

MEETING OF THE PARLIAMENT

Wednesday 9 February 2000
(*Afternoon*)

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Scottish Parliament

Wednesday 9 February 2000

(Afternoon)

[THE PRESIDING OFFICER *opened the meeting at 14:30*]

Time for Reflection

The Presiding Officer (Sir David Steel): We welcome to lead our time for reflection today Reverend Susan Brown, minister of Dornoch cathedral.

Reverend Susan Brown (Minister of Dornoch Cathedral): I quote:

"Put all your trust in the Lord and do not rely on your own understanding. Think of him in all your ways, and he will smooth your path."

This weekend I walked with my dog along Dornoch's beautiful beach towards Embo. Because of the storms of 10 days ago, sand had been blown against the harbour wall at Embo creating a bank the length of the pier that rose to within a foot of the top of the wall. My dog, who had been enthusiastically chasing sticks, leapt up on to the pier after me and up the sand bank without stopping. Obviously not fully realising that it was the harbour wall, she leapt over what she thought was just a wee dyke. There was, I have to say, a yelp of surprise as she hit the water. Thankfully, though, she enjoys a good swim.

For you as MSPs and for your electorate, the setting up of the Scottish Parliament was as big a leap into the unknown as Embo pier was to my dog—a leap enthusiastically jumped at by some, and not quite so by others. Now you have all hit the water and the trick is to keep swimming. Do not let the fall into political reality paralyse you, and do not let your over-enthusiasm take you out of your depth. Remember what inspired you to enter politics, and allow that memory constantly to refresh and renew you in your work. Above all, remember the people whom you serve—their needs, their skills, their shared responsibility for this land. It was in their name that you leapt and it is for their sake that you now swim.

Let us pray.

Lord God, our heavenly Father, you hold us, this nation and this world in your hands and you call us to work with you in it. Grant us the courage to care as passionately as you do about those whom we serve and the communities in which they live. Make us responsive to the needs that we see around us, both of people and of the environment.

Teach us to listen, and when we grow weary in the task, rekindle in us that unquenchable fire that demands justice for all.

Almighty God, ruler of all the earth, bless, we pray, our land and all to whom she relates. Guide her wisely and guard her well. Direct, inspire and enthuse these her servants in all the tasks before them this and every day. So may your will be done on earth as it is in heaven. These things we ask in the name of Jesus Christ.

Now may the blessing of our gracious God grant you the courage to care, the energy to pursue what is right and the grace to acknowledge mistakes. Peace be to you and to this place, in the name of the Father and of the Son and of the Holy Spirit. Amen.

14:35

The Presiding Officer (Sir David Steel): I must inform members that because of a technical fault, 15 of the microphone voting consoles in the chamber will be out of operation during the whole of this afternoon's meeting. Those consoles are all in the back row: four on the Conservative benches, seven on the Labour benches and four on the Scottish National party benches. The Liberal Democrats and the three other members have escaped the affliction.

All the affected consoles are marked clearly and the microphone stems have been removed. Members will be able neither to speak nor to vote from the affected seats. I will deal with the arrangements for voting later this afternoon, when we come to that.

Members who wish to speak should occupy one of the unaffected seats. I ask colleagues to co-operate in making that possible.

The good news is that new equipment will arrive from Germany overnight, and we expect all the consoles in the main chamber to be fully functional for the start of tomorrow morning's meeting.

Dennis Canavan (Falkirk West): On a point of order, Sir David. I wrote to you on 4 February about a parliamentary news release of 2 February, which stated that a letter was to be issued by you to the Prime Minister, inviting him to visit the Parliament and to address a meeting of members. In my letter, I pointed out that paragraph 5 of rule 15.3 of the standing orders states that

"Any person may, on the invitation of the Parliament, address the Parliament."

but that parliamentary approval had not been sought for an invitation to the Prime Minister.

I thank you for your reply, which I received today. It stated that the Prime Minister had not been invited to address the Parliament, but that you had invited him to address a meeting of members, which—for convenience—will be held in the chamber. I am grateful to you for making it clear that the Prime Minister has not, in fact, been invited to address an official meeting of the Parliament, because the general impression was that such an invitation had been extended.

Can we have an assurance that normal parliamentary business will not be disrupted, and can you perhaps use your influence to ensure that there will be an opportunity for members to question the Prime Minister after his address? Some of us may wish to express our approval—or disapproval—of whatever he has to say.

The Presiding Officer: First, I am grateful to Mr Canavan, as always, for giving me notice of his point of order. Secondly, he is absolutely correct.

The Prime Minister has not been invited to address the Parliament in the terms of our standing orders, and the address will not be part of our official proceedings. The meeting could have been held either in one of the committee rooms or in the chamber; it will be held here, at a time when the Parliament is not meeting.

The arrangements have not yet been made and, because the meeting will not be a parliamentary proceeding, I cannot comment on what those arrangements will be. No doubt they will be announced in due course. I have no idea what the Prime Minister will want to do—whether he will want a question-and-answer session, or a speech, or whatever, is a matter for him and not for me.

Mr Duncan Hamilton (Highlands and Islands) (SNP): On a point of order.

The Presiding Officer: Is it the same point of order?

Mr Hamilton: It is similar.

Given that the situation is still fluid, would you perhaps consider that the speech should also be vetted, in line with what happened on the Parliament's opening day? Whether the meeting takes place in the chamber or not, will you give a clear commitment on the content and style of the speech, so that we can be absolutely sure that it will not be a party political rant from a Prime Minister who is trying to seek electoral advantage?

The Presiding Officer: As I explained, the meeting will not be part of parliamentary proceedings, so no point of order can arise from it. There can be plenty of points of argument about what might happen, but they should be directed to the Prime Minister, not to me.

Public Appointments

The Presiding Officer (Sir David Steel): The first item of business this afternoon is a statement by Jack McConnell on public appointments. Questions may be asked at the end, so there should be no interventions during the statement.

14:39

The Minister for Finance (Mr Jack McConnell): On behalf of the Scottish Executive, I am pleased to announce today the launch of our consultation on modernising the public appointments system in Scotland. Copies of the consultation paper will be available this afternoon.

As an Executive, we want to create a modern and dynamic society, in which people from all walks of life can play their part. "Partnership for Scotland" commits ministers to innovative government that is open, welcomes good ideas from whatever their source, and encourages participation.

Devolution was a crucial step in modernising Scotland's democracy. To continue that modernisation, we must look at all levels of government in Scotland, which must serve the people of Scotland and make real and lasting changes that benefit Scottish society. The consultation is yet another step towards that goal, but it is more than that: it sets out the Executive's commitment to achieving more diversity in public appointments and to making the boards of public bodies more representative of, and accountable to, Scotland as a whole.

Current appointments procedures were designed with Westminster and Whitehall in mind. The Nolan reforms of the mid-1990s and the establishment of an independent commissioner for public appointments have introduced greater objectivity, rigour and transparency into the process. But the Scottish Parliament and Executive are new institutions, designed for the 21st century.

There is a widespread desire in Scotland for a more open and accountable style of governance, and I believe that fundamental questions should be asked now to ensure that the arrangements for making appointments are consistent with the new context in which we were all elected.

The consultation that we embark upon today will canvass the views of individuals and organisations from across Scotland on the current system of appointments to non-departmental public bodies, often referred to as quangos.

This debate is not about the number of non-departmental public bodies, the number of

appointments or the responsibilities of those bodies. It is about who is appointed and how they are selected.

This is a listening exercise, but it is an exercise with a purpose. We want to improve the processes and systems that are currently in place for making public appointments, because we want to devise a system that enjoys the full confidence of the Scottish people.

In recent years, too many people have become disillusioned with a system that they view as providing little more than jobs for the boys. While not everyone views public appointments in that light, those concerns need to be addressed. We need transparency and we need to stimulate increased participation from a broader cross-section of society.

Rather than setting out preferred options for change, the Executive wishes to hear the views and opinions of as many people as possible before instituting reforms. We want to hear not only the views of members of the Parliament, but those of the people of Scotland. Responses to the consultation paper are being sought by 28 April.

Public bodies of various types play an important part in the governance of Scotland. They advise ministers and assist with the delivery of public services. Some carry out important regulatory and grant-making functions. Scottish ministers are responsible for almost 3,900 appointments to 187 bodies. Spending by public bodies amounts to more than £6.5 billion a year.

I want to pay tribute to those who currently serve on non-departmental public bodies and offer, on behalf of the Executive, our collective thanks to them. However, new confidence and trust in the system will enhance their work, diversity in appointment will improve their decisions and improved accountability will ensure that they fit into our new democracy.

The time is now right for a public discussion about who is and who should be appointed to the public bodies that come within the responsibility of the Scottish ministers. The system should aim to enjoy public confidence through being fair, open and transparent; be proportionate; provide clarity and structure; secure quality outcomes; encourage a wider range of people to apply for public appointments to reflect the diversity of Scottish life; and be accessible and informative.

With those objectives firmly in mind, the consultation paper asks some searching questions. Should the Parliament be involved in appointments made by the Executive and, if so, at what stage and in what way? Should a separate Scottish commissioner for public appointments be established? It seeks views on the role and appointment of independent assessors, including

consideration of whether the composition of appointments panels should vary according to the nature and type of appointments. It asks whether the targets inherited from the Scottish Office for achieving greater representation in public appointments are relevant. More generally, it asks what more can be done to encourage women, disabled people and people from ethnic minorities to apply for public appointment.

The paper also addresses other issues, such as the type and level of payment for public service. The vast majority of people who serve on public bodies give their time freely without any financial reward. Some receive a salary, while others receive a daily attendance fee. I believe that the time is right to seek views on what levels of payment and what types of payment best fit those responsibilities.

Ultimately, ministers are accountable for appointing those who serve on Scotland's public bodies, but the role of MSPs in the Parliament and the involvement of independent advisers should be addressed. Increasing the role of independent advisers and extending the range of people serving in that role must be considered. In this Parliament, we should set out to build an open and transparent partnership between members and ministers without deterring new and suitable candidates from coming forward.

The Executive is determined to do more to improve the diversity of appointments. We want to boost the number of women, people from ethnic minority backgrounds and people with disabilities who are appointed. Past experience has been disappointing. For example, 75 per cent of all appointments to Executive non-departmental public bodies are men and 70 per cent of appointments to advisory non-departmental public bodies are men. Only in the case of national health service bodies and tribunals have efforts at attaining a more reasonable gender balance been successful.

In other areas, such as the appointment of members from ethnic minority backgrounds and people with disabilities, the success rate has been poor. The Scottish Executive inherited several key targets that had been set by previous ministers to tackle the problem of under-representation. Perhaps those targets need to change too, and the consultation paper addresses that.

The Executive will pursue a more proactive approach to encourage more potential candidates from a wider cross-section of society. For example, information on public appointments will be distributed more widely. The Executive is working with the Office of the Commissioner for Public Appointments on plans for a public appointments week later this year.

Members and other elected representatives will be encouraged to identify individuals who might be able to contribute to the running of Scotland's public bodies. My colleague Susan Deacon, the Minister for Health and Community Care, recently wrote to all members, inviting them to submit names of people from their areas who might be equipped to serve on national health service bodies. Susan Deacon also wrote to various other organisations, and has prepared a range of material that sets out clearly and explicitly what is expected of those who are appointed. We want to repeat that kind of exercise elsewhere.

"Partnership for Scotland" stated that the Executive would encourage the Parliament to review and monitor public appointments to ensure the highest standards of accountability and effectiveness in public life. The consultation exercise that is being launched today demonstrates our willingness to take a fundamental look at the public appointments system. We are not prescribing particular changes, but ministers want to modernise the appointment procedures so that they are fit for purpose in the new Scotland. Scotland is a richly diverse nation and, as the consultation paper makes clear, that diversity should be reflected in the people who sit on the boards of our public bodies.

Duncan McNeil, Keith Harding and others have set a trend in the chamber by announcing the births of their grandchildren. I want to exploit that today, by congratulating my daughter Hannah on her 21st birthday, which was yesterday. I want her to live her adult life in a Scotland where her generation has more confidence in public appointments than my generation had at the same age. Today we are making a move in that direction, and I look forward to the debate in the months ahead.

The Presiding Officer: I thank the minister for coming in under time on his ministerial statement—that is something of a record. I call Alex Neil to ask the first question.

Alex Neil (Central Scotland) (SNP): I also wish Hannah many happy returns. I thank the minister for the provision of an advance copy of the statement, which was helpful, and give a general welcome to the principles that it contains. In particular, I welcome the pledge to encourage more women, disabled people and people from ethnic minority communities to participate in the public sector and in public appointments.

There are three issues that I would like the minister to address. First, will he consider conducting a parallel review of the number of quangos that exist in Scotland? The spending figure for those quangos is almost equivalent to what local authorities throughout Scotland spend

in a year—£6.5 billion. Although we welcome the review, we think that there is a need for a fundamental cull of quangos in Scotland.

Secondly, will the minister address in detail the role of the Parliament? As he knows, we would welcome the introduction of US Senate-style powers to this Parliament, so that, when controversial nominations are made, the Parliament has a role to play and can ensure that those who are running the quangos and other public agencies are of the right calibre to do so.

Thirdly, will the minister tell us which quangos will be covered in the report? Will nationalised industries such as Caledonian MacBrayne come under that regime? It is our opinion that they should. Will the judiciary come under that regime or a separate review? We are all agreed that we must put an end to the old boys' network that operates in the judiciary in Scotland. Finally, will he include the special advisers—regarding their appointments, although he will have no power over their dismissals or resignations? Finally—

The Presiding Officer: That is two finallys.

Alex Neil: Last week, we heard that one person who chairs two quangos holds 14 directorships. How can anyone run two major public organisations at the same time as being on 12 other boards?

Mr McConnell: It is just as well that I cut short my statement to allow Mr Neil to ask a record number of questions, all of which I am delighted to try and answer.

We should not limit our review of the number, range and responsibilities of quangos in Scotland to a consultation over a two or three-month period. It should be an on-going process in which the Executive and the Parliament are constantly involved. Before the establishment of this Parliament and the Executive, there was a dramatic reduction in the number of NHS trusts in Scotland under the previous Scottish Office. In the past six months, it has been announced that the board of Scottish Homes is to go, as part of its change to executive agency status. Today, my colleague Mr McLeish will announce a review of the role and responsibilities of the local enterprise network. Such reviews go on and on; all the different public bodies have a regular process of review and it is only right and proper to view all those reviews on their own merits each time. Although we will retain bodies that have a clear function and can provide a service for Scotland, we will amend, abolish—if necessary—review and change where changes are required.

It is neither my view, nor the view of other ministers, that we should have a confrontational style of confirmation hearings in the Parliament or elsewhere for the chairs or other members of

NDPBs. However, we want to conduct a dialogue and have a consultation on how best the Parliament and the Executive can work together on the issue. We have not put constraints on such a process in the consultation paper and are keen to get opinions from across Scotland. We have to make sure that, whatever the Parliament's involvement in Scotland's appointments to public bodies, its scrutiny and transparency does not deter people from all walks of life—not just those who might be in positions of confidentiality in business or elsewhere—from applying for positions. Part of the consultation's purpose is to get that balance right.

I can confirm that this consultation and its recommendations will cover all Scotland's bodies, including the nationalised industries. However, it will not cover the judiciary; and, no doubt to Mr Neil's great disappointment, it will not cover the special advisers either, although I am sure that they will not lose too much sleep over that.

At the moment, there are people across Scotland—Mr Neil mentioned one in particular—who do a great job on behalf of their communities. However, everyone in Scotland who currently serves on a public body suffers from the problem of public confidence in those bodies, which is an issue that the consultation is designed to address. Mr Neil's questions about particular appointments in the past will, I hope, be addressed in the future by our constructively reaching conclusions that will help the situation.

The Presiding Officer: The audio operators have told me that half a dozen members have not put their cards into their consoles. Members should remember that, without doing that, they do not exist.

As a great many members wish to ask questions, short questions and answers would be much appreciated.

Miss Annabel Goldie (West of Scotland) (Con): I am still recovering from the spasm of thinking that Mr McConnell was going to tell us that he was a grandfather, which would have made me look at policemen in a completely different light.

On behalf of the Conservatives, I thank the minister for his statement, which is genuinely received with favour. I am pleased to hear him say that he wants to investigate a system that has perhaps attracted the criticism of creating jobs for the boys. Speaking for my own sex, I should say that jobs for the boys is of little interest; jobs for the Labour boys—perish the thought—is of even less interest.

In his statement, the minister listed the objectives of the system, one of which is to

"enjoy public confidence through being fair, open and transparent".

Does the minister agree that we should concentrate on merit when enlisting anyone into a quango and that an important criterion of enlistment should be their added value to that quango? Furthermore, does he agree that, given how some quangos operate and the people who serve on them, there should be a monitoring process for whatever system is devised? For example, the champions for change initiative has been launched with a great brouhaha. I do not know what it has achieved, although Brian Souter and Ruth Mackenzie have been very busy recently. There is a need for public information and public reassurance that personnel on quangos are performing and continuing to add value and make a contribution.

Mr McConnell: I assure Annabel Goldie that any spasms that she might have had if somebody had announced today that I was a grandfather would have been nothing compared with mine—in any case, I thank her for her comments.

I agree that appointing truly on merit adds value to the work of public bodies and of Government in Scotland. Many people who do not want to serve in elected public life can do so in other ways on a voluntary or paid basis. Selection on merit can mean many things; I want it to mean a diverse selection on merit, in which people are selected not because of a preconceived notion from a long time ago about the kind of people who can serve on these bodies, but because of what our modern society expects from public services and the people who make decisions about them.

I am also keen on monitoring. The consultation paper contains a specific passage about the possibility of appointing a Scottish commissioner for public appointments and the role of such a post. The way in which decisions are made must be constantly monitored to ensure that the system works in practice and that we learn lessons from previous appointments. It is equally important that there be openness and transparency so that Scotland can monitor the decisions that are made by this Parliament and by ministers.

Champions for change is not a quango. It is important to stress that the process we are discussing relates to appointments to the official public bodies of Scotland, and not to occasional individual appointments that may be made by parliamentary committees or by ministers.

The Presiding Officer: It will not be possible for all 14 members who want to ask questions to do so. I ask members to keep questions brief.

Mr Keith Raffan (Mid Scotland and Fife) (LD): I welcome the minister's statement. Does he agree that for public appointments to be above reproach,

they must be made on the basis not just of merit and proven ability, but of obvious expertise and significant experience? They should be based not on whom one knows, or which political party one belongs to, but on the quality of one's track record.

To introduce the greater objectivity, rigour and transparency that we all seek, will the minister give serious consideration to having an official record of potential candidates that is independently assessed; a high-profile campaign to involve more women, disabled people, and people from ethnic and other minorities; and constructive—not confrontational—confirmation hearings before parliamentary committees for major appointments?

Mr McConnell: I will not prejudge the consultation on some of the more substantive issues. I want to ensure that we appoint on merit people who are able to carry out the required duties and who bring a range of experiences and talents to bear on our different public bodies. I also want to ensure that there is a serious, concerted effort—not just a one-off high-profile campaign to get a few headlines—to improve the number and range of people coming forward.

As well as launching the consultation paper, I have published today the annual report on appointments, which contains the kind of register of recent appointments to which Mr Raffan refers. In future, we want to ensure that not only is there an independent assessment of appointments that have been made but that there is a firmer independent role in appointments as they are being made. The consultation paper addresses that issue.

Marilyn Livingstone (Kirkcaldy) (Lab): I welcome the minister's statement and the commitment to encourage more women and people from ethnic backgrounds to take up public appointments. Will the minister clarify what is being done at present? Are there any statistics showing the backgrounds of people who take up public appointments?

Mr McConnell: A monitoring exercise has been going on to assess the success of the targets that were set in 1997-98 to improve the representation of women, in particular, and of people from ethnic minority backgrounds. This consultation needs to review those targets.

We also need to consider specific efforts to examine the range of people coming forward in relation to geography, social background, current economic status and so on. This is not about political correctness, but about getting a wide range of people with a wide range of expertise to assist our decision making. Constant monitoring and evaluation will help in that process.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): On Saturday, a constituent came to ask me why the criteria for the guidelines for selection to serve on the water industry consultative committee exclude him, as somebody who was recently working in the industry. His point was that he has substantial knowledge to offer, at a time when the minister is aware of grave concern in the north of Scotland about increases in water charges of 51 per cent over the next two years. Would the minister extend the scope of the inquiry to include the criteria that govern public appointments as well as the appointments themselves?

Mr McConnell: Yes.

The Presiding Officer: Excellent.

Richard Lochhead (North-East Scotland) (SNP): I, too, welcome the minister's statement. However, he may be aware that the current chairman of the North of Scotland Water Authority, Colin Rennie, was appointed to the board by virtue of his position as a Labour representative on Dundee City Council. He was deselected by his local party in Dundee but continues to hold his position, earning more than £26,000 a year, plus expenses, for a two-day week. What measures does the minister plan to introduce to ensure that water consumers in NoSWA's area are able to remove the chairman of the board, if they so wish, and to follow the example set by the Labour party in Dundee?

Mr McConnell: The purpose of the consultation exercise is to try to have a serious debate about the future of public appointments in Scotland—[MEMBERS: "Hear, hear."]—rather than to have some cheap point-scoring exercise for the next 10 weeks that distorts the position of individual members. From close observation in recent months, I can tell members about the work that is being done by that particular chair of a public body, to try to ensure a turnaround in its affairs, and to serve the people of the north of Scotland much better than was the case in the past. I hope that we can encourage that sort of practice in the future.

One of the reasons for ensuring that the consultation takes place and for improving the transparency of the system is to avoid similar cheap points being made in future about any appointment. Every appointment should be made on merit and should be seen to be made on merit.

Johann Lamont (Glasgow Pollok) (Lab): I welcome the statement and its recognition, long understood by the Labour party and the Labour movement, that when there is diversity among decision makers, the needs of the broad range of groups in society are more likely to be met in decision making.

I ask in particular that there should be an emphasis in discussions on the importance of challenging the assumptions about what constitutes merit, ability and talent. After all, if we asked a range of white, middle-class, middle-aged men what constitutes talent, they would probably give us their curriculum vitae.

I hope members agree that this is not just an issue about fairness, but that it is an opportunity to tap into the huge, underused resource of talent in our local communities, particularly among women, which sustains communities and local organisations, often in difficult circumstances.

Mr McConnell: Those points are well made. I can confirm that, as part of the consultation process, we intend to hold a series of meetings, some of them in conjunction with other ministers, with groups that are currently under-represented. Those discussions will consider not only how to encourage more applications or how to ensure that there are more appointments, but the criteria and the method of selection, and how to ensure that when people are selected, it is on the basis of a wide range of experiences of equal value, rather than the preconceptions of the past.

The Presiding Officer: Hugh Henry.

Hugh Henry (Paisley South) (Lab): My question has already been asked.

The Presiding Officer: Tavish Scott.

Tavish Scott (Shetland) (LD): On the theme of merit that he mentioned earlier, does the minister recognise that there are important differences across Scotland, in the roles that different bodies play? In this process, he needs to consider carefully those regional differences, as well as what is there already.

Does the minister recognise, for example, that there is no one on the current board of the Scottish Environment Protection Agency from north of the Highland line, despite the role that that body plays for industries north of that line? Does he recognise that there are well-documented concerns about the chairmanship of Caledonian MacBrayne, and that there seem to be concerns about some members of the board of Highlands and Islands Airports, in regard to the roles that they have played in the past? We must therefore make this process much better and more transparent.

Mr McConnell: While I do not necessarily wish to concur with any of the comments made by Tavish Scott on individual appointments, it is important that we achieve a balance across a range of criteria, including experience as well as geography and that, at the end of the day, we ensure that, throughout Scotland, people who want to serve in public life have an opportunity to

do so. There is sometimes a perception that the people who serve on our public bodies come from certain exclusive groups, often based here in Edinburgh. We want to break that image once and for all. We must ensure that there is confidence in every part of Scotland that our public bodies represent everyone who lives in Scotland.

Paul Martin (Glasgow Springburn) (Lab): I thank the minister for his proposals. Will he confirm that he will seek applications from the unpaid local heroes in organisations such as tenants associations, housing associations and health councils? I also ask him not to rule out the possibility of electing applicants.

Mr McConnell: I would not want to rule that out at all—it is important that we have an open and constructive debate. It is also important that we recognise talents and experience from a range of different sources. I would like to see people from the boards of directors of Scotland's most successful companies volunteering to serve on our public bodies. I would also like to see people whose experience has been on school boards putting themselves forward, because we recognise that that is also a valid experience.

I support Paul Martin's points about encouraging a range of people from different backgrounds to come forward. In particular, I would like people who are currently in work to find serving on public bodies as accessible as do those who have retired or who have more flexible working lives.

Lewis Macdonald (Aberdeen Central) (Lab): Following on from that question, will the minister tell us how he intends in the consultation process to address the question of involving younger people and those with family responsibilities in some of the public bodies, given that those bodies make decisions affecting families, but tend to have input mainly from people who are retired or who have specific business experience?

Mr McConnell: Given what I have said about my daughter, I had better be careful about talking about 21-year-olds getting places on quangos, or I will be accused of cronyism. It is important that young people in Scotland have a chance to exercise their voice. That does not always have to be through formal membership of organisations and bodies—it might be achieved through those bodies carrying out proper consultative processes with young people.

In the course of the next 10 weeks, I hope to have a dedicated consultation with the youth groups in Scotland that were so active in the youth parliament that met around the time of the launch of the Scottish Parliament last year. We might discuss how young people can learn about public bodies, get involved, serve on them or be trained to take part in future. Such participation will benefit

the whole of Scotland.

Fiona McLeod (West of Scotland) (SNP): I am concerned by the minister's answer. Young people have a lot to offer us and I would like young people to be included on the list of people whom the Executive is trying to bring on board. We do not have young people on quangos and we must put them on the list to encourage them to apply for public appointment.

Mr McConnell: I thought that I had made that clear. For the avoidance of doubt, I will confirm that I concur with those comments.

Dennis Canavan (Falkirk West): In view of the allegations of cronyism surrounding many public appointments, will the minister publish the political affiliations of appointees who are members of political parties? Will he seriously consider giving a role to a committee of the Parliament in scrutinising all public appointments?

Is it not about time that the great quango collector, "Bomber" Robertson, was brought back from NATO to explain to us what happened to his great commitment to a bonfire of the quangos on day one of a Labour Government?

Mr McConnell: As I have already said, there have been significant changes to some of the most important bodies in Scotland. The number of health trusts has been dramatically reduced, Scottish Homes has been identified for change by the Minister for Communities and other reviews and changes will happen on a case-by-case basis.

It would be appropriate to consider the other issues raised by Mr Canavan during the consultation process. That is what consultation is all about.

Mr John McAllion (Dundee East) (Lab): I come from a long sporting tradition of calling for boards to be sacked and believe that that fine tradition should be resurrected after the sad events at Parkhead last night.

Recently, an unelected health board discounted a petition before it had been actively considered by this elected Parliament. Will serious consideration be given to getting rid of unelected boards altogether—at least in the health service—and introducing some form of election into the health service for the first time? That was the policy of the Scottish Labour party not all that long ago.

Mr McConnell: As I said, the nature and number of public bodies and their responsibilities is not part of the consultation exercise. Individual debates will take place in the Parliament and elsewhere over the months and years ahead about a range of public bodies and their future worth to Scotland.

The consultation exercise is about who is appointed, who appoints them and the selection process. It is a vital part of our job as both an Executive and a Parliament that, towards the end of our first year, we consider the selection process as it currently stands. Regardless of how many public bodies exist in future in Scotland, we must get right the selection and appointment system, doing so in the best interests of the people whom we represent.

The Presiding Officer: Two members have dropped out of my list. I will take questions from the remaining three members, if they are quick.

Mr John Munro (Ross, Skye and Inverness West) (LD): Much of my question has been answered already. I thank the minister for addressing and highlighting in the chamber today the problems with public appointments.

Much of what I was going to say was on the question of CalMac, on which we have heard quite a bit already.

The Presiding Officer: As I have said before, it is not compulsory to ask a question.

Mr Munro: Will the minister ensure that future appointments to the board and executive of CalMac will be subject to democratic scrutiny and representative of the areas served by the company? In regard to communities' support for and confidence in the company, will he further consider relocating CalMac's administrative offices to a location that—

The Presiding Officer: That question is outwith the scope of the minister's statement.

Mr McConnell: Much as I am happy to extend the powers of the Minister for Finance, I think that I would be pushing it this afternoon if I extended them to such decisions.

However, we want to ensure that public appointments are based on merit. Local knowledge is a vital part of that approach, as are experience and a range of other qualities. We can ensure such an approach if we handle the consultation exercise properly. I am sure that John Farquhar Munro's points will be made during that consultation.

Dorothy-Grace Elder (Glasgow) (SNP): I welcome the minister's attempts to avoid discrimination, but I would add a plea that in public appointments there should be no age discrimination against either older or younger people.

Will the minister guarantee that, one day, this Parliament will scrutinise all major quango appointments, which seems to me to be the only fair, democratic approach?

There should be a cull of quangos. They are

extremely unpopular, yet they control £6.5 billion of public expenditure. Does the minister agree that he should accelerate that famed bonfire of the quangos by finding the matches at last?

Mr McConnell: The points made by Dorothy-Grace Elder can be made during the consultation period. The questions are designed to address those very issues, on which I am sure that we will hear a variety of views during the consultation period.

Dr Richard Simpson (Ochil) (Lab): Out of the 4,000 quango appointees, how many are disabled persons? What targets were set for disabled appointees?

Will the minister consider sponsoring further pre-application training, particularly for under-represented groups? There is a wealth of talent out there, but people do not have the same self-confidence to come forward as middle-aged, white males—as Johann Lamont has just reminded me. *[Laughter.]*

Will the question of the accountability of quangos, which arises in many committees and which may not be part of the consultation exercise, be considered separately? If so, when?

Mr McConnell: Dr Simpson's first two points are addressed in the consultation document, which is available this afternoon. His third point is not within the scope of the consultation exercise, but I am sure that committees and ministers will address it in the months and years ahead.

Knowledge Economy

The Presiding Officer (Sir David Steel): The next item of business is motion S1M-508, in the name of Nicol Stephen, on the knowledge economy, and amendments to that motion.

It would be helpful if members who wish to take part in the debate would press their buttons now, so that we can assess how many wish to speak.

15:15

The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen): Scotland's economic future depends on the knowledge of its people. That sounds simple, but it is worth repeating: Scotland's success depends on the knowledge of each and every one of us, and especially on the knowledge of young people—each and every student and each and every child.

There have been major changes in Scotland over the past 50 years, from a reliance on heavy manufacturing, with industries such as shipbuilding, to the new industries such as electronics and biotechnology. The scale of that change can be underscored by one statistic: in 1997, electronics accounted for more than half of Scottish manufacturing exports. That dramatic pace of change will not slow; indeed, it will intensify. Product cycle times have moved from years to months to weeks. Companies that traditionally developed a handful of new products a year now have an average of more than one a week. Those are the new global realities that we have to contend with; in that environment, Scotland's economic future depends on our ability to change—to change enough, and to change fast enough.

Much has been made of the importance of vision, but vision is the starting point. On its own, it is not enough. We also have to deliver, and in doing so, fierce willpower means more than fine words. Fierce willpower is what we as a nation show. On vision above all other issues, it is crucial, now more than ever, to work together in partnership, if I may use a good political slogan. That is not as trite or simple as it sometimes sounds.

If Ford, Seat and Volkswagen can collaborate to produce their new people carrier, and if Mr Jobs of Apple and Mr Gates of Microsoft can announce a strategic alliance, surely we—all of us in this chamber, all parties and all of us in business, industry, government, universities, schools and colleges in Scotland—can set aside differences and unite on this matter.

To be competitive, Scotland needs to make the

most of its science and research base: the creativity, skills and ingenuity of its work force and the entrepreneurial flair of its businesses. In the future, the main source of value and competitive advantage will be human and intellectual capital. The scale of the challenge and of that shift is huge.

We should consider the hundreds of thousands of graduates being produced each year in emerging economies such as Russia, India, China and Brazil. Even if we assume that only a tiny fraction of those individuals are brilliant, talented people, which is probably a grave, hugely complacent underestimate, we still have massive and increasing global competition.

In the future, we will not compete on low-skill, low-margin, high-volume production. Where we can compete is in talent, creativity, innovation and passion. To succeed, we must break away from the norm and change the way in which we do things. We must focus as never before on the skills, learning and knowledge of every person in Scotland. That was the thinking behind the creation of the enterprise and lifelong learning department: to bring together enterprise and industry and our universities and colleges with lifelong learning.

We are not coming to this cold, nor are we working in isolation, but the new Parliament, the new department and the Enterprise and Lifelong Learning Committee—and, indeed, this debate—all emphasise that we must still do much more.

The task force established last year by Lord Macdonald of Tradeston has highlighted such issues as the interface between our academic institutions and industry and the greater commercialisation of research. The UK Government has also stressed the significance of the knowledge economy with new initiatives such as the new tax credit for research and development by small and medium-sized enterprises.

A new urgency and momentum is crucial, however. On 17 January, Henry McLeish announced the membership of the new knowledge economy task force. Its first meeting took place on 26 January, and we expect an initial report by April of this year.

The knowledge economy cuts across usual departmental lines; it is a classic cross-cutting, joined-up-government issue. Other groups, such as digital Scotland, the science strategy group and the manufacturing strategy group, are closely involved. I give the assurance that co-operation and co-ordination between those groups are an important priority. The same applies to co-operation with our colleagues in Wales—where interesting things are happening today—Northern

Ireland and the UK Government. I welcome the fact that the first joint ministerial committee on the knowledge economy is to meet next week, here in Edinburgh. That is significant.

The issue is not simply, or even mainly, one of big government. The greatest potential lies with our small and medium-sized businesses, which must be our priority. We have set ourselves the target of starting 100,000 new businesses over the next 10 years, and we must increase our business birth rate. The knowledge economy is already helping to drive a surge of new businesses and new jobs.

Over the past few years, there has been a step change in the quantity and quality of commercialisation activity right across Scotland. Companies such as Kymata are working with technology spun out from the University of Glasgow; Remedios in Aberdeen and Cyclacel Ltd in Dundee have developed similar links. A range of new initiatives is reinforcing the drive for greater commercialisation. A bid under the science enterprise challenge for a centre for enterprise in Scotland has secured £4 million of new funding. That will help to bring an entrepreneurial culture to staff and students in our universities and colleges; it will help to bring new entrepreneurs and entrepreneurship into the centre of academic life. Last October, Henry McLeish launched the £11 million proof of concept funding. Working with Scottish Enterprise's cluster teams, we will use that money to help universities and research institutes throughout Scotland to bring new products and processes to the marketplace.

Partnership was also evident in the launch on 31 January of the Technology Ventures Scotland initiative to promote and accelerate the commercialisation of science and technology. John McLelland, formerly a senior manager with IBM and Digital and now the chief executive of 3Com International, has agreed to be chairman of that important new body.

Mention of John McLelland and high technology leads me to the issue of the digital revolution and the importance of e-commerce. E-commerce is transforming the global economy and has huge implications for a nation such as Scotland. We talk about being on the geographical periphery of Europe, but I have often wondered about that. Who would have chosen to put a company such as Boeing or Microsoft in Seattle? However, the impact of e-commerce is even more dramatic than that. Who here can tell me where amazon.com operates from? From north America, yes—but from which city?

Mr John Swinney (North Tayside) (SNP): I must turn down the minister's tempting offer to us to tell him where amazon.com is located. Is he aware of the press speculation about the way in

which localities of Scotland have been consumed by internet predators? If a website were to be registered in the village of Weem in my constituency under the name weem.co.uk, an enormous surcharge would have to be paid to an internet company. Does the minister think that that is an acceptable use of the internet, or do we need to do something to protect the genuine community-based organisations that could be created in our localities?

Nicol Stephen: I am aware of that and have heard the stories in the media, one of which suggested that the ending .co.uk may soon be overtaken by new endings for internet addresses, so that the person who has bought up all those location addresses may have wasted money. However, some individuals have made millions out of a single internet address. That shows the added value focused on the industry and the importance of business opportunities through the internet. It helps to underscore the point that I was making—with the right approach to the internet, opportunities can be seized from any location.

David Mundell (South of Scotland) (Con): Does the minister share my concern that only 8 per cent of small and medium-sized businesses in Scotland are currently trading on the internet? Does he agree with some commentators that the Scottish Executive and the UK Government in general could do more to encourage that by using electronic procurement more?

Nicol Stephen: I was coming to that; I agree that we must do more. I think that David Mundell's statistic comes from the 1999 Scottish Enterprise benchmarking study, which showed that, while our larger companies are keeping pace with international competition, smaller companies are lagging behind. That is why Henry McLeish will be launching an e-commerce strategy for Scotland later this month. Members of the Enterprise and Lifelong Learning Committee have already seen an early draft of the strategy. We are determined to put Scotland at the forefront of the e-commerce revolution and we realise that small and medium-sized companies are a priority.

Johann Lamont (Glasgow Pollok) (Lab): Is the minister aware of, or would he be willing to investigate, some of the proposals for bringing a social inclusion perspective to developing e-commerce, so that it is not left to those who want to make a fast buck, with no trace of benefit to anyone else? Will he look at the potential for a public sector body committed to software development—the expensive part—so that we could all share software for free or at low cost? That would have the spin-off of harnessing all the talents of all the people in our communities.

Nicol Stephen: We would of course be delighted to look at those proposals. We want to

consider a range of new initiatives. The internet, fortunately, is very much about the individual; because of its devolved structure, it places local communities and initiatives at an advantage. Freeware and shareware are already part of the culture of the industry.

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

Nicol Stephen: I must move on, as I am rapidly running out of time—I apologise.

Work is already being done. Thanks to the private sector and Scottish Enterprise working together, Scotland now has an internet exchange, which will provide the high bandwidth at low cost that is essential for Scottish companies. It is the sort of infrastructure investment that has driven the expansion of high-tech companies in places such as Palo Alto in California.

We have a huge advantage in the multinational electronics and communication companies that are already based in Scotland and in our world-class universities and colleges.

Government also has a vital role to play. The Executive has established a digital Scotland ministerial committee and task force to look at digital technologies and their effect on government. As part of that, the Minister for Finance, Jack McConnell, recently announced the establishment of a procurement supervisory board to oversee procurement strategy across the Scottish Executive. It spends around £500 million on a wide range of goods and services and I am pleased to announce that the board has been asked to set a date by which the Executive's purchasing and procurement transactions will be switched to e-commerce. I hope that that target date will be not only achievable but ambitious. As a small nation, we should be able to set ambitious targets and to be more flexible and fleet of foot.

I can think of no one measure that the Government could take that could do more to encourage small businesses to benefit from the internet. Government in Scotland is determined to play its part in kick-starting the e-commerce revolution.

Fiona McLeod (West of Scotland) (SNP) *rose—*

Nicol Stephen: I still want to open up the debate so, because of time pressures, I will have to proceed.

The knowledge economy is not only about electronics, e-commerce and the internet. The 21st century may be dominated by other industries, such as biotechnology, in the same way that the latter half of the 20th century was dominated by the IBMs, the Apples and the Microsofts. With biotechnology companies such as PPL

Therapeutics—the creators of Dolly the sheep—and Cyclacel Ltd in Dundee, Scotland is already recognised as a world leader. The launch by Scottish Enterprise of the biotechnology cluster group is of huge significance but, whatever new industries emerge in this new century, it will be crucial to them all to have the right people with the right skills and training.

A lifelong job will no longer be possible, but lifelong learning will be. A great deal is being done by the Executive: a Scottish university for industry will be created later this year; a national grid for learning will link our education system and libraries in a broad-band network; we are funding 42,000 additional places in further and higher education; £50 million extra each year is being injected into student support; we are doubling the number of modern apprenticeships to 20,000; and 100,000 new individual learning accounts are due to be established in Scotland by 2002.

As I said at the beginning of my speech, ministers in the Scottish Executive have a vision of Scotland as a modern, dynamic and prosperous knowledge-based economy. We want Scotland to be more enterprising, more innovative, more competitive, better educated and better prepared for the future. I am confident that, working together in this chamber and, more important, with those beyond it, we can deliver.

I move,

That the Parliament recognises that our future prosperity depends upon success in taking up the challenges and opportunities of the knowledge economy and that the building of a knowledge economy, which has as its hallmarks lifelong learning, knowledge, skills, innovation, enterprise and social justice for all, is essential to a modern and more prosperous Scotland.

15:32

Mr John Swinney (North Tayside) (SNP): The minister concluded his remarks by talking about the need for us to work together. I have to tell him that, earlier today, the leader of his party and I worked closely together, both of us benefiting from new technology. Mr Wallace started it all off by showing me a pager message that he had received, which advised me that Alun Michael had just resigned as First Secretary of the National Assembly for Wales. Shortly after that, I reciprocated with more good news from my pager, which was that the Scottish Grand Committee has been recalled to Westminster for 29 February. That led to a cumulative raising of the level of happiness and joy of those of us who are Westminster MPs as well as MSPs.

The Deputy First Minister and Minister for Justice (Mr Jim Wallace): Does Mr Swinney think that it would be appropriate for the Scottish Grand Committee to meet every leap day, and that he

should restrict himself to those meetings?

Mr Swinney: That would be far too ambitious a meeting programme for the future of the Scottish Grand Committee.

We agree with much of what Nicol Stephen said, and we share much common ground. I would like to emphasise the fact—I have made this point on a number of occasions—that we support the creation of an enterprise and lifelong learning department, because it signifies clearly the inextricable link with the skills and lifelong learning environment that there must be at the heart of economic and enterprise development. We welcome that development.

If this debate had taken place at the other end of George IV Bridge in the debating chamber of Edinburgh University Union 10 or 15 years ago, when I had more hair—the number of years increases every time that I mention that—and we were debating the motion “This house believes the knowledge economy to be a good thing,” I suspect that we would all have been on the same side of the argument. We all believe that the knowledge economy is a good thing, but this debate is about probing to see how far along the road to developing the knowledge economy we are, and how effective the mechanisms and measures implemented by the Government have been in guaranteeing that we are in a position to realise some of the ambitions to which the minister referred.

David Mundell: Does the member agree that one of the other purposes of this debate is to get a shared definition of the knowledge economy? One of the problems that we face in Scotland is that, although the phrase “knowledge economy” is bandied about, there is not necessarily a shared understanding of what it means.

Mr Swinney: If I were a conspiracy theorist, I would suspect that Mr Mundell had been looking through my finely crafted speech and had discovered that I was about to say that the Scottish Parliament information centre had provided us in one of its papers with a definition of the knowledge economy. Not being a conspiracy theorist, I do not imagine that that is the case, but I will come on to his point.

Not for the first time, the information centre has provided us with an interesting briefing document. The briefing includes a definition of the knowledge economy from a 1998 Department of Trade and Industry paper, which states:

“Authors have tried to describe aspects of the changes affecting modern economies in different ways. Terms such as de-industrialisation, globalisation, the information age, the digital or weightless economy all capture elements of what we observe. The knowledge driven economy is a more general phenomenon, encompassing the exploitation and use of knowledge in all production and service

activities, not just those sometimes classified as high-tech or knowledge intensive.”

I want to develop the idea of the

“use of knowledge in all production and service activities”

as the theme of my comments today, because it goes to the heart of David Mundell’s question to the minister about SMEs’ awareness of and participation in trading on the internet. It also goes to the heart of Johann Lamont’s point about how more community-based organisations could find a focus for many of their activities through a publicly driven initiative to capture some of the energy that is undoubtedly going into e-commerce—she made an interesting point, about which a lot more could be said.

My central contention is that we must ensure that we can translate that definition of the knowledge economy—and all that it means—into a reality at the heart of all of Scotland’s business and commercial activity as well as at the heart of the personal and learning environment in which individuals participate.

To do that, the Government’s preparations for the process must be coherent. The minister and I have clashed on this point in the past. I do not take the view that the Government must do everything—I would never suggest that that is the case—but, if we want to engineer a change in our economic base, the Government must do something pretty decisive and show sharp leadership.

I am afraid, therefore, that I must return to some of the things that I have said in previous debates on manufacturing, the Scottish university for industry and the modernisation of the Scottish economy. I do not see much coherence in the Government’s approach to the exercise.

When I quoted from the DTI paper, I wanted to illustrate the fact that its definition of the knowledge economy suggested that preparations had to encompass all aspects of the Government’s work. In many ways, the Government appears to be taking a plethora of approaches, whether to the digital Scotland task force or to other initiatives on competitiveness or technology.

I hope that the minister will be able to reassure us that the Government’s work will be drawn together, because some of Mr McLeish’s answers to questions from David Mundell—whose thunder I do not want to steal—suggest that some of the links between aspects of Government activity are entirely dependent on individuals’ membership of task forces, which is not a robust way in which to develop cohesive policy.

We must be aware of the scale of the task that we must undertake to adjust to an all-encompassing knowledge economy that affects all

production and service activities. The remit of the knowledge economy task force, which was referred to earlier, covers four main areas: encouraging commercialisation, academic incentives, clusters and the science enterprise challenge.

I would contend that the initiative has to be much broader than that. It has to touch on the small business community, because—although I welcome the aspiration of the Government to carry out much of its purchasing on the internet—the very nature of the companies that participate in internet trading means that 92 per cent of Scotland's SMEs will be excluded. I do not think that that is a welcome consequence of what is a noble aspiration on the part of the Government. We must ask how we can extend the initiative to include the small business community and how we can truly involve that community in the knowledge economy.

I suspect that, if the initiative were taken into a lot of small and medium-sized companies, they would be pretty sceptical about what was being offered. Because they are busy doing other things, they are sceptical about a lot of important things to do with business development and skills training. The knowledge economy would be even more remote than that.

I was struck by a statement made by the Minister for Communities, Wendy Alexander, on 4 February, in which she gave some startling figures. She said that only 4 per cent of families in council flats have access to the internet from home. That statistic reveals a lot about social inclusion, or social exclusion. If the knowledge economy is to be all encompassing and is to draw in a range of individuals in our communities, we need to be reassured that the Government's knowledge economy task force has as its objective a much wider participation.

Not for the first time, I return to the issue of performance measurement. It is important that we know whether we are getting there or not. At the Enterprise and Lifelong Learning Committee this morning, we had a very interesting discussion with Dr Andrew Goudie, the chief economic adviser of the Scottish Executive, who talked about the framework for economic development in Scotland. He touched on the way in which we can measure the effectiveness of the measures that we introduce. To guarantee that we are aware of the progress that we are making towards the goals that the Government has set, we need to have a robust framework for performance measurement in the knowledge economy.

The final part of our amendment talks about competitiveness. We must ensure that the Scottish economy can develop as many competitive advantages as it can. Arguments about geography

that have frequently been used to illustrate the weakness of the Scottish economy and our isolation from progress should be rendered redundant by the type of communications technology and processes that we are talking about today. However, because of the nature of the arrangements that determine what the Executive is responsible for and what the departments of the United Kingdom Government are responsible for, I worry about the ability of the Scottish Executive to make its voice heard on competitiveness issues in order to deliver a competitive advantage for the Scottish economy. That touches on the way in which we expect the Scotland Office to represent our views on competitiveness. I hope that the minister will have something to say on that subject.

There is much to be welcomed in the knowledge economy, and much to be welcomed in what the Government is doing, but I fear that things are not as coherent as we require—and are not working as fast or with as much scope and penetration as we require—to guarantee that we deliver a competitive advantage for the Scottish economy.

I move amendment S1M-508.2, to insert at end:

“and calls upon the Scottish Executive to put in place a coherent strategy to ensure that areas of common interest between separate taskforces and Executive departments are properly co-ordinated and focused, to introduce a framework to measure effectively the performance of the Scottish economy in adapting to the challenges of the Knowledge Economy and to ensure that the Knowledge Economy is not placed at any competitive disadvantage.”

15:44

David Mundell (South of Scotland) (Con):

Before I begin, I would like to declare an interest in British Telecommunications. I declared that interest when I lodged the amendment.

Presiding Officer, I am excited, but not necessarily by what the minister or Mr Swinney said. I am excited by the possibilities that exist for Scotland if we are able to take advantage of the globalisation of the world economy, and to create centres of excellence and knowledge-based and skill-based jobs.

I am sure that if we were having this debate in a few short months' time, we would be talking about a wise economy.

Just as e-working and e-business have come and gone, so will k-working, k-business and k-everything come and go.

As someone said to me recently: e is dead; k lives; w is tomorrow. Tomorrow's w will be wisdom, because knowledge in itself is of no value if it cannot be applied in a way that adds value. Buzz words are meaningless unless we understand them. I have no doubt that we lack a

clear and shared understanding of what a knowledge economy means—we must move towards a shared definition.

Nicol Stephen mentioned the pace of change. People now talk about e-time. What they mean is the amount of change in two or three months is equivalent to what used to take two or three years. The Egg internet banking service is often cited as an example of that because it went from idea to implementation in 50 days. That is the time scale of the world in which we live and the world that we want to influence through the creation of the right micro-economic conditions in Scotland.

Everything the Executive and its agencies do must be done quicker. The Scottish Executive must develop what the UK Cabinet Office described as fleetness of foot—I do not see that at the moment.

The knowledge economy task force has been set up, but will it report and have its proposals implemented within 50 days? If the minister were willing to give that commitment I would have a lot more confidence in the setting up of such a task force. I fear that the pace at which the Executive is proceeding is too slow—we need e-time. Conventional time scales should be thrown out of the window. That would mean embarking on fundamental changes in the way in which the Scottish Executive works.

I am concerned about the amount of resources that are being allocated to this task. More than two weeks ago I asked the Scottish Executive, in a written question, how many people it had working on supporting e-commerce. According to the UK Cabinet Office—and as the minister has confirmed—e-commerce lies at the heart of

“building a modern, knowledge-driven, economy in the UK.”

I have had no reply to my question. There are two possible explanations for that—one is that so many people are involved in supporting e-commerce that it is taking this long to count them. I fear that the more likely answer is that there are so few that the response will have to be padded out with mention of people working in various agencies and initiatives across Scotland.

If the minister is serious about building a knowledge economy, he cannot do it with two people in the Scottish Executive working on e-commerce. I do not know how many people the Scottish Executive has working on the many—some very laudable—social and cultural initiatives that we hear about in the Parliament, but we must understand that those initiatives are dependent on our economic success. Achieving that success must be our priority.

Dare I say that this Executive's approach to the knowledge economy is too conservative? I do not

mean conservative in Labour's conventional way, which is to nick our policies and present them as its own; I mean that there is no evidence of radicalism or a willingness to be radical. Is not it time to commit to going beyond conventional thinking, institutions and structures? If the knowledge economy task force produces conclusions that challenge the status quo in Scotland, will the Executive give a commitment to follow them through?

Such development is not part of some nice-to-do list—restructuring our economy is not merely a box to be ticked. It needs a revolution and a commitment to deliver it against vested interests and conventional wisdom.

Andrew Wilson (Central Scotland) (SNP): I am grateful to David Mundell for giving way—I did not want to interrupt his revolutionary zeal.

Will Mr Mundell outline the Conservative party's position on the role of the public sector in the knowledge economy? He says that the Executive should be fleet of foot, but what—specifically—should the public sector do to speed the process up?

David Mundell: The public sector should modernise. I want the Scottish Executive to produce truly modern government at local, national and UK level, but I do not see enough evidence of that.

Elaine Thomson (Aberdeen North) (Lab): Is Mr Mundell aware of the development of policy on modernisation of government, for which Jack McConnell is responsible? The aim of that development is to do exactly what David Mundell has described.

David Mundell: I welcome that sort of initiative, but it must be judged on delivery. I was interested to hear Wendy Alexander, at the launch of a link-up of voluntary agencies to the internet, say how difficult it is to achieve goals within current Scottish Executive mechanisms. Modernisation of the Scottish Executive is long overdue and we will judge members of the Executive on how and when they deliver that.

Earlier, I talked about excitement. The Scottish Executive and its agencies must get everyone excited. The UK Cabinet Office report on e-commerce says that

“a sustained sense of excitement about the opportunities”

of e-commerce and the knowledge economy in general must be created. Unfortunately, that has not been done. Today, we are debating another rather bland motion. When we debated digital Scotland in November, we had the longest, dullest motion that has yet been lodged in this Parliament.

We must create a buzz and it must start with the

First Minister. It must include Nicol Stephen's department, the entire Scottish Executive, the Cabinet, the deputy ministers, all the Executive agencies and the Parliament. We must get that buzz to create momentum and keep that momentum going. To do that we need leadership, but I do not see that leadership at the moment.

The Scottish Executive is failing to deliver on the fundamental point that is identified in the Cabinet Office report, which is

"to galvanise and co-ordinate Government action."

Government action is unco-ordinated. There is a fundamental lack of clarity about the responsibilities of the UK Government and the Scottish Executive; those must be resolved immediately.

Mr McLeish has suggested that there will be links between the groups that have been set up, but surely that is not an example of doing things in a joined-up way. The lack of a joined-up, galvanised and coherent approach by the Executive is the antithesis of a knowledge or wisdom-based economy.

We need a vision and the minister says that there is one. The vision, however, needs to be set out clearly and we need a strategy to achieve it. Moving forward in the global economy, as someone once said, is like trying to eat an elephant—one cannot do it all in one go. Otherwise, one ends up like the Executive, nibbling here and nibbling there. Let us break the elephant down into bite-sized chunks—into targets and measurable achievements. Most important, let us start doing that now. E-time is running out and we do not want Scotland to be left in an e-time warp.

I move amendment S1M-508.1, to insert at end:

"and that this will only be achieved by the urgent establishment of a clear vision for the Scottish Economy and a strategy to achieve it."

The Deputy Presiding Officer (Mr George Reid): I call Allan Wilson. As Mr Wilson is occupying the Liberal Democrat slot by agreement, he will have up to eight minutes.

15:54

Allan Wilson (Cunninghame North) (Lab): First, I must declare an interest as secretary and director of the Radio City Association, a charitable company that is involved in the wider social agenda of promoting lifelong learning.

As the minister has outlined, there are myriad initiatives in this field. The Enterprise and Lifelong Learning Committee, of which I am pleased to be a member, has embarked on an inquiry into the effectiveness and simplification of the delivery of

local economic services. As John Swinney has said, the consultation document on the Scottish framework for economic development was launched only last month.

As part of an enterprise case study, I visited Renfrewshire with my colleague Nick Johnston. We met people from a selection of local businesses and asked them about their preparedness for the onset of e-commerce and the knowledge economy.

The representatives of small and medium enterprises who were present responded to the question with relative hostility, seeing it as irrelevant to their particular interests as business support to the manufacturing and service sectors. Only when I raised the supplementary issue of future procurement by e-commerce—which other members have mentioned—did their attitude change; there was grudging recognition that that might indeed have something to do with them.

I tell that tale, as I did at the Enterprise and Lifelong Learning Committee, to illustrate the fact that the knowledge economy that we debate today is not the preserve of IT manufacturers or software engineers, or of other high-tech or knowledge-intensive industries. A knowledge-driven economy incorporates the use of knowledge in all production and service activities. It involves adding value to production processes of small-scale, west of Scotland engineering factories as well as to those of National Semiconductor or IBM.

As the minister said, Scotland's economic performance depends on our competitiveness. To improve our long-term rate of growth, we must build on the skills and creativity of the work force. We cannot, and should not, depend on an outdated philosophy of competing with a low-cost, low-skill work force. That was the essence of Reaganomics and of the Thatcherite philosophy that dominated the economic agenda of the 1980s. Those policies failed Scotland and its people. Building a knowledge-based economy will begin to redress some of those imbalances.

Andrew Wilson: From a Liberal-Labour perspective, what role does Mr Allan Wilson see in this for the Government's economic support mechanisms, such as regional selective assistance and other types of investment support? Those mechanisms are based entirely on jobs and take no cognisance whatever of value-added mechanisms or the knowledge base. How will that role change?

Allan Wilson: That point is exercising the minds of the ministers concerned, who are reviewing the effectiveness of RSA and RSA priority plus. I am sure that a statement on that will follow shortly.

We must promote our innovative businesses and encourage others to follow their lead in

developing science and technology ideas. That applies to businesses of all types: large and small; manufacturing and services; low-tech and high-tech; urban and rural. We need to channel their knowledge, skills and creativity into improving products and services and increasing profits.

Scottish new Labour is driving forward the knowledge economy within the Scottish Executive to encourage the transformation of ideas into successful businesses. We also support the establishment of a Scottish institute of enterprise by 2001.

The Scottish economy needs a continuing stream of new scientific and technological discoveries to be turned into world-beating products and processes. The minister referred to the £11 million of extra funding for the proof of concept fund, which was established to turn scientific discoveries into wealth-creating products and processes, and to create the innovation that will help to fuel the vibrant knowledge economy that the Scottish Executive has pledged to create. That realised one of the principal recommendations of the knowledge economy task force, which was established to encourage academic entrepreneurialism and to facilitate the transformation of valuable ideas to the early stages of commercialisation.

Our business and further education institutions must also continue to develop dynamic working partnerships that help businesses to turn ideas into commercial success. Government alone cannot create the knowledge economy—businesses must focus their skills and creativity to improve their products and services and to help achieve growth.

Mr David Davidson (North-East Scotland) (Con): Apart from doing the Liberal bit, Mr Wilson commented on a Scottish new Labour policy. As we are talking about commercialisation, perhaps Mr Wilson might enlighten us about Scottish new Labour's approach to regulation. We do not want our burgeoning flow of business to be over-regulated. While we must have safeguards on board for the consumer and so on, I would like to be assured by Scottish new Labour, through Mr Wilson, that there will not be thousands and thousands of regulations—as we have seen from Westminster—that will stifle creativity and business.

Allan Wilson: Obviously, I do not agree with Mr Davidson's basic premise. Scottish new Labour has always been committed to fairness in the workplace and to finding a balance between the interests of the employer and the employee. The Tories have never recognised that balance, or the fact that protecting the employee's interests is in the long-term interests of the employer.

The foundations to which I referred are a prerequisite of the creation of an entrepreneurial culture that encourages the growth of new businesses and of changed attitudes to wealth creation and risk taking. That promotion of entrepreneurship as a generator of growth and jobs must start in our schools and continue throughout our lives. Starting a business should be a realistic and desirable option for everyone in Scotland. We need a social and business culture that supports the taking of risks and welcomes the rewards that risks bring. To achieve that, we must work to change the nature of the relationships between Government, business and the enterprise network and renew our focus on integrating investment in training, employment and skills. That investment has to be tailored to the demands of the new economy.

Scotland is comparatively well placed in terms of developing the technological know-how that is central to the knowledge economy. Our universities produce 21 per cent of Britain's post-graduate degrees in computer science, and 11 per cent of all British graduating students in engineering and technology.

An excellent example of Scotland's position in this area is Cadence in Livingston, which the Enterprise and Lifelong Learning Committee visited. That £30 million project is founded on a partnership between academia and business. The company impressed on us that it was the ability of the Scottish higher education institutions to tailor their academic curriculums to match the company's needs that made Scotland more attractive to it than Ireland, and that resulted in that inward investment coming here.

I will deal with the point about social inclusion and the knowledge economy that Johann Lamont made before she left. The economic climate has never been better for levelling out economic disparities. High employment levels, low and stable inflation, the lowest level of unemployment by historical and international standards for a generation and low long-term interest rates provide a solid and reliable platform for further modernisation of our economy.

Most important, we must fight the digital divide, which reflects the wide gap between the information haves and have nots. Increasingly, what we earn will reflect what we have learned. Less well-off families face serious disadvantages in terms of access to computers and the internet. That will impact on their job prospects unless we change the situation.

John Swinney mentioned a statistic about computer ownership in families. Another statistic is that only 12 per cent of families in council flats have a computer, compared with 50 per cent of households in high-income areas. The minister

announced £23 million to provide wider access to information technology training in those especially disadvantaged areas and to fund new learning centres across Scotland. Those initiatives, allied to our plans for the national grid for learning—which should see computers in every class—are crucial to our social inclusion strategy and to the building of a knowledge economy. The two things are indivisible.

The creation of a knowledge economy is our most effective weapon of social policy and economic policy.

The Deputy Presiding Officer (Patricia Ferguson): We now move to the open section of the debate. Members will have four minutes for their speeches.

16:03

Fiona McLeod (West of Scotland) (SNP): We have spent a lot of time listening to members trying to define the knowledge economy and talking about the digital divide in Scotland. To make progress on those issues, we have to create a knowledge society. From that will flow the knowledge economy and everything that follows from it.

I must reiterate John Swinney's comments about the lack of coherence and integration in the Government's approach. We have digital task forces, knowledge economy task forces, management task forces and so on. We have to create a coherent strategy to ensure that Scotland becomes a knowledge society that has a knowledge economy.

What concerns me about the Government's approach is the over-emphasis on the technology of the future. We should put people first because, while people think, machines only do. Thought will take us into the knowledge society and the knowledge economy.

How do we create thinking people? How do we create the skilled work force necessary for the knowledge economy? The 1997 Organisation for Economic Co-operation and Development international adult literacy survey puts 20 per cent of Scots at level 1 for literacy—the lowest level possible—yet, at the same time, funding and support for the improvement of adult literacy has been cut. From 1992 to 1998, there was a 40 per cent drop in the number of adults who participated in basic adult education courses. We must consider what the Government is doing to promote literacy and skills.

While participation in basic adult literacy courses is dropping, education departments are under threat; not necessarily the school education department, but the education department that

helps with literacy skills and community education. My local authority, East Dunbartonshire Council, is contemplating doing away with community education to make up a 15 per cent budget overspend.

We must start to say that lifelong learning begins in school and does not start at 16. We should be equipping our children with transferable, adaptable skills: the skills that are embodied in information-handling techniques, but there is no statutory provision for a department of a school—a library service—that can teach that. We have heard mention of the national grid for learning. At the moment, eight local authorities in Scotland are not ready even to take up the information and communications technology training that is about to start in April. A quarter of Scotland's local authorities are unprepared—for infrastructural or visionary reasons—to start to train their librarians and teachers to skill the pupils for the future. That means that up to 50 secondary schools in Scotland are unable to start on the national grid for learning.

We must also talk about up-skilling adults now. How many of Scotland's small or medium enterprises have been consulted on releasing staff to access the Scottish learning network that we have heard so much about? In the debate on the Scottish university for industry, £4 million was pledged for learning centres, yet in Scotland we work the longest hours in Europe. When will people have the time to go to the learning centre to re-skill and up-skill to become the work force of the knowledge economy?

Wendy Alexander is fighting the digital divide. We have heard that millions of pounds of lottery money has been allocated for cyber cafés and so on, but many do not provide the support services that would allow folk to use them. Wendy was quoted recently as saying that the "best digital initiatives" are at the Log-In Café at Barrhead, near my home, and the Middlefield Learning House in Aberdeen, but neither provides crèche facilities for women who want to use the facilities to up-skill themselves.

I will finish by referring Nicol Stephen to his own words on 4 February, at the first of our annual Grampian chair lectures in public policy. He said:

"Scotland cannot compete in the modern marketplace with a low-cost and low-skilled workforce."

We have yet to find out how the Government is going to tackle that problem effectively.

16:05

Dr Elaine Murray (Dumfries) (Lab): The concept, in the Scottish Enterprise network strategy, of the knowledge economy is that it will increasingly be based on new ideas, software,

services and relationships, and less on products, with the result that the distinction between manufacturing and services will become harder to make. I find it a difficult concept to get my head round.

The cluster strategy reflects a growing recognition that different players in each sector in Scotland—whether producers, employees, businesses or research institutions—need to work co-operatively, sharing information and knowledge, to compete at an international level. In some cases, it will be necessary to bring together the various parts of a previously fragmented and unco-ordinated industry. The Scottish economy must learn how to make the most of what Scottish industry does best.

It is frequently stated that Scotland has a world-class research base. We have already heard that some sectors are showing considerable success in turning good science into jobs and prosperity. Successes in biotechnology, the pharmaceutical sector, semiconductors, opto-electronics and information technology spring to mind. The food and drink sector, which provides 17 per cent of the manufacturing jobs in Scotland and is of considerable importance in the south-west of Scotland, is another sector that has the potential for consolidation and expansion through the application and development of indigenous science.

However, we must address the fact that there are barriers to the commercialisation of science and consider ways in which they can be overcome. Perhaps I should declare an interest, as I was a food scientist and my partner still is. Compared with the rest of the UK, Scottish firms have a poor record in research and development, accounting for 0.6 per cent of gross domestic product. Often, companies from other countries develop the technology and processes that utilise the research done in Scottish universities and research institutes, which means that those countries benefit from the employment and prosperity that is created.

There are problems associated with the fact that performance in universities and research institutes is normally measured by the number of publications that appear in quality scientific journals. Because research that is commercially sensitive or patentable cannot be published in that way, the institution does not get any credit for that work, which can affect its funding. Core funding is generally project-based, and is not awarded specifically for commercialisation or industrial support. That can cause conflicting pressures on researchers' time.

The professional assessment of the work of academic departments must be similarly examined, to give due consideration to research

with commercial applications. Such research might be blue-sky research or, equally important, near-market or process-related research. Process-related research is perhaps particularly applicable to the food and drink sector, where there is obviously considerable public resistance to very novel types of food—we need only think of the GM debate—but research into the processing of existing foodstuffs might result in considerable added value.

Because of a general shortage of experience in commercialisation in the scientific community, mentoring is necessary. That would be most appropriately performed by other scientists, not necessarily from the same discipline, who have already been involved in successful commercialisation. There must be a mechanism that allows scientists involved in the process to be recognised, as researchers who turn inventions into jobs or help others to do so are obviously not able to sustain the level of their publishable work.

We must recognise that commercialisation takes time and that instant results and successes should not be expected. Initial targets on job creation should not be over-optimistic; they must be achievable in the short term and sustainable in the long term.

Last week, at the Royal Society of Edinburgh, I attended a meeting on commercialisation at which there was a real enthusiasm for the development of this part of the knowledge economy in Scotland's universities and research institutes. We must listen to what those communities are saying about barriers to progress and consider how Government action can help to reduce such barriers to ensure that Scotland, her people and her communities benefit fully from the employment and prosperity that might be created.

16:12

Nick Johnston (Mid Scotland and Fife) (Con):

In supporting Mr Mundell's amendment, I want to add to the alphabet. David Mundell mentioned the w word; I will introduce the i word. Albert Einstein said:

"Imagination is more important than knowledge".

This is not the first time I have accused the Executive of a lack of imagination, although I was pleased to hear the minister mention training in the latter part of his speech, as it forms the focus of my speech.

Everyone, from the cradle to the grave, is part of the knowledge economy. My local undertaker has now joined the web, which means that we can order our funeral over the internet. We live, work and play using knowledge. Technical knowledge has allowed Scotland to be the European centre

for computer design and construction, and centres of knowledge allow our young people to become market leaders in many fields in academia and industry.

It is good that we recognise that our economy is dominated by telecommunications and e-commerce. The driving force behind the knowledge economy must be training. For the population to take continued advantage of and develop the knowledge economy, it must have access to information on such training.

It is my assertion—and the assertion of several college principals whom I recently consulted—that the provision of knowledge is unbalanced. Full-time education in university provides knowledge without experience; colleges provide knowledge with some experience; and adult training schemes provide knowledge and experience, but their purpose is more to generate business for the providers than to fulfil the skill needs of the business community. Providers of knowledge should follow industry's requirements rather than just put clients on seats. If we are to invest in knowledge training, it needs to be relevant to local economies rather than a Government wish list.

It is evident that successful implementation of ICT developments depends on skilled, motivated staff who have been given clear direction. Comprehensive training for all college staff will require considerable investment, in addition to the funding that was allocated to ICT development in the comprehensive spending review. The result will be colleges that can properly contribute to the Government's plan to foster a learning society and staff who can help students to gain the maximum benefit from emerging technology.

I was interested to hear Allan Wilson's speech. Perhaps the debate should be widened to include the available funds. Perhaps the universities' stranglehold on available funds does not help the knowledge economy. Too many resources are aimed at the young; we must move the emphasis to education in later life. Rather than creating more university places and processing many students whose knowledge and qualifications are not relevant to the world at large, we should develop colleges that work closer with businesses to supply the knowledge that those businesses require.

Perhaps the debate should be widened still further to ask where our education system is going. The Enterprise and Lifelong Learning Committee received a submission from the Inverness and Nairn, Badenoch and Strathspey Education Business Partnership. It said that at no time does the Government

"refer to the needs of local employers and the skills that they may need to develop their businesses."

Education from primary level upwards is failing our nation.

It is imperative that training organisations develop people's ideas as well as provide training on machines and equipment. Training should follow actual rather than imagined market requirements. Far too many people complete courses with meaningless certificates.

We need skill surveys across Scotland to focus on regional and local skill needs, and on the co-ordination of employees' and employers' groups to identify the business rather than the educational agenda. The knowledge economy should be demand led rather than supply led.

I support David Mundell's amendment.

16:17

Mr Duncan McNeil (Greenock and Inverclyde)

(Lab): I am never one to miss an opportunity to present my constituency and its people in a positive light. I would like to take a couple of themes from the minister: the need for change and partnership in human resources. On Monday, I met a shipyard worker—not an undertaker—who is now a highly trained nurse in a new intensive care unit in the local hospital. My favourite story is about the shipyard labourer who teaches computer studies at James Watt College of Further and Higher Education. There is even a boilermaker in the Scottish Parliament.

Because of the highly flexible nature of the community and work force of Inverclyde, we continue to attract new investment. Derelict shipyards have been turned into mortgage centres and jobs and opportunities have replaced unemployment and degeneration. Although I present that positively, I cannot say that we entered into that process freely as those changes were caused by the collapse of traditional industry.

We need to create the conditions in which we can overcome the fear of change. How do we escape the trauma and avoid some of the disasters? How do we retain and expand our businesses? How do we convince employers and employees that they have a common agenda and that, to succeed, they need to create a business environment together that allows continual change and allows people and companies to upgrade their skills, increase their productivity and improve quality? How do we overcome the fear of change, which is very real in people's minds?

I have experience of partnership agreements, which offer a model. I assure members that partnership agreements—some may say they are just sugary words—work and deliver results. Partnership agreements between employers and unions have achieved many of the goals that I

have described by establishing a learning environment at the workplace. How do we encourage that practice?

The Employment Relations Act 1999 established a partnership fund. How is it being used in Scotland? The Advisory, Conciliation and Arbitration Service in Scotland already does a lot of good work encouraging partnerships and learning agreements in the workplace. How is it doing? What are its plans for the future? How can we call on its expertise? How can we confirm the work it is doing and establish it in that role? Rather than resolving disputes, how do we give it a more creative and positive role for the work force?

Do we require co-ordination to oversee work-based training, to ensure standards and to ensure access is maintained throughout Scotland? Finally, can we ensure that education and training does not end at the point of employment and that the right to work-based training is extended beyond 16 and 17-year-olds?

16:21

Ms Margo MacDonald (Lothians) (SNP): I am happy to associate myself with almost every word the boilermaker who spoke before me said. I am glad that he said it, because my first thought, on reading the terms of today's motion, was, "Why?" It is not exactly what could be called a crowd puller—it is more like a time filler. It is a tribute to some of the folk in here today that we have managed to talk some sense, based on a nonsensical motion. It was a wee bit like ministerial motherhood and electronic apple pie.

Much of what we have come to call the knowledge economy is cloaked in an impenetrable, obscure language. We talk about social inclusion—this makes people feel right outside the loop. Let us try to use language that people can relate to their everyday lives.

I interpret the knowledge economy as meaning that most of the big money in the international market is now to be made from the sale of software designed to carry out or assist almost any traditional manufacturing or service work imaginable, rather than the construction of manufactured things, even if they are computers and telephones. So, we had better do everything we can through our various education channels to encourage Scots to use new technology. As others over here have said before me: dead obvious.

As some of us used to say, what about the workers? What about the people who do not sit in front of a computer screen designing a software package for a medium-sized chain store group's stock control? What about the people whose part in the knowledge economy is to use the software

package to order the goods from whoever makes them, to stock the warehouse, to deliver the goods to the shop, to stock the shelves, to attract the customers and to sell the goods? Where do they fit into the knowledge economy?

Lothian is perhaps the most successful part of the Scottish economy. People who work here can earn enough money to spend in the shops, the restaurants and so on, that make this a terrific city to live in. However, in the main they are not software designers. They work in shops, restaurants and small factories. They work in the caring services and the bureaucracies that glue a modern society together. How do we apply the precepts of the knowledge economy to how those people do their jobs?

As a result of innovations in applied medical knowledge, people who work at normal jobs now live longer. That in itself produces the potential for economic growth—they need more, therefore they consume more. However, they also need more medical and support services in their old age. How do we ensure that the profit from all that knowledge and the economic growth that it produces is not consumed by the cost of looking after elderly people?

That is where the knowledge economy begins to mean something to the people it is meant to serve: the workers. A motion such as this tends to obscure the simple truth that economic systems, and even task forces like the ones set up by the minister, are meant to serve human needs. They are not meant to bend people's lives to suit the marketplace. I was surprised to hear my colleague, Allan Wilson, say that we have to bend our skills to the needs of the economy. We must suit our skills to the needs of the economy—people's skills should not be bent to capitalist means.

This morning, the Enterprise and Lifelong Learning Committee heard evidence from Dr Andrew Goudie, who discussed the units of civil servants who are employed to stimulate the knowledge economy. He did not tell us what the measurement of their success would be. He did not say when we will know whether those units have stimulated the knowledge economy.

David Mundell referred to the lack of clarity. I could not agree more. The knowledge economy means something only if it is part of an attitude and a programme for lifelong learning—another misunderstood catchphrase. Lifelong learning is not just about having our technical colleges and senior schools able to adapt their teaching programmes at the drop of a hat to provide a training course for people made redundant from businesses such as Continental Tyres. I can see Nick Johnston being upset about that. Lifelong learning is about much more than that. It is about

encouraging people to learn things, using new technology and old technology, such as libraries, books and teachers. That is how the economy will prosper. That is how the shop workers, the taxi drivers and the city guides in Edinburgh will have learned how to make visiting Scotland a great experience.

I have one last point to make, with the workers in mind. Will the minister tell us whether any college in Scotland has yet introduced a course in e-commerce?

16:26

George Lyon (Argyll and Bute) (LD): In terms of motherhood and apple pie, I have some sympathy with the views expressed by Margo MacDonald. Nevertheless, whether we like it or not, the knowledge economy is very important to the future of Scotland. If anyone doubts the worldwide revolution that is currently taking place, they have only to look at the performance of the dotcom shares on the NASDAQ stock exchange. Multi-million companies are being created before they have even made a profit. That is what is happening in America. The Time Warner and America Online merger demonstrates the power of the knowledge economy. It is essential that Scotland is not left behind.

As Margo rightly said, we must ask what the knowledge economy means for the ordinary people living and working in Scotland. The food industry is a good example. The raw material involved in processed food has a value that is only a tenth of the retail price in the supermarket. The rest of the cost is added value: knowledge, marketing and packaging.

What will the effect of the knowledge economy be on rural Scotland? I believe that knowledge-based businesses and e-commerce bring equality of opportunity to rural Scotland for the first time. That is very important. All the barriers to normal business, such as remoteness and distance from markets—

Mr Davidson: Mr Lyon mentioned the rural economy and how we can do everything through e-commerce. Will he tell us how the rural economy can use the knowledge economy to address the problem of high fuel charges for rural areas?

George Lyon: If the member had waited a moment, he would have found that I was just coming to that.

The major barriers to businesses operating in remote areas are high fuel costs, high transport costs—and, in the case of island areas, ferry fares—and lack of local markets. However, knowledge-based businesses cause such barriers to disappear. Rural areas are immediately on a

footing with urban areas. That is important to the development of the rural economy.

Rural Scotland has real advantages to offer in developing e-commerce businesses. It is much nicer to stay, live and work in rural Scotland, away from the stresses of city life. Rural Scotland has a lower cost structure for housing, building and general service provision.

In my constituency, a small firm opened up about three years ago. The firm is run by a couple who moved up from Cambridge to Carradale, which is on the Kintyre peninsula. Their company is called Map Maker and it produces software for large-scale digital mapping. It is doing very well and markets its product through the internet. The company has relocated to a small village such as Carradale because the barriers usually associated with business do not apply.

Highlands and Islands Enterprise and British Telecommunications have invested nearly £20 million in wiring over the past few years, to allow rural Scotland and the Highlands and Islands to take advantage of new, knowledge-based industries. The University of the Highlands and Islands and the opening of Argyll College will go a long way to help people to develop the right skills to take advantage of the opportunities offered by the knowledge economy.

However, I say to the minister that more must be done. Gaps still exist in the communications network and, most important, real initiatives are needed to ensure that the knowledge economy is taken up in rural Scotland. Current initiatives seem to be focused on the central belt—we want those initiatives to be widened out, so that rural Scotland can take advantage of this new type of business.

16:31

Maureen Macmillan (Highlands and Islands) (Lab): George Lyon has stolen a bit of my thunder, as I also want to talk about the impact of the knowledge economy on the Highlands and Islands.

The knowledge economy has become important for the future of the Highlands and Islands. The principles laid down in the Executive's motion today—lifelong learning, knowledge, skills, innovation, enterprise and social justice—are fundamental to a prosperous future for the Highlands and Islands. I believe that we are on the way to achieving that future.

As Allan Wilson said, the economic situation in Scotland provides an excellent opportunity to increase investment, to increase access to education and to encourage business start-ups. We must not waste that opportunity. However, different parts of Scotland have different needs.

Even within the Highlands and Islands, a strategy for Inverness is not a solution for remote areas.

Some general themes are particularly appropriate for the Highlands and other rural areas. First, access to education is important. George Lyon mentioned the University of the Highlands and Islands, the establishment of which is a major step forward. Young people in the Highlands and Islands no longer necessarily face the prospect of having to leave home to go to university, and communities no longer necessarily face the prospect of their young people leaving and, in many cases, never coming back. The loss of the young people used to blight the Highlands.

However, universities are not just for young people. The UHI network encourages older people to go to university, perhaps for the first time, to learn new skills, which helps to revitalise the areas in which they live. The majority of UHI students are mature students, who access further and higher education courses through the information technology network, which links colleges from Argyll to Shetland. The knowledge and skills that people acquire will revitalise local economies in Mull, Tiree, Shetland, Skye or wherever, because they will stimulate the business start-ups and they will give people ideas about what they can do and how they can diversify.

Access to ICT is vital for the Highlands. Knowledge of IT is going to be crucial for shrinking distances within the Highlands and for marketing the Highlands to the wider world.

Ms MacDonald: Everything that Maureen Macmillan said is absolutely true. The people who established the UHI are to be congratulated on providing that access.

A third of people who are employed have never had any further education since they left full-time school education. From Maureen Macmillan's point of view, as a teacher who worked in the Highlands, what is the missing link in persuading them to take advantage of this new technology?

Maureen Macmillan: That is happening already. Ten per cent of the working population on Barra is accessing further education through learning centres. That approach works particularly well in small communities.

People must want to learn to change, to access education and to improve their job prospects, and we must encourage them. I agree with Margo MacDonald on that point. Those of us who live in rural areas must diversify from traditional industries into high-tech industries. We must access new technology through schools, community centres, libraries and post offices, and, as other members have said today, the technological revolution must not be socially exclusive. People must be supported if they are to

be confident in using the new technology.

It is a question of changing the nature of work in the Highlands. We are attracting new kinds of businesses, from biomedical research and development and pharmaceuticals to call centres, and I believe that Dr Jim Hunter of Highlands and Islands Enterprise was absolutely right to say that a diversified economy is the Highlands and Islands' best weapon.

In the inner Moray firth, BARMAC has laid off the work force as contracts have come to an end, but it is also taking on board the knowledge economy. Its school for welders, in co-operation with Highland Council and HIE, is staying open to keep welding skills up to date for when the next upturn comes. That is part of the knowledge economy. In Easter Ross, the immediate reaction to the BARMAC rundown was to secure an access point for Inverness College in the area, where the work force could get information about the courses available.

Mary Scanlon (Highlands and Islands) (Con): Does Maureen Macmillan appreciate my concern that, in the financial recovery plan for Inverness College to deal with its £4.5 million deficit, the college is considering closing the outreach college in Fort William?

Maureen Macmillan: I believe that that matter is being addressed by Henry McLeish.

I want to close with an example of the knowledge, skill and hard work going on in the Highlands—Inverness Caledonian Thistle.

The Deputy Presiding Officer: I will make no comment on that contribution to the knowledge economy.

We now come to the first of the winding-up speeches.

16:36

Elaine Thomson (Aberdeen North) (Lab): This is a very important debate, because the successful development of a knowledge economy will be vital to Scotland's prosperity in the 21st century. It requires a clear vision for Scotland's economy and people.

We know that our future prosperity will depend on a highly skilled, highly educated work force, which can exploit the knowledge industries of today and those emerging tomorrow. Industries will depend less on the production of goods and much more on people providing services. We want a high-skill, high-wage economy, and to move away for ever from the poverty of vision of the previous Government, which thought that competing with the developing world with a low-skill and low-wage economy was the way to make

Scotland thrive.

We have a Government with the vision and foresight to understand that the future will depend on Scotland's people, and on the skills and knowledge of those people. It is vital to value them, and to nurture their skills. The way forward is by engendering a permanent learning culture, in which the school years are only the start of a lifetime of learning. That learning must continue from school into higher and further education and work. We know that we live in a global economy that is evolving at breakneck speed. We are truly in a second industrial revolution, a technological revolution, and to succeed in the global market, we need to exploit what has always been one of Scotland's strongest assets: her people.

After decades of Tory policies, Scotland compares poorly with her international competitors in areas such as workplace training. We must close the skills gap. We now have a Government which is putting in place the building blocks to stimulate and encourage people to engage in the new learning culture; to nurture a work force that is constantly developing and updating its skills, so that it can not only cope with change, but lead. We must enthuse Scotland's work force, giving them a desire for learning. Once people have acquired the skills and knowledge that they require for a career, it can last them decades.

The half-life of learning for any profession is constantly shortening. In seven years, much of a general practitioner's knowledge, for example, is out of date. For an information technology consultant, it is even shorter: two years. As an ex-IT consultant, I understand that only too clearly. Permanent knowledge acquisition and retraining are facts of life, and that will become true for many people, which is why the whole raft of policies being put in place is essential. They will allow all Scotland's population to learn, grow and succeed in the new knowledge economy of the 21st century.

We must start in schools with the national grid for learning. We must invest in technology, so that schools are well equipped. We must teach and develop entrepreneurial skills in the schools. We must encourage ever more students to move into higher and further education. We must encourage whole communities to develop learning strategies and to set up learning centres in workplaces. We must go ahead with the Scottish university for industry, to ensure that employers and employees can find the right training at the right time. Soon individual learning accounts will be rolled out. I believe that they will be an important way of addressing the skills gap.

In all sorts of industries, future success will depend on innovation and being able to compete globally. That means the development of a flexible, educated, skilled and learning work force.

In the north-east, for instance, the continued prosperity of the oil and gas service companies will depend less on fabrication workers and more on highly skilled professionals, working on cutting-edge technology that allows skills, products and services to be sold globally. Increasingly, that will be true for large segments of the economy.

That means having the right kind of vision and the right kind of policies. I believe that the minister and I, along with other speakers, have described those policies this afternoon. They will allow Scotland to move forward and to succeed.

16:41

Mr David Davidson (North-East Scotland) (Con): Unlike my colleague David Mundell, who was excited earlier on, I have failed to be excited by the minister's comments. I thought that today would not be about a litany of the past successes of technological improvement in workplace training in Scotland—which are welcome—but about where the Executive is leading us and what this Parliament will do to kick-start the Executive into positive action.

Earlier, John Swinney, David Mundell and others talked about a lack of definition. I was staggered that the minister referred to the SPICe entry, instead of producing a definition that the Executive has bought into. If the Executive still has an open mind on this, I hope that it will build its model around coherence—a word that has been used often today. We need a clearer idea of what the Executive thinks it is talking about, and to ensure that the Executive gets some vim and vigour into this debate. That would encourage people to move forward, rather than to look back.

Today we are talking about knowledge, skill and the opportunity to access those. I understand the social concerns that people have expressed today, but we need to link knowledge and the skill to apply it. Knowledge is not enough; there must be the ability to apply it. When we go on our rounds, we are often told by industry that it is being neglected by the basic school system. Some school leavers are almost unemployable because of their lack of basic skill in the three Rs and inability to communicate. The knowledge economy starts in schools and homes.

The Executive has not given any indication of how it intends to promote awareness of business and commerce in schools and those education authority areas where they are hardly mentioned. This is where the issue of social justice that was raised by Johann Lamont, Margo MacDonald and Maureen Macmillan comes in. Social justice is about our young people and our unemployed gaining access to high-quality education and training that is appropriate to their needs. I heartily

concur with what Margo MacDonald said about training having to be suitable for the job that people want to do. Not everybody will be a high-flier, nor do we want that. There are important service sector jobs for which people need only the appropriate skills.

Ms MacDonald: David Davidson has described the objective. Does he agree that part of the strategy for achieving it is to persuade employers in Scotland that many people who are earning low wages and doing not very highly skilled jobs would benefit from lifelong learning? The Executive must show us how it intends to overcome that handicap.

Mr Davidson: I agree. We want to see well-focused, proper training that is accessible to all. It must be accessible particularly in the workplace and in rural Scotland, not just in the cities and central belt.

Will the Deputy Minister for Enterprise and Lifelong Learning assure us that the knowledge economy task force will not just review the value of existing institutions and consider what might be bolted on to them, but have the power to redesign and even abolish some of those institutions if necessary? Will it have a role in looking at the plethora of initiatives with which all the research documents are laden, to try to give a sense of focus that the public can identify?

We are talking about what is available in Scotland. Well, who knows? Does the minister agree that the Arizona model of a guidebook to what is happening in the knowledge economy would be useful? It would of course have to be updated virtually weekly; it could be an e-document.

We have heard today about the uneven spread of quality in the sector and that the fast rate of change means we have to speed up. In the digital Scotland debate I suggested to Peter Peacock that Government is going to have to kick-start itself and get up to the speed of business. Today's debate has not been a really vital debate, with people getting up and saying, "Let us do something." That is the role of the Executive, I am afraid.

I had hoped to be able to praise the Deputy Minister for Enterprise and Lifelong Learning as the Baldrick of new Labour in Scotland, not for his standard of hygiene or dress but because he had delivered a cunning plan. Sadly, I feel that he does not measure up to that accolade, but I may reconsider after his closing remarks. I encourage him and his colleagues to come forward with positive suggestions—not a vision but an action plan. We need it now.

16:47

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I cannot go quite as far back as Baldrick, but I want to refer to a curious auction that took place in 1865 in Cleveland, Ohio between two partners in an oil refinery. One, Mr Maurice Clark, wanted to dissolve the firm and the other agreed. They decided to have an auction between themselves. Mr Clark started the bidding at \$500 and lost at \$72,500 when he said: "I can go no higher. The business is yours, John." That is how John D Rockefeller became the sole owner of Standard Oil, the biggest company that the world has known, at least until Microsoft.

I mention that because whether we are talking about the knowledge economy or not, solutions and progress will come from the efforts of individuals in Scotland. I am thinking not only of leading entrepreneurs such as Brian Souter, Michelle Mone and Vera and Gerald Weisfeld, or the hundreds and thousands of other leading entrepreneurs, but about everyone who plays a part in the knowledge economy in Scotland, especially those who have a less substantial return.

I offer a positive suggestion to Mr McLeish—who seems to be leaving but will no doubt soon return. Because those at the cutting edge of e-commerce tend to be of like mind it would be sensible to house new developments under the one roof. They can exchange ideas; they have the same mental approach, skills and knowledge-driven approach. I know of one or two potential developments on that line in the north of Scotland.

I agree with George Lyon and Maureen Macmillan that the potential of the knowledge economy for the Highlands and Islands may be greater than anywhere else. Let us not forget that not all knowledge economies can operate divorced from the impact of high transport costs and high fuel costs, and the difficulty of getting from the islands, in particular, to, for example, London. I hope that in his summing-up the minister will address some of those issues. In the Highlands and Islands, we want to hear an announcement, albeit a belated one, about what has happened to the campaign to restore a London Heathrow link.

Nicol Stephen referred to social inclusion. I would like to quote from an Executive press release of 4 February, because it affects people directly. Talking about the number of households that have computers, it said that

"only 12 per cent of households in 'families in council flats' do, compared with 50 per cent of households in 'high income' areas."

When it came to the internet, only 4 per cent—only one in 25—of households in council flats in Scotland had access to the internet. I mention that

because I know that everybody in this chamber will be concerned about that information from the Lib-Lab Government.

If we are to include everybody, as Nicol Stephen suggested—and we all agree with that—such statistics must be taken on board. It is impossible to learn the piano unless one has access to a piano, and it is impossible to get involved with e-commerce unless one can develop computer skills and one has access to the internet. I take those matters to be self-evident, and not of a party political nature.

Moving on to the knowledge economy and the new deal, I fear that once again, as far as social inclusion is concerned, there is difficulty in extending the benefits of the knowledge economy to those who do not have employment. A research report by the University of Edinburgh indicated that 75 per cent of young people in Scotland leave the jobs found for them by the new deal within six months. Only 6.7 per cent of Scottish businesses have signed up to the new deal. Young people do not receive the minimum wage on the new deal. From January 1998 to July 1999, only 24 per cent of people on the new deal found jobs, which is 17,000 short of the target of 25,000. Much more needs to be done.

With regard to the knowledge economy and exports, in my constituency one of the leading companies is A I Welders Ltd. The strength of sterling affects it severely, as it affects every other exporting business, and puts it at a competitive disadvantage.

Our amendment focuses on the need to ensure that, as for all other businesses, businesses in the knowledge economy do not suffer a competitive disadvantage. Of course, businesses in the knowledge economy will, by and large, operate from business premises. Curiously, those that do not do not contribute to local government finance; only the individuals who work for them do. That anomaly should be looked at, although an immediate solution is not apparent, other than to point out that the business rate is an antiquated form of tax in a knowledge economy.

All businesses in the Highlands, and throughout Scotland, will face a severe competitive disadvantage over the coming five years, because of the Minister for Finance's decision on 8 December that the business rate in Scotland should be 10.1 per cent higher than that for business properties of identical value south of the border. I notice that the author of that tax, Jack McConnell, is with us, and I welcome him. I put it to him that in a letter that I have seen, dated 22 December, the Scottish Council Development and Industry described that tax as a retrograde step, and something that places Scotland at a competitive disadvantage.

In conclusion, I suggest, as was argued by John Swinney, that there is a danger of a lack of cohesion. Perhaps we should have had this debate after the knowledge economy task force's report is released in April, rather than in February, just after it has been appointed. I hope that Inverness, through the use of skills such as those used yesterday evening, has given a lead in the knowledge economy, as Maureen Macmillan mentioned. Incidentally, I was happy to sign Maureen's motion, as I was to sign Mary Scanlon and Jamie Stone's motions. I hope that Maureen will sign mine, which invites us all to encourage Inverness to achieve further success by gaining city status befitting of a premier location for Scottish football.

16:55

Nicol Stephen: Much has been said about excitement during the debate. We should start by emphasising that this whole area—the development of e-commerce, the convergence of computing and telecommunications and the merging of the computer with TV and the mobile telephone—is an exciting one, and that Scotland is at the heart of it.

There are new initiatives and there is new momentum. Project Alba, on which Edinburgh, Glasgow, Strathclyde and Heriot-Watt universities work together, was spoken about during the debate. There are also companies such as Cadence, Micro Linear and Epson that have come to Scotland because they believe that it will be at the centre of the next generation of microchips.

In the Scotland of tomorrow, there are new products and services, which will suck consumers off the streets into shops or on to the internet. It is an exciting time for Scotland. We have an interesting future, which we must embrace, through e-commerce and the internet, or we will fast fall behind.

"More must be done" was a common theme in the debate. That is true and obvious. The fact that more must be done is the reason for the debate. But what is John Swinney saying about our target for shifting purchasing in the Scottish Executive to the internet? Is he saying that we should not shift to e-commerce, because, as he said, it would exclude 92 per cent of Scotland's companies? We want to include 100 per cent of our small and medium companies in the opportunity provided by the internet. We do not want a Luddite approach. We must be progressive. What is Mr Swinney saying?

Mr Swinney: I will happily confirm what I am saying. The minister should not put words like Luddite into my mouth. My point is that the minister must face up to the fact that if he wants

procurement to move in that direction, he must put in place the transitional mechanisms that will encourage those small and medium enterprises that are currently disengaged from the Government's strategy to take part, so that he can provide the inclusive economy that his Labour colleagues quite rightly demand. What are those transitional mechanisms?

Nicol Stephen: I notice that John Swinney did not answer the question. Is he saying that we should delay, that we should hold back or that we should get on with it?

Much was also said in the debate about rural areas. The new technologies and e-commerce create real prospects and great hope for rural areas in Scotland. Companies such as Sykes in the borders, whose business was driven by digital technologies, are now moving into new forms of e-commerce. Sykes is now shipping products such as watches, leather jackets and even Christmas trees from the Borders to all parts of Europe, building on the company's digital business, which was originally based on software. There are other companies, such as Iomart in the western isles and Cap Gemini in the Highlands.

David Mundell spoke about excitement and the need for momentum and more energy. At times, I got lost with some of the visual imagery about elephants, e's, k's, w's and Nick Johnston's i's. David Mundell's speech was in the right spirit. However, I take no lessons from the Conservative party's cry that there is a lack of resources and determination. Nor will I take lessons from the Conservative party on being less conservative and more radical, when, in government, that party backed away from supporting business and industry, and from the sort of measures that are needed to encourage greater modernisation and more use of new technologies.

Allan Wilson is right to say that the knowledge economy is about all companies—every business—in Scotland. The scale of the challenge is underlined by the fact that no longer will reliability and dependability of products be enough; however, they will be the foundation on which the new, excellent and exciting products of the future will be built. A great example of that is the Glasgow Collection, with more than 50 new, innovative designs that have been produced by young entrepreneurs and designers in Scotland. More than 28 of those designs are now in production.

I would like to come back to the theme of excitement that David Davidson mentioned. We are doing a lot of significant things involving schools. This morning, we launched the education for work initiative, with Henry McLeish presenting the new HM Inspectors of Schools report.

Fergus Ewing said that e-commerce is about including rural areas and obviating their problems. However, he then went on to raise many of the points on remoteness and peripherality that he often raises in debates. People in the world of e-commerce do not carry their e-mail on a truck to market. There are huge opportunities for rural Scotland as a consequence of e-commerce, and we must do more to embrace those opportunities.

Margo MacDonald spoke about motherhood and apple pie. I tell her that instead of getting bored about a debate such as this, in other countries people are looking to create world-beating motherhood and are working out how to use the new technologies to get better apple pie.

Ms MacDonald: Will the member give way?

Nicol Stephen: I am disappointed in Margo MacDonald's approach.

Ms MacDonald: Not half as disappointed as I am in the deputy minister's. Will he give way?

The Presiding Officer (Sir David Steel): Mr Stephen, are you giving way?

Nicol Stephen: No, I am not giving way. I am just about to finish. I would be delighted to give way to Margo if I was not right out of time.

Duncan McNeil spoke about the fear of change. That is central to this debate. Do we prepare for change, or do we wait for it? I suggest that we have to do more than prepare for change: we have to embrace change. But the best companies in the world do more than that. Those that are really interested in the future do not predict it or simply prepare for it: they help to shape the future. They make the future. That has to be our vision, together, for the future. We are determined to deliver on it.

In a global economy, we can never control or predict events with 100 per cent accuracy all the time. However, if we, like a Sony or a Microsoft, can help to shape the future, and if we can be fiercely and ferociously focused—not on the dreaming, which is the easy bit, and not on the development, which is the difficult bit, but on the delivery, which is the real magic and the really important bit—together we can achieve. I can assure the chamber that, together, we are determined to deliver.

Decision Time

17:03

The Presiding Officer (Sir David Steel): There are no Parliamentary Bureau motions today, so we move straight to decision time. Members who were here earlier know that not all the consoles are working. Is every member seated at a console that still has a microphone?

Members indicated agreement.

The Presiding Officer: In that case, I do not need to extend the voting time and we will have the usual 30 seconds. I would have been prepared to extend it had there been a problem.

The first question is, that amendment S1M-508.2, in the name of John Swinney, which seeks to amend motion S1M-508, in the name of Nicol Stephen, on the knowledge economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Fergusson, Alex (South of Scotland) (Con)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Johnston, Nick (Mid Scotland and Fife) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McGugan, Irene (North-East Scotland) (SNP)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeod, Fiona (West of Scotland) (SNP)
 Mundell, David (South of Scotland) (Con)
 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)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Mr Alex (Banff and Buchan) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Sturgeon, Nicola (Glasgow) (SNP)

Swinney, Mr John (North Tayside) (SNP)
 Tosh, Mr Murray (South of Scotland) (Con)
 Ullrich, Kay (West of Scotland) (SNP)
 Wallace, Ben (North-East Scotland) (Con)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)
 Young, John (West of Scotland) (Con)

AGAINST

Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brown, Robert (Glasgow) (LD)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gillon, Karen (Clydesdale) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 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)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacLean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAllion, Mr John (Dundee East) (Lab)
 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)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, Mr John (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (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)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Harper, Robin (Lothians) (Green)

The Presiding Officer: The result of the division is: For 46, Against 58, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S1M-508.1, in the name of David Mundell, which seeks to amend motion S1M-508, in the name of Nicol Stephen, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

Dr Richard Simpson (Ochil) (Lab): On a point of order.

The Presiding Officer: Sorry, we cannot have a point of order during the vote.

Dr Simpson: I am having trouble with the voting button.

The Presiding Officer: That might well be, but I cannot take a point of order at the moment. You can raise your point of order immediately after the division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Fergusson, Alex (South of Scotland) (Con)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Johnston, Nick (Mid Scotland and Fife) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 Lochhead, Richard (North-East Scotland) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McGugan, Irene (North-East Scotland) (SNP)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeod, Fiona (West of Scotland) (SNP)
 Mundell, David (South of Scotland) (Con)
 Neil, Alex (Central Scotland) (SNP)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Mr Alex (Banff and Buchan) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Mr Murray (South of Scotland) (Con)
 Ullrich, Kay (West of Scotland) (SNP)

Wallace, Ben (North-East Scotland) (Con)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)
 Young, John (West of Scotland) (Con)

AGAINST

Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brown, Robert (Glasgow) (LD)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gillon, Karen (Clydesdale) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 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)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacLean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAllion, Mr John (Dundee East) (Lab)
 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)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, Mr John (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (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)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Harper, Robin (Lothians) (Green)
 Matheson, Michael (Central Scotland) (SNP)

The Presiding Officer: The result of the division is: For 43, Against 58, Abstentions 2.

Amendment disagreed to.

The Presiding Officer: Would Dr Simpson now like to make a point of order?

Dr Simpson: No.

The Presiding Officer: The third question is, that motion S1M-508, in the name of Nicol Stephen, on the knowledge economy, be agreed to.

Motion agreed to.

That the Parliament recognises that our future prosperity depends upon success in taking up the challenges and opportunities of the Knowledge Economy and that the building of a Knowledge Economy, which has as its hallmarks lifelong learning, knowledge, skills, innovation, enterprise and social justice for all, is essential to a modern and more prosperous Scotland.

Immigration and Asylum Act 1999

The Presiding Officer (Sir David Steel): We move now to the members' business debate on motion S1M-304, in the name of Cathy Jamieson, on the Immigration and Asylum Act 1999.

Motion debated,

That the Parliament is concerned that aspects of the Immigration and Asylum Act will effectively amend Scottish legislation pertaining to social work, the health service, mental health, children's rights and housing; considers that the Scottish Parliament should, therefore, be consulted on this matter; believes that the cash payments to asylum seekers should continue in Scotland, and believes that the Scottish Parliament should consider supplementing financial resources provided to local authorities by the Home Office in relation to the Act's provisions and that the timetable for the Act's implementation in Scotland should be extended to April 2001 to allow time to address the specific problems which the Act poses for Scotland.

17:07

Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab): This debate is a good opportunity to examine a number of issues in relation to the Immigration and Asylum Act 1999.

I thank the 50 MSPs who signed the motion that I lodged and the organisations that have organised a petition around the issues in the motion, including Amnesty International, the Scottish Refugee Council and the Association of Churches Together in Scotland. Those organisations have done a wonderful job of highlighting some of the problems.

I did not lodge the motion as an academic exercise on the constitutional settlement. I recognise that there are problems because Westminster legislation has effectively amended what has been legislation in Scotland for many years. My main motivation in lodging the motion was a concern for the welfare of people who come to live in this country. The matter was brought to my attention at a meeting last year of the Co-operative party, of which I am a member.

At that point, people were expressing concern about several of the proposals in the consultation document on the future of asylum seekers and refugees. Concern was also expressed by a number of organisations at the coalface, working with people who had come here as refugees and asylum seekers, including the Convention of Scottish Local Authorities, a number of housing organisations and Church groups.

Other members will talk about some of the legal and constitutional issues, but I will consider some of the changes that will affect how we deal with

refugees and asylum seekers. I will keep my remarks short, to allow as many members as possible to speak.

Scottish legislation that has been changed as a result of the act includes the Social Work (Scotland) Act 1968, the Mental Health (Scotland) Act 1984, the Housing (Scotland) Act 1987 and the Children (Scotland) Act 1995. Those changes will mean that refugees and asylum seekers coming to this country will have less choice on where to live in the UK. That is a result of the dispersal policy, which has created 10 regions, including Scotland.

The new rules will take effect from April 2000, despite early indications from the Home Office to the various organisations that were lobbying that there was indeed a good case for delaying the introduction of those rules in Scotland, because of the way in which things had operated here in the past and the need to put in place new initiatives.

There is concern that many of the local consortiums in the UK are not ready to deal with the changes or to offer the services that they must provide under the new legislation. The latest figures show that 13 local authorities have signed up to be part of the Scottish consortium, but that only seven of them say that they can provide accommodation, now or on 1 April. Those authorities are also concerned that the method of financing means that there is no up-front additional funding to help them to renovate properties and to furnish them or to bring empty properties back into use. However, I know that there are continuing discussions about that, and I hope that the minister will reassure me on that point.

We are well aware of the situation in Glasgow. Glasgow City Council has been able to come to an arrangement with the Home Office to take 600 families prior to 31 March under the existing system, which will allow the council a sum of £300 per family per week to look after those families. The council will continue to make cash payments to the people for whom it is providing services.

In one of the South Ayrshire Council areas that I represent, there are concerns about a rumour that a private firm is interested in buying a property with a view to setting up a centre to house 325 people. The basis of the concern is that the site is close to Prestwick airport. If people come to this country and have to remain here for some time, we should ensure that people are housed in decent accommodation rather than in centres such as that. They should be housed in local communities, to which they can make a contribution as well as receiving hospitality.

South of the border, the Local Government Association has expressed concerns. It has been told in writing that if there is no agreement on a

voluntary dispersal scheme, there may be direction. That is the last thing that we want. Traditionally, Scottish people have been hospitable towards people from other countries who are in difficulty. There is strong support for refugees and for local communities assisting in that process. The last thing that we want to do is to find ourselves in a situation in which areas feel that they are being forced to deal with refugees without the proper resources and back-up.

I find it difficult to come to terms with the system for paying benefits to refugees living in the United Kingdom. Rather than receiving cash payments at income support level, people who are coming here under the new scheme will receive a sum totalling 70 per cent of the income support level. Only the first £10 of that will be in cash; the rest will be in vouchers. I have campaigned for many years to stop local authorities using clothing vouchers and other vouchers for the children in their care. I know from first-hand accounts that a stigma was attached to such schemes for the young people who used them.

Let us think about vouchers. How would we feel if we were in a strange country, without particularly good language skills, without all the necessary support, and were given a voucher for going shopping? We would be treated differently in the local shops, which might not stock the type of food that we were used to buying, and we might not understand the currency. I am sure that we can all see the difficulties that might arise.

It is my understanding that voucher schemes such as the one that is proposed have been discredited in other countries. Switzerland tried one and found that it did not work. The problem of administration costs has already been flagged up.

I understand that a French company has been awarded the contract for dealing with the vouchers, but that it has no previous experience of running a voucher system. I hope that the minister will give me information about this matter, but I understand that no information or guidelines have yet been issued on how the vouchers are to be redeemed or how they will be used in practice.

The voucher scheme was intended as a short-term measure when it was set up. However, the reality is that many refugees and asylum seekers coming to this country stay for longer than the six months envisaged when such schemes were drawn up.

Again, the problem is whether we can say in all honesty that we are on target to meet the requirement to deal speedily with applications for asylum. At the moment, the facts and figures suggest that we are not; they also suggest that people are likely to remain in this country for a much longer period than was intended originally.

Our treatment of asylum seekers seems to go against the grain of the social inclusion objectives that we are trying to achieve under this Government, whereby we want people to be integrated into local communities, to be involved and to have a say. We seem to be saying that we will not afford the rights that we give to our own citizens to people who are here temporarily.

I welcome Donald Dewar's indication that the system will be reviewed 18 months down the line to find out whether—or how well—it is working. However, I am concerned because so many people who are involved in the process are flagging up so many difficulties that perhaps it would be better, if possible—even at this late stage—to delay implementation. If we have a bad system, why implement it badly? Why not take time out while we try to solve some of the problems? I understand that the possibility of such a delay has been denied until now largely because of concerns about whether the Benefits Agency would be able to manage separate schemes in Scotland and south of the border. I hope that some of those issues can be addressed.

For me, the fundamental question is human rights and how we treat people who are less fortunate than ourselves. I have been criticised by some people, who have reminded me that charity begins at home and have said that we cannot possibly take in everybody who comes to this country. I am not suggesting that we can, but we must consider the kind of welcome that we give to people who come to this country. Anyone who watched "Panorama" the other night will have seen what it is like for people with families who come to this country with no idea about what will happen to them. The most poignant comment was made by the woman who said that she could not even take her kids to the toilet, because she had no money, at that stage, to pay to get into the loo. That is not the welcome that we want to give.

I will finish on that point, because I want other members to be able to contribute. I thank members again for their support. I am sure that this issue will continue long after today's debate.

The Presiding Officer: I remind members that members' business debates belong to the member who initiated the debate and the minister who will wind up. I will call the minister at 17.32, but no fewer than eight members want to be called. That is a triumph of hope over expectation, but the shorter the speeches, the greater the number of members who will be able to speak.

17:18

Shona Robison (North-East Scotland) (SNP): I welcome today's debate very much as the first, but by no means the last, opportunity to extract

long-overdue answers to serious questions about the Immigration and Asylum Act 1999.

The motion has received support from 50 of the 107 non-Executive members across all parties. That should tell the minister something about the level of concern in the Parliament. Our concern is in addition to that expressed by the Churches, the Scottish Refugee Council and Amnesty International, among many others who are represented in the public gallery today.

Let us be clear: the matter is a question for this Parliament. The Immigration and Asylum Act 1999 amended no fewer than five pieces of devolved legislation without making any reference to this Parliament. What consultation took place between the Scottish Executive and the Home Office? What were the views of Scottish ministers, in particular on the proposed voucher scheme?

Dispersal of up to 6,000 asylum seekers and refugees to Scotland will impact on education, health, housing and other services. If such services do not receive the necessary resources and are not coping, the service providers will turn to ministers of this Parliament, who were not even involved in the design of the new system.

Does the minister acknowledge the concerns that have been expressed by service providers about the lack of resources and their fears that they will not be ready in time for dispersal?

When refugees, or local people who are concerned about the refugees coming into their community, visit members of the Scottish Parliament at their surgeries, we will not be able to hide behind the smokescreen of the ultra vires argument. We do not expect the minister to do that today either.

Can we change the situation in Scotland? Can we do away with vouchers and restore cash payments to asylum seekers? I have been asked that question many times. The honest answer is that I do not know. If the minister is honest, he will admit that he does not know either. There is no precedent; the issue will have to be tested in the Parliament. Where there is a political will, however, there is a way. I believe that there is a great deal of political will to do something about the issue. That will increase when members see refugees struggling with vouchers in the supermarket queue or have distraught people arriving at their surgeries.

The First Minister went some way towards acknowledging that the Parliament can change things when he said, in a reply to a parliamentary question, that the Executive would review the operation of the act after 18 months. We contend that, rather than implement a flawed system that is doomed to failure, we should get it right now. I urge the minister to consider delaying dispersal to

allow us to get things right in Scotland, so that we can live up to our reputation as a fair and tolerant society.

In a press statement today to mark the Executive's embarking on a research study to promote race equality, Jackie Baillie said that the study is part of the Executive's commitment to root out racism and promote social justice and equality for all who live in Scotland. Let us see from the Executive some social justice and equality for refugees and asylum seekers.

17:21

Bill Aitken (Glasgow) (Con): I am obliged to Cathy Jamieson for the opportunity to participate in the debate, which is of considerable and growing importance. She was right to flag up the attitudes that we have in Scotland. We are an hospitable people who, time after time, throughout the centuries, have shown that we are prepared to welcome those from foreign shores who are oppressed, unhappy and in total distress.

Cathy Jamieson was right also to flag up the difficulties of the situation that we are talking about. The difficulties are those that will be experienced by local government, as Shona Robison highlighted. The inevitable shortage of resources will cause a degree of resentment and considerable aggravation for the Executive. We must recognise that we are confronted by a problem of considerable scale. We expect to receive 6,000 refugees this year. There will be 60,000 in the UK and 100,000 foreign nationals have applications outstanding for UK citizenship. When we are dealing with numbers of that size, problems are inevitable.

People are being cynically exploited. On "Panorama" the other night, we saw people being smuggled into this country, sometimes after having parted with their savings for the opportunity to get here. One cannot be anything other than desperately sorry for those people, but they are not asylum seekers; they are people whose wish for a chance to live a better life is being exploited. Much as we would like to help such people, there are problems when we consider the number of people we would have to help.

The UK Government has to accept some of the responsibility. It is appalling that the applications should take so long to process. Scenes such as those that we saw on "Panorama" are iniquitous. The lady with six children was in a diabolical situation. The applications should be dealt with timeously and expeditiously so that people know where they stand. False applications cost the Government £500 million a year. That has major resource implications.

The UK Government must think about the fact

that the change in the Immigration and Asylum Act 1999 has made us a soft touch in Europe.

Fiona Hyslop (Lothians) (SNP): Does Mr Aitken agree that, today, we are focusing not on the process of dealing with asylum seekers but on what happens to people when they arrive in Scotland, in terms of education, social work and housing? We are trying to address how the Scottish Parliament can help people whom we have a duty and a responsibility to help.

Bill Aitken: I recognise that that is clearly a major issue. I shall be brief, as I want other members to be able to participate. The fact is that the applications must be processed much more speedily and the numbers must be cut, otherwise we will face difficulties.

17:25

Robert Brown (Glasgow) (LD): There are considerable deficiencies in the present system. Communication is difficult, and the rules of procedure are obtuse. I have had professional experience of trying to make contact with the immigration department in Croydon: it is almost impossible—in fact, it is impossible—to get through to the people there on the telephone. They do not write letters and they do not communicate. It is not surprising, against that background, that the average waiting time for a case to be dealt with is some 27 months. The frustration that must be felt by people who are waiting for such decisions, especially when they do not speak English, beggars belief.

The issue of human rights has been touched on. Giving asylum to people who are fleeing oppression and danger in one of the dangerous regimes that exist throughout the world is no more than good neighbourliness. It is also our duty, under various international treaties. Under the new proposals, the voucher system and the lack of choice of accommodation deprive people of control and dignity. The system is grudging in essence, as in its provision, and will create a festering resentment among the 50 per cent of refugees who will remain in Scotland at the end of those procedures.

The local government implications have been mentioned. It is intolerable that the United Kingdom Government should drive a coach and horses through existing support systems and practice that have been built up over many years, by removing the relevant powers from councils. The cash help that is given to councils must be examined as well. There are not just 6,000 houses in Scotland that are waiting to be occupied. At present we receive some 300 refugees a year and are having to upgrade that substantially. Their houses need to be renovated and, ideally, should

be situated in clusters, to enable people who require mutual support—and who probably cannot speak English—to gain that support from each other. A consortium of Scottish housing providers is now in place to manage some of that. However, there must be flexible and adequate resources to enable those providers to carry out their duties.

Members have mentioned education and health care. Education is important, as learning to speak English and to communicate provides refugees with a basic tool. The long-term system that is proposed stands in stark contrast to the much more adequate support that was given when we dealt with the Kosovan refugees. That was a successful venture, and it has resulted in recent resettlement arrangements.

My Liberal Democrat colleague, Mr Richard Allan, opposed the bill on second reading in the House of Commons, calling it

“a Jekyll and Hyde Bill”—[*Official Report, House of Commons*, 22 February 1999; Vol 326, c 63.]

with some good aspects outweighed by quite a lot of bad aspects. It is outrageous that this Parliament and our councils in Scotland must pick up the pieces of the legislation.

I hope that the minister will tell the United Kingdom Government, in no uncertain terms, that that is our view. More to the point, I hope that he and this Parliament will do everything possible to ensure that the act—which is about affording effective hospitality to incomers to this country—will be improved in its operation. That is an urgent matter.

17:28

Elaine Smith (Coatbridge and Chryston) (Lab): I congratulate Cathy Jamieson on securing this important debate. Regardless of the fact that this issue is reserved to Westminster, it affects legislation on issues that have been devolved to this Parliament. Other members have made known areas for concern.

We must ensure that Scotland's councils and communities are willing and able to provide the support that is needed and, as has been said, hospitality for those who seek asylum in this country. I would like to focus members' attention on one aspect of the debate. Although the UN Convention relating to the Status of Refugees is of primary concern, regarding international law on this issue, the UN Convention on the Rights of the Child also has a locus.

There are several references to child refugees in the UN Convention on the Rights of the Child and it is clear that the convention and its articles are to be applied to all children “within jurisdiction”, regardless of the status of the child, their parents,

their legal guardians or their family members. In the United Kingdom—and, therefore, in Scotland—we are obliged, as signatories to both conventions, to provide child refugees with special protection and help, and to provide all children, including refugees and asylum seekers, with benefits from our social security system according to their needs. Support for children in need, who are dependants of asylum seekers, should not be at a lower level than support for any other child in the community.

We have a role in providing children with basic rights such as food, clothes and a place to live, along with the right to participate fully in our society. No child, or their family, should have to face stigmatisation by the receipt of “in kind” support provision. The rights and needs of children must be of prime concern when establishing the means to support asylum seekers in this country and throughout the UK.

17:30

Robin Harper (Lothians) (Green): I shall make two brief points. First, there is still a perception that poverty is the driver that forces refugees to come to this country. The top five countries of origin for refugees coming to Scotland are Pakistan, where a military coup has put many people in danger of severe oppression; Kosovo, where there has been war and ethnic cleansing; and Iraq, Algeria and the Sudan, where there have been significant human rights abuses that everyone knows are appalling.

Secondly, Elaine Smith mentioned the European convention on human rights. Members will be aware that the convention came into force in Scotland ahead of the rest of the UK—and of some of the consequences of that. Unsurprisingly, Jack Straw's Immigration and Asylum Act 1999 is likely to be in contravention of the convention. For example, the convention requires the provision of properly funded legal services for people in detention, but legal aid is not available for the hearings set out in the act. That is not just a matter for Westminster, because the Scotland Act 1998 makes the Scottish Executive responsible for upholding the convention. The rest of the UK will have to wait a little while for their human rights; this Parliament must act now, ahead of any court case, to ensure that the human rights of asylum seekers are protected in this country.

Finally, the convention demands that there should be freedom from

“torture . . . or inhuman or degrading treatment”.

I submit that compelling people to use a voucher system is significantly degrading.

The Presiding Officer: I apologise to the four

members who wanted to be called, but I must call the minister to reply on behalf of the Executive.

17:32

The Deputy Minister for Community Care (Iain Gray): I congratulate Cathy Jamieson on raising this debate; this is an important subject that we take very seriously indeed. I am aware of many members' sincere concerns and have listened very carefully to everything that has been said.

It is worth repeating that Scotland has a good record of responding to asylum seekers, and we are resolved that that should continue. That means ensuring that Scotland plays its full part in the national framework of support for asylum seekers.

Under the devolution settlement, immigration and nationality, including asylum, is clearly a reserved matter. Consequently the Immigration and Asylum Act 1999 is reserved. Support for asylum seekers by the secretary of state under part VI of the act is a reserved matter. The act institutes a UK-wide system of support for asylum seekers, which will be operated by the national asylum support service.

The consequent amendments to social work, mental health, or children's legislation to which Cathy Jamieson and others have referred have been made. Any such future amendments dealing with support for asylum seekers and their families are matters for the UK Parliament.

It is clear that it would be outwith the competence of the Scottish Parliament to seek to supplement the resources provided to local authorities by the Home Office to support asylum seekers, as this evening's motion asks.

Hugh Henry (Paisley South) (Lab): Does the minister accept that when local authorities take on responsibilities such as providing assistance under section 12 of the Social Work (Scotland) Act 1968, they should have the flexibility to provide such assistance in the way they think best for the individual concerned? Do we not need Scottish solutions to Scottish problems?

Iain Gray: A local authority that made section 12 payments now in support of asylum seekers would be acting beyond its powers. It would be a matter for the Westminster Parliament to return that power to authorities.

Support for asylum seekers is a matter for the UK Government, on which there was proper consultation—in 1998—and debate at Westminster. However, the Scottish Executive takes seriously its obligation to ensure that asylum seekers in Scotland are properly and fairly supported within the system.

Linda Fabiani (Central Scotland) (SNP): Is the Executive confident that the necessary procedures will be in place for 1 April?

Iain Gray: I was about to address that point.

Cathy Jamieson and others raised concerns about the preparedness to receive asylum seekers under dispersal and the potential for direction to Scottish local authorities by the Home Office. However, there are three criteria, the first of which is that there must be available accommodation. Dispersal cannot happen unless the criteria are met. The effect of section 101 is that dispersal cannot happen by direction unless Scottish ministers confirm that the three criteria are met. We do not expect many asylum seekers to be dispersed to Scotland under the new arrangements immediately after 1 April. The 600 families for which Glasgow has agreed with the Home Office to provide support under the present scheme will be taken into account in early decisions about dispersal.

Worry has been expressed about asylum seekers' access to health and social services. I confirm that the legislation ensures that asylum seekers will continue to have the same access to health and social services support and facilities as anyone else resident in the UK enjoys. That is an important point because there has been some confusion about the matter, particularly in the media.

I acknowledge the concerns that have been raised this evening about support for asylum seekers. That is why I announced on 18 November, in answer to a parliamentary question, that we will review the operation of the act in Scotland about 18 months after its implementation. The review will take particular account of the effect of the act in the devolved areas of housing, social work, education and health.

Shona Robison: The logic of reviewing something is that one is willing to change aspects of it if one feels that they are not working. Therefore, is the minister not acknowledging this Parliament's ability to amend the pieces of the act that do not work?

Iain Gray: Several members asked to what extent Scottish ministers consult the Home Office. There is constant contact and consultation. Any evidence of particular problems that the review produced—some hypothetical problems have been suggested tonight—would be used in our discussions with the Home Office.

I will refer to two further parliamentary questions, which I answered yesterday, on the related matter of the reimbursement of Scottish local authorities for support they have given to asylum seekers and refugees. We will ensure that local authorities are

given support in the present system and under the terms of the new legislation. I confirmed in answer to those questions that we will lay before Parliament two special grant reports, the first of which will reimburse local authorities for expenditure they have incurred in the current financial year—1999-2000—in supporting asylum seekers. It is expected that that grant will total around £3.9 million, the money for which has been transferred by the Home Office to the Scottish assigned budget.

The second special grant report will reimburse local authorities for the costs they have incurred during the current financial year in housing refugees from Kosovo. The total amount of grant is expected to be around £4.9 million, which will be met in full from the Treasury's UK reserve. There has been some interest in and media coverage of this matter, and I am glad that it has now been resolved satisfactorily.

Ben Wallace (North-East Scotland) (Con): It was reported that Jack Straw said that any family of asylum seekers who waited more than six months would be paid in cash rather than vouchers, and the minister spoke about the 600 families that will come to Scotland. As the backlog is 23 months, is it the case that no family coming into Scotland will be paid by voucher?

Iain Gray: Mr Wallace, in his brief intervention, made a number of errors. The 600 families to which I refer will be hosted by Glasgow under the previous arrangement and will receive cash support, not voucher support. In the new scheme, when a family remain after six months, there is an allowance for a special cash payment to be made, to allow them to replenish certain items they may have bought early on. However, it is not a switch to cash benefits.

I have heard the concerns that have expressed during the debate. Given that support for asylum seekers is a reserved matter, I repeat that the scope for action is limited. However, in the meantime, discussions between the Home Office and the Convention of Scottish Local Authorities continue, to seek to ensure the best possible outcome for asylum seekers in Scotland, under the new arrangements. The Scottish Refugee Council is involved in that.

We will have a review of the new arrangements some 18 months down the line. I acknowledge that that does not go as far as some members would like, but I believe that these measures are fair, practical and realistic, within the overall constraints that apply.

Dr Richard Simpson (Ochil) (Lab): Will the minister give way?

The Presiding Officer: The minister is on his wind-up.

Dr Simpson: Can the minister take on board the question about the European convention on human rights? Having signed up to it separately in Scotland, we may be faced with court action if we do something inappropriate, irrespective of the fact that this is a reserved matter. It is an issue that has yet to be addressed.

Iain Gray: With all apologies to Dr Simpson, I sat down because I had finished, rather than to take his intervention. I have heard his point and I will take it on board.

The Presiding Officer: I thank members. That concludes this debate and concludes today's business.

Meeting closed at 17:42.

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