrie, but your comments are not related to the first question. I will have to call Margo MacDonald instead. The questions must relate to discussions with the Secretary of State for Scotland.

Ms Margo MacDonald (Lothians) (SNP): Although my question may appear to be tangential, Presiding Officer—[*Laughter.*]

The Presiding Officer: If it is too tangential, I shall rule it out of order. Let us hear it.

Ms MacDonald: It concerns an area of discrimination. Will the First Minister tell us whether he has made representations to Her Majesty's Government—and in particular, to the Secretary of State for Scotland—on the reasons for the proposed changes to legislation covering the prevention of terrorism, including nationalists in Scotland?

The Presiding Officer: Ah. That is in order.

The First Minister: Can I express the hope that it is not too much in order?

I read in one newspaper that fear of violence in Scotland was one of the reasons for the reform of the legislation on the prevention of terrorism. I am glad to say that, on the basis of the record, it is not a matter that is uppermost in my mind. The reason for the reform of the legislation is that the framework is outdated. We need a comprehensive law within which the security services can operate with due and proper regard to both civil liberties and the needs of the state. That is what the Westminster Government intends to put on the

statute book.

Prime Minister (Meeting)

2. David McLetchie (Lothians) (Con): To ask the Scottish Executive when the First Minister last met the Prime Minister and what subjects they discussed. (S10-657)

The First Minister (Donald Dewar): That is not quite so recent in my memory. I last met the Prime Minister on 14 October and I am afraid that we discussed matters of mutual concern.

David McLetchie: I wonder whether those matters of mutual concern embraced the rising tide of crime across the United Kingdom and the pathetic response to it. Is the First Minister aware that we have nearly 500 fewer police officers on the beat in Scotland than we should have? Is he further aware that prison officers are being laid off and prisons are being closed? Is that what he considers to be joined-up thinking? When will his Executive, which likes to pull out millions for announcements in the chamber to be spent on this, that and the next pet project, ensure that our criminal justice system is properly funded?

The First Minister: Mr McLetchie might find it rather embarrassing if he were asked to specify what this, that and the next thing constituted. Almost all the expenditure that has been announced by our Government is in response to pressing need and special difficulties and has been greatly appreciated by those who will be affected by it.

Mr McLetchie will know that grant-aided expenditure for the police in this year's local government settlement was £714.7 million. That is an additional 3.4 per cent—£23 million—which is well above the rate of inflation. Next year, it will rise to £741 million. There have been extras, such as an additional £4.7 million to fund the inevitable expenses of policing the millennium celebrations.

The figures for police numbers have been fairly steady. Taking 30 June 1997 in comparison with 30 June 1999, we see that the figures have remained steady, with a decline of 88 police officers. That must be seen against an increase of 8.4 per cent in support staff—almost 400 people have been brought in to do jobs that no longer need to be done by police officers. That allows police officers to be out and about on the streets.

As far as prisons are concerned, that is a rationalisation of money that had not been used in the current year—end-year flexibility. The baseline continues to go up. That money was not spent on this, that and the next thing; it remained in the justice department and has been used to fund the drugs enforcement agency. I would have thought that even David McLetchie would see that as a reasonable priority.

David McLetchie: It is not a reasonable priority if it is at the expense of officers on the beat and safety in our communities. The First Minister should recognise that the first duty of any Government is to ensure public order and the safety of its citizens. If we do not have that foundation in society, we have nothing.

Two days ago, outside this Parliament, we saw prison officers demonstrating. Yesterday, the crisis in our court system resulted in cases being deferred and postponed to clear the logjam that resulted from the decision that was taken on temporary sheriffs.

The Presiding Officer: Please ask your question, Mr McLetchie.

David McLetchie: That was a decision for which the Executive had failed to plan properly, although it had long been expected, and was a direct result of its policy.

The Presiding Officer: We must have a question.

David McLetchie: I am coming to the question. Coming on top of the muddle over Ruddle, does the First Minister accept that his Jim cannot fix it? Can we please have a justice minister in Scotland who is up to the job?

The First Minister: McGonagall comes to Holyrood. *[Laughter.]*

Mr McLetchie is worried about the number of policemen, and I accept that his concern is legitimate. I can tell him that the drugs enforcement agency, when operating, will produce another 200 policemen. I admit that that is a specialist area, but the front-line fight to combat the drug menace is not exactly some curious byway of law and order, but is absolutely central, as anyone who has any knowledge of our prison population at the moment will know.

I understand the anxiety of the prison officers. We are aiming to avoid redundancies. We now have estimates, based on experience, of the likely prison population, estimates that lead us to believe that we can make those reductions. Penninghame and Dungavel are both old-fashioned and unsuitable forms of accommodation for prisoners. The recycling of that money into the drugs enforcement agency is very sensible.

I would be more impressed by Mr McLetchie's claim that what happened in the temporary sheriff affair could have been easily foreseen, if he had foreseen it. However, the law has not changed. The forum in which redress of law can be taken has changed to the Scottish courts, but the law has not changed since 1971. The point could have been taken up at any time since 1971. As soon as the action was raised and it became clear that there was a reasonable chance that the decision

that was finally to be reached would be reached, we took precautionary measures. That is why advertisements for more full-time sheriffs have been in the papers, the time for applications has closed, and the matter is now in hand. There is not a crisis; there is a situation that has to be managed. Proper steps have to be taken. It does not help the administration of justice if people who apparently have authoritative knowledge go round talking about a crisis.

The Presiding Officer: Supplementary questions are supposed to be about the discussion between the First Minister and the Prime Minister.

Tommy Sheridan (Glasgow) (SSP): In the course of the First Minister's meeting with the Prime Minister, did the Prime Minister indicate his intention to introduce American-style workfare in Scotland? If he did, did the First Minister indicate his support for that?

The First Minister: I know of no such plans.

Anti-social Neighbour Orders

3. Dr Elaine Murray (Dumfries) (Lab): To ask the Scottish Executive what plans it has to monitor the effectiveness and operation of anti-social neighbour orders. (S10-618)

The Deputy Minister for Communities (Jackie Baillie): We have commissioned the Chartered Institute of Housing in Scotland to monitor the use of anti-social behaviour orders under the Crime and Disorder Act 1998, as well as the extended powers of eviction for anti-social behaviour in the act. The outcome of the survey should be available in March next year.

Dr Murray: Is the minister aware that many councils have yet to use the powers that have been provided to them by the legislation, which came into force in April this year? Is she further aware of the misery that the anti-social behaviour of a few residents causes their many law-abiding neighbours?

I have had constituents in tears on the phone and at my surgeries because of the stress caused by nuisance neighbours. There is an allegation that one of my constituents might have committed suicide because of the stress caused by the problem. What will the Executive do to persuade local authorities to use the powers that they have been given?

Jackie Baillie: The Executive is very aware of and deeply concerned about the misery that anti-social behaviour causes to individuals, to families and to wider communities—which is precisely why we introduced anti-social behaviour orders in the first place. As I said, the Chartered Institute of Housing is monitoring usage for us. It is monitoring

the anti-social behaviour orders applied for, those granted, and those that have subsequently been breached.

We have heard informally of several successful applications by local authorities, with the first in Dundee and several recently in Edinburgh. We encourage local authorities with such problems in their area to make use of the orders.

Fiona Hyslop (Lothians) (SNP): The First Minister talked about "active and current prejudice". Does the minister agree that racial harassment is one of the worst forms of anti-social behaviour? Within her remit, does she plan to extend the monitoring of the operation of anti-social behaviour orders to such harassment?

Jackie Baillie: Naturally, I share Fiona's concern about racial harassment. I hope that members support the fact that such harassment is not welcome in the Scotland of tomorrow.

We must examine the implementation of the current anti-social behaviour orders. We will then be able to review the matter and come back to Parliament.

Dr Sylvia Jackson (Stirling) (Lab): Will the minister investigate anti-social behaviour orders in relation to private sector housing? In the Stirling Council area, there is little or no financial provision for that work.

Jackie Baillie: From 1 December 1998, section 23 of the Crime and Disorder Act 1998 dealt with anti-social behaviour orders in relation to owner-occupiers. People can lose their homes if they suffer a custodial sentence and do not have the means to repay their mortgage, if drugs are involved or because of confiscation. Such provision already exists.

The Presiding Officer: That concludes question time.

Mr John Swinney (North Tayside) (SNP): On a point of order, Presiding Officer. As the Lord Advocate explained that the Deputy First Minister could not attend today's question time, we do not dispute why he is not here. However, is it appropriate for the Lord Advocate to deal with questions on policy matters in front of Parliament and in particular on matters of policing? Some of his responsibilities might be compromised by the answers that he is giving to such questions.

The Presiding Officer: I notice that the Deputy Minister for Justice did not attend question time either, which is probably why the Lord Advocate had to answer certain questions. Does any other member of the Executive wish to comment?

The First Minister (Donald Dewar): The Deputy Minister for Justice is in Ireland today with a crowded and long-arranged agenda, trying to

learn some lessons about drug enforcement that may or may not be applicable in Scotland. I thought that it would be wrong to pull him out of that engagement. I am not aware that any of the Lord Advocate's answers would prejudice any of his responsibilities.

Mr Alex Salmond (Banff and Buchan) (SNP): Further to that point of order, Presiding Officer. We dispute neither the legitimate reasons for the Deputy Minister for Justice being in Ireland nor the personal reasons for the Deputy First Minister not being in the chamber. However, if there is a point of principle at stake, it should be dealt with. If ministers are absent for good reason, perhaps the First Minister should answer certain questions instead of the Lord Advocate moving into policy matters.

The First Minister: Although that is a tempting invitation for me to be on my feet all the time, I am not sure that the suggestion would find universal popularity or acceptance in the Parliament.

The Presiding Officer: I will examine the *Official Report* closely, but I did not detect any comments that were out of order. Let us move on to the debate.

Digital Scotland

The Presiding Officer (Sir David Steel): The next item of business is the debate on motion S1M-295, in the name of Peter Peacock, on the digital Scotland initiative.

In light of this morning's experience, the times that have been agreed for the opening speeches are as follows: 15 minutes for the minister; 10 minutes for the Scottish National party spokesman; and eight minutes each for the Conservative and Liberal Democrat spokesmen. If members take interventions in the course of opening speeches, it will make the speeches longer. However, the time limits should be kept in mind, because we will not allow indefinite inflexibility, if I can put it that way.

15:19

The Deputy Minister for Children and Education (Peter Peacock): It is a great pleasure to open today's debate on digital Scotland. We have the rest of the afternoon to debate the most profound and fundamental change impacting on our society. That change will bring about huge new social, educational and business opportunities, will fundamentally change how we as consumers obtain public and private services, will empower current and future generations by giving them the information better to exercise the life choices that they will face as they progress through life, and will alter the way in which much of our society operates.

There is no doubt that the development of digital and communications technologies is having and will continue to have the most profound effect and implications for us all. Technological developments that only a few years ago existed only in the minds of technologists, such as Bill Gates, today are commonplace and all-pervasive. We now have the capacity as a society to digitise all information, sound and visual images. More than that, we have the technology to communicate that digital information across the globe almost instantaneously and in volumes that hitherto were unimaginable. The combination of digital information with communications technology will be as powerful a force of transformation in our society as the invention of the wheel or the industrial revolution in their time.

Most of us who, in recent years, have begun to use e-mail and the internet are beginning to realise the potential that exists. The Parliament has begun—but only just—by providing 100 per cent e-mail access to members of the Parliament, which, I gather, is unique in the world. As we become more familiar with the technologies, we will be better able to see and to grasp the wider

opportunities that will exist in the future, not just in this Parliament, but across the range of activities in our society.

As a society, we already use technologies to communicate faster and more widely with friends, family and those with whom we share interests, wherever they are across the globe. We use technology to access and research information and, increasingly, to select and purchase goods and services in a way that was unimaginable only a few years ago. In entertainment, computer games gross more today than the film industry. With the power of modern communications, computer games are no longer just for the individual: teams and alliances are being formed across the globe to collaborate and compete. Scotland is a world leader in such new forms of entertainment.

For those who disapprove of such frivolous pastimes, the next generation of computer game consoles, which is just coming on to the market, will offer internet access in a way that has never been seen before. That will open up the world of information and learning to a new, mass audience.

Increasingly, more and more of the services that we enjoy as citizens will be delivered to us electronically through our personal computers, games machines, digital televisions, mobile phones or a combination of those media, as technologies converge and take new forms.

The development of smart card technology adds a further dimension to those devices, allowing information and services to be personalised to meet particular individual needs. That will open up a new range of possibilities for the delivery of public services to help people to deal with the episodes of their lives.

To many people, the vision of a future in which digital communications technology is so pervasive and plays such a major role in the lives of all citizens is deeply challenging. Many people worry about the impact, but the lessons of history tell us that, as a society, we adapt and develop to exploit the technologies that come our way and to turn them to our advantage.

At this time, there is a need for Scotland to embrace with enthusiasm the opportunities and possibilities that arise from the digital communications technologies. Those technologies are fundamental to our ability as a country to compete with the rest of the world. If we in Scotland fail to embrace the emerging technologies and to adapt to them it can be guaranteed that others will grasp the opportunities and will adapt and that Scotland will fail by comparison.

Involving ourselves with the latest digital communications technologies is not an option—it

is a necessity. I hope that on that point, at least, we are united. I am sure that all parties in the chamber want to ensure that Scotland benefits from the technologies that are now available.

If we succeed in embracing with enthusiasm the opportunities that the digital and communications technologies offer, we will succeed economically and internationally and we will be able to offer all Scots better public services that are delivered more quickly, more efficiently and more cost-effectively than hitherto.

For many of us, the difficulty in dealing with this subject is not understanding the technology, but dealing with the limits of our own imagination of what is possible using the technologies that are available.

However, technology brings with it huge challenges. How, for example, can we ensure that all Scots, wherever they live and whatever their social circumstances, have access to the new technologies? How do we make the technologies work for inclusion? How do we ensure that public sector service provision mirrors best practice in the private sector, to ensure that we set a standard for expectations of the public sector in this sphere of activity?

How do we equip our teachers to adapt their teaching and learning support styles to utilise fully the potential of new technologies? How do we recruit the Scottish expertise in computer games design into the world of education, making sure that our learning materials are as interesting and exciting as our games? That might create new markets in edutainment, and would build on Scotland's international reputation for games and education.

How do we guarantee the maintenance of public archives and records when they are freely available on the internet? How do we catalogue, organise and make available public information in a coherent way, when it crosses departmental boundaries in central Government and between levels of government? How do we make this Parliament an example of all that is best in the use of technology, to help lead Scotland into the bold future that many of us envisage?

The Executive is now applying itself fully to rising to those challenges. It recognises that, for Scotland to play its full part and to compete in the modern world, we need to be at the forefront in our use of digital communications technology, and it is our clear intention to ensure that that is the case. We have a strong ambition to see a digital Scotland that embraces the technologies comfortably and with enthusiasm, which applies those technologies to every aspect of our society, which ensures that every part of our community participates and benefits, and where no part is

excluded for reason of geographic or social isolation.

Such is the ambition of the Executive that we have taken a number of key actions at the most senior levels to ensure that matters progress. Digitising Scotland is up there along with drugs, social inclusion and rural development and has been identified as one of the four key cross-cutting issues that impact on every aspect of Scottish life and of government, to which the Executive wants to give particular attention. It therefore requires co-ordinated action across all areas of Government policy and administration.

The Cabinet has established a ministerial group comprising the Minister for Children and Education, the Minister for Enterprise and Lifelong Learning, the Minister for Communities, the Minister for Rural Affairs, the Minister for Health and Community Care, the Minister for Finance and myself. It also involves key officials from across the Scottish Executive. It will report regularly to the full Scottish Cabinet on all the issues that I have mentioned and on all potential developments.

The Executive recognises, however, that it is vital that we draw expertise from across the Scottish community, outwith the ranks of Government, into our considerations. We have therefore established a digital Scotland task force.

I am delighted that Crawford Beveridge has agreed to chair the task force jointly with me and to act as a champion of the digital technologies in Scotland. The members of the task force represent a wide range of expertise from across Scotland and beyond. They include BT, Scottish Telecom, ntl, Microsoft, Cisco Systems, IBM, ICL, Apple, Oracle, the Internet Society, the Scottish Library and Information Council, the Scottish Council for Educational Technology, the Convention of Scottish Local Authorities, and representatives of this Parliament and of Napier University, among other university representatives.

Linda Fabiani (Central Scotland) (SNP): What is the Scottish Executive's defined remit for membership of the task force? Will the membership remain the same for the duration of its activities?

Peter Peacock: From the outset, we tried to involve the people who we think are key players in the different sectors, whether in providing the infrastructure for the technologies or in providing some of the content for their use; whether it is those who write software; or whether it is those who provide information on the current situation. We are trying to make the task force as inclusive as we can—it is not a closed list. If there are more people who we feel can contribute to the continuing debate, we are more than willing to consider names. I am still trying to keep the task

force to a manageable size as it gets on with its work. If Linda Fabiani has any suggestions, I will be more than happy to hear from her.

Under the banner of the digital Scotland initiative, our aim is to co-ordinate digital technology and communications activities across government, and to review progress and adjust priorities if and when necessary. We wish to ensure best value for our public investments; to look out for gaps or weaknesses in infrastructure and ensure that they are filled; to communicate to the people of Scotland the importance of digital technologies; to help excite the people of Scotland about the opportunities of the digital age; and to help set out an ambition for the kind of Scotland we could live in: more decentralised, more competitive, better educated, better informed and much more inclusive.

We are currently engaging with the major telecoms providers to examine Scotland's infrastructure needs and to determine what requires to be done to ensure that our ambitions and objectives can be met and will not be frustrated.

We are giving more priority in the agenda to the need for top-quality content in the fields of public information and service provision where more traditional mechanisms are currently used. We have joined our colleagues in the Convention of Scottish Local Authorities, who share our ambitions and our desire to see a fully co-ordinated public information service. We are exploring the scope for collaboration across the private and public sectors in the development of educational software, which will utilise the insights and skills of games producers. We are examining issues concerning intellectual property rights and copyright, the organisation of information, the potential licensing of information use, joint purchasing arrangements that might be necessary to secure the supply of information and joint protocols between information providers. I am pleased to say that I have asked the Scottish Library and Information Council to offer specific advice to me on the latter.

Much is happening already to digitise Government services and to gain the benefits of digital technologies for Scotland, but there is much still to do. Within Scotland, with the aid of the Scottish and UK Governments, there are myriad initiatives. Higher education is well advanced in utilising broadband technologies to communicate information and data sets between institutions across Scotland, and they are well connected to one another and to the wider world. Further education colleges have investment programmes to help them catch up and to use the higher education infrastructure in the process of widening their services and the availability of resources for

their students. Schools, libraries, arts centres and museums are beginning to be connected to the internet and to one another. We want to see an increased use of broadband technology in such institutions, to ensure that there are no frustrations of capacity in the system to prevent us from doing what we want to do.

The Scottish university for industry will use the technology extensively in an innovative way, to allow people access to knowledge and to teaching and learning in ways that have not been seen before. Major projects in the knowledge economy and e-commerce, which were doubtless debated this morning, are also under way, promoting the ability of Scotland's small and medium enterprises—and all other enterprises—to participate more fully in e-commerce and to gain the benefits of so doing.

The modernising government initiative will use technology to transform the delivery of Government services across the board. There are initiatives in health, criminal justice, transport and the environment and so on. In social inclusion, there are bold new initiatives and experiments. We are trying to provide new ways of ensuring that people in the most deprived communities in Scotland have access to the same ranges of technology and opportunity as those in higher-income groups in our society. There is already evidence from the recent household studies in Scotland that the wealthiest have more access to the current technologies and to the new technologies as they emerge than those who are less well-off. We must address that systematically and, through the social inclusion programmes, we are doing so.

The private sector has its own momentum and, in parts, is moving forward apace, setting new standards and raising new expectations of how services will be delivered in future. Initiatives such as those in e-commerce demonstrate our desire to help those who are not yet participating to do so.

Digital technologies are all-pervasive: they affect all countries and all regions, and societies need to respond comprehensively. The Executive has recognised the need for Scotland to be at the forefront of the digital technology revolution. We have a clear ambition to get there and we want to excite Scotland about the possibilities. We have put in place the mechanisms within Government to ensure that we are co-ordinating our efforts to get best value for our investments and to stimulate private sector investment. We want to work in partnership with others to achieve those aims.

There needs to be a unity of purpose across all of Scottish life to ensure that we get to the forefront and that we stay there. There is great good will in the Scottish community to play its part. I hope that in this Parliament we will display our

collective commitment to a Scotland at the leading edge of a digital world. I commend the motion to the Parliament.

I move,

That the Parliament recognises the crucial importance to Scotland's economic and social well-being of embracing and making full use of new developments in digital information and communications technology; believes that Scotland must seize the opportunities offered to gain competitive economic advantage, enhance learning opportunities for all, open up information resources to every citizen, and offer modern and efficient public services; believes that every community in Scotland must have high quality access to digital technology and information in the future no matter where they live; and welcomes the creation by the Executive of the Ministerial Committee on Digital Scotland and the Digital Scotland Task Force to create a partnership which will help develop a shared analysis of the challenges and champion the opportunities for Scotland arising from developments in information and communications technology, co-ordinate action and help to create conditions where Scotland can realise the benefits of working at the leading edge of application of those technological developments.

15:34

Fiona McLeod (West of Scotland) (SNP): I note that the minister did not refer to the SNP amendment in his speech, but I hope that he and the Executive will accept it in the spirit in which it is intended. This debate is about a vision for Scotland's future, which is why the SNP welcome it. However, we must insist on our amendment, as we cannot have a vision that is full of good words alone. It is important that we are told how we are to achieve that vision, and it would be in line with the aim of taking Scotland forward if the Executive were to accept our amendment.

I want to talk about the vision that we have for Scotland, which Peter Peacock also talked about. It is a vision for the 21st century, which will be the knowledge century. We want to build a knowledge society for Scotland that will empower everyone within it. We want to build a knowledge economy that will empower our industries and businesses, as we discussed in the debate on modernising the Scottish economy. We want to build a knowledge nation, because Scotland fulfils all the criteria for such a nation: we are the right size geographically, we have the right educational background and, increasingly, we have the necessary technological infrastructure to become such a nation.

Maureen Macmillan (Highlands and Islands) (Lab): The Scottish National party's education spokesperson said that the national grid for learning was a gimmick and an idea whose time had not yet come. Is it still the party's policy to scrap the national grid for learning?

Fiona McLeod: I will put that into perspective. I was about to mention the plethora of initiatives, of which the national grid for learning is one. Peter

Peacock spoke about those initiatives; a good eight minutes of his speech was taken up with them. It is not the initiatives per se that bother us, but the lack of integration and coherence. It is all very well to have a national grid for learning, so long as it fits in to a coherent, co-ordinated national information strategy. I hope that that answers Maureen Macmillan's question.

I had planned to list the plethora of initiatives, but Peter Peacock did that so I will not waste time by doing it again. In a previous speech in the chamber, I referred to the fact that, as a librarian, I should be happy about those initiatives. However, the profession is concerned that £144 million has been committed to them so far. On a good estimate, we could probably do the whole thing for a third of that cost.

As Peter Peacock said, we must also consider content and digitisation. We have not looked at those areas yet. Government money must be put into initiatives in a co-ordinated, coherent and integrated fashion, but first we must have a strategy. I attended a meeting last week at which one of the librarians who was present said that no one had invested so much money in libraries and information, over such a short period of time, since Andrew Carnegie. I remind members that the Carnegie United Kingdom Trust set criteria and standards to ensure that the public library service that it funded became exactly that—a public library service that was free, with equal access for all. That is what today's debate and our amendment are about.

The big but behind all those initiatives is that we must have integration and coherence and we must set national standards. I will quote from the Scottish Library and Information Council's 1999 publication "Enabling Seamless Access".

"Yet without co-ordination, the continued growth of separate networks may in the long-term prevent the development of 'seamless access' to information and knowledge."

That is what we must guard against.

I will make some international comparisons. I said that Scotland is the right size to become a knowledge nation. Other countries are going down that road and have been doing so throughout the 1990s. For example, Denmark has the information society for all initiative, which I am sure that Peter Peacock knows about. It also has a Ministry of Research and Information Technology, with a division for IT and society. That is what Scotland must aim for.

Ireland has the Information Society Commission, which, in its second annual report this year, talked about the fact that we have to look at awareness, infrastructure, learning, enterprise, legal issues, Government services, social inclusion and priority

areas of focus. That is what we are talking about. I know that that is what Peter Peacock also talked about, but those countries are using action plans to produce the required coherence and strategy to ensure that all the initiatives work towards one aim: producing an information society.

We should also look at Finland, which I know the minister recently visited. Finland realised in the early 1990s how important being an information society would be to its future. Three per cent of the annual gross domestic product was channelled into establishing Finland as an information society. They also ensured that they had an action plan, a national information strategy, which means that the money that was put in produced results. One in five people in Finland regularly accesses e-mail, one in three regularly uses the internet and every second person has a mobile phone. We might dread the mobile telephone, but the technology is developing to allow us to access the information society with mobile telephones. Finland has done it, and we must do it too.

We must not examine only other countries. We must also look at Scotland within Europe. Last year, the European Union produced a report that said that a piecemeal and sporadic approach to information society initiatives will not remove the obstacles that have been identified. The Commission considers that decisive and concerted action is needed. That shows how seriously the EU takes building the information society. I hope that we in Scotland will take it that seriously.

The European Commission also recommended that by June 1999 member states should submit comprehensive national strategies. Did we submit a comprehensive national strategy by June 1999? I am not aware, even through my professional background, that we did. This will be on the agenda for the meeting of the European Council in December. Will we have to put up our hands and admit that Scotland does not have a national action plan?

I am short of time and my colleagues will cover infrastructure, content, access to information and the skills that are necessary for us to become an information society, but I would like to conclude by stressing urgency. Urgency is behind what goes on in the countries I have been talking about. Those countries have been working on this since the early 1990s. Most of them have had national action plans in place since the mid-1990s. We are about to enter the knowledge century and we have no national action plan. The SNP amendment asks for that to ensure that we produce more than nice, warm, woolly words.

The SNP cannot endorse the motion as it stands because it does not provide the clearly defined agenda that we need to ensure Scotland's place at

the forefront of the knowledge century that we are about to enter. If the Government does not accept our amendment, then it will have failed to take cognizance of the clearly stated views of the professionals that are out there.

The minister talked about those whom he has involved in the task force. I am pleased to see that he has recommended that suggestions be made as to who that task force should include, but I must point out that the task force is dominated by the telecommunications industry, which comprises 45 per cent of it. The task force is about producing a national strategy, not about looking only at the telecommunications infrastructure. The task force must move beyond that; it must make the vision a reality. If that does not happen, we will be letting Scotland and its people down.

Perhaps the minister should have attended the Information for Scotland seminar that was held last week at the University of Edinburgh. The leading lights in this field were assembled in one room. Had the minister attended he would have heard the message loud and clear that we need a national information strategy and we need it now. If he had attended the meeting, he would also have found the task force that he needs to produce the strategy—a task force that could produce the strategy in time for us to enter the 21st century.

I commend the amendment to all members and hope that they will view it in the light in which it is intended to be viewed.

I move amendment S1M-295.1, to delete from "help develop" to end and insert:

"produce an Integrated Information Strategy for Scotland which aims to influence the global development of the information society, ensures the development of an information society at national level and supports regional and local information society development in Scotland, which ensures the implementation of the strategy in and across every sphere and sector of Scottish society, and which will produce a National Action Plan in line with the European Commission's Information Society Action Plan that addresses the priority areas for action and has a clear timetable for achievement and progress."

The Deputy Presiding Officer (Patricia Ferguson): I apologise to Fiona McLeod, on behalf of whichever member was inconsiderate enough to leave their new technology switched on before they left the building.

15:45

Mr David Davidson (North-East Scotland) (Con): We must teach people how to control their technology, not have it the other way round.

I welcome today's debate. I am grateful for the opportunity to spend some time on it. That has been a little unusual in the chamber of late. I wish

that we could have debated this issue earlier, as it is one of the building blocks of the future and it is a building block for the future of our economy.

I turn to the motion that was lodged by the Executive. The Conservative party agrees readily with much of its content, although I want to comment on two phrases: "that every community in Scotland must have high quality access" and "no matter where they live". Those phrases alert us to the issue of how we are to establish the infrastructure requirements so that those fine statements can be validated. They raise issues of funding and partnership working. I wish that the minister could have been a bit more positive about where he was going, as we come late to this issue, and I sympathise with some of the comments that Fiona McLeod made.

The minister came up with some interesting comments. He has invented a new word—edutainment. I take it from that that he considers that the best learning format is the computer game. I do not knock his comments, as there is an awareness of that, certainly, among the younger part of our community, and perhaps we should get others involved. I also welcome the fact that he has moved this issue into the Executive's top four priority issues. I hope that the First Minister and the rest of the Executive know that. We spend a lot of time in this Parliament trying to find out what our priorities are. Now, thanks to Peter Peacock, we have learned a bit more about that today.

A ministerial group has been established. Fine. However, a question arose from what the minister said about filling the gaps in the infrastructure. He did not say how, or with what, that would be done. There are certain issues that the Executive has just not addressed yet. Conservative members—and, I think, all members—agree that access to the opportunity to get involved with the digital world is something that we all want. We feel that the digital initiative must touch every part of Scottish life: health, education, training, leisure and administration. Most important, it should enter the workplace, and all of that must be done in the most affordable manner.

As we all agree, there are tremendous opportunities for Scotland in using the new technology to progress on all fronts. We are aware of the advances that have already been made in various sectors through the use of information and communications technology. For example, in academia there is now a second academic net—JANET II—and there are other initiatives that could be mentioned. The health service made great attempts to link up doctors' surgeries with consultants and hospital appointment facilities. My background is in pharmacy, and we have gone further in that field. We harnessed information technology to run purchasing and to access

patient records and doctors' surgeries. I was pleased that the minister commented on the use of smart card technology. That idea that has been around for a long time in the health service, but, unfortunately, it has not yet received the Executive's support.

In education, there is a need to develop young people's skills from an early age, in a manner that allows for future development. It is important that compatibility exists between the systems on which the children are taught and the equipment that they will have to use in later life, in further education and at work. The present situation must be changed, as it presents another hurdle for them to jump as they go on in life.

Much is talked about in training, but we believe that there is more to it than just sending the capable to university. It is vital that we use this technology to take training into the community and the workplace. An example of that would be to move away from correspondence courses, which were used in the past in the hotel industry, to interactive IT training that would be undertaken at a time when the business could afford it. Many of our small businesses in Scotland cannot afford the time and do not have the opportunity to send people miles away for two days, to Inverness and so on. That is just not on, and we must do something about it.

One of the things that I have picked up from my visits to the further education colleges is that they are desperately keen to get involved in training. However, the one thing they all tell me is that they lack finance and support from the centre. I ask the minister to consider that.

This morning, we talked about a number of companies that use e-business for procurement. Perhaps the minister can tell us just how much Government, national and local, actually purchases in that cost-effective way.

Economic development is a major driver for the digital world. In many cases, economic competitiveness depends on the use of technology, which depends on the computer literacy of our work force, particularly the management in our small and medium businesses. If we are to encourage them to join in the revolution, access to impartial advice must be available. The advice must offer appraisal of a company's needs as well as advice on equipment and software purchases. If ever there was a focus for Scottish Enterprise, this is it. There must also be marketing support on how to use the net to access the outside world.

Fiona McLeod: Mr Davidson has mentioned providing advice to companies. Would not it be better, in the spirit of the amendment, to have a national action plan that included strategies and

criteria so that advice would always be given within national criteria and would be readily acceptable?

Mr Davidson: One cannot run out a prescribed programme in that way. One must go into each company, and that is why we need to use the enterprise network. The principle is good, but the suggested method for rolling out is not. Advice must be deliverable locally in a way that is suited to the particular operation. One cannot prescribe from a distance. That is why I talked about impartial advice rather than formal advice.

Michael Russell (South of Scotland) (SNP)
rose—

Mr Davidson: I have to move on because time is short this afternoon.

E-commerce raises several issues that must be addressed centrally: security of information; privacy; intellectual property, which the minister has already mentioned; and changes in contract law to give e-transactions some legal status, albeit under strict protocols. I think that that is what Peter Peacock was hinting at, but he should come back to the chamber with definite proposals. There is a huge area of legal complexities that we must grasp if we are to make e-commerce work safely.

All those measures must be underpinned by adequate consumer protection. Like everyone else, I am bombarded with letters asking when there will be an initiative to stop spam deluging the system. I will leave that question for the minister to consider in his spare time.

The Minister for Communities talked about a digital divide in terms of social inclusion, but that divide also exists in different areas of Scottish business. That is something else that we must recognise and deal with.

As we approach the digital future, we must remember that three months of our time is the equivalent of a year in the web world. The rate of development is very speedy indeed and Government must get its thinking up to that kind of speed if it is to roll out any kind of programme.

We must also consider obsolescence in equipment and software, which poses investment problems. We have mentioned lead times, but who is going to put it all together? There is a digital task force and I welcome Crawford Beveridge's input to it, but I am devastated that there is nobody on that task force to represent the ultimate user in the business arena. That is a bad omission so early on in the project and it sends out totally wrong signals.

I have mentioned the cost of provision. Many people are happy to bid to supply the major centres of population, but how will the Government ensure that the roll-out of the infrastructure takes it

to all parts of Scotland? We have seen that the roll-out of the latest telephone technology has not included places such as the north-east of Scotland.

With e-mail, we can work anywhere. It offers a huge opportunity for employment in our many remote areas. It is also important to consider ways of levelling the cost of access and of on-going provision. I assume that Peter Peacock and Henry McLeish will be involved in that sensitive negotiation. It must be carried out, because, in this modern world, one cannot expect the private sector to pour money into a project from which there will be no return. There must be creative partnerships to ensure that the minister's fine words about everybody getting hold of digital technology can be rolled out.

We need a guarantee from the Executive that, in all processes, all task forces and all initiatives, there will be a totally inclusive approach to seeking access to digital connection for all parts of Scotland. The Conservatives recognise the opportunities that are offered to our economy, education and training, but we also recognise the social and democratic benefits of a well-planned digital future for Scotland that incorporates real partnership between the public and private sectors.

15:55

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): I had a pal who, in current parlance, was digitally challenged. He had one finger missing on his left hand. Another pal who was mathematically challenged designed a digital solution. He counted on his fingers. I am also digitally challenged. I used to be a teacher; I like books. It is a very special day: on this day in 1477 Caxton published the first dated book on his printing press. So it is with some worry that I look at myself. I feel like an armed Mexican bandit. Look. I have a mobile phone here, a calculator there, a pager in my pocket, a personal organiser—and boy, do I need it. My key ring has a wee thing for opening doors and another thing that gets me into my laptop. I am struggling—

Michael Russell: Please do not take out your pacemaker.

Ian Jenkins: No, it is too deeply embedded. You think that this is a joke, Michael?

I find it uncomfortable, but if we do not move with the times we are in serious economic and social jeopardy. Speaking for the Scottish Liberal Democrats, I therefore warmly welcome the minister's remarks and endorse the motion in the name of Peter Peacock. I too welcome the fact that someone as eminent in the world of enterprise as Crawford Beveridge has taken on the joint

chairmanship of the group.

It is appropriate that we debated the modernisation of the Scottish economy this morning because the way that we respond to the challenge of information technology is the key to the modernisation of our economy, governance and education system. Peter talked about our e-mail addresses in Parliament and the importance of digitisation in local government. It matters in a democratic sense. It matters to the economy. I was delighted to hear him talking about the all-embracing nature of the digital revolution and I welcome the priority he gives to rural and deprived areas. As Mr Davidson said, we can work anywhere, we can access the whole world.

We need to create additional educational and training opportunities; lifelong learning must become real and the digital revolution will help in that. I am delighted to see that Scotland is embracing the tremendous scale of this revolution. We have already invested in schools and intend to establish the national grid for learning, with every pupil having an e-mail address. Future students of all ages will benefit from being able to study in schools and colleges, in their homes, in village halls and in cybercafés.

I read of a housing scheme in Aberdeen with empty houses so the local authority put in a place where people could access the net. That is opening up people's lives. I do not wish to be churlish, but it is a pity that the SNP spoke about abolishing the national grid for learning. I know they have an alternative in mind, but it is the kind of soundbite people get hit with, which is a pity. I know that it is not the way they really think.

Interestingly, the Tories' manifesto, which I read on the internet, did not mention the words computer or technology. From a party that tells us about small business and, as David Davidson mentioned, the importance of businesses taking on new technology, one would have expected the words to appear somewhere.

Mr Davidson: There was an assumption, although it was not a specific item in the manifesto, that technology was part of our industry policy and has been for many years.

Ian Jenkins: I am happy to accept that. All the same, it is a pity that there was no mention in the manifesto. This morning, Nick Johnston said that computers do not create jobs. I know what he meant, but it was a naive thing to say.

Under digital Scotland initiatives, community facilities all over Scotland will become wired to the internet in conjunction with BT and the other companies that Mr Peacock referred to. The voluntary sector and local industries will be wired up, opening up new opportunities for individuals, the voluntary sector and community organisations.

We have to be optimistic. I am glad to see, for example, that Highlands and Islands Enterprise has an e-commerce adviser for small businesses, and that Scottish Borders Enterprise is forming an e-commerce strategy and is backing small companies all over the Borders. Heriot-Watt University is establishing a broadband link to the heart of the Borders. Our tourist industry is adopting Project Ossian to facilitate booking and ordering through the internet. A small group called Agrit is drawing together information for farmers, which will allow farmers to engage in direct marketing. With those developments, the signs are hopeful.

Alasdair Morrison said the other day that we want to encourage rural businesses to jump on to the e-commerce express. As Fiona McLeod suggested, it had better be an express. It must be quick. We discussed the Waverley line in the Borders last week. I do not expect the e-commerce express to be an express in those terms, but I hope that we will have a virtual railway line all over Scotland in the digital revolution. Mr Peacock is on the right track for the digital revolution. I hope that e-commerce is an express. We support the motion.

The Deputy Presiding Officer: I will now open the debate to members. Speeches should last approximately four minutes.

16:03

Elaine Thomson (Aberdeen North) (Lab): The minister's statement can only be warmly welcomed because, to use the current jargon, a step-change is going on in the development of digital technologies. The Scottish Executive is to be congratulated on the fact that it understands so clearly the opportunities that are offered, and the challenges that are presented, by the digital revolution. The Executive understands the essential role of Government to lead, explain and co-ordinate, so that the essential communications infrastructure can be developed and put in place, companies can develop e-business, education and training can be delivered in new ways, and both public and private services can be delivered electronically.

It does not surprise me that Peter Peacock is co-chairing the digital Scotland task force. I was in Inverness recently, with the Enterprise and Lifelong Learning Committee. I was struck by the extent to which people and organisations in the Highlands, including local authorities, enterprise companies and education establishments, are using the new communication and information technologies to overcome geographic remoteness. The Highlands are clearly at home with the new technologies and benefiting from the exploitation of them—but all Scotland can benefit.

The only constant now is change. The rate of change for the new digital technologies is, as has been said, extremely rapid. Part of the role of Government is to help Scotland grow with that change and build on it positively. Initiatives such as digital Scotland will undoubtedly help to do that, as will the current expansion of education for all ages and at all levels, whether it be giving children more access to pre-school care and education, as was announced yesterday, or ensuring that employees get the continuing training that they require, which the university for industry will address.

Now and in the next century, the societies that invest in the intellectual capital of their citizens and co-ordinate and support the necessary infrastructure—particularly communications—and Governments that have the vision and leadership to exploit the digital revolution, will be best placed to succeed in the digital world. This revolution is with us now and, as has been said, participation is not optional. The consequences for societies round the globe will be every bit as large as those of the previous division between industrialised and non-industrialised societies. I have no doubt that Scotland has the people and the abilities to compete with the best in the new digital world and that initiatives such as digital Scotland will help.

Yesterday, IBM held a seminar on e-government. It graphically described how many of the states in the United States are increasingly delivering services to their citizens across the web. The possibilities are awesome. There is the opportunity to eliminate expensive and time-consuming manual paper systems. Some states have reduced their costs by two thirds. The provision of electronic government services can be made self-financing. Think of the opportunities for the redeployment of resources away from manual paper-based systems—the filling out of endless forms at various stages—and into essential services, such as community care, which will always be heavily people intensive.

Government must move into providing services electronically in a society in which we will increasingly buy goods and services over the web, communicate electronically and learn electronically. In that society, taking time off work to go in person to an office, which is open 9 to 5, Monday to Friday, to fill out paper forms, will not be acceptable.

The modernisation of government is essential. That challenge is being met by the modernising government agenda and through digital Scotland. In this Parliament, we have an opportunity to be an exemplar for the new digital society. Members all have laptops and access to the parliamentary network. It is generally known that the more people are exposed to information technology, the

more they use it and develop their skills.

One of the main problems that many members have with the parliamentary systems and technology is that there is not enough of it and it is not sophisticated enough. I think that that augurs well for the direction in which the use of technology in the Parliament will develop over the next few years. A legislature that is at home with technology is better placed to succeed in meeting the challenges of all aspects of a digital society.

16:08

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): I am sorry that we have got such a small audience for our debate this afternoon. I am reassured by the thought that some of our colleagues may be here in a virtual sense.

I think that Ian Jenkins was exaggerating somewhat when he said that this issue is not his scene, but looking round him as he spoke on his own, it was clearly more his scene than that of any of his Liberal Democrat colleagues.

I will talk about the importance of electronic commerce and IT for rural Scotland, which has not been addressed too much in the debate so far.

Hitherto, rural Scotland has suffered the problems of distance in much that it does. Cost has militated against economic developments that might have taken place in rural Scotland. With e-commerce, we can perhaps begin to level the playing field—if I can use a phrase that is much loved by the National Farmers Union of Scotland these days. Both distance and the various costs associated with distance can be avoided—I will skip over the opportunity to make yet another speech on petrol prices.

The development of e-commerce and IT means that the costs that go with distance can be avoided in almost all cases, except in the final delivery of goods. In many cases, in graphic design, developing websites and writing television scripts, the costs associated with remoteness almost disappear with e-commerce.

It is also true that costs in rural areas tend to be much lower because of lower overheads. It is an unfortunate reflection of some of the facts of rural life that wage rates and house prices tend to be much lower there.

All this development in the rural economy is dependent on the infrastructure's being in place. In Dumfries and Galloway, for example, some of our telephone exchanges are not yet digitised, although it is intended finally to get round to that by the end of this year. We need to ensure that there is continuous development of rural networks as technology moves forward. Putting the

infrastructure in place is not a one-off exercise. We know that the pace of technology is getting ever quicker, so the infrastructure that is put in place this year or this decade will not be the infrastructure that is suitable for the next decade or the one after that.

That is particularly true of the many initiatives that are under way in schools around Scotland. It is all right providing the money to put in one set of equipment or infrastructure, but we need to be aware that a high replacement cost goes with that. That replacement cost may show up in budgets much sooner than people are expecting.

We cannot treat as less important the provision of infrastructure in rural areas, or the rural economy will find itself excluded once more. We also need to examine how local calls are charged by British Telecommunications and, increasingly, other telephone providers. Obviously, that is a matter for the UK Government, but I hope that Scottish ministers will be able to make a contribution. Call charging is an area in which we suffer in comparison with competitor countries, especially the United States, where local call charges are often non-existent.

Hitherto we have lacked an information strategy, and that has led us to take a piecemeal approach to the development of much of our infrastructure. Local authorities, largely via their library services, are developing their own systems. We are developing many networks throughout the country—for tertiary education, the health service, the Scottish university for industry and the tourist boards—but how much compatibility will there be between those systems? Even in the Parliament, it is not yet possible for constituency staff to access our system. Because each network requires its own co-ordinating body, staff and overheads, we need to ask ourselves some questions about how efficiently systems are being introduced.

One of the first tasks of digital Scotland will be to audit the technological and digital infrastructure that we have. That is to be welcomed, but one would think that it could have been done a little earlier. This is a very important subject, and we need to get it right in Scotland. We also need to get it right fairly quickly, or as a nation we will be left behind. We cannot afford to lose out on this one.

16:13

Linda Fabiani (Central Scotland) (SNP): I am pleased that this matter has been raised so early in the life of the Parliament. However, the motion that we are being asked to approve at the end of today's debate is one of the finer examples of civil-service-speak—I hope that the chaps at the front will forgive me for that comment. It pulls together

many of the issues and promises partnership and enhanced opportunities, but ultimately it fails to describe what we should be working towards.

We will not get to the leading edge of the industries that have arisen from the new technologies simply by stating the objective. Rather, we will do it by carefully planning out the route. It is quite clear that the route will be defined by how we organise and exploit the mass of information that modern technology has the power to place at our fingertips.

That challenge will be met only if the people of Scotland have the basic skills and competencies, but we are told that approximately half of the men and women in the UK lack those basic skills. We can have no confidence that the position in Scotland is any better than that in the UK as a whole.

To date, much of the Executive's work appears to be focused not on core skills and competencies, but on the technology and physical access to it. Core skills and competencies are essential—fewer than 2,000 students in Scotland are studying mass communication. We need to increase student numbers in relevant fields and encourage adult returnees to further and higher education. The issue will be much debated following the outcome of the Cubie report.

The minister has urged us all to be excited about his latest initiative. I agree: CD-ROMs in Dundee are exciting and cybercafés in Wester Hailes and Barrhead are impressive, but not if people lack the skills and confidence to use the technology. We must ensure that the technology is available to all of our people. The School Library Association, for example, has stated that

“for the whole population of Scotland digital literacy skills should be fostered by introductory and SVQ linked courses”

and it suggests that staff in all libraries should be adequately trained in information and communication technology. That means focusing on people, not technology.

The technology will be relevant to people only if it is applied in situations that are relevant to them: at home, in the work place and in the community. Many people have no interest in information and communication technology; it is something for big business and bureaucracies. That perception will be reinforced by the make-up of the minister's task force.

The minister said that he considered inclusiveness to be a key aspect of the task force membership, but where are the community voices or the working teacher? Who will speak for those who work with special needs clients? If the minister wants the initiative to connect with the people of Scotland, and not simply work as a route

into Government for special interests, he should look again at his task force recruitment, this time aiming at the consumer, not the technology provider.

Scotland has tremendous economic potential; everyone in this chamber recognises that. To realise that potential, Scotland needs to be an information society in terms of provision of knowledge and skills and of products and services. We already have a good base on which to build. I am pleased that my part of the country, East Kilbride, has a major stake in that base. Our technology park houses many small firms that have benefited from, and are assisting others to benefit from, European social fund and local authority initiatives. Gael Quality Software, last year's winner of Lanarkshire's best small business award, is an example of a success story. It has expanded from two founders to ownership of a factory that employs 40 people. That is a fine example of a co-ordination of training and enterprise that is surely the way forward.

I would like to inject a note of caution, though. East Kilbride also houses firms such as Motorola and JVC, both of which are well known for their success in technology. Unfortunately, both companies are suffering employee disputes. We know that there is employee unrest in some call centres. We must ensure that in our enthusiasm to welcome new technology industries, we do not allow a return to industrial revolution standards of employee rights.

While it is well meaning, the minister's plan shows a lack of strategy. My colleague, Fiona McLeod, has lodged an amendment that I encourage members to consider in detail. Approving the amendment would spell out clearly what this Parliament wants Scotland to be and I commend it for members' support.

16:20

Maureen Macmillan (Highlands and Islands) (Lab): Like Ian Jenkins, I have to admit that the technology that I am used to is chalk, books and perhaps an old word processor at the back of the classroom. I am not a whiz on the computer, as Rhoda Grant will confirm: she has to do most of my computer work for me. A year ago I did not know what ICT stands for; today, however, I found that I know an acronym that the minister does not. I have clearly tried to get up to speed.

I recognise the profound effect that the digital revolution is having on the economy. It is having a particularly great effect in the Highlands and Islands in terms of the economy and social inclusion. The most obvious sign of that is the increasing number of call centres, which are all over the region. Already, 1,800 jobs have been

created; that is due to rise to 2,500. Those jobs were viewed with suspicion for the reasons Linda Fabiani touched on, but complex, high-tech financial centres are now opening. One opened recently in Nairn, at which there is good money—the work force is pleased with the level of wages. That will help to raise wages generally in the Highlands, which has a low-wage economy.

Not as obvious, but of longer-term importance, is the part that the digital revolution is playing in further and higher education in the Highlands and Islands. As Elaine Thomson said, the University of the Highlands and Islands is a partnership of colleges and research units that are linked to each other and to local learning centres through information and communication technology. The development of that network will bring about the creation of the Highlands and Islands learning grid, supporting voice, data and video, self-dialled and tariff free. It will not cost the student, across the UHI network, and it will mean that students can access courses from their own communities, from Yell in Shetland in the north, to Barra in the west and Campbeltown in the south.

Students will become part of the knowledge economy and their expertise and initiative, while remaining at home in their communities, can help sustain and regenerate those communities. This is a tremendous, innovative, exciting and unique project that has taken a great deal of hard work to bring together, but it will pay enormous dividends as it pulls in high-quality administration, research and development jobs in the Highlands.

If information and communication technology can link all parts of the Highlands and Islands, it can also sell the area in the global marketplace; the web can become our shop window. Already, Project Ossian has been selling the Highlands and Islands as a tourist destination. There is unlimited scope for all sorts of businesses to trade over the web with the rest of the world. The internet does not care whether someone lives in Amsterdam or Achiltibuie. If someone has something to sell or something to offer, they can do it over the internet.

Highlands and Islands Enterprise already has a team of IT advisers throughout the area and—as Elaine Thomson mentioned—a special development adviser in e-commerce was appointed recently. The adviser is overseeing a project with Highlands and Islands companies, to develop e-commerce services for small to medium enterprises.

There are already 13,000 employees in the knowledge, information and telecommunications sector in the Highlands and Islands Enterprise area, so we feel that we are at the forefront. However, we cannot afford to be complacent. As has already been said, we must keep our digital systems up to date and ensure that we have no

shooglie connections.

I met some students from Dingwall Academy this morning. They complained that their e-mail does not always work. Well, it has to work. If we are to have a national grid for learning, the connections have to be well wired in. I was talking to a computer teacher from Ullapool the other day and I—who have only just discovered ISDN—hear that we need something called megastream, which I gather means that data can be downloaded in a shorter time and therefore at less cost. Please can we have that sometime soon?

We need to make communities comfortable with computers. Many people cannot afford one or feel that they could not cope with one. I would like computers to be available for use in small communities in much the same way that the network of public telephones was set up more than 50 years ago, when only one or two people in a village had telephones at home. It would allow people incrofting communities—given the right, non-threatening kind of training—to start up e-commerce business in a small way.

I would like communities to be given help to create their own websites, to give out information about themselves, market tourism and sell produce. E-commerce will bring the Highlands and Islands into the 21st century. The young, who are already computer literate, will embrace new technology and use it to regenerate remote communities. I look forward to the era of the e-commerce crofter.

16:24

Michael Russell (South of Scotland) (SNP): It is with some regret that I congratulate Mr Peacock on his motion. I hope that he did not draft it. My regret is that I like Mr Peacock.

This is an exciting subject; however, the motion is not only bland but rings with new Labour buzz-speak words: partnership, social well-being, championing and all such matters are in there. Modernise is not there—that must have been deleted from the dictionary today. However, the motion does not say anything.

Mr Peacock dealt with this exciting subject in the manner in which an accountant might deal with a North sea caravan rating order. It is all dullness. We have to have some excitement about this subject as it is about nothing less than changing the world. Connections between individuals will be, and are becoming, entirely different, because of the advent of digital technology and the information society and world.

A key issue is how to engage people in this. A range of people have stood up as if they were giving testaments at an Alcoholics Anonymous

meeting to say that they cannot use computers and need help. The oldest member—the mother of the Parliament—cannot use computers. Neither can Mr Jenkins. Maureen Macmillan is trying to use them, and I see that another member cannot use them. We are all going to stand up like revivalists and ask for help.

In their houses, people have one piece of equipment that they can use and that can connect them to the world: a television set. Almost everybody here can switch on a television set—nobody is putting their hand up to say that they cannot. Digital television changes the world for everybody. With digital television operating effectively across Scotland, we can begin to access a range of different things: not just television programmes, but interactive television programmes.

I watched the Scotland v England game on Saturday on interactive television. It allowed me to watch the game from any angle. I have to tell members that it did not make the game any better.

Nicola Sturgeon (Glasgow) (SNP): It is a pity you could not score.

Michael Russell: Unfortunately I could not. That would be fantasy television.

Because there is a much bigger opportunity to transmit—I am sorry Alasdair Morrison is not here—Gaelic and Welsh television channels, and television channels in every other language, can be made available. There is more: we can shop, use e-mail, play games—in fact, we can have a computer on our television set. Some years ago, there was speculation that the internet would be available on television, although people did not know how to bring the two together; that has now happened.

We have to find a way to bring people into the information age. The box in the corner of people's rooms is the way in which that can be done. At present, the charge for the basic digital television service on satellite is about £12 to £13 a month. That is less than having a computer or subscribing to certain internet services. We have to ensure that people have the maximum access to digital television.

The great tragedy of this debate is that the UK Government is considering the conclusions of the Davies report, which would make it more difficult to get access to digital television. The prospect of a digital levy—under which people would pay extra to subscribe to digital services—is lunacy. It puts back the time at which the whole television service can move to digital.

Last week, Duncan Hamilton asked Mr Galbraith about access to digital television in the Highlands and Islands. We want a dash to digital, which

would require Government help to fund it. The Government can help to fund that dash to digital, because it will receive at least £10 billion from the sale of analogue frequencies when digital takes over.

When developing its strategy, the Executive should think of ways in which it can put Scotland really—not just in yet another motion—at the cutting edge. It should encourage a quick switch-over to digital television and assist people to switch over. We can then open up the world from the corner of everybody's living room. The opportunity to do that exists.

While we are doing that, we can encourage the providers of other digital services, such as BT, to be more generous in their provision. In Northern Ireland, there was an overnight switch-over to digital. In some parts of Scotland, it is claimed that because of technological difficulties we have to live within 3 km of a digital exchange to have a digital line, and customers are being quoted up to £200,000 to install a digital telephone line.

There cannot be an abdication of responsibility. No number of task forces, even if chaired by people as amiable as Mr Peacock, will make any difference unless there is investment. In the 19th century, Governments knew that they had to invest to change and develop society. It is greatly to be regretted that, on the verge of the 21st century, that basic truth has been lost by new Labour, in particular, and sadly by the Liberals, too, and the partnership has no desire to invest.

The UK Government will receive £10 billion, a share of which will come to Scotland. Let us spend the money on the future. The future is digital television. If we do not spend that money, all these fine words will mean nothing.

Finally—I have anticipated you, Presiding Officer, and promise that this is my final point—I say that the amendment is profoundly necessary. The Executive has not demonstrated a desire for a national strategy and plan. I ask those who have open minds on the matter to support such a desire, so that the Government prepares itself in the way that other countries in Europe are preparing themselves, rather than in the quixotic manner of new Labour.

The Deputy Presiding Officer: I have been fairly lenient about timings until now, but to accommodate everyone who wants to speak, it will be necessary for members to stick to four minutes from now on.

16:30

David Mundell (South of Scotland) (Con): First, I want to restate my registered interest in BT Scotland. Secondly, I apologise for my late arrival.

Thank you for bearing with me, Presiding Officer. As I sat on the tarmac at Amsterdam airport in a snowstorm, I thought that if the Parliament really had achieved something by way of technology, I would have been able to beam my presence to the chamber.

I have to agree with Mike Russell—the motion is hardly zappy. However, the amendment falls into the same category. If we are going to produce such language, we will not engage—

Fiona McLeod: Will the member give way?

David Mundell: No. Given that I am to be confined to four minutes, I cannot give way.

We are promoting language that underpins the view that technology is just for nerds on committees. That is not true—it is for everybody. Unless we get that message across, we will not change anything.

In the time that I have been here, I have heard people talking about structures; infrastructure is very important. All the work and research that has been done around the world shows that behavioural change is fundamental to the implementation of technology and the digital Scotland that the minister is pursuing. Unless we see that behavioural change being championed by the Executive, it will not happen. It is not just about bandwidth and software solutions; it is about change in small and medium businesses, schools and government. We need leadership in that change.

If the First Minister were here and—as some would wish—we cut him open, we would not find an Intel Pentium processor inside. I hope that we would find a commitment to driving technology forward, against what even I would call the forces of conservatism. Those forces are strong and we need commitment and leadership. It will fall to the minister to demonstrate that leadership in delivering a digital Scotland. Although there is an amendment, it is clear that there is cross-party support for taking forward technology in Scotland. Ultimately, the Executive must be absolutely committed to delivering a digital Scotland.

Every one of us can make the Parliament demonstrate that it is in the forefront of technology. Since we had our rather disappointing debate on allowances, that has not been the case. Rather than concentrating on how we could deliver new and innovative types of government and how we could best serve our constituents using new technology—freephone numbers and videoconferencing—we got bogged down in the old-fashioned concept of a fixed geographical office.

There is great potential for all of us—including those who say that they cannot use, or have not

used, such technology—to demonstrate that we can make a difference. If this is a cutting-edge Parliament, it will give a message to the whole country that we want to see a new, modern Scotland at the forefront of commercial priorities, with a diverse and rich culture in the new millennium.

16:34

Pauline McNeill (Glasgow Kelvin) (Lab): We all agree that there has been no greater impact on contemporary society than the revolution in information technology. Of course, Scots have historically always been at the head of technological advancement, notably inventing the television and the telephone.

As Ian Jenkins said earlier, it is hard to imagine what life would be like for MSPs if we did not have a cellphone at the ready, a pager by our side, a researcher with e-mail, and a willing pair of hands to fax important bits of paper to us. Nowadays, it is possible to divert our home phones to our mobile phones, our mobile phones to our pagers. Before much longer we will be cutting out the middle man and our fax machines will be sending messages to our e-mails to be diverted back to our phones.

The microchip has enabled us to do all this and more, yet we have seen only the tip of the iceberg. Digitisation is all about the production of information that is recorded as a succession of discrete units rather than as a continuously varying analogue parameter. In essence, it means that things such as radio interference and the overlapping of broadcasting stations on the airways will soon be things of the past.

In the past few years, we have seen an unprecedented effort throughout the world to assemble frameworks that will enable countries to manage their transition into information-intensive societies. In the past five years or so, many countries have tried to put in place sets of policies that have two broad purposes in common: to ensure that full advantage is taken of the new opportunities, but, at the same time, to avoid the undesirable consequences that can arise from such developments.

Digital Scotland seeks to ensure that every citizen can access all the information and skills that he or she requires, regardless of geographical accidents of birth. A strategy must safeguard the needs and interests of Scotland's citizens as well as the interests of producers and administrators.

Only this morning, BT announced that one quarter of all its calls in the United Kingdom were on-line calls, and that it would have some difficulty coping if that number were to increase. We need to take an approach that assists business in overcoming such difficulties and that enables

progress in technological development.

E-commerce, e-shopping, e-procurement and e-everything are becoming features of everyday life, and it is e-ssential for a successful Scottish economy to be geared up to compete in the global economy. As stated in Peter Peacock's motion:

"Scotland must seize the opportunities offered to gain competitive economic advantage."

I welcome the creation of the ministerial committee on digital Scotland. The task force will be needed to ensure that future developments are managed on a nationwide basis. In that regard, Government has a responsibility to business and to the community.

E-business is defined as an exchange of value over the internet. The projection is that it will grow by \$3 trillion by 2002. We must therefore ensure that we have a telecommunications infrastructure of the highest specifications.

In popular music, my own field of interest, MP3 is set to revolutionise the way in which people consume popular music. With MP3, it is now possible to surf the net and download audio files of our favourite music in a matter of minutes, avoiding both the cost of buying a CD and the effort of going to a record shop, although I know that there are some legalities involved that we may have to address in the future.

While helping to create the conditions for business and commerce to take advantage of the super-highway, we must recognise the potential advantages of the digital age for our communities and for the prospect of a digital democracy.

Scottish Labour recognises that our full potential cannot be realised unless we devote our resources to the whole community. The knowledge economy can only be meaningful and successful if we link up schools, libraries and communities. The national grid for learning and the university for industry are doing that. Access to computers and the digital economy cannot be allowed to be a social exclusion issue. In Scotland, schemes exist to recycle refurbished computers for schools and as community resources. The Scottish School Board Association runs a scheme, known as the furbie scheme, that is to be commended for leading the way in the recycling of computers.

If we can give access to technology to all Scotland's population, we can move up to another level, by looking at digital democracy. We have taken the lead already in what we have done in the Scottish Parliament.

In summary, the difference between the motion and the amendment is perhaps a question of emphasis. I commend the contribution that Fiona McLeod has made to the debate. We are trying to

achieve a national information strategy, but we are doing it in a different way. We recognise that we cannot affect the global economy by ourselves, and that we have to start by challenging what we do in Scotland first.

The Deputy Presiding Officer: I will now call George Reid, if he can be particularly brief.

16:39

Mr George Reid (Mid Scotland and Fife) (SNP): I will aim to meet that need, Presiding Officer.

For me, the central issue of this debate is whether we Scots can achieve a knowledge economy unless we are all an active part of the information society. How is the Parliament doing in that respect? Apparently we are doing rather better than the other place. According to the latest IBM survey, an encouraging number of MSPs have shown a willingness to use IT. Furthermore, this is the only legislature in Europe where every member has a portable laptop with immediate access from remote locations to our parliamentary files and reports. Of course, that raises the interesting subject of where our parliamentary office actually is.

However, some of the old attitudes prevail. Moundbite 1: a week ago, when a senior member of the Parliament—who shall remain nameless, Presiding Officer—told me what a hard slog it was working through document after document day after day, I asked him why he did not get his parliamentary assistant to cut and paste the documents. He was not very enthusiastic and said that that would be messy. And then I twigged. He was not thinking electronically, but of his parliamentary assistant sitting cross-legged on the floor with a big scrapbook, a big pair of scissors and a pot of Gloy.

Moundbite 2: a busy MSP told me that she did not get her committee papers on time. She did in fact, but as attached files at the end of an e-mail.

Moundbite 3 is a suggestion for saving the Parliament several hundred thousand pounds a year. We should do as the Welsh do. There is no daily printing and circulation of papers. If members want papers, they can print them out themselves. If the Welsh can do that, why not us?

Moundbite 4 is what the Welsh call a chamberweb. A touch-screen computer is buried in each desk of the Welsh Assembly, giving members on-screen access. I do not like the system very much, although I can see the advantages for members who do not know what to say because no one has told them what to think. However, I suspect that that system is coming to the Parliament as well.

I will mention Moundbite 5, and then I will sit down. Around £50,000 is available now for committees to initiate their own forms of social partnership, which could present an opportunity for a perfect mix-and-match with IT. How? We could have an electronic consensus conference on the spreading of organic waste on agricultural land; a bulletin board on drugs in local communities; deliberative polling on section 28; or an internal portal for every convener on a bill when it goes to committee, allowing direct inputs on legislation line by line and section by section.

It is important for us in this chamber to make a start on such policies, because nobody owes Scotland a living and we as parliamentarians can give Scotland a lead.

And that, Presiding Officer, was three minutes on the button.

The Deputy Presiding Officer: I will resist commenting on that. I call Brian Monteith to wind up for the Scottish Conservative party.

16:43

Mr Brian Monteith (Mid Scotland and Fife) (Con): Presiding Officer, I will try to be brief, but it is not something for which I am particularly noted.

I should declare an interest. In my previous life, I worked for Crawford Beveridge and I congratulate him on his work on the digital project.

I echo the minister's words that this is a most profound and fundamental debate and it is a pity that at one point the number of members in the chamber sank to only 16. That was partly because the motion consisted of 157 rather bland words that were high on the platitude scale; and which would become 188 if we were to accept the SNP amendment. That has regrettably turned off some members.

What is profound in this discussion is not so much the proposal for shaping the digital future, but the acceptance that that future is already here. We should also accept the limitations of what Government strategies can do. I was attracted by George Reid's speech about how the digital present can impact on our work in Parliament. There is certainly no doubt that digital change leads to greater employment, not least to the employment of people to read our e-mails, now that there are so many e-mails that it is hard to read them all ourselves.

I must urge a sense of caution about what Government can do. It is probably going too far to believe that the Government can shape the global future. What it can do is have strategies that facilitate change. For example, the reason that we have such a great lead worldwide and are doing so well, not just in Scotland but in Britain, is due to

the action that the previous Conservative Government took in privatising British Telecom. Many members in the chamber would have opposed that in the past, but it allowed new entrants into the market and encouraged competition.

The Government plans to give kit—computers—to people who cannot afford it. However, what is particularly important is to drive down telephone costs. There is no point giving people computers to access the internet if they cannot afford the cost of the telephone connections. Competition is therefore an important aspect of the debate. In drawing up a strategy, we must ensure that competition drives down prices and increases access.

We must also be careful about picking and choosing the right way forward. The market has got us where we are now—entrepreneurs trying to fit services and products to the choices of millions of individual consumers worldwide. Had a national strategy chosen Betamax instead of VHS, would the growth of video have been so great in the United Kingdom, putting us at the top of the tables for the number of people who have video at home?

The strategy must consider the impact of change on institutions and on society and must ensure that we take full advantage of the opportunities. Putting computers into classrooms is a laudable idea, but we must ensure that we do not add new costs that detract from the resources in schools. A number of teachers have expressed to me, for example, their concern that the cost of toner cartridges is eating into their budgets. Everybody loves to use the computers and to print out their drawings, but the cost of the toner cartridges is becoming a great burden.

Access, of course, is important. Fiona McLeod quite rightly raised the question of access in libraries. Only now is "Encyclopaedia Britannica", a Scottish institution, moving to CD-ROM. Previously a team of salesmen sold it at a cost of around £3,000. "Encyclopaedia Britannica" is about to become available on the web. Access will be free, as the site will carry advertising. There are, therefore, ways of harnessing digital technology.

In closing, I argue that the Government has a role to play. We support the Scottish Executive's motion. It is bland and includes platitudes, which we welcome, but it will facilitate an open market, will remove barriers to competition and will ensure that the Government's operations take full advantage of digital technology. The move to consider the impact of digital Scotland on our society and its institutions will allow proposals to be brought forward that take account of that impact and harness the benefits. That is enough to

be getting on with it. The SNP amendment goes a stage too far.

16:48

Nicola Sturgeon (Glasgow) (SNP): The SNP obviously has not been bland enough for Brian Monteith's taste, to allow him to support our amendment. This afternoon's debate has been good, although I am sorry that more people did not attend. A number of interesting contributions have been made, covering issues ranging from pacemakers to changing the world. Who says that modern-day politicians are cynics? I sincerely hope that the good ideas that have been expressed today will be taken on board by the Executive and given due consideration.

In summing up, I want to reflect on the concept of joined-up thinking, which is one of new Labour's favourite buzz phrases. I cannot comment on whether Peter Peacock's thinking is joined-up or not, but there is sometimes little sign of the co-ordinated approach that he talked about in his opening remarks. This morning we had a debate on the modernisation of the Scottish economy, led by the Minister for Enterprise and Lifelong Learning and his team. A number of speakers in that debate highlighted the importance of e-commerce and the need for small and medium businesses to take up the opportunities of e-commerce.

Now we have this debate on digital Scotland, and a motion that talks about "competitive economic advantage". I would like the deputy minister to comment when he winds up on why these two debates have been so compartmentalised, when they should have gone hand in hand. Is there any good reason—I emphasise the word good—why responsibility for digital Scotland lies with the Deputy Minister for Children and Education?

One point among many of the deputy minister's opening remarks highlighted the lack of a co-ordinated approach across Government departments: when he said that we would now begin the infrastructure audit. The question which sprang to mind was why that audit was not carried out or at least started during the preparations for Y2K, which were the subject of a debate in this Parliament last week. It would have made sense to co-ordinate the two things.

One thing about this morning's debate on modernising the economy struck me when John Swinney said that Scotland often appears to be playing catch-up. If one comment could be lifted from this morning's debate and slotted into this debate, it is that one. Scotland, as Fiona McLeod outlined, is playing catch-up. Our European partners have been leaving us behind. The

European Union set a deadline of June 1999 for the production of a comprehensive national strategy for the information society by each member state. Scotland has not yet produced that, unless the deputy minister can tell us otherwise. Denmark produced such a strategy in 1996; France did so in 1998; Finland is operating a national strategy for 2000 to 2006. The list goes on, but Scotland as yet does not feature on it.

All of that underlines a real need for a national information strategy. As Fiona said, there is no reason—be it educational, geographical or technological—why Scotland should not be at the cutting edge of the information society. One of the problems that Fiona and others have mentioned this afternoon is the number of unrelated, unco-ordinated initiatives: the community learning network, the Scottish university for industry, the public library network, to name but a few. The minister referred to myriad initiatives. What is lacking is a strategy that draws all that together, and which ensures that the information society, as opposed to just a knowledge economy, develops nationally, regionally, locally and across sectors.

Peter Peacock said that he had ambitions for the information society. I applaud those ambitions, but we need more than fine words and ambitions. We need action, and that is what the motion that we are considering does not detail.

I want to outline some of the things that we could do if we had a national strategy in place. We could provide seamless public access to information; integrate Government initiatives in education, social inclusion, the economy and rural and urban regeneration; ensure that networks across public, private and voluntary sectors are fully co-ordinated, now and in the future; and ensure that the public have skills to participate in the information society.

I think that it was David Davidson who said that the important thing was to train people in one system that they could use throughout their lives. I tell David that that is not what is important. What is important is equipping our citizens with the skills that are necessary to access the information society. We could also ensure that all areas of our country—all our communities and all our citizens—have equal access to information technology.

There is a real danger in the current unequal access. I know that the Prime Minister thinks that the class war is over. We are in real danger, however, of opening up new divides between the haves and have-nots. The most important thing is that a national strategy would avoid the present duplication of resources and infrastructure. The Government has already spend £150 million on public information and communications technology initiatives, but there are no set criteria for the funding of those projects. That means that

everyone is doing different things and, in many cases, reinventing the wheel. One example is the university for industry's setting up its own body to oversee its strategy, rather than be part of the national strategy.

I think that we have made the case for a national strategy. That is what our amendment seeks to do. It is not about being zappy, Brian; it is about taking action. What the Government motion—*[Interruption.]*—sorry, I meant David Mundell. It is not about being zappy, David. It is just that Brian Monteith is so zappy. *[Laughter.]* The amendment is about taking action. The Government's motion lacks a clear vision of where we go from here. I hope that, in the spirit of consensus, the minister will accept the SNP motion—unlike yesterday—and allow us to move forward on the basis of consensus.

The Presiding Officer (Sir David Steel): Thank you for concluding under time. I hope that I can encourage the minister to do the same, as we are behind time. Do your best to conclude in less than 10 minutes, if you can.

16:55

Peter Peacock: I will try to be brief, but there are many points that I want to respond to. The debate has been productive, if comparatively short. As many said, it is a great pity that more members could not be present to hear about the fundamental changes that are taking place in our society. However, I welcome many of the comments that were made—those that were supportive of the Executive's plans and the constructive criticism and suggestions for how we could improve them. I want to try to pick up on as many points as possible.

I take the SNP amendment in the spirit in which it was intended, but I am afraid that I do not accept its detail. In many ways, it is more restrictive than the motion and, as Brian Monteith said, would put us in a sort of straitjacket, which might do us more harm than good.

Fiona McLeod rose—

Peter Peacock: I must make progress, Fiona.

I hope that the SNP will accept my assurance that all the points that it wants addressed fall within the ambit of the digital Scotland initiative—there is no impediment to the initiative covering those points. The initiative will also deal with many more issues and will have a wide agenda, so perhaps the SNP will withdraw the amendment and not divide the chamber.

The SNP amendment stresses the European Commission's approach to this issue. Earlier today, I was told that a web year lasts three months. The European report is now two years

old—which, going by that philosophy, makes it 10 years old. Things are moving on dramatically. The report set the agenda that we are already following and, given that context, it is with regret that I say that I do not think that I can accept the amendment.

I want to make it clear that I am extremely pleased to see the SNP reverse its policy on the national grid for learning. It is a significant development for the SNP to move back from its previous position of denying our children and schools the access to technology that the party now preaches. That is an important policy reversal, but I warmly welcome it—I welcome the fact that the SNP has embraced the national grid for learning and adopted Labour policies.

Michael Russell rose—

Peter Peacock: I am afraid that I cannot give way, Michael—you had plenty of time.

As to a lack of coherence in Government policy—

Nicola Sturgeon rose—

Peter Peacock: No, Nicola. I am under pressure from the Presiding Officer to move on and I have a lot to cover. Many people spoke in the debate and I am glad that the SNP has clarified its position today.

Michael Russell: On a point of order. Is the minister entitled to mislead the chamber and then refuse to accept an intervention that would correct his mistake?

The Presiding Officer: The minister is entitled to do all those things, but perhaps he will give way.

Peter Peacock: In no sense am I seeking to mislead. I am seeking to clarify—I am pleased that the SNP has reversed its policy.

As to the lack of coherence in the Government's strategy, the purpose of the digital Scotland initiative is to bring to the centre of government the coherence that people have criticised us for not having. A number of members talked about how we could co-ordinate expenditure. For example, Nicola Sturgeon asked how we could match up the university for industry investment with the public library investment, the investment in schools technology, the investment in health service technology and so on. The central purpose of the digital Scotland initiative is to ensure that the investment strategies are aligned.

Fiona McLeod spoke about wiring up libraries with broadband technology and on the differences that exist between the funding schemes—between Government funding and the new opportunities fund, which is in part paying for that work. I met representatives from the Scottish Library and

Information Council and from the new opportunities fund to discuss how we could align our expenditure to obtain maximum advantage from public investment. That is the essence of the digital Scotland initiative and that is what we intend to develop. The initiative is about action, not just plans; it is about creating things and ensuring that they happen.

I entirely agree with Fiona McLeod's point about the urgency with which Scotland must embrace what we are seeking to do. As she said, because of the differences between Scotland's use of the internet and its use in other countries, we are in danger of falling behind—or outwith—the modern means of communication. That is why we introduced this debate and why we established the digital Scotland initiative. We recognise the need not only to put Scotland in a leadership position, but to maintain that position.

I welcome David Davidson's support for the Government's strategy. In particular, I want to pick up his point about ensuring that all Scotland benefits from the new technologies. That involves real issues. In a developing Scotland, we cannot have two tiers of service because the cost of getting the infrastructure to people who live in the west Highlands, or the Borders, or Dumfries and Galloway is higher than it is for those who live in the city centres. Nor can we allow people—whether they live in the centre of Glasgow or the centre of Stornoway—to be equally disadvantaged because of their economic circumstances. Again, part of the purpose of digital Scotland is to fill the gaps in the existing infrastructure

As David Mundell said, there is a huge amount of infrastructure in Scotland. Most of, if not all, Scotland's cities are connected through broadband technology. The wiring, the cable and the fibres exist. Our big challenge is how to fill the gaps. How do we stimulate private investment—which is, rather than direct public investment, probably the way to progress—to ensure that every community in Scotland has access? The answer is partly to marry together the investment programmes we talked about earlier and partly to stimulate new private sector investment, as the private sector sees markets for its future products. The answer is also to liaise with the BBC about digital television. Like Mike Russell, I have an ambition to have the Highlands and Islands connected to digital television much earlier than is currently projected. If we align our investment strategies and recognise the potential of digital television and third-generation mobile technology, there may be opportunities to marry some of the investment strategies and ensure that we do not disadvantage rural Scotland.

David Davidson mentioned smart card technology. We could have a debate on that

technology alone. I agree with what Mike Russell said about the power of digital television, but we should also consider the impact of smart card technology on digital television. That technology could allow the personalisation of information and the use of the smart card as a verified source to access a whole series of Government services. An entirely new world of service technology could open up to us. We must explore that in detail over the coming months.

Ian Jenkins admitted that he had a pacemaker. He should know that some advice suggests that people should not carry their mobile phone next to their pacemaker in case it interrupts the frequency. He was very honest in admitting that he was not comfortable with the technology. In recognising that, he has bridged the gap. He also recognises the fact that many others in Scotland who do not feel comfortable with the technology none the less need to embrace it if our society is to move forward. Ian is right to say that we have to get on to an express train of action.

Elaine Thomson made a thoughtful speech about the fundamental impact that the technologies will have on our society. Like George Reid and others, she referred to the need for the Parliament to develop a range of services. That is a matter for the Parliament, rather than for the Executive, but as an MSP I recognise the points that those members made.

Alasdair Morgan quite properly referred to the impact that digital technology could have on rural areas. Digital technology has the potential to turn the economic equation of the past on its head. Suddenly, one can advantage rural areas because all the attributes that people are looking for in their use of digital technology—a stable work force, a good environment, low overheads and new lifestyles—exist in those rural areas. There is huge potential and we want it to be exploited.

Linda Fabiani talked about skills development, which is fundamental to how we develop the new technologies. We must ensure that we have a computer-literate society. That is why every pupil who comes through school will be fully literate in the use of the technologies. That is why we have invested £23 million in training teachers. That is why librarians are being trained and why new further education and university courses are being developed. Our computer-literate society will also have a people focus, ensuring that we talk not just about the technology, but about the services that we receive as a result of using that technology.

Maureen Macmillan described how fundamental technology has been to the development of the University of the Highlands and Islands. The dream of generations of Highlanders is being realised because they have embraced the use of technology in allowing those services to be

delivered.

I think Mike Russell was right to say that we needed to engage with people in this process. All of us who believe in this must help to excite people throughout Scotland about the possibilities of the technology. Mike is also right to talk about digital television, which will bring the power and technology to a mass audience. Perhaps he was thinking about Mr Salmond's use of Ceefax—

Michael Russell: That is old technology.

Peter Peacock: Exactly. However, we are coming full circle because the new technologies will have the simplicity of Ceefax and people will be able to use them to access a range of other services. I could go on—members have made many other points—but I must come to a conclusion.

Great opportunities for our economy and our society will follow from embracing digital communications technology. Distance, time and borders will cease to be barriers. Costs are falling and availability is increasing. Digital television is upon us and third-generation mobile telephones will be with us soon. The Executive has recognised that Scotland must be at the forefront of digital technology and that we must build on Scotland's natural advantages. The Government mechanisms have been put in place to realise our vision for Scotland and to ensure that our efforts are co-ordinated to get the best value for our investments and to stimulate private sector investment in infrastructure.

Digitising Scotland means modernising Scotland. Being digital will become like air and water—only noticed when it is absent, but essential to our life. There must be unity of purpose throughout Scottish life to ensure that we get to the forefront and that we stay there. The Executive's strategy will reap huge benefits for Scotland and I commend it to the Parliament.

The Presiding Officer: That concludes the debate. I would like to take advantage of the full attendance to say that, now that the weather is colder, I have had a complaint about members bringing coats into the chamber. That should not be done. If there are not enough coat racks outside the chamber, I will ensure that that is corrected.

Decision Time

17:06

The Presiding Officer (Sir David Steel): We come to decision time. I must put six questions to the chamber. I trust that everyone is ready with the new technology and is paying attention.

I hope that the announcement about coats has not caused too much excitement. I asked only that members removed what clothing they wished to remove outside the chamber rather than inside.

The first question is, that amendment S1M-296.1, in the name of Miss Annabel Goldie, seeking to amend motion S1M-296, in the name of Henry McLeish, on the modernisation of the Scottish economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

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)
Harding, Mr Keith (Mid Scotland and Fife) (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)
Young, John (West of Scotland) (Con)

AGAINST

Baillie, Jackie (Dumbarton) (Lab)
Barrie, Scott (Dunfermline West) (Lab)
Boyack, Sarah (Edinburgh Central) (Lab)
Brankin, Rhona (Midlothian) (Lab)
Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
Dewar, Donald (Glasgow Anniesland) (Lab)
Eadie, Helen (Dunfermline East) (Lab)
Elder, Dorothy-Grace (Glasgow) (SNP)
Ferguson, Patricia (Glasgow Maryhill) (Lab)
Finnie, Ross (West of Scotland) (LD)
Galbraith, Mr Sam (Strathkelvin and Bearsden) (Lab)
Gillon, Karen (Clydesdale) (Lab)
Godman, Trish (West Renfrewshire) (Lab)
Gorrie, Donald (Central Scotland) (LD)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (Edinburgh Pentlands) (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)
Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)

Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
Kerr, Mr Andy (East Kilbride) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Livingstone, Marilyn (Kirkcaldy) (Lab)
Lyon, George (Argyll and Bute) (LD)
Macdonald, Lewis (Aberdeen Central) (Lab)
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)
McCabe, Mr Tom (Hamilton South) (Lab)
McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
McLeish, Henry (Central Fife) (Lab)
McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
McNeill, Pauline (Glasgow Kelvin) (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)
Paterson, Mr Gil (Central Scotland) (SNP)
Peacock, Peter (Highlands and Islands) (Lab)
Peattie, Cathy (Falkirk East) (Lab)
Radcliffe, Nora (Gordon) (LD)
Raffan, Mr Keith (Mid Scotland and Fife) (LD)
Reid, Mr George (Mid Scotland and Fife) (SNP)
Robson, Euan (Roxburgh and Berwickshire) (LD)
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
Scott, Tavish (Shetland) (LD)
Sheridan, Tommy (Glasgow) (SSP)
Simpson, Dr Richard (Ochil) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Smith, Iain (North-East Fife) (LD)
Stephen, Nicol (Aberdeen South) (LD)
Thomson, Elaine (Aberdeen North) (Lab)
Watson, Mike (Glasgow Cathcart) (Lab)
Welsh, Ian (Ayr) (Lab)
Whitefield, Karen (Airdrie and Shotts) (Lab)
Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Adam, Brian (North-East Scotland) (SNP)
Campbell, Colin (West of Scotland) (SNP)
Ewing, Dr Winnie (Highlands and Islands) (SNP)
Fabiani, Linda (Central Scotland) (SNP)
Gibson, Mr Kenneth (Glasgow) (SNP)
Hyslop, Fiona (Lothians) (SNP)
Ingram, Mr Adam (South of Scotland) (SNP)
Lochhead, Richard (North-East Scotland) (SNP)
MacAskill, Mr Kenny (Lothians) (SNP)
MacDonald, Ms Margo (Lothians) (SNP)
Marwick, Tricia (Mid Scotland and Fife) (SNP)
Matheson, Michael (Central Scotland) (SNP)
McGugan, Irene (North-East Scotland) (SNP)
McLeod, Fiona (West of Scotland) (SNP)
Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
Neil, Alex (Central Scotland) (SNP)
Quinan, Mr Lloyd (West of Scotland) (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)

The Presiding Officer: The result of the division is: For 16, Against 64, Abstentions 24.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S1M-296.2, in the name of Mr John Swinney, seeking to amend motion S1M-296, in the name of Henry McLeish, on the modernisation of the Scottish economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
Campbell, Colin (West of Scotland) (SNP)
Elder, Dorothy-Grace (Glasgow) (SNP)
Ewing, Dr Winnie (Highlands and Islands) (SNP)
Fabiani, Linda (Central Scotland) (SNP)
Gibson, Mr Kenneth (Glasgow) (SNP)
Hyslop, Fiona (Lothians) (SNP)
Ingram, Mr Adam (South of Scotland) (SNP)
Lochhead, Richard (North-East Scotland) (SNP)
MacAskill, Mr Kenny (Lothians) (SNP)
MacDonald, Ms Margo (Lothians) (SNP)
Marwick, Tricia (Mid Scotland and Fife) (SNP)
Matheson, Michael (Central Scotland) (SNP)
McGugan, Irene (North-East Scotland) (SNP)
McLeod, Fiona (West of Scotland) (SNP)
Morgan, Alasdair (Galloway and Upper Nithsdale) (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)
White, Ms Sandra (Glasgow) (SNP)
Wilson, Andrew (Central Scotland) (SNP)

AGAINST

Aitken, Bill (Glasgow) (Con)
Baillie, Jackie (Dumbarton) (Lab)
Barrie, Scott (Dunfermline West) (Lab)
Boyack, Sarah (Edinburgh Central) (Lab)
Brankin, Rhona (Midlothian) (Lab)
Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
Davidson, Mr David (North-East Scotland) (Con)
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
Dewar, Donald (Glasgow Anniesland) (Lab)
Douglas-Hamilton, Lord James (Lothians) (Con)
Eadie, Helen (Dunfermline East) (Lab)
Ferguson, Patricia (Glasgow Maryhill) (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)
Gorrie, Donald (Central Scotland) (LD)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (Edinburgh Pentlands) (Lab)
Harding, Mr Keith (Mid Scotland and Fife) (Con)

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)
Jamieson, Margaret (Kilmarnock and Loudoun) (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 Pollok) (Lab)
Livingstone, Marilyn (Kirkcaldy) (Lab)
Lyon, George (Argyll and Bute) (LD)
Macdonald, Lewis (Aberdeen Central) (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)
McCabe, Mr Tom (Hamilton South) (Lab)
McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
McGrigor, Mr Jamie (Highlands and Islands) (Con)
McIntosh, Mrs Lyndsay (Central Scotland) (Con)
McLeish, Henry (Central Fife) (Lab)
McLetchie, David (Lothians) (Con)
McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
McNeill, Pauline (Glasgow Kelvin) (Lab)
Monteith, Mr Brian (Mid Scotland and Fife) (Con)
Morrison, Mr Alasdair (Western Isles) (Lab)
Muldoon, Bristow (Livingston) (Lab)
Mulligan, Mrs Mary (Linlithgow) (Lab)
Mundell, David (South of Scotland) (Con)
Munro, Mr John (Ross, Skye and Inverness West) (LD)
Murray, Dr Elaine (Dumfries) (Lab)
Peacock, Peter (Highlands and Islands) (Lab)
Peattie, Cathy (Falkirk East) (Lab)
Radcliffe, Nora (Gordon) (LD)
Raffan, Mr Keith (Mid Scotland and Fife) (LD)
Robson, Euan (Roxburgh and Berwickshire) (LD)
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
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)
Stephen, Nicol (Aberdeen South) (LD)
Thomson, Elaine (Aberdeen North) (Lab)
Tosh, Mr Murray (South of Scotland) (Con)
Watson, Mike (Glasgow Cathcart) (Lab)
Welsh, Iain (Ayr) (Lab)
Whitefield, Karen (Airdrie and Shotts) (Lab)
Wilson, Allan (Cunninghame North) (Lab)
Young, John (West of Scotland) (Con)

ABSTENTIONS

Sheridan, Tommy (Glasgow) (SSP)

The Presiding Officer: The result of the division is: For 27, Against 76, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The third question is, that motion S1M-296, in the name of Henry McLeish, on the modernisation of the Scottish economy, be agreed to.

Motion agreed to.

That the Parliament acknowledges the very real progress being made to prepare the Scottish economy for the next century, but recognises the growing global competitive pressures it faces, that as a result modernisation of every sector of the Scottish economy will need to be accelerated and that public support is best targeted on initiatives which encourage modernisation.

The Presiding Officer: I attempted in error to put the next question this morning, but this is the time for a decision on it. The fourth question is, that motion S1M-292, in the name of Mr Tom McCabe, on the appointment of Patricia Ferguson to the Standards Committee, be agreed to.

Motion agreed to.

That the Parliament agrees that Patricia Ferguson be appointed to the Standards Committee.

The Presiding Officer: The fifth question is, that amendment S1M-295.1, in the name of Fiona McLeod, which seeks to amend motion S1M-295, in the name of Peter Peacock, on the digital Scotland initiative, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
Campbell, Colin (West of Scotland) (SNP)
Elder, Dorothy-Grace (Glasgow) (SNP)
Ewing, Dr Winnie (Highlands and Islands) (SNP)
Fabiani, Linda (Central Scotland) (SNP)
Gibson, Mr Kenneth (Glasgow) (SNP)
Hyslop, Fiona (Lothians) (SNP)
Ingram, Mr Adam (South of Scotland) (SNP)
Lochhead, Richard (North-East Scotland) (SNP)
MacAskill, Mr Kenny (Lothians) (SNP)
MacDonald, Ms Margo (Lothians) (SNP)
Marwick, Tricia (Mid Scotland and Fife) (SNP)
Matheson, Michael (Central Scotland) (SNP)
McGugan, Irene (North-East Scotland) (SNP)
McLeod, Fiona (West of Scotland) (SNP)
Morgan, Alasdair (Galloway and Upper Nithsdale) (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)
Sheridan, Tommy (Glasgow) (SSP)
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)
Baillie, Jackie (Dumbarton) (Lab)
Barrie, Scott (Dunfermline West) (Lab)
Boyack, Sarah (Edinburgh Central) (Lab)
Brankin, Rhona (Midlothian) (Lab)
Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
Davidson, Mr David (North-East Scotland) (Con)
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)

Dewar, Donald (Glasgow Anniesland) (Lab)
Douglas-Hamilton, Lord James (Lothians) (Con)
Eadie, Helen (Dunfermline East) (Lab)
Ferguson, Patricia (Glasgow Maryhill) (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)
Gorrie, Donald (Central Scotland) (LD)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (Edinburgh Pentlands) (Lab)
Harding, Mr Keith (Mid Scotland and Fife) (Con)
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)
Jamieson, Margaret (Kilmarnock and Loudoun) (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 Pollok) (Lab)
Livingstone, Marilyn (Kirkcaldy) (Lab)
Lyon, George (Argyll and Bute) (LD)
Macdonald, Lewis (Aberdeen Central) (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)
McCabe, Mr Tom (Hamilton South) (Lab)
McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
McGrigor, Mr Jamie (Highlands and Islands) (Con)
McIntosh, Mrs Lyndsay (Central Scotland) (Con)
McLeish, Henry (Central Fife) (Lab)
McLetchie, David (Lothians) (Con)
McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
McNeill, Pauline (Glasgow Kelvin) (Lab)
Monteith, Mr Brian (Mid Scotland and Fife) (Con)
Morrison, Mr Alasdair (Western Isles) (Lab)
Muldoon, Bristow (Livingston) (Lab)
Mulligan, Mrs Mary (Linlithgow) (Lab)
Mundell, David (South of Scotland) (Con)
Munro, Mr John (Ross, Skye and Inverness West) (LD)
Murray, Dr Elaine (Dumfries) (Lab)
Peacock, Peter (Highlands and Islands) (Lab)
Peattie, Cathy (Falkirk East) (Lab)
Radcliffe, Nora (Gordon) (LD)
Raffan, Mr Keith (Mid Scotland and Fife) (LD)
Robson, Euan (Roxburgh and Berwickshire) (LD)
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
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)
Stephen, Nicol (Aberdeen South) (LD)
Thomson, Elaine (Aberdeen North) (Lab)
Tosh, Mr Murray (South of Scotland) (Con)
Watson, Mike (Glasgow Cathcart) (Lab)
Welsh, Ian (Ayr) (Lab)
Whitefield, Karen (Airdrie and Shotts) (Lab)
Wilson, Allan (Cunninghame North) (Lab)
Young, John (West of Scotland) (Con)

The Presiding Officer: The result of the division is as follows: For 28, Against 76, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The sixth question is, that motion S1M-295, in the name of Peter Peacock, on the digital Scotland initiative, be agreed to. Are we all agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Davidson, Mr David (North-East Scotland) (Con)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Dewar, Donald (Glasgow Anniesland) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (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)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 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)
 Jamieson, Margaret (Kilmarnock and Loudoun) (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 Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (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)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeish, Henry (Central Fife) (Lab)
 McLetchie, David (Lothians) (Con)
 McMahan, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Mundell, David (South of Scotland) (Con)
 Munro, Mr John (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)

Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 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)
 Stephen, Nicol (Aberdeen South) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Tosh, Mr Murray (South of Scotland) (Con)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Young, John (West of Scotland) (Con)

AGAINST

Godman, Trish (West Renfrewshire) (Lab)

ABSTENTIONS

Adam, Brian (North-East Scotland) (SNP)
 Campbell, Colin (West of Scotland) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (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)
 Sheridan, Tommy (Glasgow) (SSP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Ullrich, Kay (West of Scotland) (SNP)
 Welsh, Ian (Ayr) (Lab)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)

The Presiding Officer: The result of the division is: For 74, Against 1, Abstentions 30.

Motion agreed to.

That the Parliament recognises the crucial importance to Scotland's economic and social well-being of embracing and making full use of new developments in digital information and communications technology; believes that Scotland must seize the opportunities offered to gain competitive economic advantage, enhance learning opportunities for all, open up information resources to every citizen, and offer modern and efficient public services;

believes that every community in Scotland must have high quality access to digital technology and information in the future no matter where they live; and welcomes the creation by the Executive of the Ministerial Committee on Digital Scotland and the Digital Scotland Task Force to create a partnership which will help develop a shared analysis of the challenges and champion the opportunities for Scotland arising from developments in information and communications technology, co-ordinate action and help to create conditions where Scotland can realise the benefits of working at the leading edge of application of those technological developments.

Domestic Water Supply (Bo'ness)

The Presiding Officer (Sir David Steel): I make my usual appeal to members who are leaving to do so quietly and quickly—and, on this occasion, to take their coats with them. We now move to the members' debate on motion S1M-189, in the name of Michael Matheson, on the pollution of the domestic water supply in Bo'ness.

Motion debated,

That the Parliament notes with concern the ongoing pollution of the domestic water supply in parts of Bo'ness with heavy metals; notes that East of Scotland Water has failed to publish scientific reports into the extent of the pollution and has not operated in an open and accountable manner; notes the potential health risks to the local community and calls for an urgent review of East of Scotland Water's handling of this matter and for related scientific reports to be placed in the public domain.

17:13

Michael Matheson (Central Scotland) (SNP): I welcome the opportunity to raise this important matter here this evening. I thank the minister and the First Minister for staying behind to debate this important issue. That is extremely gratifying, and I am sure that it will be noted by the constituents and residents of Bo'ness.

I also welcome the residents who have come here this evening, along with local councillors who are concerned about the issue. Particularly, I would like to highlight the efforts of Mr Grant, who has pursued this issue for some 10 years. Unfortunately, as he is unwell, he cannot be with us this evening.

I am sure that the problems of the domestic water supply in the Bo'ness area are new to most of the members who are here, but for the residents of Bo'ness and the Angus Road area, the issue has been a long-standing concern. Although both members and ministers may be unfamiliar with the issue, I am sure that they appreciate that it is important to have a safe and reliable water supply. It is something that we often take for granted.

Unfortunately, in Scotland—or perhaps I should say fortunately, in Scotland—we do not suffer from a lack of water. We have so much of the stuff that we are in the proud position of being able to export it to our very good neighbours. However, the residents of Angus Road in Bo'ness have had their confidence in their domestic water supply undermined considerably. The authorities that are responsible for the water supply have been nothing short of secretive, and obstructive to residents who have tried to raise complaints.

The problem did not start just a few months ago, or just last year. It started on 17 July 1989. At that point, Mr Grant in Angus Road contacted his

district and regional councillor to complain about discoloration to his domestic water supply. Tests were undertaken by Central Regional Council district water and drainage department, which found that there was a high level of iron in his domestic supply. However, at that stage, the department did not consider the problem worthy of any action.

The residents in the area continued to have persistent problems with their water supply and continued to complain to the authorities about it. Throughout that period, residents were particularly concerned that they were being exposed to heavy metals such as iron, manganese and aluminium in their household water supply.

I emphasise that, at that point, the residents had no confirmed knowledge about whether they were being exposed to such heavy metals continuously, because they were unable to find out the facts of the case. However, they held a natural suspicion that they were being exposed to them at some point, if not every day. We must also recognise the uncertainty that the residents were experiencing at that time, which naturally eroded their confidence in their domestic water supply.

We need only consider the incident that occurred at Camelford in 1988, where some 20 tonnes of aluminium sulphate were poured into the domestic water supply. Although that case is by no means comparable to the problems in Bo'ness, I draw members' attention to the study that was undertaken by the British Medical Association, the results of which were published last September. That study highlighted the fact that residents in the Camelford area suffered from health problems that included brain damage resulting from exposure to aluminium in the water supply.

Aluminium is one of the metals that have been identified in the water supply to the Angus Road area of Bo'ness. I point out to the Minister for Transport and the Environment that Tony Blair, when in opposition, committed himself to a public inquiry on the Camelford incident. The residents of Camelford continue to wait for that public inquiry. I hope that the residents of Angus Road in Bo'ness will not have to wait as long for a review of what happened there.

This week, I received a letter from Forth Valley Health Board, which referred to the finding of aluminium in water sample tests. It states:

"Dr Breslin has been told that around the time of the sample East of Scotland Water were scouring the local supply pipes, which could have resulted in raised iron and manganese levels. It would not explain the aluminium levels as East of Scotland Water have indicated to us that they were not using aluminium during the treatment of water supplies in that area at that time."

In June last year, a resident had complained about continued discoloration of the domestic

water supply. After persistent complaints, the tests to which Forth Valley Health Board referred were undertaken. The tests reveal that in one case there was a high level of aluminium, iron and manganese. The laboratory report states:

"The Iron, manganese and aluminium are above their respective 'Significant Medical Risk Value'."

Two further tests highlighted the fact that iron levels were also above the statutory limits.

When one of the local residents contacted Falkirk Council environmental health department to request copies of the sample report, the council responded:

"we consider if you had been given a copy of the sample results you might have misrepresented them and caused yourself and others undue harm."

East of Scotland Water took a further four samples at the end of last year. One of the residents requested a copy of the laboratory reports but was given copies of only two. The two he received showed that the water supply was fine. When East of Scotland Water was contacted for the other two, it said that the matter had been discussed with Falkirk Council and with Forth Valley Health Board and that there was no significant risk to public health.

One of the residents then asked the Scottish Office for copies of the two missing reports. The next day an official from East of Scotland Water turned up at his door with the two reports, which—surprise, surprise—showed that there were levels of iron above the statutory limits. Once, one of the residents found freshwater shrimp in their water supply. Another filled his bath with water, drained it and used a magnet to collect the metal that was left.

The whole affair has gone on for 10 years. I ask the minister to undertake a review of the matter for several reasons. It should establish whether East of Scotland Water and the other authorities have dealt with the matter adequately. Given the prolonged nature of the problem and the residents' lost confidence in East of Scotland Water and the other authorities, it should try to restore their commitment and residents' confidence in the service. It should ensure that no other community in Scotland has to suffer the same problem. I ask the minister to use this opportunity to draw a line under the issue by undertaking a review and by doing so to restore the confidence of residents of Angus Road in Bo'ness.

17:22

Cathy Peattie (Falkirk East) (Lab): As the constituency MSP for Falkirk East, I was somewhat surprised when I heard that this debate was to take place. It would have been a good idea if Michael had spoken to me. I am sure he agrees

that on other issues, such as European funding, I have contacted him and kept him up to date. I would have expected the same courtesy.

Michael Matheson: Cathy, you had several meetings with Falkirk Council that you did not inform me of and it was Falkirk Council itself that informed me about the European funding. I understand that Michael Connarty MP was dealing with it—I would like to think he kept you informed.

Cathy Peattie: I had one meeting with Falkirk Council and suggested that at the next meeting we invite Michael along. It would have been a good idea to speak to me because I too have gathered information on the issue. None of my constituents has approached me on it, however, although I have held a number of surgeries in Bo'ness.

In early October, I was contacted by the local press, who had spoken to a local resident—I believe it was Mr Grant. Right away we organised an investigation, contacting East of Scotland Water, Falkirk Council and other bodies. Michael quoted from some of the information that I also have. I also spoke to Michael Connarty, who had been looking at the matter for some time and was under the impression that it had been dealt with. I understand that he asked East of Scotland Water to monitor the issue and to keep him up to date on it.

I understand from East of Scotland Water that work on installing new pipes in that part of Bo'ness has been completed, that

"this will ensure the supply of a clear, normal supply of water",

that £3 million has been spent on upgrading the mains supply in the area and that spending of £3.7 million is planned for the current year.

There are lessons to be learnt. It is vital that people know what is happening. When water is contaminated, the investigation should happen as soon as possible and people in the surrounding area should be kept informed. In line with another constituent's clean water campaign, it is important that there is rigorous testing. I ask the minister to examine the way in which water is tested at present and to ensure that it is done in a way that addresses all health concerns.

From time to time there will be problems with water supplies, particularly while standards are being raised, but it is important that problems are dealt with as soon as possible. We must ensure good consumer liaison, clear information, immediate testing to find a remedy when a problem arises and, when the remedy is found, continuous monitoring of the remedy. It is vital that the folks in Bo'ness, the rest of Falkirk East and the whole of Scotland have a water supply that is clear and clean, and which is a credit to the

country.

17:26

Mr Gil Paterson (Central Scotland) (SNP): I have a great fondness and high regard for Bo'ness that goes back to a time a number of years ago when I was elected on the same day as Councillor Harry Constable. We got together the day after we were elected and the connection remains. I am pleased to be speaking in this debate tonight.

It is disturbing that the situation that Michael Matheson referred to has gone on for 10 years and that the people in Bo'ness have lost confidence in the authorities because of a saga of misinformation and through being ignored. The situation would be bad enough if a private business were involved, but it is not on for public bodies to treat the people who own and finance them this way. The practice of giving bad information seems to be the norm in some situations. A similar problem exists in the village of Greengairs. Although the problem is not connected with water pollution, the circumstances are almost identical.

Greengairs village is surrounded by the Shanks & McEwan landfill site. The gas arising from it is overpowering at times and can cause nausea and headaches in local residents. Recently, the smell has been much worse. The Scottish Environment Protection Agency has admitted that the facility for dealing with landfill gas at the Greengairs site is struggling with the quantity of gas that is being produced. Four additional engines were needed to burn the excess gas, but implementation was delayed until the site could be connected to the national grid and Scottish Power could start work at the site.

Where I am leading to will become clear soon.

In addition to the smell, the local spring became polluted with ammonia as a result of leachate seeping from the landfill into the water supply. SEPA's reaction to the revelation was to dismiss it as not serious. While levels of ammonia may not have been high enough to cause major concern, the fact that contamination occurred was more of an issue.

Despite a sustained letter writing campaign and representations being made by local Councillor Sandra Cox, which was similar to the situation that Michael Matheson referred to—

The Deputy Presiding Officer (Mr George Reid): I hope that you will return to the subject of Bo'ness fairly quickly and that you are providing an illustrative example.

Mr Paterson: I guarantee it.

The answers that Sandra Cox received were

unsatisfactory. It is unacceptable that authorities are being underhand and secretive and are rubbishing people's concerns. There are many parallels between what happened in Bo'ness and at Greengairs. Both areas suffered as a result of unnecessary and unacceptable pollution. Both areas sustained a campaign to reverse the situation that they found themselves in and were fobbed off and belittled by those to whom they complained. Both groups of people were not given the full facts. Both groups of people suffered reduced confidence in something they should have been able to take for granted.

Both areas need comprehensive and public reviews to put at ease the minds of those concerned and to close the matter and alleviate other concerns. I am pleased that Michael Matheson has promoted this debate as it will bring the plight of the people of Bo'ness to the attention of the Scottish Parliament and highlight the lack of action to stop the pollution of the water supply in the Angus Road area. It raises concerns felt in many places in Scotland about the need to make public bodies more accountable and responsive to the needs of the communities they are supposed to serve.

17:30

Donald Gorrie (Central Scotland) (LD): Public confidence in water is critical. I hope that the minister will ensure that the confidence of the people of Bo'ness is restored by whatever means are necessary.

I will raise two general issues. I understand that East of Scotland Water says that making an improvement for the residents in Bo'ness is not high up its list of priorities, as other areas have even greater need, so it cannot attend to the matter quickly. That raises the issue of investment in public services in Scotland. Wherever we look, every service needs more investment. We must tackle how we obtain more money to invest in all the public services, including drains, schools, hospitals and buses.

The other issue is the accountability of the water boards. Before the 1997 election, the Labour party promised a bonfire of the quangos. That did not occur—as with many political promises, it was not well thought out. Merely replacing some Conservative councillors on water boards with Labour councillors is not the answer, with all due respect to the people involved, many of whom are excellent. We must consider how to make the water boards more accountable to the public, so that legitimate concerns, such as those raised by the people in Bo'ness, can be answered more satisfactorily.

17:32

Alex Neil (Central Scotland) (SNP): I congratulate Mr Matheson on bringing the issue to the Parliament's attention and to the minister's attention. One of the benefits of this Parliament is that issues such as this are now raised and aired, whereas at Westminster they are never dealt with. The Parliament will be judged by the extent to which action is taken as a result of the debate. Debate in itself is not good enough—we need action. I say to the minister that we need action from her now.

I am reminded of Ibsen's play, "A Public Enemy", in which somebody cries foul and that person becomes the public enemy in the eyes of the authorities. Ibsen's play was about a swimming pool and its water supply. In this case, we are talking about the water supply for domestic purposes, which is even more important.

I agree with three substantive points raised by Donald Gorrie. First, we must address long-term investment in the water supply, especially in situations such as this, where it may not be part of the mainstream investment programme but where something has gone wrong and is a potential if not an actual threat to public health.

Secondly, we must make the water boards much more accountable to the people they are supposed to serve; to the clientele. I agree with Donald Gorrie that the present structure is not accountable enough.

Thirdly, we must ensure that such problems receive a far faster response. As Michael Matheson pointed out, this is not a new problem. It has not arisen in the past six months since the Scottish Parliament was elected—it has existed for at least 10 years.

When she addresses the issue, I hope that the minister will take this as a template for the way in which to deal with situations where a much faster response than 10 years is needed. While the matter raises much bigger issues and exemplifies many of the bigger policy issues in relation to the water boards, I would make two points to the minister. First, I ask her to take action now on the Bo'ness supply. Secondly, we should learn the lessons for the future from this matter so that no other community in Scotland has to undergo a 10-year wait before its domestic water supply gets back to normal.

17:35

The Minister for Transport and the Environment (Sarah Boyack): I would like to thank the members who have remained in the chamber to listen to the debate. I would also like to thank Michael Matheson for raising the issue, as the debate has highlighted some important

questions that I would like to address. I want to make it absolutely clear at the outset that public health is a key concern for the Scottish Executive and for the water authorities.

That said, I want to talk through some of the points that Michael made. There has been a full study into the particular issue that he raised and an exchange of letters. Michael quoted from one of those letters, but he did so selectively. A series of samples have been taken and analysed. A consultant on public health medicine, who came into post only in February 1999 and can, therefore, be regarded as independent on the issue, examined a total of 30 samples. Only two of those gave unusually high readings—the original sample, to which Mr Matheson referred, and another taken in April this year. It is the consultant's view that, because all the other samples yielded normal results, the sample that was identified as not meeting standards might have given a false reading.

There has been a great deal of research into the issue and action has been taken.

Michael Matheson: Will the minister give way?

Sarah Boyack: No, I have only a few minutes and there are many points to answer.

Michael Matheson: I have a very important point to make.

The Deputy Presiding Officer: The minister has declined to give way.

Sarah Boyack: Thank you, Presiding Officer. I was very patient when listening to Mr Matheson. The letter to which I am referring is that of 15 November, which, I assume, is the same letter from which the member quoted.

The press release that was issued after the survey was carried out stated that

"there is no known harmful effect on health of the consumption of drinking water which has intermittently high levels of iron, manganese or aluminium".

The consultant spoke to a number of local residents and gave them the same information.

The critical issue that today's debate has raised is the need to ensure that people understand the process and have confidence in it. The issue of water supplies in Bo'ness has a long history, but it is not true to say that nothing has happened to address it. The water authority has acted to tackle the problem of water discoloration by scouring the pipes.

Donald Gorrie, Alex Neil and Cathy Peattie are right about the need to ensure that there is high investment in our water facilities. There have been attempts to deal with sediment that has built up by reorganising the pipe layout on Angus Road.

I am struck that Michael Connarty has taken up the issue on more than one occasion. Anyone who knows him will be aware that he is not the sort of person who can be fobbed off—he is a persistent character. Information that he has chased up has reassured him that there is no risk to public health, the only evidence of contamination being the sample that was taken in November 1998.

I would have hoped that the explanations that Mr Matheson has received, both from East of Scotland Water and from Forth Valley Health Board, would have reassured him that there is not a big problem with the water supply in Bo'ness.

Mr Neil is right to welcome the fact that we have had an opportunity to debate the issue. I should add that the matter was followed up by the Scottish Office after a series of complaints were made both to the local authority and to East of Scotland Water. The health authorities have been fully consulted. It is not just the water authority that has to account for itself—Forth Valley Health Board is involved, as well as the local authorities. There is a procedure that must be followed.

The water authorities are under a statutory obligation to produce an annual report on water quality in their area, and to submit that both to the local authorities and to the Executive. I stress that, if members of the public have concerns about their water supply, the water authorities will take samples from their tap and analyse them to ensure compliance with regulations. Customers will be informed of the results of that analysis. We also produce an annual report on the quality of drinking water, which was submitted to the Parliament's information centre and which I announced in a press release. I encourage members present to study that statement and to identify issues that they may wish to raise with me in the light of it.

Local authorities have a statutory duty to keep themselves informed about the quality of water supply in their areas. The water authorities are required to notify the local authorities, the health board and the Scottish Executive of any event that affects or is likely to affect the water supply in their area. There is a clear set of procedures.

I agree with the points that Donald Gorrie made about investment in public services. Significant investment is being made in East of Scotland Water to meet the requirements that are set by Europe and the Scottish Executive. However, I would dispute his comment that we have replaced Conservative councillors with Labour councillors. There is a process of applications, and local people—not just councillors—can apply to sit on water authorities. The appointments that were made this year showed an interesting mix of political backgrounds—the appointees were not all Labour members. The Water Industry Act 1999

gives us the transparency that Mr Gorrie and Mr Neil are looking for. We are in a period of transition: we have a new Parliament, new water legislation and a new water industry commissioner. We have the opportunity to get things right.

It is important that we make sure that when complaints are raised, they are followed up. The specific case that we are discussing today was checked by the Scottish Office earlier this year and officials have told me that they are satisfied that the correct approach was taken.

Water authorities have to hold regular meetings with consultants in public health medicine from the health boards in their supply area—it is not only people in the water authorities who are involved in discussions. If a water quality issue is thought to pose a threat to public health, those consultants have to advise the authorities on whether it is safe to continue using the water. If a hazard is thought likely to affect more than a small number of people, the consultants in public health medicine will advise that a multi-agency incident control team be set up to co-ordinate the investigation and management of the hazard. The primary aim of the incident control team is always to protect public health.

Operational support and advice is provided by the Scottish Centre for Infection and Environmental Health, which is frequently consulted by consultants in public health medicine and by local authority environmental health departments. The centre is satisfied that there is a clearly defined and effective mechanism for providing medical advice on water quality issues within Scotland.

Cathy Peattie raised a point about the way in which we test water. In this case, a problem with the way in which we test water has led to the debate. A water sample was collected and tested, but it was not collected in controlled circumstances. I am told that there must be a chain of custody. For instance, if someone was being tested for drugs, neither they nor any sample that they were required to provide would be left unsupervised. The same applies to testing for water quality.

We can never be complacent, but I am satisfied that the facts of the case that we are discussing have been examined and that there is no on-going pollution problem with the domestic water supply, nor is there a risk to public health. I am also satisfied that East of Scotland Water operated in an open and accountable manner and that there is no need for a review further to the review that has already been carried out.

I thank Mr Matheson for raising the issue because there is a need to ensure that local

issues are dealt with effectively and through the correct procedures.

Meeting closed at 17:44.

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