

MEETING OF THE PARLIAMENT

Thursday 6 December 2001

Session 1

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Scottish Parliament

Thursday 6 December 2001

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

Water Industry (Scotland) Bill: Stage 1

The Deputy Presiding Officer (Mr Murray Tosh): The first item of business this morning is a stage 1 debate on motion S1M-2276, in the name of Ross Finnie, on the general principles of the Water Industry (Scotland) Bill.

Tommy Sheridan (Glasgow) (SSP): On a point of order, Presiding Officer—it is unfortunate that you happen to be in the chair, Mr Tosh. Several times I have raised the issue of the non-selection of amendments for debates and I have been told consistently that when the larger parties lodge amendments they are selected in preference to amendments lodged by smaller parties. That is hard to accept, but it is tough and we have to get on with it. Can you confirm that no amendments to the motion that we are debating were lodged, apart from the one that I lodged? If no other amendments were lodged, why was that amendment not selected?

The Deputy Presiding Officer: I confirm that no other amendments to the motion were lodged. As Mr Sheridan is aware from previous experience, the selection of amendments is a matter entirely within the Presiding Officer's discretion.

09:31

The Minister for Environment and Rural Development (Ross Finnie): I am very pleased to debate this issue. This is the first opportunity that the Parliament has had to debate the Water Industry (Scotland) Bill.

Before I set out my vision for the water industry and how this bill will achieve that, I place on record my thanks to the Transport and the Environment Committee. Since its inquiry into the water industry started in November 2000, the committee has devoted a great deal of time to the industry and to the condition of water in Scotland. The committee will continue to have considerable interest in and involvement with the water industry. The committee will deal with this bill when it proceeds, as I hope it will, to stage 2, as well as with the forthcoming water environment and water services bill.

I thank the committee for the speed with which it completed its stage 1 report. I welcome its

recommendations in support of the bill's principles and am glad to note its endorsement of the timetable to which we are working to ensure that Scottish Water can vest on 1 April 2002. My depute Allan Wilson and I look forward to working with the committee at the forthcoming stages of the bill to ensure that the parliamentary process is completed on time.

Although today I will not be able to comment on all the points that are made in the committee's report, I hope to deal with as many of them as possible. We will pursue them in more detail at stage 2, if the bill proceeds to that stage.

I want first to focus on the big picture. Sometimes it is easy to lose sight of why a piece of legislation is before us and whom it will benefit. The bill is about serving the customer well, putting customers before producers and giving customers a high quality of service at the lowest sustainable price. That means having a single, more efficient water authority. The creation of Scottish Water is the surest way of delivering improved services and of keeping charges under control.

The argument in favour of Scottish Water was set out most graphically in the water industry commissioner's recent strategic review. In proposing revenue caps for the next four years, he advised that significant increases in revenue were required. However, he spelled out clearly the effect of having one water authority rather than three. With Scottish Water, the commissioner's advice will mean that an aggregate revenue increase of 19.6 per cent over the next four years is required to fund necessary improvements to the service. With three separate water authorities, revenue would have to rise by between 36 per cent and 44 per cent to fund the same improvements.

Tavish Scott (Shetland) (LD): Will the minister confirm that if the merger did not take place water charges for consumers in the North of Scotland Water Authority area would rise by something like 35 per cent over the next three years?

Ross Finnie: I confirm that charges would rise across the piece. In the north they would rise by some 35 per cent, whereas in the east and west they would rise by between 36 and 44 per cent. The creation of Scottish Water would reduce that increase to 19.6 per cent over four years.

Tommy Sheridan: As the minister will be aware, since 1996-97, water industry revenue has increased by 57.2 per cent. The problem is that domestic customers have had to fund that increase through a 102 per cent rise in charges. That compares with an increase of only 16 per cent in charges for non-domestic customers. Does the minister think that that is a fair division of costs?

Ross Finnie: Tommy Sheridan raises two important issues. First, the water industry commissioner uncovered clear evidence that there was a cross-subsidy from non-domestic to domestic customers, which in a competitive industry had to be unwound to some extent. Secondly, we need to consider how that process impacts on lower-income and other groups and to deal separately with the issue of the charging regime. As Mr Sheridan has pointed out on many occasions, it is difficult to argue that there is a close correlation between water consumption and rateable value. The charging regime is not a matter for the bill, but it is a matter for Scottish Water. I hope that, once we have established Scottish Water, the authority will address that issue as a matter of urgency.

The difference that the creation of Scottish Water will make to charges and the other advantages that it will have for customers should be clear. There will be a uniform water supplier across Scotland and charge harmonisation by 2005-06. That is relevant to Tavish Scott's question.

The water industry commissioner will continue to work for the customer to drive down costs in the industry. The new convener of customer panels will be charged with ensuring that customers have a distinct and clear voice.

Scottish Water will be fully in the public sector. Ministers will be responsible for board appointments, will exercise powers of direction over the authority and will lend to the authority through public expenditure.

The bill provides the flexibility and commercial powers that will enable Scottish Water to survive in a competitive environment. Scottish Water will have much the same power to outsource as the existing water authorities have. Those powers are compatible with and, in our view, are essential for a successful and sustainable public sector water authority. Only further primary legislation could alter the public sector position and clear accountability of the industry. I assure the Parliament that that is neither my intention nor the intention of the Executive.

Bruce Crawford (Mid Scotland and Fife) (SNP): I will address the issue of primary legislation later.

Section 60(2) talks quite clearly about the functions of Scottish Water. In a letter to the convener of the Transport and the Environment Committee, the minister argued that section 60 would rule out privatisation of the industry and would prevent the new organisation from forming itself into a private company. However, section 60 excludes specifically all functions of Scottish Water

"under subsection (1) of section 25 of this Act and subsection (2) of that section so far as relating to subsection (1)."

In the light of what he has just said, will the minister tell us how he interprets that provision?

Ross Finnie: The core functions of Scottish Water as defined in section 60(2) include the whole gamut of what Scottish Water does. Most outsourcing in the current water authorities relates to the placing of capital contracts for construction. That work is not done internally. I am making a point about how certain services are provided and about the ownership of assets. It is my intention that Scottish Water should operate in much the same way as the existing water authorities operate. I am not minded to give direction to permit the company to engage in a wider range of activities.

Bruce Crawford rose—

Ross Finnie: I must move on.

As I undertook to do, at stage 2 I will present to the Transport and the Environment Committee a draft of the directions that I intend to issue. It is important for the committee to be able to consider those at stage 2. In recommending the bill to the chamber, my purpose is in no way to extend privatisation to the Scottish water industry.

As I said, Scottish Water will be subject to a series of directions, supported in some cases by detailed guidance. Principal among those will be a direction setting out the tight rules under which Scottish Water will be allowed to exercise its general powers under section 25. That addresses the point that Bruce Crawford made. As I said, I have promised to present the draft directions to the Transport and the Environment Committee. Further directions and guidance are being developed that will make clear Scottish Water's more detailed finance and accounting obligations.

The framework that I have outlined will aim to provide a governance structure that, in words endorsed by the committee's report, will

"Make it more commercial, give it a proper board and the proper powers, then let it get on with using those powers, subject to regulation."

I turn briefly now to the detail of the bill. I hope that I have covered much of part 3, which establishes Scottish Water, and made it clear how that advances the customers' interest.

The committee's stage 1 report seeks action and reassurance from the Scottish Executive in relation to the public accountability of the proposed Scottish Water board. I assure members that the Executive's intention is that the non-executive directors on Scottish Water's board will continue to outnumber the executive directors. However, I acknowledge the committee's point

that schedule 3, whose intention is to make the total number of directors flexible, allows for the possibility that the balance will be in the other direction. I will consider whether an amendment should be lodged to put beyond doubt the intention that the non-executive directors should always be in the majority.

I also confirm our agreement with the committee that we should give board members, especially non-executive members, a clearly defined role. At stage 2, I intend to share with the committee the draft direction setting out the roles and duties of the Scottish Water board. I hope that that will allay the committee's concerns that board members might not be properly empowered.

As I have said, it is our intention to increase Scottish Water's accountability to Scottish ministers, the Parliament and the public. The bill provides for Scottish Water to provide both annual and interim reports to Parliament, which offers a clear means of regular scrutiny. The chairman designate and chief executive designate of Scottish Water clearly expect that Parliament's interest in Scottish Water will continue beyond its creation and that it will be held to account through the six-monthly reports.

The other parts of the bill are equally about advancing the interests of the customer. Part 1 confirms the role of the water industry commissioner as the industry's economic and customer service regulator, and establishes customer consultation panels, which will give a direct local voice to customers. The panels will be chaired by an independent convener, who will be able to publish reports and whose views the water industry commissioner will have to take into account.

Interest has been expressed in the make-up of those panels. I welcome the committee's agreement that the individual members of the panels should not represent particular sectoral interests. The independent convener will be appointed by ministers under guidance from the Office of the Commissioner for Public Appointments. Naturally, that process will include scrupulous regard for equal opportunities legislation and other equality issues—a point that was raised in the stage 1 report from the Equal Opportunities Committee. Similar care will be taken to ensure that panel members are appointed in a transparent and fair manner.

Part 2 establishes in statute a drinking water quality regulator. Since the drinking water quality regulations were introduced in 1990, good progress has been made and we have a very good story to tell—the number of microbiological quality failures has fallen from around 2,300 in 1991 to just 252 in 2000. However, comparisons with other parts of Britain are still not good.

Reducing the level of failure even further to ensure that water of the highest quality is delivered consistently to all the people of Scotland will require a redoubling of effort. It is in the interests of the customer, Parliament and the industry to secure the place of quality regulation within the statutory framework.

The drinking water quality regulator's role will be to monitor and ensure compliance with drinking water quality regulations, investigate possible breaches of the regulations and enforce compliance where necessary. The establishment of the regulator will ensure that the execution of that work is open, transparent and accountable. I think that everyone welcomed those proposals during the consultation for stage 1.

I will deal with specific issues arising from the Transport and the Environment Committee's stage 1 report. I welcome the committee's recognition that it is not feasible to continue with the current reduced water charges for the voluntary sector, and the committee's acknowledgement of the Executive's argument that proper funding for the voluntary sector should not be substituted by service suppliers meeting the sector's water costs. I acknowledge the strength of feeling on that issue, but we have to bear in mind what we are asking Scottish Water to do. We want it to deliver a massive programme of environmental and public health improvements, while driving out substantial efficiency savings. We want it to be more responsive to all its customers and to meet their needs by acting more commercially, as any other utility supplier would.

We cannot reasonably do that and ask Scottish Water to manage a system of reliefs for a particular group of customers—especially as that system targets assistance at members of the group that occupy high-value premises, rather than by referring to the value of their efforts, and as the size of the group increases by about 1,000 each year.

Reliefs must be considered in the context of the Executive's record direct and indirect funding of the voluntary sector. I understand why the continuation of reliefs appears attractive, but I do not share that view. It is important that people are clear where we stand on that issue.

Richard Lochhead (North-East Scotland) (SNP): In light of the minister's comments—which will be extremely unpopular on his benches and throughout Parliament and the country—will he confirm whether he has undertaken an impact study on the effect on the voluntary sector of carrying out the policy?

Ross Finnie: There is a legitimate argument for charitable relief, but I sustain that a particular industry should not provide that relief. We must

remember that the issue has become quite complex. We have received the McFadden report, which proposes substantial relief across the board for charities. I am in no doubt that Parliament will wish to discuss and consider that.

Among the 1,000 new charities that are created every year are charities that are created by local authorities putting their sporting facilities—including major swimming baths—into charitable trusts. Although that is not the impact that the member talked about, it represents a considerable impact on charitable relief. I have much more sympathy with smaller groups of genuinely charitable organisations that add to the public sector through civic engagement. I have not closed my mind on that issue, but I am making clear what I believe Scottish Water's core function ought to be.

I recognise that the stage 1 report is helpful in identifying the kind of organisations that the Transport and the Environment Committee is keen to help. We can consider further what help we could give to the narrow group that is identified in that report.

Another concern that the report raises is the sustainable development duty. That was raised by the Scottish National Party's spokesperson. I am in no doubt that Scottish Water should have regard to sustainable development in everything that it does. Section 47(4) will ensure that it will in most circumstances. Scottish Water's core business—which ultimately requires a secure supply of clean water and the effective disposal of waste water—is about sustainable development. It is highly unlikely that Scottish Water will find itself in conflict with those basic principles. I will discuss with the committee whether guidance or direction should be provided at the outset to Scottish Water to ensure that the committee's concerns are fully met. I feel that guidance rather than amendments will be the right way forward.

The Equal Opportunities Committee raised the specific concern that the bill does not provide additional safeguards to protect current employees during the structural changes in the water industry. I assure the Parliament that Scottish Water will be subject to all relevant equal opportunities legislation, whether on job losses, changes or other staffing issues. The existing water authorities are working closely with the unions on the move to Scottish Water. All appointments and transfer procedures are appropriately equality proofed. If I can offer the Equal Opportunities Committee any further information on those processes, I will be happy to do so.

The essence of the bill is straightforward. Scotland requires a single, efficient, publicly accountable and locally responsible water authority to keep down charges and manage the

investment that will ensure that we have first-class drinking water and cleaner beaches. That is the object of the bill.

I move,

That the Parliament agrees to the general principles of the Water Industry (Scotland) Bill.

The Deputy Presiding Officer: I invite any members who wish to speak in the debate and who have not so far pressed their request-to-speak buttons to do so.

09:49

Bruce Crawford (Mid Scotland and Fife) (SNP): On a personal note—because I was not here yesterday afternoon—it is good to see you in the chair, Mr Tosh.

Today is an important day for the future of Scotland's water industry. The Water Industry (Scotland) Bill is a key piece of legislation that will provide a window on the direction that the Executive intends to take on Scotland's public services. The SNP has generally supported the move to establish Scottish Water. Many of the bill's provisions are laudable and will find support among SNP members. We also support the principal objectives that are set out in the policy memorandum.

Ross Finnie has told us several times that the restructuring plans in the bill will pave the way for the industry to face up to the rigours of competition. People are anxious that opening up the water industry to future competition will lead to back-door privatisation. Ross Finnie has approached the challenge with his usual gusto and vigour. His determination is noteworthy, but the Executive's plans to open up the industry to competition will make water a commodity and place it in the marketplace.

Tommy Sheridan: Will the member confirm that, if it were in power, the SNP would use schedule 3 to the Competition Act 1998 to exclude the water industry from competition?

Bruce Crawford: I will deal with that matter in a minute.

Determination alone will not keep the private sector out of the water industry and no minister—unless very foolhardy—can say that private operators will be kept out. No such pledge can be delivered, because ministers know that in the short or long term, it is inevitable that a private sector operator will gain entry. That will mean only one thing: the beginning of back-door privatisation, whether we like it or not.

I will now deal with Mr Sheridan's point. We are all aware that the legislation has been driven by European Community directives. However, some

of the major utilities in Europe have gained an opt-out to stop competition in their areas, or when they have not done that, bonds have been required that are so big that it is impossible for the private sector to gain entry. The Executive must examine those issues carefully to ensure that we can stop the private sector from gaining entry.

That is the backdrop to the debate. The SNP supports the general principles of the bill, but has legitimate concerns about some of the Executive's proposals. I will explore some of them today, because at stage 2, I hope that the Executive will take on board much of the thrust of our argument.

As the minister is aware, concerns were raised at the Transport and the Environment Committee about the bill's wide-ranging powers—which the minister touched on—and particularly the general powers in section 25, which says that Scottish Water will have the power to

“form or promote (whether alone or with others) companies (within the meaning of the Companies Act”.

MSPs and witnesses were concerned that that power could open the door to the de facto privatisation of the industry. Dr John Sawkins from Heriot-Watt University said:

“However, as I understand the bill, if they wanted Scottish Water to become a ... limited company, it could become one. That is the bottom line. If the chief executive and chairman change, the new people will be able to do anything they want.”—[*Official Report, Transport and the Environment Committee*, 24 October 2001; c 2150.]

Ross Finnie: Does Mr Crawford accept that the basic thrust of the bill is that Scottish Water is a company—I mean, not a company, but a public corporation and that the powers vest from that? Does he accept that the bill makes it clear that the creation of companies is a direction within the principal purposes? The whole company cannot be privatised without a change in primary legislation.

Bruce Crawford: I do not accept the minister's premise and I will explain why. Unison does not accept that premise either. Yesterday evening, all members received a briefing from Unison that said:

“UNISON therefore remains of the view that Scottish Water could turn itself into an enabling authority with the ‘delivery’ of services to the public privatised using the powers in s25. Nothing in s60(2)—

that is the key provision that the minister said would put a break on privatisation—

“could halt this. UNISON therefore believes that the powers of Scottish Water need to be drawn more tightly”.

Nothing could be clearer.

On 14 November, Ross Finnie told the Transport and the Environment Committee that he intended to issue directions, as laid out in section 49, to

ensure that no serious diversification was made that could lead to privatisation. The minister leans heavily on directions to control Scottish Water. That all sounds fine and dandy, but a major flaw requires to be addressed, and I hope that the minister will respond satisfactorily.

Section 49 contains no requirement to secure the Parliament's agreement to any ministerial directions to Scottish Water. The bill will give the Executive a blank cheque to decide the fate of the Scottish water industry. There is no way on God's earth that the SNP will sign up to any blank cheque—under the current minister or a future minister, under the current Executive or a future Executive. God knows what would happen if the Conservatives got their hands on the bill.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): The Conservatives would sell off the industry.

Bruce Crawford: Exactly.

The Executive will not have carte blanche from the SNP to privatise Scottish Water by simply issuing a ministerial direction under section 49. If the Executive wants to secure SNP support at stage 3, the bill must be made much clearer.

Mr David Davidson (North-East Scotland) (Con): To save time in the chamber, I ask Mr Crawford to explain his fears about privatisation, the use of limited companies or the input of new finance.

Tommy Sheridan: Railtrack.

Mr Davidson: Surely if the water is delivered in the correct form, efficiently, to the right quality and at the right price, the manner of delivery is irrelevant.

Bruce Crawford: That is the same old story trotted out again. We heard Railtrack mentioned. What do we want in Scotland? Do we want a Railtrack of the water mains? The water industry affects the nation's health. One accident could put at risk not only one person or 100 people, but thousands of people.

John Scott (Ayr) (Con) rose—

Bruce Crawford: Sit down, please.

When profit is put before the public's interests, problems arise, as we have seen in the rail industry.

If the minister wants to secure SNP support at stage 3, the bill will have to be made much clearer. An absolute guarantee must be included—and the guarantee ain't there—that Scottish Water will not be able to become a private company without the passing of primary legislation and full parliamentary scrutiny. That is a fundamental issue of parliamentary democracy. [*Interruption.*]

Members say that Ross Finnie called Scottish Water a company, but the Executive has done that several times, including once in an answer to John McAllion a couple of weeks ago, so some Freudian slips are being made.

It is generally understood and accepted that the water industry requires unprecedented levels of investment. The Executive estimates that the investment requirement is about £2 billion in the next four years. How are charges to be kept under control? We know that the water industry commissioner—the WIC—has demanded efficiency savings of £135 million, yet charges are still expected to rise by up to 25 per cent in the East of Scotland Water area and the West of Scotland Water area.

Although the WIC and the minister are confident that the efficiency savings of £135 million from operating costs can be delivered, people are sceptical about whether such savings are achievable. It is assumed that much of those savings will come from job losses, but as the minister told the committee on 14 November:

“The real trick is how we achieve the other savings”.—
[*Official Report, Transport and the Environment Committee*,
14 November 2001; c 2299.]

I hope that job losses are kept to a minimum and I hope for the charge payers' sake that such savings do not prove to be a trick too far and an unachievable illusion.

The industry worries that the scale of proposed job losses could leave it short of vital skills and put health and safety in jeopardy. As we debate the issue, we can be sure that the public's primary concern is the level of charge that they will be expected to pay. What more can be done to keep charges down? The main driver for increasing charges is the extraordinary level of capital works that are being financed from current revenue by the existing authorities. For example, in a letter dated 5 November, West of Scotland Water said that in the current financial year, it had a capital programme of £187 million, of which £96 million, or 51.3 per cent, came direct from revenue. That picture is replicated in the two other authorities.

According to figures that the WIC has supplied, the level of capital finance from current revenue is estimated to be more than £300 million for each of the next four years. Paying in the short term for capital works directly from current revenue is the real driver for increasing charge levels. What can the Executive do about that? What is the alternative? For starters, if even an element of the £350 million that is committed from current revenue to pay for capital improvements were used for longer-term borrowing, the impact on the charge payer could be kept down significantly.

I will now raise a fundamental issue of

discrimination and unfairness to Scotland that needs to be dealt with to sort out the problem of inherited debt levels and leave ample room for new borrowing.

At the time of reorganisation of the water industry in England, when the industry was privatised, the debt of the former public utilities was written off. The slate was wiped clean to allow the new organisation to get the best possible start. Prior to reorganisation in the south, the water industry received benefits amounting to £9.2 billion—£1.5 billion of aggregated direct cash support and tax allowances of £7.7 billion. Those figures are not SNP figures, but figures taken from the Transport and Environment Committee's report into the water industry which, on page 31, describes that cash support as a “green dowry”. The background factors and debt profile for Scotland are not dissimilar to those of England at the time of reorganisation, in that the current debt level in Scotland, as at 31 March, was £1.9 billion. Why should Scotland not secure the same advantage that was provided in the south?

Ross Finnie: Does Mr Crawford accept that, at the time of the write-off of the debt to which he has referred, customers in England received a benefit of £50 per customer? Does he also accept that the commutation of Scottish debt—not all of it was made at that time—amounted to more than £300 per customer? Can he explain what is the discrimination to which he refers?

Bruce Crawford: Perhaps the minister should read more deeply the report from which he is so fond of quoting. On page 175 of his strategic review, when discussing the debt, the WIC makes it quite clear that:

“In short, the customer in Scotland should have had a better deal.”

John Scott: Will the member take an intervention?

Bruce Crawford: No. I have taken a number of interventions and I want to get through what I want to say.

In the interests of fairness, the Scottish Executive should demand that the UK Treasury provides similar support to the Scottish water industry. The new First Minister should be beating a path to the chancellor's door to demand justice. [*Interruption.*]

The Deputy Presiding Officer: Order.

Bruce Crawford: Democracy and accountability are vital for the board of Scottish Water and for the WIC. Many column inches have been written recently about cronyism and job creation for the boys. The passing of the bill is an opportunity for a Liberal Democrat minister to put himself beyond reproach in this regard. More important, it is a

golden opportunity for the Scottish Parliament to show, in the clearest of terms, that the appointments procedure to public bodies in Scotland is as transparent as it can be and that it operates fairly. Ross Finnie can do that by accepting the amendments that the SNP will lodge at stage 2.

The first amendment that we will lodge is to ensure that the democratic legitimacy of local authority councillors is recognised and that Scotland's councillors are represented on the board. That would strengthen local democracy and ensure that at least some directly elected people are represented on the board.

I am glad that the minister seems to be giving way on the second point on which we plan to lodge an amendment, which is that non-executive directors should be in charge of the board. The third amendment will propose that members of the board be selected on the basis that is outlined in the Public Appointments (Parliamentary Approval) (Scotland) Bill and that the Scottish Parliament be provided with the opportunity to approve or veto appointments.

It is an absolute precondition for the SNP that Scottish Water remains in public hands. Although it is proper for the new entity to be expected to operate in a more commercial manner, it will be formed as a traditional non-departmental public body or quango. With more than 5,000 employees and an annual revenue spend of almost £1 billion, it will be the largest quango that Scotland has seen. The shape and form of Scottish Water will be vital to ensuring that it is the outstanding success that Scotland deserves. It will be interesting to hear from the minister, in his closing speech, what consideration is being given to other public sector models. For instance, what level of consideration is being given to forming Scottish Water as a not-for-profit trust?

The minister discussed how charities are to be treated and the impact that the bill will have on them. My colleague Richard Lochhead will explore that issue further. I ask the minister to agree that it cannot be right for an organisation such as Rachel House, the children's hospice for Scotland in my home town of Kinross, to be required to lose the equivalent of two full-time nurses as a direct result of the bill. That should not happen. I make a genuine and heartfelt plea to the minister to take another look at that issue before untold damage is done throughout Scotland. We need to have an impact assessment, which Richard Lochhead raised in his intervention on the minister.

Finally, I leave the Executive with the clearest of messages. The SNP's support at stage 3 will be dependent on an absolute guarantee being written clearly into the bill that before the decision is taken to create Scottish Water as a private company, the

decision will be the subject of full parliamentary scrutiny through primary legislation. The Executive will get no blank cheques from the SNP on this issue and no carte blanche to do as it pleases. If the Executive wants the SNP's support, it should deliver the changes.

10:05

John Scott (Ayr) (Con): I take the opportunity to welcome Murray Tosh as the Parliament's new Deputy Presiding Officer.

We in the Scottish Conservative party recognise the need for the bill to be debated in the Parliament. European and national legislation requires water quality standards to be raised and investment to be made. There is complete agreement that the status quo of the three water companies is no longer a viable option for the management of Scotland's water. The Conservatives accept that it is sensible to create the single authority by amalgamating the three old companies. We accept that the type of company structure that is mooted is more viable than the mutual model that is favoured by some.

When Scottish Water is created, it will almost be a privatised company. It will enjoy some of the advantages that are enjoyed by other plcs. However, it will be strangely fettered by its accountability to so many masters. Scottish Water will enjoy the economies of scale that are necessary to allow it to function in a competitive market. It will enjoy a merger dividend that will allow it to invest more efficiently in its outdated infrastructure. It will be able to borrow huge amounts of capital—£2 billion over four years at Government rates. That said, the cost would be far greater than if the capital had been raised on the equity markets. Nonetheless, even with those significant borrowings, Scottish Water should, if properly managed, enjoy a gearing that is well within accepted industry norms.

The new structure will have its advantages, but it will not be without its problems. Unlike the SNP, the Conservatives believe that the introduction of competition into the Scottish water industry is a good thing. We have confidence in the future of Scotland, unlike SNP members who seem afraid to look competition in the face and attack it head on.

Richard Lochhead: Will the member take an intervention?

John Scott: No. I will not take interventions from the SNP. Bruce Crawford did not take any from me. Sit down.

Looking at the structure of the new company, it may well have difficulty in functioning efficiently. Put crudely—

Bruce Crawford: Surely the member will take an intervention.

John Scott: No, as the member would not take one from me. I will certainly not take a sedentary intervention.

Put crudely, the company will have to answer to too many masters. Unlike a fully-fledged plc, Scottish Water could be subject to political interference. The water companies throughout the UK that are plcs need only answer to their shareholders and the regulator. Scottish Water may have a more complicated set of masters. It will have to be accountable to Scottish ministers, the Scottish Parliament, its board, the water industry commissioner, water customer consultation panels and the Scottish Environment Protection Agency. It may also have to be responsible to the Transport and the Environment Committee and, ultimately, it will have to be responsible to the Scottish people. There is a real danger that precious management time will be wasted creating and presenting too many briefings and reports to too many different groups of people.

Des McNulty (Clydebank and Milngavie) (Lab): Is Mr Scott objecting to scrutiny by the Scottish people and the Scottish Parliament?

John Scott: As Des McNulty is well aware from discussions at the Transport and the Environment Committee, Scottish Water could have an encumbrance of tasks to undertake at a time that it is trying to create a new business in difficult circumstances.

The new company could also be the subject of political interference, which would prevent it from functioning freely because of short-term political gain that could hinder its performance. As I raised at committee, that would mean that, if the WIC were to set water prices at an inappropriate time in the eyes of the Executive—say before an election—the WIC might be unable to set the prices that Scottish Water needs in order to function efficiently. That is vitally important. We in the Conservative party are determined that the new company must deliver water cheaply and competitively in line with what is being delivered by the water companies in England and Wales.

I welcome the creation of the water industry commissioner's role, but I see a huge risk that his position could be overruled and compromised by ministers for reasons of political expediency. If such a contentious scenario were to come to pass it would, once again, take management eyes off the ball. Those are just a few of the problems that I foresee. I believe that the new chief executive will need to be very strong and focused to deal with ministers, MSPs and so on at the same time as creating a new and vibrant business.

Another area that needs to be examined is the

structure of the board, which, as proposed, is unsound. The balance between executive and non-executive directors needs to be moved so that it is less in favour of executive directors and more in favour of non-executive directors. Instead of the current proposal, as outlined in schedule 3 of the bill, there should be no more than four executive directors and a minimum of six fully empowered non-executive directors. I welcome the minister's assurances on that matter this morning.

The water industry panels, while superficially an attractive idea, are another potential source of problems. Put simply, if those panels are strong enough to make a difference, they will almost certainly interfere with the efficient running of the company. If they are not strong enough to make a difference, they will only be talking shops and of little value. The role of those panels will need to be more clearly defined than it is at present. I am far from certain that the minister's comments on that today provide the clarification that we need.

There is also the issue of full commercial freedom. It is already clear that Scottish Water will not be given the freedom to do as it pleases. The authority will be unable to seize a commercial opportunity if it presents itself, because the Executive and the water industry commissioner are afraid that by giving it full freedom it might start to think and behave like a plc. Again, Scottish Water will be shackled by arbitrary political constraints at a time when it will have to be very fleet of foot to survive in a hugely competitive marketplace. That is why I said at the outset that the new company will face difficulties and challenges that it may not be able to cope with. Indeed, the whole exercise is a bit of a gamble with taxpayers' money.

We will monitor closely the performance of the new company. The jury is still out—and will remain so for some time—on whether that model will work. If it does, the upside is that it will work like a fully privatised company.

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

John Scott: No.

If the new model that is Scottish Water does not perform as it is hoped, it will become, in the worst sense, a nationalised industry, which will be a burden on Scottish taxpayers.

Ross Finnie: Is Mr Scott saying that he would prefer a private monopoly for a company that operates and provides a utility service, rather than the public and the Parliament holding that company to account? It seems to me that private companies exploit monopolies and the public are unable to look after themselves. Mr Scott presumably takes the opposite view.

John Scott: We have already discussed the fact that the industry will operate in a competitive environment. If we take away the freedoms that an unfettered business would have, the authority will not be able to operate efficiently in that competitive environment. That is my point.

Scottish taxpayers should be under no illusion that this is a huge experiment—

The Deputy Minister for Environment and Rural Development (Allan Wilson): Will the member give way?

John Scott: I am sorry. Well, all right, since Mr Wilson is a minister. I beg his pardon.

Allan Wilson: At last I have reached that exalted status.

The point that was being made, and which John Scott has not addressed, is that as a public authority Scottish Water would operate in a competitive environment in the public interest, whereas a private company would act in the private monopoly interest. Which one does he favour?

John Scott: A private company could still operate very much in the public interest. The minister cannot tell me that the water companies in England—which are, after all, the model upon which Scottish Water is based—which, as the reports show, provide cheaper and cleaner water than we have in Scotland, do not operate in the public interest. To say that would be, at best, naive. Scottish taxpayers should be under no illusion: this is a huge experiment, funded by their money, which may or may not work. As a businessman and as a member of the Transport and the Environment Committee, I genuinely wish the new company well. However, the Parliament must be aware that success is not guaranteed.

Turning to other parts of the committee report, I wish to address matters that are perhaps less contentious. First, there is the efficient collection of moneys, which is vital to the cash flow of the new business. At the moment we are all aware that water charges are collected by local authorities. Scottish Water must move away from that situation as quickly as possible. With many councils' debt collection records being as they are, the inability to collect debt could be the difference between profit and loss and between the success and failure of the project. It is essential that the company takes on the collection of its own debts and moneys as quickly and efficiently as possible rather than putting itself in the hands of 32 local authorities, whose collective track record of council and water charge collection is at best poor and at worst potentially damaging to the new company, which we all want to succeed.

Another issue is the new company's position as

the provider of last resort. We believe that it is right and proper that Scottish Water should be the provider of last resort to the Scottish people.

Like others, I welcome the minister's commitment to leave in place for another year the dispensation that allows water to be delivered free of charge to registered charities. That said, I accept the minister's view that it is an unfair burden on the new company that water should be given free to charities when electricity and gas are not. I therefore cautiously welcome his undertaking to establish a review of the whole situation of charitable reliefs, in order that a more broad-based support scheme for deserving charities can be developed. I ask that that be done as a matter of urgency.

We welcome the Scottish Executive's initiative in introducing the bill. Although we welcome the new commercial freedom to be found in the bill, it is a halfway house. The new company is essentially a hybrid, a compromise and an admission that the Executive aspires to the private sector model. The bill recognises that privatisation of water worked in England and Wales. Sadly, the Executive does not have the confidence to take the industry out of public sector control. That is why the bill contains contradictions, some of which I have highlighted. Time will tell whether the model is a success. In the meantime, the Conservatives will monitor the situation.

We hope that Scottish Water delivers the service that the people of Scotland deserve and expect. We will monitor its progress carefully over the months and years ahead, and observe how it performs in comparison with the private sector down south, which, despite what the SNP says, is delivering cleaner and cheaper water for consumers. If further change is necessary, it will be based on an open-minded examination of the evidence and facts and a judgment made purely on the interests of Scottish consumers and taxpayers. While we accept the broad principles of the bill today, we of course reserve our right to lodge amendments at stages 2 and 3.

10:17

Bristow Muldoon (Livingston) (Lab): I welcome Murray Tosh to his new position as Deputy Presiding Officer.

I welcome also the opportunity, as a member of the Transport and the Environment Committee, to open on behalf of Labour. Over the past year and a half the committee has devoted a considerable proportion of its time to examining the water industry and has published two major reports: the water industry report, which was published in June this year; and, later, the stage 1 report on the bill.

I place on record my thanks to the 19 members

who have contributed to the reports. In particular, I single out the former convener of the committee, Andy Kerr, who has gone on to new ministerial responsibilities. Andy led the committee very ably through that period and deserves our best wishes in his new role. I also express thanks to others who have assisted the committee in the process, particularly the committee clerks, Shelagh McKinlay and Callum Thomson, and Ian Jones, the adviser, who gave much valuable advice to the committee prior to the earlier report.

More important than all those people are the many organisations and individuals from which the committee took evidence over the year and a half. That evidence has contributed greatly to the reports. We have taken evidence from the existing water authorities, the Scottish Trades Union Congress and several of its affiliated unions, the Convention of Scottish Local Authorities and individual local authorities, the Scottish Environment Protection Agency, Scottish Environment LINK and its members, business organisations and various community groups and individuals. When we look back at the process, the contributions that those groups have made have improved the quality of the report that the committee has produced. As a result, this has been an able demonstration of the accountability and participation that the Parliament is supposed to be about.

Having got through that Oscar ceremony of thanks, I turn to the bill itself. The bill has three main policy objectives. The first objective is to create Scottish Water as a single, all-Scotland, public water authority. It is important to stress that it will be a public water authority. The second objective is to ensure that the views of customers are properly represented by establishing water customer consultation panels. The third objective is to safeguard public health by creating the post of the drinking water quality regulator.

Andrew Wilson (Central Scotland) (SNP): Given what Bristow Muldoon has just said about the public status of the new authority, does he see anything wrong with an explicit mention in the bill of the need for primary legislation to change its status from public to private in the future?

Bristow Muldoon: The minister has already given an assurance that privatisation of the industry cannot take place without further primary legislation. Throughout the whole process, SNP members have been raising scare stories about privatisation.

Fiona McLeod (West of Scotland) (SNP): Will Bristow Muldoon give way?

Bristow Muldoon: No, I am still responding to a previous intervention from Mr Wilson.

SNP members have been raising scare stories

about privatisation when they do not believe those stories themselves. They have not moved against the general principles of the bill. If they genuinely believed that the bill was about privatisation, they would have done so.

Tommy Sheridan: Will Bristow Muldoon give way?

Bristow Muldoon: I may allow Mr Sheridan to intervene later. I want to make some progress.

If SNP members genuinely believe that the bill is about back-door privatisation, why do they not move against the bill? They have not done so today.

Mr Lloyd Quinan (West of Scotland) (SNP)
rose—

Fiona McLeod rose—

Bruce Crawford rose—

Bristow Muldoon: I am sorry, but I would like to make some progress. I will take more interventions later on.

In establishing Scottish Water, it is important to recognise some of the important challenges that it faces. It has the largest investment programme that the industry has ever embarked on, to address long-term underinvestment and to meet new national and European standards for drinking water quality and waste water treatment. We must ensure that the industry achieves maximum efficiency, to ensure that charges do not rise too steeply and to prepare the industry for any possible competition in future.

Having recognised the policy objectives, I now want to go through the sections of the bill to see whether the Executive is delivering on those objectives.

Tommy Sheridan: Before he leaves the issue of charges, will Bristow Muldoon accept that the current water charging system is acutely unfair because of its relation to council tax banding?

Bristow Muldoon: A system in which water charges are related to council tax banding is fairer than a flat-rate system. There are issues that concern poorer water charge payers and I hope that the Executive will reflect on those issues. However, I do not think that relating water charges to council tax banding is inherently unfair. It provides some degree of progressiveness in the taxation system as it applies to water charges. I will return to water charges later, but I would like to move on to other issues.

The core purpose of the bill is

“to establish a public corporation which is able to compete in a competitive market but which is properly accountable to the people of Scotland through Scottish Ministers and the Scottish Parliament.”

That is a paragraph from the stage 1 report and one that SNP members do not dissent from.

Bruce Crawford: Of course we do not disagree with that paragraph, nor do we disagree with the general principles of the bill as outlined in the policy memorandum. I made it entirely clear in my speech that our support at stage 3 will depend on an assurance being written into the bill that the organisation cannot be privatised without primary legislation. Does Bristow Muldoon believe that Unison was scaremongering as well?

Bristow Muldoon: My view is that Unison is mistaken in believing that the bill could lead to privatisation. Bruce Crawford has deliberately reached that opinion so that he can posture on it. SNP members say that the bill will lead to back-door privatisation and the Tories say that it will over-regulate the organisation. That leads me to believe that the minister has probably got it just about right.

The commitment to a publicly owned and publicly accountable water industry is important to the people of Scotland. That is why the Executive and this Parliament will deliver a publicly owned and publicly accountable water industry. That has been highlighted on many occasions, most notably by the Strathclyde water referendum a number of years ago, which rejected the approach that the Conservatives would take to the water industry. Yesterday, Unison brought to our attention a survey that indicated that 91 per cent of the Scottish population supported public services providing publicly accountable services. That is a higher proportion than in the UK as a whole.

I believe that the minister has given adequate assurances that Scottish Water cannot alter its functions or change its accountability to Scottish ministers or the Scottish Parliament without further legislation. The minister has said that quite clearly on several occasions.

I move on to the timetable for Scottish Water. The committee welcomes the timetable. Our original report said that, if Scottish Water was to make the transition, we felt that it was important that that should be done swiftly. All the evidence indicates that the timetable for moving to Scottish Water by 1 April 2002 is an achievable deadline. The committee also agreed that the Executive was right to put in place transitional arrangements, including the appointment of the chairman designate and chief executive designate, although I recognise that one committee member dissented from that position.

Bruce Crawford referred to competition in his introductory remarks. In our earlier report, the Transport and the Environment Committee examined whether any attempt to exclude the water industry from the requirements of the

Competition Act 1998 would be sustainable. We did not find any substantive evidence to that effect.

The committee also expressed concerns about the water authority's short-term ability to compete. In that regard, we very much welcome the fact that the Executive has decided to delay the licensing regime to deal with competition issues until the introduction of the water services and water environment bill later next year.

Bruce Crawford also mentioned investment, debt and charges. When he talked about the green dowry, he quoted selectively from the Transport and the Environment Committee report that was published earlier this year. Among the sections that he failed to quote from was paragraph 164, which records the fact that, when the regional councils were wound up, outstanding debt related to the water industry was £1.7 billion and that only £1.06 billion of that was transferred to the new water authorities. There was therefore a £700 million reduction.

Bruce Crawford: If the figures in the Transport and the Environment Committee report are slightly confused, does Bristow Muldoon accept that the Scottish Parliament information centre report that was produced for us only yesterday is also confused? Page 12 of that report states:

"In 1989 the UK Government announced its 'green dowry' policy, whereby ... £1 billion ... was injected into the ten water companies and £4.4 billion of debt was written off."

Which report is right?

Bristow Muldoon: I have not read yesterday's SPICe report. Bruce Crawford may doubt the accuracy of the Transport and the Environment Committee's report, but he was a signatory to it. He was one of the members who produced it and did not dissent from it.

Here is another paragraph from the report that Bruce Crawford did not dissent from:

"The key question in seeking to compare fairness is the charge to the customer and the quality of service which is given. There is a variation in charges between the Scottish water authorities and the English companies but it is not significant."

He failed to dissent from that but now, several months later, he wishes to distance himself from it.

When the committee considered the bill at stage 1, it took evidence from the chief executive designate of Scottish Water and asked him for his view on whether the company could cope with the debt sensibly. His response was:

"If it can meet its efficiency targets, Scottish Water will have the capacity to manage the debt sensibly with regard to customer charges."—[*Official Report, Transport and the Environment Committee*, 24 October 2001; c 2129.]

I tell SNP members that the issue for the

Government of Scotland to consider is who else will suffer if it writes off the debt. They cannot always go to running to Uncle Gordon. I do not know what SNP members would do in an independent Scotland, where they would not have an Uncle Gordon to go running to for a bail-out.

Bruce Crawford: Will Bristow Muldoon give way?

Bristow Muldoon: I am reaching the end of my speech.

I know that colleagues will raise other issues later in the debate, but I would like to say one thing about the minister's contribution. It concerns voluntary sector relief. The committee recognises that many of the larger organisations that currently receive relief are probably not deserving of subsidy from domestic or non-domestic water rate payers. We accept some of the points that the minister makes, but I encourage him to introduce a more targeted set of proposals aimed at some of the smaller organisations, particularly those that are not in receipt of Government or local authority support. I ask the minister to consider that point.

The bill sets out a framework for the Scottish water industry that is firmly fixed in the public sector. SNP members would do well to recognise that and to stop their political posturing. If the SNP believes that the bill is a move to privatisation, its not moving an amendment indicates that it does not believe its own rhetoric.

I repeat the committee's recommendation, which the SNP supported:

"that the Parliament approves the general principles of the Bill".

That will lead to a strengthening of public accountability and will ensure proper accountability of the industry through the minister and the Parliament. I encourage members to support the motion.

The Deputy Presiding Officer: We now move into open session. If speakers restrict their speeches to about four minutes, we should be able to call every member who has indicated that they wish to speak.

10:30

Andrew Wilson (Central Scotland) (SNP): I welcome the opportunity for Parliament to debate a huge issue not just for Scotland but for the whole world—the provision of water. One of the earliest examples of the value of government and collective endeavour in the history of human society is the provision of public water supplies. Great efforts were made in Victorian times to pipe water from the heart of the Highlands into the city of Glasgow to cleanse its health problems. That is an example of what government and society can

do if people pool resources. The same process has cleansed much of urban Scotland.

In the 21st century, our country is richer than at any point in its history, yet it is amazing that there is a great crisis in infrastructure provision—not just in water provision, but in schools, roads, hospitals and housing. That crisis is a direct result of the short-termism and lack of ambition of politicians and politics in Scotland and the United Kingdom for decades. One sixth of what we invested in 1970 of the share of our economy is being invested in public capital provision. The massive cut in investment has resulted in the infrastructure crisis that we see around us.

Mr Davidson: Will the member give way?

Andrew Wilson: With a great sense of boredom, I will.

Mr Davidson: That is charitable of Mr Wilson. I want to remind him of what his colleague on the front bench said. He suggested that we go to Westminster to look for money. What is the SNP's official policy on funding anything nowadays?

Andrew Wilson: The tedium from the Conservative bench is almost gripping. From time immemorial, politicians such as that lot have chased a short-term political cycle. Long-term investment has been cut. A scythe was taken to public investment in the 1970s and particularly in the 1980s and we must learn from that lesson.

I do not doubt that the Government wants to address the crisis in infrastructure provision, particularly in water. We do not doubt that that is the intention of the bill and the structures. My colleague Bruce Crawford said that we welcome a national approach to a national problem. We hope that some of the criticisms and suggestions that we bring to the debate will be taken on board by the Executive through amendments to the bill at stage 2.

On public status, what would be the cost to the Executive of inserting in the bill a provision that privatisation in the future would require primary legislation in Parliament? Of course we all trust Ross Finnie absolutely and implicitly, but a nod and a wink from a minister will mean nothing in five years. Ross Finnie may be long gone and cutting grass in Gourock by then and the rest of us will have to deal with the problems.

Ross Finnie: I might be pushing up grass.

Andrew Wilson: I strongly doubt that, given the health and vigour in the minister's cheeks.

What would be the cost to the Executive of inserting that provision in the bill? It would cost a few moments of a clerk's time. It would cost nothing. What does the Executive's opposition to that tell us? Why is the Executive against inserting

that? Does that not set off alarm bells in the minds of reasonable people?

Ross Finnie *rose—*

Andrew Wilson: I will give way to a healthy and vigorous-looking minister.

Ross Finnie: Before I push up grass, I wish to say something. There is a fundamental misunderstanding between me and Andrew Wilson. I am sure that Fergus Ewing, who is sitting behind Andrew Wilson, will advise him on matters of law. The bill vests in a public corporation its prime core functions. It would be impossible and ultra vires for the corporation to transfer its functions without reference to the body that conferred those functions upon it. The provision is entirely unnecessary in a bill that explicitly states who has given the powers and where those are conferred.

Andrew Wilson: I defer to Fergus Ewing on all legal matters except my private conveyancing, but what is the cost of making what I said explicit in the bill to allow humble non-lawyers such as I to be comfortable? I must move on, as I am reaching my time limit. I will give the rest of my speech to the future.

The key issue that should be considered at stage 2 is the structure of water industry funding, which, as it stands, is not sensible. Questions of inter-generational equity are important. I would like to hear from the minister why so much capital investment is being put on to current revenue and current charge payers. Should we not assess the cost for the job of replacement and then consider a better system of funding by spreading costs over generations? In the future, generations will be wealthier than we are. Perhaps it would be equitable to spread costs.

10:35

Des McNulty (Clydebank and Milngavie) (Lab): I want to pick up on Andrew Wilson's final point. The position that we are in is the result of decades of underinvestment in the water industry by successive Governments, and particularly by the Conservative Government of the 1970s and 1980s. Anybody who was involved in running water and sewerage services at that time—as I was as a member of Strathclyde Regional Council—will be aware of the real needs and of the strong limitations that central Government imposed on capital consent.

John Scott: Will the member take an intervention?

Des McNulty: No, thanks.

I am pleased to see Murray Tosh in the chair, but I am disappointed that he has left the water

debate. It is interesting to note the contrast between his contribution to the debate, which was measured and rational, and Mr Scott's unreconstructed approach. Mr Scott has demonstrated that the Conservatives have learned nothing from what happened in the 1980s and 1990s.

It is the settled will of the Scottish people that water should be under public control. Public control and accountability is not an encumbrance; it is a safeguard, a guarantee and a mechanism for ensuring that public views and the public interest can override commercial considerations where that is necessary. There must be an appropriate balance between commercial considerations to ensure the economic efficiency of the water industry—which we all want—and the proper interests of the public.

The mechanism—the model—that is being put together strikes that balance. The water industry commissioner will safeguard the interests of the public and make efficiency a concern, while Scottish ministers and the Parliament ensure that environmental and social aspects and planning concerns, for example, are properly taken into account. Responsibility will be on Scottish ministers to set directions for the board of Scottish Water and the parameters within which that board will be expected to operate. There will be economic efficiency information through the econometric modelling produced by the commissioner, who will be responsible to us and the Scottish people for decisions that he makes and directions that he gives.

The system of accountability and scrutiny is not an encumbrance—it guarantees that the people of Scotland will have control over Scottish Water. That is what we wanted and what people voted for in the Strathclyde referendum. People want that and the Parliament will be the guarantee. We are not interested in the words in the bill, making more guarantees and more points; we are interested in Parliament being in control, making decisions and guaranteeing the continuity of Scottish Water.

In recent months, the SNP has withdrawn its spokespersons from committee involvement, which is interesting. I presume that that has been done so that they can be kept in a state of blissful ignorance. I draw such conclusions from some of Bruce Crawford's comments. The debate and the technical work in the Transport and the Environment Committee have arrived at something that has won broad consent. There was broad consent in the committee, based on the evidence. The Transport and the Environment Committee has done good work. It considered the evidence, the figures and the alternatives and came up with recommendations that satisfy the requirements of commercial operation, economic

effectiveness and democratic accountability, which are what we all want.

The bill requires amendment to bring it into the final form that I would like, but the principles that have been laid out are good and I commend them.

The Deputy Presiding Officer: I call David Mundell, to be followed by Nora Radcliffe.

10:40

David Mundell (South of Scotland) (Con): Thank you, Presiding Officer. It is a pleasure to be called by your good self—almost as good as having the use of your office space.

My purpose in speaking in the debate is to call on the Minister for Environment and Rural Development to live up to his previous commitment that jobs in the new Scottish Water will be distributed fairly around Scotland. As the minister well knows from our previous discussions on the topic, West of Scotland Water, ahead of the creation of the new Scottish Water, has been in effect downgrading its Dumfries office from an office to a depot by relocating laboratory and engineering services to Glasgow. The drip, drip, drip of jobs from Dumfries is the result of a knee-jerk reaction to cost cutting, not of a management review of how best to provide a service or of a cost analysis that is other than simplistic.

Neither I nor other MSPs who represent Dumfries and Galloway have been presented with a credible reason why the Dumfries office of West of Scotland Water should be downgraded in that way. The meetings in which I participated with the Dumfries constituency MSP Dr Elaine Murray demonstrated tunnel vision in West of Scotland Water's management. For example, there is no concept that functions could be centralised in Dumfries or in non-urban locations. There is no willingness to adopt a different approach.

That leads me to the conclusion that the only way West of Scotland Water will change its mind is if the minister intervenes directly to ensure that West of Scotland Water follows through on the minister's previous commitment that jobs in the new Scottish Water will be distributed fairly around Scotland and that rural areas will not be disadvantaged.

Bruce Crawford: Will the member give way?

David Mundell: No. I have little time. West of Scotland Water has given no indication that it is paying attention to the minister's previous pronouncements. I call on him, as the minister responsible for the water industry and for rural development, to crack the whip. To people in Dumfries and Galloway, it is patently ridiculous that with one hand he seeks to encourage rural development and bring jobs to the area, but with

the other—his water responsibility—he allows valuable jobs to be taken out of the area.

In the context of the water industry, 20 or so jobs might not seem a great deal to the minister and other urban representatives, but for an area that has the lowest earned-wage economy in the United Kingdom, those jobs are vital. If West of Scotland Water—or the new Scottish water authority—relocates to other areas, it will not be able to draw on that skilled work force.

I recently had the opportunity to speak at a public meeting organised by Unison. I congratulate Paul Hyles, the local representative for Unison in West of Scotland Water, on organising the meeting, which demonstrated cross-party support, from Dr Murray, Alasdair Morgan and me and from Dumfries and Galloway Council and the community, for a continued West of Scotland Water—or Scottish Water—presence in Dumfries.

The minister might not listen to me or to Unison—although Allan Wilson might be more willing to do so—but I hope that he will listen to the water industry commissioner for Scotland. In the meetings that Dr Murray and I have had with him, he has clearly indicated that the most efficient and effective privatised water companies operating in England—those that provide the best level of customer service—are those that have not undergone centralisation. The companies that are most centralised, such as Welsh Water, are the least efficient and have serious financial difficulties. The companies that have kept costs down are those that maintain local bases and keep up their customer service standards by staying close to their customers.

I do not believe that consumers in Scotland, certainly not those in Dumfries and Galloway, will benefit in any way from the relocation of jobs from Dumfries to Glasgow. It is time for the Scottish Executive to follow through on its many fine pronouncements by ensuring that jobs are distributed. The minister must make it clear to West of Scotland Water and Scottish Water that there should be jobs in places other than the central belt.

10:45

Nora Radcliffe (Gordon) (LD): After a wide-ranging inquiry, the Transport and the Environment Committee recommended the amalgamation of the three current water authorities into one Scotland-wide public water authority. That is the main purpose of the bill.

The reasons for creating a single authority are fourfold. First is the need for major capital investment because of lack of investment in the past and because of increasingly higher standards for drinking water quality and waste water

treatment. Secondly, significant efficiency savings will be realised if water services are delivered by a single large body. Thirdly, a single and efficient Scottish water authority should be able to hold its own in what will become a competitive marketplace. Fourthly, the harmonisation of water charges across Scotland will deliver water services at charges that are calculated on the same basis for all Scots.

There has already been a great deal of rationalisation and co-operation among the existing authorities, but restructuring will be required. With the proposed vesting date a mere five months hence, the circumstances warrant the preliminary work that has been done to frame the new body in advance of the Parliament agreeing the general principles of the bill.

Some water industry issues will not be dealt with by the bill. Matters of competition and licensing will be included in the proposed water services and environment bill. Although the word "environment" might not be in the title of the Water Industry (Scotland) Bill, it does not mean that the issue has been ignored or that Scottish Water will not be required to operate in a sustainable way. People have asked whether the sustainability clause is strong enough or in the right place. I think that it is probably both those things, but those points will be argued more fully at stage 2. More wide-ranging environmental issues will be dealt with in the next bill when the requirements of the water framework directive are addressed.

In real life, efficiency savings inevitably translate into fewer employees. We are assured that voluntary severance packages and assistance in finding new employment are being offered. For those staff who transfer to Scottish Water, the bill provides that the Transfer of Undertakings (Protection of Employment) Regulations 1981 will apply. However, TUPE does not cover pension arrangements. We are assured that pension arrangements will be dealt with through regulation, ensuring that staff who transfer will remain in the same pension scheme and that their terms and conditions regarding continuing pension benefits are unaffected.

Proper accountability will have to be built into the public sector model. A key element will be the status of the non-executive directors who should form a majority on the board. That is not explicit in the bill as it stands.

The bill gives Scottish Water some commercial freedom, but it must be exercised in a way that meets the approval of Scottish ministers. It will be important to balance the ability to operate effectively in a competitive business environment and to guard against the organisation straying too far from its core functions.

There have been representations and considerable discussion about relief from water charges for charitable bodies. The committee's view is that a relief scheme for charities should continue. However, the issue is somewhat muddled by the range of bodies that have charitable status. Some are multimillion-pound businesses, while others are almost entirely voluntary and live hand to mouth.

The system that the water authorities inherited had grown up over the years in an unplanned fashion. The withdrawal of reduced charges was seriously damaging for some organisations. The transitional relief scheme is a muddle and not particularly satisfactory, but it should continue until a thought-through alternative can be proposed. Some rapid and thorough thinking has to be done on the matter.

Does our society think that no charitable body should have to pay the full whack for water services? Do we think that only certain charitable bodies should be exempted from the full charge? If the answer is yes, should that support be at the expense of the water services provider or should it be provided in some other way? If the water services providers pick up the tab, that in effect means that their customers pick up the tab. I am not comfortable with expecting all water users, including those on low incomes who may struggle to pay their water bills, to meet what seems to be a social obligation.

We should consider whether a suitable mechanism can be created under the social justice budget to pick up the tab. If we are to be selective about who should be exempt from charges, we need selection criteria for exemption. Some of Scottish Water's customers will pay reduced charges. What impact will that have on Scottish Water's ability to deal with competition from companies who can avoid that burden?

I welcome the creation of customer panels, which will give customers an independent and strong voice, but there are concerns about how they will be appointed and how they will be constituted to achieve broad representation.

The Parliament should agree to the general principles of the bill. I look forward to working with colleagues to address the various matters that remain to be addressed at stage 2.

10:51

Tommy Sheridan (Glasgow) (SSP): There are several reasons why the bill does not deserve support. The democratic control in the bill is minimal and the staffing provisions, including its provisions for staff pensions, are completely and utterly inadequate.

That there is no provision for debt write-off creates a supreme irony. In 1989, the Tories were prepared to provide £4.4 billion of debt write-off and £1 billion of investment of public money to make privatisation work, so that the private shareholders could get extra dividend payments. Today, the Executive is not prepared to make a similar political commitment to improve the situation for the citizens of Scotland.

Bristow Muldoon: Does Tommy Sheridan accept that £700 million of the Scottish water industry's debt was written off when the three existing water authorities came into being in 1996? Can he explain where he would want any write-off to come from?

Tommy Sheridan: I remind Bristow Muldoon of the new word that was created at the time of the creation of the three water authorities. We were told that the water debt had been not written off but "commuted". Only £700 million of the water industry's then £1.7 billion debt was commuted. I argue that we should have a level playing field by writing off the debts of the water authorities when we create Scottish Water. We need to do that in anticipation of the ferocious competition that there will be from single utility companies and, more ominously, multi-utility companies—particularly those that are American-backed. Such companies will see a massive market opportunity in Scotland because of the way in which the Executive intends to open up competition in our water industry.

Let me turn to the main reason why I want to oppose the bill. Bristow Muldoon talked about charging and the way in which costs are spread. When the minister opened the debate, he said that the bill was about serving the customer well. He said that charging is not a matter for the bill. The minister will accept that between 1996-97 and 2001-02, the amount of revenue raised from domestic customers rose from £240.7 million to £494 million, which is a 105 per cent increase. The amount of revenue raised from non-domestic customers increased from £256.4 million to £297 million. That is only a 16 per cent increase.

If we accept the premise that the council tax is unfair—and even the Institute for Fiscal Studies accepts that—we must accept that the water charging system, which is intrinsically related to the council tax system, is also unfair. If we accept that water is a vital public commodity and public service, it would be better if we had a fair progressive income-based tax to raise the revenue for our water. It would be better if the Inland Revenue applied a water tax across Scotland in a fair and equitable fashion. Not only would that raise the amount of money that we already raise, it would raise £201 million extra—even if the tax was based on average cost and used current income tax levels.

If we wanted to make the tax even fairer—which is what we should do—we would exempt those individuals whose income is less than £10,000 a year. There are 882,000 Scottish citizens whose income is less than £110 a week. That they should face the burden of water charges is a disgrace. Since 1996-97, benefit recipients and pensioners have seen their benefits and pensions rise by less than 20 per cent yet their water charges have risen by 105 per cent. That is a direct reduction in the disposable income of the very poorest members of our society.

We need a fair progressive water tax, which should be applied across Scotland. The tax should exempt those with incomes less than £10,000 per annum. We should introduce a new average tax, which would be less than the current average water tax that is applied through the unfair water charging system. That is the inherent fault in the bill; that is why the general principles of the bill should be opposed.

The Executive has lacked imagination and social justice commitment because it has not reached out to change the charging mechanism to ensure that our water services are paid for in a fair and progressive manner.

10:56

Mr Adam Ingram (South of Scotland) (SNP): Implicit in the creation of a single water authority is the desire that the new authority will be lean and mean enough to see off competition from the privatised English water companies. It remains to be seen whether public accountability will be more than a nominal feature of Scottish Water or whether the commercial imperative will win out when the ethos of the body corporate is established. Given the Administration's ideological distaste for public enterprise, I fear that the accountants will dominate. Perhaps we have got off to a bad start with the Minister for Environment and Rural Development.

I want to focus on how operational efficiency savings will be sought; their likely impact on the quality of service that is provided to customers by the work force; and the work force's terms and conditions of employment. Let us look at the scale of the job losses that the amalgamation of the three authorities will visit on the industry. In his evidence to the Transport and the Environment Committee, the Minister for Environment and Rural Development suggested that around 1,000 jobs—one in six of the current work force—will go. That figure, which is bad enough in terms of the loss of skills and expertise, is likely to be a significant underestimate. Unison suggests that 2,000 is likely to be nearer the mark. For confirmation, we need look no further than the experience in England and Wales, where the work

force has fallen by a third since privatisation.

The consequences of such work force losses on other public utilities have had a severe impact on work force capability and on the quality of service that is provided to customers. Railtrack is but one example. The problem is not only that deskilling takes place—bad as that is—but that there is an inevitable erosion of health and safety performance that affects both the work force and the public. Clearly, the major public health concern is what would happen if an accident or other incident were to cause contamination in the water supply. When that happens, the whole system must be shut off and cleaned up. Taking out a third of the work force means that such incidents will be dealt with less effectively and will result in serious disruption. The evidence to the committee made it clear that local knowledge and experience are vital to sorting out problems. We have a hotch-potch of sewers and pipes. In a water quality crisis, local operational staff who know the systems and know what they are doing are vital.

The drive towards multifunctional roles, which goes hand in hand with staff reduction, will also have an adverse impact on public health. Someone who is in a sewer in the morning should not use the same clothing and kit in the water system in the afternoon. At the moment, there tends to be a demarcation between water and sewerage to prevent the incidence of cross-contamination. A logical consequence of a significant reduction in staff and the adoption of multifunctional jobs is an increased risk to public safety and a rise in the number of boil water notices. I hope that the minister will address that in his summing-up.

Furthermore, I hope that the minister will acknowledge that such problems will be compounded many times over if, as is likely, outsourcing becomes a significant feature of the industry when the commercial imperative takes over. It is a matter of concern that, in the past year, the four fatalities in the industry in Scotland have all involved staff of private contractors.

Not only workers' health and safety but their employment rights will be put at risk because of privatisation and increased outsourcing. Although I welcome the minister's commitment to protect pension rights, I hope that he will confirm that workers who are transferred from the three water authorities will have their terms and conditions guaranteed, even if they are transferred on again to private contractors. Will he also acknowledge the need for the regulator to take into account the effect that any decision will have on the work force? That would be a welcome departure from regulatory regimes elsewhere.

Finally, I hope that the minister will take on board Unison's proposal for a comprehensive staff

order in addition to section 23.

11:01

Johann Lamont (Glasgow Pollok) (Lab): I welcome the opportunity to participate in a debate on these important issues. At the outset, I should declare an interest, as I am supported in my Glasgow Pollok constituency by the Scottish Co-operative Party.

The debate is important because of the history of the water industry and the historical willingness to invest in the health of ordinary people. There is a clear public commitment to access to clean water and the Strathclyde referendum against privatisation, which has been mentioned, still lives on in our memories and, indeed, in the memory of the Scottish people as a whole.

The issue is of great interest to the Co-operative group of MSPs and, more broadly, to the Co-operative movement. It is part of our role to take every opportunity to promote the value and potential of co-operatives. I contend that this debate is one such opportunity.

I have time to make only a number of brief points. I should perhaps start with a health warning. As I did not sit on the Transport and the Environment Committee and am not au fait with all the technicalities, it would be the easiest thing in the world for someone else to trip me up. Perhaps we should just take that as read, and members can leave their clever interventions where they are.

There is a danger of being blinded by the science of economics, some of which is not science at all but just hostility to new models. Some experts' hostility to and prejudice against the co-operative model does not bear great intellectual scrutiny. We in the Co-operative movement believe that there is an opportunity in the water industry to provide a community mutual model and that more work should be done to explore that possibility.

We must also explore some of the myths about co-operatives and mutuals. Some people think that co-operatives are for woolly thinkers and the woolly-hatted. In fact, if we examine our economy, that is far from the case. The concept should be given more respect than that. There is a contention that co-operatives and mutuals are not efficient. For example, the Tories would have us believe that only a profit motive can drive efficiency. We need to challenge such a belief, because there are good examples across Scotland and beyond of highly efficient co-operative and mutual businesses.

John Scott: I refer Johann Lamont to my entry in the register of members' interests. I am a founder member of three co-operatives in

Scotland and am quite a supporter of the Co-operative movement. Nevertheless, I do not feel that the co-operative and mutual model, as discussed in the committee, is appropriate to the development of Scottish Water.

Johann Lamont: That is a separate argument. People have dismissed the mutual model on the ground that it is not efficient, although I accept that Mr Scott has not argued that case.

Co-operative and mutual businesses are able to focus on delivering services on a rational basis. There has already been discussion about the privatised water companies down south. The reality is that, in their search for profits, some of those companies have sought high-risk investment in far eastern hotel chains and indeed want to divest themselves of delivering water services because they are not making a suitable profit on them.

It has also been argued that the co-operative and mutual option is not really public. It is clearly not for profit and there are good examples of democratic structures that can ensure local community involvement through democratically elected boards. I can develop that argument if members so wish.

Some argue that the co-operative option is developed only at a time of crisis. I seek assurances that the bill does not rule out developing the model for the future. It would be wise to carry out the work now, when we are not facing a crisis, to allow us to consider all the possibilities. We are keen for the co-operative model to be explored further through a feasibility study in which we would be afforded the opportunity to advance arguments about the model's efficiency and credibility and the capacity to borrow to invest at a highly competitive rate. Such a study should challenge prejudices about the model instead of allowing them to continue. As a minimum, I seek the minister's acknowledgement that the model has not been dismissed out of hand.

We must be honest about the legitimate anxieties concerning the future of the water industry. There are no easy answers. There is an issue about the impact of the Competition Act 1985 and we should examine the possibility of exemptions from that act instead of simply accepting it as a given. That said, I recognise that competition already exists in the water industry and that issue must be addressed. Although I believe that the Executive has a real desire to maintain water in the public sector, there is a genuine fear that that desire will be undermined in reality and that there will be privatisation by the back door, not because the Executive seeks it, but because of the rigours of the Competition Act 1985.

Finally, we need to recognise that the cost of any increased investment will be borne by consumers. There is a fear that a disproportionate amount of the cost will be borne by domestic consumers and, bearing in mind Tommy Sheridan's point, I think that we must consider exempting the very poorest in our communities from charges. If charges are to increase, they will do so disproportionately for those who can least afford them. We must use the Scottish Parliament's own powers to address the issue, instead of focusing on income tax, which is dealt with elsewhere. What can we do in this bill to exempt those least able to afford the increased charges in the same way that we have exempted people from the council tax?

11:07

Alex Johnstone (North-East Scotland) (Con):

I emphasise that the Scottish Conservatives welcome and support the bill's general principles, albeit with the reservations that John Scott set out earlier. Furthermore, I welcome the fact that the—

George Lyon: Will the member give way?

Alex Johnstone: No.

I welcome the fact that the headquarters of the new water authority will be sited in Dunfermline. I strongly support the principle that civil service jobs should be located outside Edinburgh, especially when a new body is established. I hope that many more Government jobs will be dispersed in the months and years to come.

The previous Conservative Government moved water away from local authority responsibility and established the current three Scottish water authorities. Perhaps at the time we should have gone all the way and created a single authority, but that was deemed a step too far.

The three authorities have not been an unqualified success. Like other members who represent the North of Scotland Water Authority area, I have received many complaints from businesses and individuals about the rise in charges over the past four years. The increases have been huge. Even since 1999, NOSWA's charges have more than doubled; for example, for a band D property, the charge was £170 in 1998-99 and £351 this year. Although the charges are bad in the rest of Scotland—where the average is £295—they are particularly bad in the north of Scotland. The increases have been especially damaging for people such as the low paid and pensioners, who can least afford to pay, and they have had a crippling effect on small businesses.

The creation of the new body will mean that costs are harmonised across Scotland in due course. However, although that is good news for

the north of Scotland, it is not such good news for the east and west. It is expected that domestic charges in the east and west will increase by 25 per cent in real terms over the period, while they will remain much the same in the north.

Bristow Muldoon: Will the member give way?

Alex Johnstone: No.

We can make an interesting contrast with the water industry in England. We were told that, when water in England was privatised, charges would rise, investment would fall and services would deteriorate. The opposite has happened. In particular, costs to the customer are considerably lower than in Scotland. In England, the average bill for an equivalent band D property is £232 rather than £295 in Scotland. The simple fact is that the involvement of the private sector is good news for the consumer.

Bruce Crawford: Will the member give way?

Alex Johnstone: No.

Richard Lochhead: Will the member give way?

Alex Johnstone: No, thank you.

The bill allows for a measure of increased competition, which is welcome. Competition is the way in which to keep costs down in future. Monopoly suppliers, such as the existing authorities, have no incentive to reduce costs or to increase efficiency. Only by introducing more competition will we be able to ensure that costs do not continue to spiral upwards.

Bruce Crawford: Before Alex Johnstone gets into his final minute, will he give way?

Alex Johnstone: I am well into my last minute.

We remember all the scare stories from the assembled sirens of the left in the 1980s and 1990s, who suggested that the privatisation of utilities would bring additional costs, that services would collapse and that people in remote areas would be deprived of access to networks. None of those things has happened. Let us consider the experience in the privatisation of telecommunications, gas and electricity.

Tommy Sheridan: Disaster.

Alex Johnstone: Following the liberalisation of the marketplace, prices to the consumer fell in real terms. That should happen with water charges, too, and the bill represents a small step in the right direction.

The Executive could and should have been bolder in bringing in more private sector investment, more public-private partnerships and more competition. Nevertheless, the Tories welcome the limited movement that will be made in that direction under the bill.

11:11

Tavish Scott (Shetland) (LD): At least one member applauded Alex Johnstone's speech. However, I do not blame Mr Sheridan for shouting at him, because he was not going to give way. That is as bad as it gets in the modern Conservative party.

Like other colleagues, I welcome the principles of the bill, especially the fact that Scotland's water industry will remain a public asset—that is an important principle, which Liberal Democrat members support. I concur with the minister's opening remarks on the equalisation of charges, which have been reflected in the remarks of members who represent constituencies in the NOSWA area. We have received an unprecedented number of representations about the increases of the past few years and the minister's confirmation that charges would have risen by a further 34 per cent over the next three years had the new structure not been put in place is helpful.

Nonetheless, I take the points that several members have made about people on low pay, who have difficulty in paying bills, including water bills. Those are important points, which I hope the Executive will address in the manner of a truly cross-cutting Government.

I appreciated Nora Radcliffe's measured arguments on the issues concerning charitable organisations. I believe that the Executive, across ministries, has to consider ways in which those issues can be addressed. I hope that the minister will be able to tell us in his winding-up speech that discussions are continuing across departments to find ways in which those important issues can be progressed.

I agree with Andrew Wilson on one point—and one point alone—which is that, over many years, there has been a significant lack of investment of major capital in the infrastructure of the water industry. That must be put right. We have no alternative. The bill presents the best route for meeting the objectives of providing the safest and healthiest water for domestic customers and businesses for a variety of uses. Without the merged authority, my constituents would face significant increases in costs over time. The bill must be supported by all parties. I am not a natural supporter of mergers. I do not agree with the suggestion that they always create efficiencies. Central organisations have many disadvantages as well as the advantages that can be gained through economies of scale. However, I recognise the advantage of having a centralised billing service. It does not matter whether someone lives in Shetland or Stranraer; the billing service must be efficient. I presume that such a service can be delivered.

Tommy Sheridan: On the billing system and the fairness of charging, does Tavish Scott agree that the Executive should consider the feasibility of applying a water tax so that charges can be applied progressively?

Tavish Scott: I do not think that the Scottish Executive has the power to impose a water tax. However, I accept that we need to consider ways in which we can better target assistance to those who are low paid and living on benefits. I believe that that is the premise behind Mr Sheridan's question.

On the engineering service, I make the obvious constituency point that there is no point in flying up teams of engineers from Edinburgh or Glasgow to Shetland at vast cost to the new water authority. I believe—and I shall pursue the issue at stage 2—that engineering functions should be devolved to local areas where there is local expertise. I am talking not just about the fix-it side of engineering, but about the strategic direction of those functions. I believe that an essential local service can be delivered efficiently for local areas.

Finally, I hope that the ministerial team will be open to questions about the best balance of the customer panels in relation to the geographical areas that they cover. For example, NOSWA is as distant from Shetland as the new water authority will be. That problem can be overcome by having a local customer panel in the islands and Shetland, which could cover the issues and reflect the views of commercial and domestic customers on investment in and maintenance of the service. I believe that all members should support the principles of the bill.

11:17

Richard Lochhead (North-East Scotland) (SNP): As the debate is about massive change in the water industry, which we are told will influence the charges that people have to pay, I am surprised that the issue of affordability has not been given a higher profile this morning. Just as the safety of the water service and the security and quality of the supply are guiding principles, so is affordability, which must be at the heart of where we take the water industry. For a Government that says time and again that social justice is a priority, it has a strange way of delivering it. The whole point of retaining public ownership of the water industry is to help the Government and the Parliament to achieve their social objectives. However, over the past couple of years, we have had to drag ministers' attention to the affordability issue.

Just after the Parliament was established, I tried to get ministers to consider the impact of high water charges on low-income families. Eventually,

after months of campaigning by anti-poverty groups and MSPs from all parties, we got a consultation paper. Several months later—last year, which was two years into the Parliament—we finally had an announcement that there would be a scheme to help low-income families. The scheme has been attacked because it is simply not good enough. It will provide £24 million over three years but will fail to target the people who are most in need. I make a plea to the minister to introduce a better scheme.

Not only MSPs but anti-poverty groups the length and breadth of Scotland are complaining. The Scottish Local Government Forum Against Poverty's most recent annual report states that many of the councils that are run by the coalition parties are saying that

"the Executive's proposals have failed to address the problem."

The proposals do not benefit those most in need of assistance and fly in the face of the Scottish Executive's much-acclaimed commitment to social justice. We need a

"long term scheme of assistance, which targets all low income households where there is a serious problem of affordability".

Tommy Sheridan: Does the member agree that ministers should also read COSLA's report, which says that a million of the poorest households in Scotland have been excluded from the exemption scheme? Does he agree that it is worth considering the feasibility of applying a progressive water tax, which would be within the powers under the Scotland Act 1998 because the Parliament is responsible for water charges?

Richard Lochhead: I am happy to agree with Mr Sheridan on his first point. Many reports highlight the fact that, under the coalition Government, inequality in Scotland has grown thanks to things such as the increase in water charges in recent years.

We have heard time and again about the impact that high charges and the removal of the water rates relief will have on the voluntary sector. How can the Government say that it wants to deliver social justice when it is pulling the rug from beneath the feet of the many organisations and volunteers who are trying to deliver social justice?

Nora Radcliffe: Does the member accept that we are arguing not that the water rates relief should be removed entirely but that it should be moved to a different budget? It should still be paid.

Richard Lochhead: People—including, I hope, Nora Radcliffe—are calling for the bill to retain the principle that special assistance be given to charities and voluntary organisations the length and breadth of Scotland and that those bodies

continue to have water rates relief. I am sure that the voluntary organisations do not mind whether the money comes from the social justice budget or any other budget; they want the principle to be retained in the bill. There is cross-party support for that.

Church halls, village halls and all sorts of charities will be affected. We hear that hospices will have to lay off nurses because they will be unable to pay their bills if the water rates relief is removed. If the relief is removed, Capability Scotland's bills will rise from £14,000 to £90,000, Abbeyfield Scotland, which runs sheltered houses and residential care homes, will lose the equivalent of the wages of 22 people and Voluntary Service Aberdeen's bills will rise from £9,000 to £87,000—a 900 per cent increase.

Accountability and democracy in the water industry in Scotland are important. While the Government has made life particularly difficult for the voluntary organisations and low-income households, it has made life particularly cosy for people such as Colin Rennie, the chairman of NOSWA. Colin Rennie was appointed to the water authority in 1998 by virtue of being a Labour councillor. Despite being deselected by the local Labour party in Dundee within weeks of being appointed, he remains in post. By the time his four years' tenure is up, he will have been paid £150,000 in packages, which will all have been funded by the bills that consumers pay. As he works only one and a half days a week, that amounts to £500 a day, which means that it takes two consumers to pay his daily wage. That is not democracy and it has to be stopped. I ask the minister to put the needs of voluntary organisations and low-income households first and the needs of cronyism and people such as Colin Rennie last.

11:23

Maureen Macmillan (Highlands and Islands) (Lab): It is difficult to find any new issues to raise at this point in the debate, but I hope to be able to reinforce some points that others have made. Before I go any further, however, I must say that Mr Lochhead made a disgraceful attack on Colin Rennie.

Richard Lochhead: Will the member give way?

Maureen Macmillan: No, I will not. I have only just started my speech and I ask Mr Lochhead to sit down—he has said quite enough.

Whatever some Opposition parties might suggest, we are not privatising Scottish water by the back door or in any other way. We are creating a public sector corporation that will be accountable to the Scottish Parliament and will be strong enough and efficient enough to hold its own

against any private water company that might offer water and sewerage services in Scotland. Further legislation will ensure a level playing field and will prevent the private cherry-picking of lucrative and easily delivered contracts. Competition cannot be stopped as Bruce Crawford suggested that it could be. It is here already and we must face up to it.

The bill shows our commitment to and faith in the public sector. We believe that a public sector corporation can be competitive, efficient, accountable, responsive to its customers and environmentally responsible. Various concerns were raised in the committee on this topic. The fact that Welsh Water has contracted out its service provision to private companies was raised by Bruce Crawford, who appears to have latched on to a minority view that was presented in evidence to the committee but that was not backed up by our adviser. I am content with the explanation provided by the Executive that, without the express consent of Parliament and a change in legislation, it would not be possible for Scottish Water to do what it has been alleged Welsh Water has done. Any lawyer on the SNP benches will tell Mr Crawford that that does not need to be written into the bill in red capital letters. I do not believe that the Conservatives will ever be in a position to pass legislation in the Scottish Parliament. If they somehow manage to come to power in Holyrood, however, we will deserve all we get.

Concerns have been expressed about the proposed consultative committees that will be watchdogs for the consumer and will operate more at the grass roots than the commissioner will. Like Tavish Scott, I hope that the consultative committees will be able to deal with local concerns. However, we await detailed proposals from the minister on how they will be appointed and on the criteria for the appointments.

Members from all parties will be aware that Scottish Water is not inheriting a state-of-the-art infrastructure. Years of underinvestment have left us with a far from satisfactory inheritance. There are particular problems in the Highlands and Islands, which I represent, caused by distance and rurality. It costs a great deal of money to deliver to small rural communities the water and sewerage services that other areas take for granted. I welcome the amalgamation of the three water authorities into one, as that spreads the cost of investment in deprived areas across the country, which is a good socialist principle. Even so, the cost of investment is substantial and will have to be met by customers over many years. Consequently, some households will face genuine difficulties in meeting increased charges and some charities and voluntary organisations will be seriously stretched by having to pay full charges. The public are willing to support charities,

particularly local ones, even if that means that consumers must foot the bill.

The Scottish Executive has already announced measures to give relief to charities for one year, which is welcome. There is concern that the current definition of a charity encompasses organisations such as private schools or clinics that are, in fact, wealthy businesses in no need of support. The implementation of the McFadden report will deal with that problem in part, but I suspect that some of the remaining charities—national charities with large incomes, for example—will not find water charges too onerous. I therefore believe that the Scottish Executive should consider targeting relief at the small local charities that will find it difficult to absorb water rates. The income of local churches or voluntary groups is vastly different from the income of large charities that have a large support base. The Federation of Small Businesses suggested to the committee that such a distinction should be made and I welcome the minister's indication that the Executive will review the position.

The Scottish Executive has introduced measures to help those on low incomes. The transitional system is due to last for three years. The Executive should consider extending that period and should examine whether the system is as effective as we all want it to be. The system is not reaching all deserving cases and I would be grateful if the minister could give his assessment of how it is working. Section 37 of the bill leaves the door open for targeted relief and I urge the minister to consider how that might be taken forward to a just solution.

The bill is important and proposes significant changes. I hope that the inevitable job losses will be managed with a minimum of hurt and will not be so severe as to affect service delivery. The service received by consumers and the environmental standards to which we are committed will, after all, be delivered by people. The water boards have been significant employers in rural Scotland and I hope that that will continue. I hope that the Executive will address my concerns. I support the bill.

11:28

Mr Lloyd Quinan (West of Scotland) (SNP):

Like all SNP members, I welcome the principles of the bill. However, the Scottish Trades Union Congress, Unison and a number of other organisations have raised clear concerns. Those concerns principally relate to the opportunity for an extension of democracy in the creation of the board of Scottish Water, which would obviously go a long way towards allaying people's fears about the perceived cronyism in boards and public bodies, where we find an astonishing number of

ex-Labour councillors including Yvonne Allan, Colin Rennie, Robert Cairns, David Hamilton, Thomas Dair, David Munn and, an old friend of mine from the Glasgow Trades Council, Jane McKay, who is an adherent of the Labour party.

Obviously, the change in the structure of the board might go some way towards removing those accusations of cronyism, but paragraph 2 of schedule 3, which deals with membership of the board of Scottish Water, says:

"The non-executive members are to be appointed by the Scottish Ministers from amongst persons who appear to them to have knowledge or experience relevant to the functions of Scottish Water."

I hope that that appearance of knowledge and experience will not result in a repetition of the events surrounding the appointment of the director of VisitScotland, who clearly appeared to ministers to have the knowledge and experience to take on that job but who, unfortunately, had to be removed from that position rather quickly.

In the past, local authority councillors served on the boards of the water authorities. It is essential that we maintain that link between local authorities and board membership. The SNP plea is that the local authority councillors who will serve on the board be approved by the Parliament rather than by Labour or Liberal Democrat ministers. Indeed, our plea is that all non-executive directors of the board be approved by Parliament in accordance with the principles of Alex Neil's Public Appointments (Parliamentary Approval) (Scotland) Bill.

The Water Industry (Scotland) Bill makes no reference to worker participation or trade union involvement in the board. The STUC and the GMB are totally hostile to the proposals. Is that why we do not have an opportunity for the involvement of workers in our new democracy in Scotland?

The key issue in what the SNP has been saying throughout the debate is that it would be simple to introduce into the bill a requirement for primary legislation if the board should wish to change the nature of Scottish Water's operation. That would remove any of what Bristow Muldoon referred to as scaremongering; it would remove people's fears and allay their doubts. I do not understand why it cannot be done. I do not understand why the Executive does not understand that, if it does not do that, the fears and concerns—much like those about housing stock transfer—will continue and an air of the likely privatisation of Scottish Water will always hang over the bill. A simple and straightforward move would allay all those fears and guarantee full support from all parties in the Parliament.

I was disappointed to hear the minister's negative response to the request made by my

good friend Bruce Crawford for an employment guardian to be appointed to ensure that the transition to a single authority will not be marred by unfairness or mistreatment of employees. We would inspire far more confidence among the water industry work force if we took its concerns, as outlined in the STUC's submission to the Transport and the Environment Committee, more seriously. The minister could do worse than to implement the Equal Opportunities Committee's recommendation to appoint an employment guardian and get workers properly involved.

The Deputy Presiding Officer (Mr George Reid): Mr Harper, only a couple of minutes remain. They are yours if you want them.

11:32

Robin Harper (Lothians) (Green): From the outset of the Transport and the Environment Committee's consideration of the bill and as we have conducted our inquiries, my perception has been that the purpose of the bill—if it has one underlying purpose—is to create a public sector water industry that is robust enough to fight off any attempt at creeping privatisation. I assure the Executive and other members that I will resist any attempt from the Conservatives to weaken the bill in that respect at stage 2.

The Transport and the Environment Committee recommended that there should be more non-executive directors on the board of the new single water authority. I urge that those directors be elected representatives from local councils. Although I welcome the idea of customer consultation panels, nominations for membership should be announced publicly so that, if necessary, people can formally register objections to candidates before they are appointed.

We would like the water debt to be written off. Plenty of arguments have been made in support of that. I have a great deal of sympathy with what Tommy Sheridan said. I plead with the Executive to listen, as Johann Lamont said, to any new sensible suggestions and review the other suggestions that have been made on relief to the poorest people in our society and to voluntary organisations. That is the end of my two minutes.

The Deputy Presiding Officer: A time has been fixed for a ministerial statement to be given at 12.00. If closing speakers can trim their remarks, that would be helpful.

11:34

George Lyon (Argyll and Bute) (LD): I will try my best to trim my remarks. I add my support for the principles of the Water Industry (Scotland) Bill.

With the Competition Act 1998's coming into

force and allowing commercial companies to seek cheaper water and sewerage services from private sector suppliers, it was clear that the Government had some stark choices to make. To do nothing was not an option and the economic realities of the water industry mean that current structures are unsustainable in the longer term because of competitive pressures.

Members should consider some of the competitive pressures that the three Scottish water companies currently face. On price, compared with some of the privatised English water companies, the efficiency gap is somewhere between 25 per cent and 35 per cent in favour of English companies. We cannot expect the Scottish public to continue to pay for those inefficiencies through increasing water rates. I believe—most people would agree—that that is an unrealistic proposition.

Another significant pressure is that in England the water companies draw 70 per cent of their revenues from domestic customers and only 30 per cent from commercial companies. The balance is nearer 50:50 in Scotland. It will place a huge financial burden on domestic customers if big industrial customers start switching to cheaper suppliers of water and sewerage services.

Tommy Sheridan: Does George Lyon accept that the proportion is now clearly skewed away from the 50:50 ratio and that almost double the amount of revenue is now raised from domestic customers than is raised from non-domestic customers?

George Lyon: The figures that I quoted were from Professor Alan Alexander, who probably has some knowledge of the issue.

Clearly, if big industrial customers in Scotland start switching to alternative suppliers, an even greater financial burden will be placed on domestic consumers and water rates will rise. That would mean continually rising domestic water bills for Scots, as commercial users go elsewhere.

Another major factor is that the Scottish water companies face a capital investment programme of up to £15 billion over the next five years. Prices to consumers must rise to fund that investment. That comes at a time when the privatised companies south of the border have completed many of their capital programmes and are expected to be able to begin to reduce prices to consumers. Under such severe competitive pressures, the Government clearly needed to take action if it was to retain a publicly owned water company that could meet head on those competitive pressures. To do nothing would have spelled the end of the three publicly owned water companies.

Richard Lochhead: The member mentioned that the Government faced several options in the face of competition. One option that he did not mention was exemption from the Competition Act 1998. Why does not his party support that?

George Lyon: I will come to that point near the end of my speech.

It is clear what the Government's aims are in creating a single water company and giving it much wider commercial powers. It wants to create a publicly owned water company that can close the efficiency gap between the English privatised water companies and itself and that can head off the threat to domestic consumers of the competition cherry-picking its commercial customer base. It also wants to create a publicly owned water company that can meet the challenge in the next five years of investing £15 billion to redress 50 years of neglect of our water and sewerage infrastructure while minimising price rises to the consumers. Those are surely the objectives of the bill and I am sure that we all support them.

Bruce Crawford of the SNP argued—as have many of his colleagues—that the bill that will create Scottish Water will lead to back-door privatisation. Nothing could be further from the truth. If SNP members believe that, they should have the courage to stand up to oppose the basic principles of the bill. If the SNP believes that the bill is a slippery slope to back-door privatisation, why on earth does not it oppose the bill?

Bruce Crawford: Will the member give way?

The Deputy Presiding Officer: The member is in the last minute of his speech, I am afraid.

George Lyon: We have heard some confusing messages about finance from the SNP.

Bruce Crawford: Will the member give way?

George Lyon: I ask Mr Crawford to sit down.

Bruce Crawford: Mr Lyon is a feartie.

The Deputy Presiding Officer: Mr Crawford, the member is in the last minute of his speech.

George Lyon: The SNP's answer to the debt issue seems to be to get on its hands and knees to beg from Westminster. What kind of position is that for a so-called nationalist party to adopt—begging Uncle Gordon to bail it out? In an independent Scotland, Uncle Gordon would not exist to be able to bail it out.

On competition, perhaps the closing speaker for the SNP will clarify whether the SNP is committed to allowing consumers in Scotland the benefits of competition—which I hope will lead to lower water prices—or whether it is committed to exempting Scotland from the Competition Act 1998. An

answer to those questions might be useful in the SNP's summing up.

By creating a publicly owned company with the scale and efficiency to meet the competition head on, the Scottish Executive is guaranteeing that the water industry will remain in public ownership. The Liberal Democrats will certainly support that.

11:39

Mr David Davidson (North-East Scotland) (Con): We have had an amazing morning, with the shadow minister for sewerage telling us about all the new SNP policies and its new stance on how it will fund things. The phrase “no blank cheque” was the classic of the morning. That was followed by a phrase on which George Lyon commented ably—“Well, we must go to Westminster.” Obviously the union must still be working for some SNP members.

I am concerned about another matter, on which the SNP did not answer my earlier question. Why does the SNP fear efficiency and competition if that will result in better public service? Does the SNP still believe that only nationalised industries are any good? Would the SNP nationalise all the utilities? Will that be in its next manifesto?

Tommy Sheridan: Hear, hear.

Mr Davidson: Well, at least Mr Sheridan is honest—[*Interruption.*]

The Deputy Presiding Officer: Order.

Mr Davidson: Thank you, Mr Reid.

I also recall that for the past two and half years I have asked the present minister and his predecessors to investigate and review the funding formula for the water industry. Many speakers in today's debate have talked about there being too short a payback period for capital investment for the consumer. In the real world in which there is equity finance and cheap market finance, such debt can be spread, which makes it affordable. I welcome the SNP's support for that, which it denied me when I asked for it previously in the chamber. I think that Mr Crawford was involved in that debate.

I turn now to the minister, because he is leading on the matter today. He made some interesting points about governance and I hope that he paid attention to the comments that my colleague John Scott made. The role of non-executive director, which I have held in several companies, is very important. The most effective companies are those in which non-executive directors can outvote the executive and hold it to account, as we are supposed to do with the Executive in the chamber.

A question about board members of the new company has not been answered. In considering

board members' roles and duties, little comment has been made about selection criteria. I do not mean only in relation to who will pick board members, but in relation to what they will need to be able to demonstrate and who will ultimately make decisions. I am concerned that the minister might retain that responsibility. There is a need for other bodies—independent of Government—to give fair analyses of what board members' roles should be and how they will be selected.

Bruce Crawford: I think that we share the same view of the appointments process. Will Mr Davidson, therefore, go the whole way and accept that the appointments process as outlined in Alex Neil's Public Appointments (Parliamentary Approval) (Scotland) Bill would be an appropriate route for the Parliament to follow and that the minister should go down that route?

Mr Davidson: To be perfectly fair, I have not read all the fine print. I left one of my colleagues to deal with that matter, but I will have a look at it.

John Scott raised an interesting point about the role and powers of the panels. That needs to be clarified and I hope that the minister will produce early recommendations on that.

The minister talked about the importance of commercial activity. If such activity is important, why will not the Executive unfetter the board and let it have the tools that it needs to compete? Everybody, even Mr Sheridan, recognises that there will be competition. One cannot ignore that—it will come. We must, if Scottish Water is to be effective, ensure that the board of the company or corporation can do what it must to be a commercial success. The public interest will always be represented by the various commissions and so on.

On Des McNulty's comments, he seems to have forgotten that most of the regional councils in Scotland were run by the Labour party, which was given the money, ability and control to run the water services. Des McNulty—I am sorry that he is not here—might want to go away and take a little look at the history book. I was also a bit confused by his comments about the relevance of some of the words in the bill.

I mentioned Mr Sheridan's comment about competition, but will we have a water industry that is able to operate as freely as other utilities operate in the market? There has been no suggestion, apart from Mr Sheridan's, that everything should be renationalised. Surely the issue is to get the bill sorted out by the committees in good time. The Conservative party will produce recommendations to ensure that we accept the principles that lie behind the bill and that those principles are turned into a model for the behaviour of and control by the new authority.

That authority will have the freedom to operate commercially in the interests of Scottish people.

11:44

Fiona McLeod (West of Scotland) (SNP): We are debating the general principles of the Water Industry (Scotland) Bill. The SNP accepts the general principles of the bill, but at stage 2 we will lodge amendments to ensure that the bill creates in Scottish Water a public body that will remain a public body.

Several issues have come out of the stage 1 report and today's debate that are concerns not just for the Parliament, but for the wider public, who have made representations to us. One of the major issues has been section 25 and the ability of Scottish Water to set up private companies. No matter what assurances we have been given, section 25 opens to the door to turning Scottish Water into a private company. Section 25 relates to the Companies Act 1985, section 3(1)(f) of which provides for Scottish Water to be able to turn itself into

"an unlimited company having share capital".

That is a privatised industry.

Ministerial direction is not a sufficient "safeguard" or "guarantee". I use those words advisedly, because they were used by Labour members Des McNulty and Johann Lamont. I must ask the minister why, if there is an act that states that

"There shall be a Scottish Parliament",

the Water Industry (Scotland) Bill should not say "There shall not be a Scottish Water plc"?

Ross Finnie: There is no equation with

"There shall be a Scottish Parliament",

because section 20 of the Water Industry (Scotland) Bill says:

"There is established a body corporate to be known as Scottish Water".

Fiona McLeod: I will reply with a quote from section 3(1)(f) of the Companies Act 1985, which provides for Scottish Water to turn itself into

"an unlimited company having share capital".

Why cannot we include in the bill a statement that Scottish Water will be a public authority? That is what Unison is asking for. I take the minister back to the Strathclyde referendum, when 97 per cent of the people of Strathclyde said clearly that the water authority must remain a public body.

Another area of the bill that we must consider more carefully at stage 2 is debt and charges. We have heard about the £1.9 billion debt that Scottish Water will carry over. Why cannot we

have the green dowry for our £1.9 billion of debt that the English authority had for its £9 billion debt? A £700 million commutation a few years ago is not the same as getting rid of £1.9 billion of debt. The point of carrying the debt is that the Treasury wins and customers end up paying higher charges. Getting rid of the debt is about ensuring that everyone pays as little as possible.

I turn to relief for voluntary organisations. Ross Finnie did not just prevaricate in his replies to some interventions, but tended towards obfuscation. At the end of one of the minister's replies I was unsure whether he was saying that under section 37 of the bill the Executive would ensure reduced charges or relief for voluntary organisations. We have heard from the Scottish Council for Voluntary Organisations, the churches and Women's Aid, and members have given examples of how crippling to charities in Scotland will be the loss of relief. If the minister believes in the compact with the voluntary sector and in social justice, he must tell us that there will be relief for charities in Scotland.

Jobs is another area of concern. We could lose one sixth to one third of the work force. Adam Ingram gave clear evidence of the catastrophic effect that such huge losses would have on the industry. We want Scottish Water to be an industry that is fit for the 21st century. We do not want it to be stripped of skills and jobs, as Railtrack and Transco were. The same thing happened to Welsh Water, which went in a matter of years from having 1,000 employees to having 100 employees.

Democracy is one of the other elements about which the SNP and the general public are greatly concerned. Scottish Water will be the biggest quango in Scotland and we must ensure that all appointments to the non-executive board and the appointments of convener of the customer panels and the water industry commissioner are approved by the Parliament. The appointments must not be made as the gifts of a minister to the largest quango in Scotland.

I wish to speak briefly about sustainable development.

The Deputy Presiding Officer: You have one minute left.

Fiona McLeod: I hope that we will lose section 47(5) of the bill. We need sustainable development to be at the heart of Scottish Water and we cannot have a get-out clause, so let us get rid of that section. The SNP demands that there be no get-outs in the Water Industry (Scotland) Bill. There must be no get-outs on privatisation, on job security, on loss of rates relief to charities, on ensuring democracy of the new board or on debt write-off. The SNP demands that Scottish Water

be a public trust for the Scottish people for the 21st century.

The Deputy Presiding Officer: I call on Allan Wilson to respond for the Scottish Executive. You should be finished by 12 noon, minister.

11:50

The Deputy Minister for Environment and Rural Development (Allan Wilson): In returning to the environment portfolio from sport, the arts and culture, and in getting to grips with the detail of the water industry in the past few days, I have been struck by the amount of work that has been done by members of the Transport and the Environment Committee, and by their warm endorsement in the stage 1 report. That rightly reflects what I believe to be genuine enthusiasm for the way in which the bill will serve Scottish customers—after all, we are all here to serve the Scottish people.

I will come to some individual issues shortly, but I will clearly have insufficient time to deal with all the matters that have been raised in the debate. It is worth putting on record again the purpose of the proposed legislation and what we hope it will achieve. The case for Scottish Water can be summed up in one word: efficiency. A single water authority will be able to achieve greater efficiency savings than the existing three authorities could manage on their own. For customers, that greater efficiency will mean lower charge increases.

As Ross Finnie said, the figures are dramatic. Tavish Scott reminded members and I remind them now that, according to the water industry commissioner, without Scottish Water the average Scottish water bill would rise by between 36 per cent and 46 per cent over the next four years, depending on where in the country one lives. With the establishment of Scottish Water, bills will rise by only 20 per cent.

Alex Johnstone sought to make comparisons with England and Wales. In so doing, he was trying to extol the virtues of a privatised service, which we obviously reject. Alex Johnstone got his facts wrong; the average Scottish charge this year is £228.82, compared to the English and Welsh average of £233. Even in that simple test, the contention that privatised service is more efficient is, to be frank, wrong.

I wish to deal also with a fantasy that has again been promoted by the SNP. That is the fantasy that somehow Scottish customers were financially disadvantaged compared with English customers at the time of the commutation of debt, to which reference has been made. The water industry commissioner has shown that Scottish customers did relatively well out of the £700 million debt commutation for Scottish Water. As Ross Finnie

explained, the benefit to the customer of writing off the English-Welsh debt was £50 and the benefit to the customer of the Scottish commutation was £300, which is a sixfold advantage.

Richard Lochhead: When will the minister start standing up for Scotland's consumers, instead of defending a decision that was made by the Tory Government several years ago?

Allan Wilson: I thought that I was standing up for Scotland's consumers, but perhaps I missed something. Richard Lochhead's interventions are getting increasingly obtuse.

Tommy Sheridan: The minister heard my comments about progressively applied water tax. It is my understanding that, under the Scotland Act 1998, we would be able to apply such a tax because of the Parliament's responsibility for raising water charges. Will the minister accept that that is at least worth investigating? It would allow a more progressive charge to be levied throughout Scotland?

Allan Wilson: I have not seen Tommy Sheridan's proposed amendment, although I saw his press statement. I suspect that his reference to tax might be part of the problem which, as Tavish Scott pointed out, might have made his amendment ultra vires for the purposes of the debate. I agree with Tommy Sheridan that we should have a genuine debate on affordability. Debt write-off is part of that debate, but if by some miracle Gordon Brown gives us £2 billion tomorrow—in addition to the Scottish grant—the last thing that I would wish to do with £1 billion of it would be to write off Scottish Water debt. The principal beneficiaries of that would be corporate Scotland, not the lowest-paid water consumers. I am with Tommy Sheridan 100 per cent in seeking to do something for lower-paid water consumers.

Delivery of efficiency savings means that we must achieve the same objectives for less money. If that does not happen—if less is achieved or delivered—it is not efficiency, but cost cutting. We have set before Scottish Water the outputs that it must achieve, including improved drinking water quality and cleaner beaches. We require it to achieve those objectives with less charge income than the existing authorities would have had to do the same work.

Setting up Scottish Water does not mean compromising public health or environment protection standards. It means the opposite. It means that we must strengthen the Scottish water industry to ensure that standards will rise dramatically over the next four years, but at less cost to the customer than would otherwise have been the case.

Andrew Wilson rose—

Allan Wilson: May I move on? Andrew Wilson could perhaps come back in later.

Bristow Muldoon and others mentioned charitable reliefs. As Ross Finnie said, we acknowledge the strength of feeling about charitable reliefs, although we are mindful that we must keep that in the context of the Executive's record funding of the voluntary sector and its policy of targeting support for the sector according to the outputs that it achieves. We will, however, consider the suggestions that have been made. I understand why a continuation of the current transitional relief scheme might be viewed as attractive, but I do not share that view. It is important that charities are not left uncertain about their position. We must be clear about how those that are affected by this year's postponement, which was announced in May, plan to cope with the phased withdrawal of reliefs from next April.

Bruce Crawford: The minister has come to the crux of the matters that we have been raising all morning, which is the potential for the new organisation to move on and to become a privatised body, if ministers wanted that.

Section 25(3) says that Scottish Water will be able to

"form ... companies (within the meaning of the Companies Act 1985".

In what circumstances does the minister envisage that power being used?

Allan Wilson: By definition, it takes—

Bruce Crawford: In what circumstances?

Allan Wilson: By definition—[*Interruption.*] I will return to that point, but perhaps I could conclude first on charitable reliefs, which are important to many people. We recognise that some difficulties might remain for small local charities that rely on public funding, which have been identified by the Transport and the Environment Committee. I undertake to consider further at stage 2 the scope for possible support for such organisations.

I come now to a point that Bruce Crawford raised. I know that he has expressed concern that the bill will result in back-door privatisation of Scottish Water, or that it will allow Scottish Water to diversify into other areas at the expense of its core functions and customers. I am happy to take this opportunity to restate what we have said all along: Scottish Water will be created by primary legislation and can be dissolved only by further primary legislation. It is being given its core functions through primary legislation and only further primary legislation can amend or remove those functions. There are two safeguards: first, the Scottish Executive has no intention whatever to privatise Scottish Water; secondly, such a move would require primary legislation.

Bruce Crawford *rose—*

The Deputy Presiding Officer: The minister is in his last minute.

Allan Wilson: If I am in my last minute, I say simply that I hope that I have made my response clear. I look forward to the SNP's stage 2 amendments on the matter. I assume that those amendments will say that this proposed primary legislation can be repealed only by further primary legislation that would replace the original primary legislation. How the SNP intends to square that circle I really do not know. I look forward to that with interest.

Concern has been expressed about staffing and I share that concern. I am probably the only person in the chamber who was around at the original restructuring of the water industry in the 1970s. I represented water workers during that process and I was also involved in restructuring in the 1990s. Here we are again, restructuring the industry to take account of the competitive environment in which it must operate for the next 100 years.

I do not underestimate the challenge of the move to Scottish Water that faces all who work in the industry, whose commitment will be crucial to the success of the venture. Scottish Water will recognise that commitment in its dealings with staff. The existing authorities have been running voluntary redundancy programmes and I do not pretend that further redundancies are avoidable. However, where they are necessary, they will be handled sympathetically and responsibly.

I have not, in the time that is available to me, been able to address every point that has been raised this morning. I will have the opportunity to return to many of those points with individual members and with the committee during stage 2.

I ask the Parliament to approve the general principles of the Water Industry (Scotland) Bill, in the knowledge that that will bring us closer to our aim of vesting Scottish Water on 1 April 2002 for the benefit of all its customers.

Water Industry (Scotland) Bill: Financial Resolution

12:01

The Deputy Presiding Officer (Mr George Reid): The next item of business is consideration of the financial resolution in respect of the Water Industry (Scotland) Bill. I call Peter Peacock to move motion S1M-2522.

Motion moved,

That the Parliament for the purposes of any Act of the Scottish Parliament resulting from the Water Industry (Scotland) Bill, agrees to—

(a) the expenditure out of the Scottish Consolidated Fund of the expenses of the Scottish Ministers in consequence of the Act; and

(b) any charge imposed on, and any payment required to be made by, any person by or under the Act.—[*Peter Peacock.*]

Local Government Settlement 2002-03 and 2003-04

The Deputy Presiding Officer (Mr George Reid): The next item of business is a statement by Andy Kerr, on the local government settlement 2002-03 and 2003-04. The minister will take questions at the end of his statement, so there should be no interventions.

12:02

The Minister for Finance and Public Services (Mr Andy Kerr): Before I make my statement, I place on record my appreciation and, I hope, that of the chamber, for the work of Angus MacKay, the previous Minister for Finance and Local Government, who laid down solid foundations. I also wish to thank him personally for his assistance since I took up my portfolio.

The Labour and Liberal-Democrat Administration is committed to providing a sound and stable financial platform for local government. For the first time ever, we have announced guaranteed three-year revenue and capital allocations for each local authority in Scotland. In no other part of the United Kingdom do local authorities have the certainty of knowing their central Government funding allocations three years in advance.

We have announced record levels of resources for local government, guaranteeing every local authority an above-inflation increase in revenue grant in each of the three years. Let me be clear about that: every local authority in Scotland is receiving a real-terms increase in grant support, not just for one year, or over three years, but for each of the three years of the current spending review. Those commitments are testament to the benefits of devolution and to the Administration's continuing partnership with and commitment to local government in Scotland.

In total, we have committed well over £1 billion in additional revenue grant support to local government over three years. We have also announced a 40 per cent increase in the allocations for local authority capital investment over three years. Those commitments are already bearing fruit, not just in additional local services and infrastructure, but in improved financial and service planning, laying the foundations for continued and sustained improvements in future years.

I am delighted, as Minister for Finance and Public Services, to announce today further substantial increases to the local government revenue grant support on top of the existing

allocations for next year and the year after that. I will also confirm the transfer of resources out of ring-fenced programme grants into unhypothecated general grant provision and I will announce today the provisional national non-domestic rate poundage for 2002-03.

The three-year local government revenue grant allocations that were announced last year committed substantial additional resources to the delivery of key policy priorities. Those include, for example: modernisation of the teaching profession; improved care services for older people; enhanced concessionary travel schemes; extra resources for the police; and increased allocations for local authority capital investment in schools, roads and other infrastructure. We also included, for the first time in recent years, provision for local authority pay and price inflation. Those resources, with the stability of the three-year settlement, provide the perfect platform from which local government can better plan and deliver improvement in service delivery and secure best value.

No one should be in any doubt that I regard local government as a key partner in delivering better public services for all our citizens. I have great confidence in the capacity of local government to deliver, but I always want it to deliver the best. To be able to do so, councils need to benchmark their standards, to learn from one another and from other sectors, to compare and contrast their performance and to plan improvement.

I want every council to provide excellent services and to constantly seek improvement. I believe that the Executive has a key role in working with councils to assist in that process, helping to establish the benchmarks for the best performance and helping to facilitate improvement. In that spirit, we made it clear at the time of the previous settlement that new policy commitments that placed a financial burden on local government would be funded in full.

Today, I am announcing the allocation of an additional £350 million in grant support through the local government settlement next year. Those additional resources build on the real-terms increases that were announced last year. Scottish Executive revenue grant support to local authorities will total £6.7 billion next year, including that additional provision. That is an increase of £650 million, or 10.7 per cent, over the current year—more than four times the projected rate of inflation. I hope that members agree that that increase is remarkable. The revenue grant allocations will increase by a further £375 million, or 5.6 per cent, for the following year—more than twice the projected rate of inflation. Investment on such a scale is unprecedented and demonstrates our commitment to providing better public services

for Scotland's citizens and to the continuing vital role that local government plays in delivering those services.

The details of the allocations for individual councils are set out in a finance circular that is being issued today to all local authorities. A summary of the allocations is available from the Scottish Parliament information centre table at the back of the chamber and copies of the full circular have been placed in SPICe. The settlement totals to which I have referred include provision of £125 million that was previously announced to fund personal and nursing care for older people. Those resources are not included yet in the allocations to individual authorities, as distribution arrangements are still to be finalised.

Even excluding the resources of £125 million, the increases for individual local authorities range between 5.5 per cent and 10.5 per cent for next year and between 5 per cent and 8 per cent for the following year. Therefore, all local authorities are receiving a year-on-year increase in grant that is at least twice the projected rate of inflation each year, with further allocations still to be confirmed. The allocations include resources totalling over £150 million over two years for the transfer of responsibility from the Department for Work and Pensions to local authorities for people in residential care homes and nursing homes.

We are making available additional money to assist local authorities in providing more literacy and numeracy learning opportunities for adults, to support improved out-of-school care for children and to help authorities to prepare for the new supporting people regime for housing support services. In total, local authorities will receive more than £13 million in additional support for those commitments next year, rising to more than £21 million in the following year. Those allocations reflect our priorities of providing children in Scotland with the best possible start in life and closing the opportunity gap.

There is one transfer out of the local government settlement. The Parliament passed the Regulation of Care (Scotland) Act 2001, which provided for the new Scottish commission for the regulation of care to take over responsibility from local authorities for inspecting care establishments from next April. Resources of £5.6 million will transfer to the commission to reflect that transfer of responsibility.

There has been much discussion of ring fencing in relation to local government funding. Contrary to suggestions that have been made elsewhere, specific grants continue to account for only around 10 per cent of total Scottish Executive support through the general local government settlement. From next year, we are allowing local authorities even more flexibility in how they use resources,

with the abolition of certain ring-fenced controls.

However, ring-fenced specific grants have a role. For example, no one would argue that funding for police services should not be protected. In the same way, specific programme funding has allowed us to move from uneven provision of nursery places between local authority areas to a position in which pre-school places are available, where parents wish, for every three or four-year-old in the country. As that aim has been achieved, it is right that the resources should return to general local authority control. Therefore, from next year, £137 million of specific programme funding through the pre-school grant will transfer to unhypothecated general grant. Similarly, resources of £8.8 million for the rough sleepers initiative have helped to develop services for homeless people across Scotland, and annual specific resources of £8.8 million can now transfer to general grant.

Of the other allocations, we have agreed with the recommendations that were made by the care development group and the Parliament's Health and Community Care Committee that, during the initial implementation period, we should monitor local authority expenditure from the £125 million that is being provided for personal and nursing care.

No specific financial conditions are attached to any of the other additional allocations that I am announcing today. We are keen to shift the focus away from resource inputs and on to what we and service users are really interested in—the outcomes that are being achieved in terms of additional and improved services.

Local authorities have been asked to prepare local outcome agreements relating to the additional support that I have announced today for adult literacy and homelessness. Outcome agreements are also being prepared for community care services and social justice. We are working with the Convention of Scottish Local Authorities on pilots to test the wider potential of the outcomes-based approach.

The distribution of the original three-year settlement allocations was established following discussions with COSLA. Those increased allocations are provisional. Following further discussions with COSLA, they will be confirmed in the local government finance order next year. With COSLA we have worked on the establishment of three-year budgets, the implementation of teaching for the 21st century recommendations, the proposals for long-term care for older people and the review of care home fees. We will continue to pursue that joint approach.

Income from non-domestic rates forms part of the total Scottish Executive revenue grant for local

government. Today, I announce a provisional non-domestic rate poundage for 2002-03 of 47.8p. That represents an increase of 1.7 per cent on the figure for 2001-02, matching the inflation rate to September 2001, and fulfils, as in the past, our commitment to limit year-on-year increases to growth in the retail price index. We will seek the views of business organisations before confirming the poundage early next year.

The additional allocations that I am announcing today will meet in full the costs arising from new policy commitments and should not impact on local authorities' existing council tax plans. It is, of course, for local authorities to set council tax at the levels that they consider appropriate, following consultation with their electors. All authorities have published provisional council tax changes or upper limits for next year and the year after that—that represents a commitment by councils to local taxpayers. I congratulate councils on the responsible way in which they have handled that new commitment; I recognise that it was a major challenge for them and congratulate them on having risen to that challenge. Council tax payers now have a clear indication of what they can expect to pay and can better judge their councils' actions if and when any variation in tax levels occurs.

The resources that I have announced today, which come on top of the increases that were announced last year, represent a significant investment in local services. It is vital that local authorities make effective use of those resources and work with other local agencies to deliver quality services that put people's needs first. We want to ensure that local authorities have the resources and flexibility to do their jobs and the powers and responsibility to work with other agencies to deliver real and visible improvements in public services.

The Parliament will have the opportunity to debate the final allocations for 2002-03 when it considers the local government finance order next year. Early next year, I will confirm the final rate poundage for 2002-03.

I hope that all members will join me in welcoming the substantial additional support that the Labour and Liberal Democrat Administration is committing to local government for the next two years, on top of the significant increases that have been provided for the current year. In anyone's book, a year-on-year increase in grant support of nearly 11 per cent, with further increases in the following year, represents a substantial investment in local services and a vote of confidence in the continuing role of local government in delivering those services to all Scotland's citizens.

Mr Kenneth Gibson (Glasgow) (SNP): I am taking the place of my colleague Tricia Marwick,

who is unwell and unable to be with us.

I welcome the minister's statement as the first of what I hope will be many statements in the coming months. Ministerial statements are becoming as rare as snow on Christmas day. I remind the minister that it is the convention for ministers to supply their statements to the SNP and Tory front benches an hour, not 20 minutes, before they are made.

In evidence to the Local Government Committee on 13 March, George Black, director of finance at Glasgow City Council, stated:

"in real terms, the level of aggregate external finance for Glasgow at the end of 2003-04 will be about £50 million less than in 1996-97. The impact of that reduction is well documented. We have had council tax increases of 19 per cent, 22 per cent and 9.4 per cent in the three years since 1996-97."

The Deputy Presiding Officer: Mr Gibson, what you are saying must contain at least the hint of a question.

Mr Gibson: I am leading up to one.

Mr Black went on to say:

"We have had about 4,500 council job losses. We had what is commonly termed a double whammy; we had to reduce services while dramatically increasing council tax."—[*Official Report, Local Government Committee*, 13 March 2001; c 1665.]

Mr Black also made it clear that, over the same period, Glasgow's share of aggregate external finance had fallen from 15.7 per cent to 14.7 per cent of the Scottish total.

The Deputy Presiding Officer: I am still waiting for a question, Mr Gibson. I am being very patient.

Mr Gibson: Given that Glasgow contains 79 per cent of Scotland's most disadvantaged enumeration districts and more than half of the poorest 10 per cent of districts, will the minister say by what date he will have restored fully, in real terms, Glasgow's level of aggregate external finance to what it was before new Labour came to power, excluding new burdens?

Mr Kerr made welcome comments on the additional flexibility that councils will have over their finances to allow them to govern, rather than to administer locally, thus reducing the high level of hypothecation and ring fencing that the Executive imposed. However, is not it the case that most of the new moneys that the minister announced are to fund personal and nursing care and the transfer to councils of responsibility for people in residential care homes and nursing homes?

Will the minister confirm that the rate poundage that he announced will still mean that Scotland has a rate poundage that is 10 per cent higher than that in England? Finally, will Mr Kerr advise us

why specific grants for social work training, mental illness, and in-service training for teachers will remain at a standstill from 2002-03 to 2003-04, forcing local authorities to pick up the tab for those areas?

Mr Kerr: I recall Kenny Gibson's leader saying that we should take the SNP seriously in our joint approach to government. If that is all that the SNP can offer on the announcement, it has a lot to learn.

Kenny Gibson referred to ranked grant AEF per capita. Glasgow is sitting at the top of that table, with a per capita rate of £1,571, which is 25 per cent higher than the average. Glasgow will receive record levels of revenue grant in the next two years, reaching over £1 billion in 2003-04. That is higher than any figure under the Tories in cash or real terms. Glasgow City Council is also receiving the per-head-of-population figure that I mentioned. In addition, the better neighbourhood services fund will support the deprived communities of Glasgow.

By anyone's reckoning, Glasgow requires assistance—that is why the Executive is committed to providing it. We do not live in the land in which Kenny Gibson lives, where money is plucked off trees. I expect our money to be spent wisely. We will monitor that spending and that is how we will run the Executive. We have every confidence that Glasgow City Council and other councils will deliver services.

I apologise for the lateness with which members received copies of my statement, but I think that they received them a lot longer than 20 minutes ago. I will investigate that later.

I announced the reduction of hypothecation and ring fencing in accordance with the requests of colleagues in local government. Could not Kenny Gibson even muster up some welcome for that announcement? We are funding in full the other policy initiatives that we are driving forward.

Mr David Davidson (North-East Scotland) (Con): I welcome Andy Kerr as the Executive's new minister for smoke and mirrors and I thank him for the prior delivery—albeit late—of the statement.

I was pleased to hear the minister's comments about ring fencing and I hope that he takes the issue on board. I am a little concerned that COSLA still believes that the figure is 20 per cent, whereas the minister has just stated that it is 10 per cent. Perhaps the minister will tell us precisely why he is at variance with his colleagues in COSLA.

I am also a bit concerned that, although the statement gave credit to local government for the way in which it is handling council tax rises, the

Executive retains capping sanctions. Will the minister explain how that will work—will he make any changes to the sanctions?

My third point is that the minister mentioned taking Sutherland out of the local government settlement and quoted a figure of £125 million. Will he clarify for the people of Scotland exactly what definition he has used to come up with a price of £125 million? Will any other burdens be forced on local governments to implement the policy?

Mr Kerr: I thank the member for welcoming me to my portfolio; I appreciate that. Again, I offer my apologies for the delay in getting the statement to him. That will be investigated.

Only 9 per cent of the allocations that I announced will be provided through specific grants, which is less than in the current year. We have removed ring fencing from £145 million of grant funding for next year and there is potential for further flexibility, where appropriate. The figure to which the member referred also includes police grant and I have not yet heard any arguments in favour of removing ring fencing from such grants. I would argue that the authorities are not taking that position.

Capping is a reserved power, which we have no intention of using. Our colleagues in local government are spending their money wisely. I do not anticipate needing to use that mechanism.

On personal nursing care, we are doing what the care development group wanted us to do. We are fully funding personal nursing care. The amount of money is what is required and what the care development group requested. We will give local authorities that money when we have agreed the distribution formula with our colleagues in local government.

Trish Godman (West Renfrewshire) (Lab): I welcome the minister's statement. The significant headline increases that he announced suggest that new burdens have been fully funded. Will the minister confirm that no extra pressure on councils will arise from those burdens and that council tax payers can expect council tax levels to remain at the rates that councils set for the three-year period?

Mr Kerr: I am happy to receive the member's question. The smoke and mirrors to which Mr Davidson referred allow me to answer the member's question more fully. We should consider the figures. In anyone's terms, an increase in total revenue grant of nearly 11 per cent is substantial. Next year, the increase will be 5.6 per cent.

Every council will receive increases in grant that are at least twice the projected rate of inflation. The allocations also take into account general pay and price inflation and—to answer Trish Godman's

question directly—full support for the new policies and commitments that the Executive has driven forward as part of the partnership agreement for government. The Executive places no extra pressure on local council budgets. Funding is at a record level. I am glad that Trish Godman welcomes that; it is a pity that others cannot.

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): I welcome the minister to his new post, although he seems to have retained the same speech writer that his predecessor had.

I will ask about council tax, because I do not think that we received the answer that Trish Godman sought. Given all the extra burdens on councils, not only from this place, but from Westminster—the aggregates tax, the climate change levy and the superannuation knock-on of the Railtrack fiasco—by how much does the minister expect council taxes in Scotland to rise? I ask what figure he expects, because I know that he does not set council tax levels. How much higher than inflation will that figure be?

How much of the pension increase that the minister's colleague in Westminster announced recently does he expect a pensioner to pay in increased council tax payments?

Will the minister confirm that an increase at the rate of inflation for non-domestic rates will mean that Scotland retains the highest non-domestic rates in the UK and that our businesses continue to be the most heavily taxed in the UK, at a rate that is about 5p more than that south of the border?

Mr Kerr: I expect councils throughout Scotland to act responsibly. Therefore, in accordance with subsidiarity, I do not wish to express views about their decisions, which they must take locally and account for to local citizens. That is what local government is about.

Local councils announced indicative council tax increases for the next two years. The all-Scotland average projected increase is less than 5 per cent for each year. We will fund in full any commitments from the Executive, so there is no reason for those matters to impact on councils' budgets.

Scottish businesses do not pay more than English businesses pay in non-domestic rates. As Alasdair Morgan knows, rateable values in Scotland tend to be lower than those in England. Small businesses in Scotland receive a 2p discount that is unavailable in England, so Alasdair Morgan's case is inaccurate and untrue.

Dr Sylvia Jackson (Stirling) (Lab): I welcome the minister's announcement that money for pre-school education will move into the unhypothecated general grant. Will the minister

give more details about the continuing discussions on other ring-fenced allocations?

Mr Kerr: I have met COSLA and will continue to meet COSLA to discuss those matters. I intend to go down the road of providing further unhypothecated resources to local government, because I believe strongly that local government is local. As Minister for Finance and Public Services, I intend to continue discussions with COSLA to ensure that we continue to reduce hypothecation of resources for local authorities. That is how I want the situation to develop and I am sure that the rest of the Executive wants that too.

Iain Smith (North-East Fife) (LD): On behalf of the Liberal Democrats, I welcome one of the most positive statements in support of local government that I have heard since the Parliament was formed. The minister announced a substantial increase. I particularly welcome the news that some of our hard-pressed rural authorities, such as Aberdeenshire Council, Argyll and Bute Council, Perth and Kinross Council and Scottish Borders Council will receive some of the largest increases. That is welcome news for those areas.

Will the minister confirm that the Scottish Executive will fund the full cost of free personal care that will fall on local authorities?

Mr Kerr: I am under no illusion about that. I say to Iain Smith, in a straightforward manner, that the Executive will fund fully the decisions that were made by the care development group. That is why the sum of £125 million has been set aside to fund fully the whole package.

Iain Smith welcomed me to my post. I also welcome what Iain Smith said—it is a sign of maturity that people welcome real money being put into real services. It is a sadness that some people cannot rise to the occasion and acknowledge that fact. Excluding the fiscal black hole that would exist under the SNP because the price of oil is falling at the moment, what would local government get from the SNP? Very little.

Bill Aitken (Glasgow) (Con): I note from the minister's statement that the increase in non-domestic rates is limited to 1.7 per cent. However, that results in a projected average of 47.8p in the pound. Notwithstanding the minister's answer to Mr Morgan, why is it appropriate, at a time of threatened recession and increased business competition, for Scots firms—even if we accept that they get a 2p rebate—to pay significantly more than English firms in a comparable position? Scots firms are left in a non-competitive situation that will impinge on employment prospects.

Mr Kerr: First, the increase is low and, as I said earlier, the figure of 1.7 per cent is in line with inflation. I remind Bill Aitken that rateable values in Scotland are less than are those in England, which

means that the actual take from business is lower. Bill Aitken mentioned the 2p discount. That is not available in England. I look forward to my discussions with the business community in Scotland. I have had many such discussions in the past and, as Minister for Finance and Public Services, I will continue to listen to business. I doubt the facts that Bill Aitken presented today.

Mr John McAllion (Dundee East) (Lab): I welcome the minister's statement. However, will he give more thought to how the national settlement might be better fine-tuned to reflect the realities of local government services in individual council areas? This morning, Dundee City Council informed me that the settlement makes no provision for the £2.5 million that it spends every year on secure residential care for children. The council also informed me that the McCrone settlement in the city will be underfunded by more than £4 million over the next three years because McCrone was based on pupil numbers rather than on Dundee's higher staffing levels.

The local government settlement can be described in the Scottish Parliament as the "perfect platform" and yet be met with disappointment by individual councils, who tell their MSPs that it is not good enough. Does the minister accept that that is a problem?

Mr Kerr: I met the leader, the convener of the finance committee and the director of finance of Dundee City Council and we examined the matters that John McAllion has raised. I will continue to seek solutions. One of the issues that was raised in Dundee was mismatched funding. In preparing for the next three-year settlement, we will look again, with COSLA, at the distribution arrangements. That said, any change must demand a general level of support amongst all local authorities.

The issue of deprivation was also raised in Dundee. Last year, the deprivation distribution system was the subject of a COSLA joint review. As a result of that review, an additional £16 million was allocated to tackle deprivation. The better neighbourhood services fund is providing £90 million to improve services to Scotland's most deprived neighbourhoods. We should examine the current allocation system to reflect specific circumstances, but let us not forget that we are trying to ameliorate the worst effects of the situation that is to be found in Dundee and other cities in Scotland.

Andrew Wilson (Central Scotland) (SNP): Given the factional fighting and bruised egos on the Labour seats in the chamber following the reshuffle, I caution the minister, when he is answering questions, against reading out notes that are passed to him from his colleagues. He never knows what time bombs may be ticking in

those notes. With respect to the note—[MEMBERS: "Question."] If members examine what I said, they will see that all of it was a question.

With respect to the note and, given the minister's position on business rates, will he confirm that—in addition to the SNP—the Forum of Private Business, the Federation of Small Businesses, the Confederation of British Industry and every other business lobby in Scotland believe that business rates in Scotland are higher than for comparable businesses in England? Will the minister undertake to provide a full explanation of what on earth he is talking about when he suggests that that is not the case?

Given that the minister sets 80 per cent of the average council budget, does he take any responsibility for the level of council taxes in Scotland? Why are declining services, rising taxes and the highest taxed businesses in Scotland all happening under Labour?

Mr Kerr: All the organisations that the member mentioned are against independence and separation. If that is the endorsement that the member is giving me, I thank him very much; I will take it. With regard to notes being passed, I will take no lectures about teamwork from the SNP—I have seen the SNP in action for too long.

These are important issues, which I have said that I will discuss with the business community, as I have done already through the Parliament. We will consider those matters, but we have said that the inflationary increase will be 1.7 per cent, that the 2p discount exists in Scotland, that Scottish businesses—small, medium and large—continue to thrive and that we are still attracting investment. If we were to go down the road of division, separation and the fiscal black hole that the SNP wants us to go down, where would business be then? That would be the end of business as we know it. Through the partnership in the Scottish Executive, we will continue to deliver for local government and to improve services by allocating more money for local authorities to deliver services and allow businesses to thrive.

Tommy Sheridan (Glasgow) (SSP): If the minister genuinely believes that local government is local, when will he announce the abolition of the capital receipt clawback rule and introduce rate retention and setting for local authorities? Last week, Charlie Gordon, the leader of the Labour-led council in Glasgow, said:

"We have had four and a half years of Labour government and we are getting grant assistance for Glasgow that is pound for pound less than under the last Tory government."

Will the minister apologise to the people of Glasgow for the shameful neglect of that city and give me an assurance that the settlement will

make up for the lost funding in the past four years of Labour Government?

Mr Kerr: There is no need to apologise for anything with regard to Glasgow City Council. At £1,571 per capita rate, Glasgow is 25 per cent above the average.

With regard to the distribution formula, we recognise the unique role that our cities play in Scotland. As I have said, Glasgow receives the highest grant allocation per head: 25 per cent above the mainland average and 50 per cent higher than the allocations for neighbouring authorities. The distribution formula takes into account a range of factors that are specific to Glasgow: the urban centre; the need for expenditure-based allowances, such as tourism, museums and planning; and deprivation allowances, to which I have already referred.

I look forward to meeting Glasgow City Council. I was born and brought up in East Kilbride and have worked in Glasgow and used its services for many years. There is a desire on the Executive's part to ensure that, through the cities review, in the hands of my colleague Iain Gray, we address those issues.

With regard to the set-aside arrangements, COSLA has expressed its views to me on the use of the 75 per cent of income from council house sales to redeem debt, with particular reference to those authorities with relatively low levels of housing debt. We continue to discuss those matters with COSLA; indeed, that is a matter for the Minister for Social Justice to consider further.

Nora Radcliffe (Gordon) (LD): I welcome Andy Kerr to his new role and welcome the tone and content of his statement.

Much work has been done recently to identify why the indicators that are used to calculate need do not pick up rural deprivation or small pockets of deprivation that are scattered through broadly prosperous areas. Will the minister confirm that, as those tools improve, they are being used to refine existing distribution models? Can he say what work is being done to check that the uplift is being calculated in a way that does not perpetuate a bias against historically low-spending councils such as Aberdeenshire?

Mr Kerr: Work is continuing with regard to rural deprivation. A report is available, which we are considering. Through COSLA, which is the primary organisation for determining such matters, we discuss those matters continuously with our colleagues in local government. The better neighbourhood services fund that I mentioned earlier applies to rural areas in some instances, therefore we could also seek some resources from there.

Margaret Jamieson (Kilmarnock and Loudoun) (Lab): In overall terms, I welcome the minister's announcement. However, unlike my colleague Sylvia Jackson, I have concerns regarding the removal of ring fencing for pre-school education. Given the growth in that sector, what assurance can the minister give that he and the Minister for Education and Young People will monitor that area to ensure the continuation of quality provision for our young people?

Mr Kerr: We will continue to analyse the outcome and output of all public services in Scotland, rather than the inputs, which people tend to dwell on too much. We want to focus on the services that matter to people, such as primary and pre-school education. I am sure that the Minister for Education and Young People takes a great interest in such matters. In addition, other organisations and bodies look into education and report to us.

The removal of hypothecation and the reduction of ring fencing are to be generally welcomed. Maturity, responsibility and trust exist between the Executive and local authorities to ensure that there is no diminution of the services that Margaret Jamieson mentioned.

Business Motion

12:35

The Deputy Presiding Officer (Mr George Reid): The next item of business is consideration of business motion, S1M-2521, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau.

Motion moved,

That the Parliament agrees—

(a) the following programme of business—

Wednesday 12 December 2001

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Executive Debate on 'Our National Health' – Delivering Change

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business – debate on the subject of S1M-2289 Mr Brian Monteith: Closure of Scottish Executive Environment and Rural Affairs Department Offices in Stirling, Dundee and Forfar

Thursday 13 December 2001

9.30 am Scottish National Party Business

followed by Business Motion

2.30 pm Question Time

3.10 pm First Minister's Question Time

3.30 pm Executive Debate on Sea Fisheries

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business – debate on the subject of S1M-2400 Mr Bristow Muldoon: Proposed Closure of Binny House, Sue Ryder Care

Wednesday 19 December 2001

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Debate on the Finance Committee's Report on Stage 2 of the Budget Process

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 20 December 2001

9.30 am Parliamentary Bureau Motions

followed by Stage 3 Debate on the Scottish Local Government (Elections) Bill

followed by

Business Motion

2.30 pm

Question Time

3.10 pm

First Minister's Question Time

3.30 pm

Stage 3 Debate on the School Education (Amendment) (Scotland) Bill

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by

Members' Business

and (b) that Stage 1 of the Marriage (Scotland) Bill be completed by 18 January 2002, that Stage 2 of the Community Care and Health (Scotland) Bill be completed by 23 January 2002, that Stage 1 of the Scottish Public Sector Ombudsman Bill be completed by 1 February 2002 and that Stage 1 of the School Meals (Scotland) Bill be completed by 10 May 2002.—[*Euan Robson.*]

Motion agreed to.

12:36

Meeting suspended until 14:30.

14:30

On resuming—

The Presiding Officer (Sir David Steel): I am sure that, before we begin this afternoon's business, members would like to welcome the new Solicitor General, Elish Angiolini, to her post, even though she will not answer any questions today. *[Applause.]*

Question Time

SCOTTISH EXECUTIVE

Flooding

1. Lord James Douglas-Hamilton (Lothians) (Con): To ask the Scottish Executive, in view of any anticipated flooding, what preventive measures have been put in place in co-operation with local authorities and emergency services to protect life and property. (S10-4221)

The Deputy Minister for Environment and Rural Development (Allan Wilson): Implementation of the Flood Prevention and Land Drainage (Scotland) Act 1997 has resulted in many councils putting in place preventive measures of inspection, monitoring and maintenance. In addition, many councils are installing flood prevention schemes, with financial assistance from the Executive.

Details of measures that councils have taken are given in their statutory biennial reports on flooding. The provision of flood warnings and information on flood risk, through the Scottish Environment Protection Agency's recently launched Floodline service, will be a significant help to local authorities and emergency services. In conjunction with emergency services, local authorities have generic multi-agency response plans in place to help those who are affected by flooding.

Lord James Douglas-Hamilton: Can the minister confirm that, with the onslaught of winter rains, immediate steps can be taken if and when emergencies arise? Flooding can be an extremely depressing and miserable experience for our constituents, especially when polluted water flows into their living rooms and residences.

Allan Wilson: I concur with what the member has said about the havoc that flooding can wreak on people and communities. Local authorities have a primary responsibility in this area. I understand that City of Edinburgh Council has recently purchased reusable emergency flood barriers, which can be mobilised at a time of predicted flooding. Floodline is a proven system for co-ordinating emergency services' response,

and it worked very well during last year's floods in England and Wales. An adequate warning goes hand in hand with the preparation of flood defences.

Sarah Boyack (Edinburgh Central) (Lab): The minister will be aware of the devastating flooding that there has been in Edinburgh, in particular, over the past few years. He has talked about emergency responses. What plans does the Executive have to fast-track local authority proposals for long-term flood prevention schemes?

Allan Wilson: The member makes a fair point. I recognise that the preparation period for schemes appears to be very lengthy. However, the construction of flood defences on private land requires careful planning and planning permission. The studies that are needed to identify the right option can take time. I would be happy to work with Sarah Boyack and other members on speeding up that process, to the advantage of all concerned.

The Presiding Officer: I call Robin Green—I mean Robin Harper. *[Laughter.]* I apologise—the member's name came up on my screen as "Harper, Robin (Green)".

Robin Harper (Lothians) (Green): Will the minister take a long-term holistic view on this issue? Will he consider the advice of WWF on targeted afforestation and the reinstatement of water meadows, and the advice of Forth Estuary Forum, which is meeting today at Victoria Quay, on managed retreat?

Allan Wilson: We need to take a long-term approach to dealing with climate change and the flooding to which it can lead. Recently we published a Scottish climate change programme. A week on Monday, I am going to London to meet my Westminster counterpart so that we can co-ordinate as best we can the activities of Westminster and the Scottish Parliament on the impact of climate change.

Dorothy-Grace Elder (Glasgow) (SNP): Does the minister agree that we should not only credit the police, fire and ambulance services for aid given during floods but acknowledge the absolute necessity of keeping up the strength of the Territorial Army, which has often helped to save Scotland from our oldest enemy, the weather? When he meets people at Westminster, will the minister impress upon them—and soon—the need to keep up the numbers in the TA? Will he impress upon them the anger of Scotland over savage cuts in the TA?

The Presiding Officer: I think that that is a reserved matter.

Allan Wilson: I did not think that my new responsibilities extended to the Territorial Army, but perhaps they do.

The Scottish Executive provides local authorities, police and fire brigades with specific grant for emergency planning purposes. Flooding is included among the risks for which we provide grant.

The Presiding Officer: Question 2 has been withdrawn.

Ferry Services (Campbeltown-Ballycastle)

3. Mr Duncan Hamilton (Highlands and Islands) (SNP): To ask the Scottish Executive when it next plans to meet the Scotland Office and the Northern Ireland Executive over plans to re-establish the Campbeltown-Ballycastle ferry service. (S10-4254)

The Minister for Enterprise, Transport and Lifelong Learning (Ms Wendy Alexander): I shall be meeting the Scotland Office and Northern Ireland Office ministers tomorrow morning to discuss proposals for the reinstatement of the service.

Mr Hamilton: I am grateful for that answer. Perhaps at tomorrow morning's meeting the minister will relay to the assembled company the profound concern of the people of Kintyre about the future of the ferry service. I draw her attention to three areas in particular.

First, is the minister aware that the Vestas wind turbine manufacturing plant cannot make any future investment decisions on job creation until there is an immediate resolution of this problem?

Secondly, is the minister aware that the destructive confusion over which of the Governments is responsible for the resumption of the ferry services is undermining people's efforts? Can she confirm that the responsibility for any subsidy that may be needed for the restoration of the service will come from the United Kingdom Government and not from the Scottish Executive, as happened with the Rosyth-Zeebrugge route?

Finally, will the minister give her interpretation of what George Foulkes meant yesterday in the House of Commons when he told Alan Reid, the Liberal Democrat member of Parliament for Argyll and Bute:

"If you do not get on the phone to Ross Finnie soon, you might not have a ferry?"

Is Mr Finnie the problem here? If not, will Ms Alexander commit the Executive to the restoration of that route?

Ms Alexander: It is deeply depressing to hear a list member play politics with this issue. Ministers in the partnership Executive—and I stress that

partnership within this Executive, and also the partnership with the UK Government, which is vital in addressing some of the issues that members have raised—fully appreciate the extent of public support in the area for the restoration of the ferry service. That is why we are not allowing the formal position of shipping services that do not begin and end in Scotland—that is, the fact that they are a reserved matter—to get in the way of our working with the UK Government to see whether it is possible to put together a value-for-money proposition that will meet the European obligations in this area. Those obligations are considerable if we are to provide subsidy to shipping services.

As recently as within the past 10 days, my officials visited Vestas to consider the additional business that might be associated with the reinstatement of the service. I think that members on all sides of the chamber are aware that the sort of subsidy that is under consideration will exceed, many times over, the average passenger subsidy that we make available to Caledonian MacBrayne services to fragile communities in other parts of Scotland. That is why it is important not simply to resolve issues to do with responsibility within the UK, but to ensure that European considerations have been fully taken into account in trying to put together a value-for-money proposition that will lead to the reinstatement of the service.

George Lyon (Argyll and Bute) (LD): In the light of some of the remarks that have been made in another House, will the minister confirm that the coalition parties are united in their approach to the restarting of the Campbeltown-Ballycastle ferry service? Will she confirm that there has been progress and that discussions such as those that she has said will take place tomorrow will result in further progress? Can the minister give the people of Kintyre, who have been waiting for an answer for nearly two years, some indication of when we might find out whether the project will go ahead?

Ms Alexander: I can offer reassurances on almost everything that the local member asked about. All members of the Executive work together on the issue. Collective responsibility in a partnership coalition means that such matters are the subject of united decisions. I confirm that unity and collective responsibility hold on the matter.

As I said, no meeting is more urgent than that to be held between the devolved Administrations and the UK Government tomorrow morning. I do not doubt the commitment of any of the three parties that are involved to making a case for the service to be reinstated.

The service was withdrawn because it could not be run economically. That event is partly responsible for the delay. We must be clear about the expected benefits, but the arrival of Vestas means that we can consider whether a more

favourable economic case than last time round can be developed.

Hospital Services (Glasgow)

4. Mr Kenneth Macintosh (Eastwood) (Lab): To ask the Scottish Executive what progress it is making towards improving hospital services in Glasgow. (S1O-4260)

The Minister for Health and Community Care (Malcolm Chisholm): NHS Greater Glasgow is conducting a comprehensive review of acute hospital services throughout the city, which includes a period of public consultation. The Greater Glasgow NHS Board will consider proposals early next year.

On cancer services, I have appointed Dr Adam Bryson as director of the Beatson oncology centre, to drive forward improvements in cancer services for people in the west of Scotland.

Mr Macintosh: I thank the minister for his reply. Notwithstanding my own concerns over the future of the Beatson, the minister will be aware of concern on the south side of Glasgow over progress on the hospital review and the uncertainty that that is causing, which affects morale and confidence in the Victoria infirmary. Will the minister assure me that the interests of patients will be given priority in deciding on the future options on the south side? In the meantime, will he ensure that investment is maintained, so that the Victoria infirmary can continue to serve the needs of local residents?

Malcolm Chisholm: Acute services reviews are inherently controversial, but we should remember that their purpose is to ensure that people throughout Scotland have access to modern, high-quality services and that the balance between hospital and community services is correct. Sometimes, the issue concerns decisions of acute services reviews being pre-empted. Earlier this year, Susan Deacon ensured that beds were kept at Stobhill hospital until the results of the review were known. I am unaware of a similar situation at the Victoria infirmary, although I know that two-way movement between the Southern general and the Victoria infirmary has occurred. If Kenneth Macintosh writes to me about his concerns in detail, I will investigate them and reply to him.

The Presiding Officer: In view of what I said yesterday on declining an emergency question on the Beatson oncology centre and the Minister for Health and Community Care's visit there, I will let supplementaries to this question run a little longer than normal.

John Scott (Ayr) (Con): Given the Government's intention to implement the patient choice policy in England to allow waiting times to be cut, will the minister confirm that if the

pressures on patient treatment at the Beatson become too great in the new year, when all the consultants leave, he will introduce a similar policy for cancer care in Scotland?

Malcolm Chisholm: As members know, the Beatson centre takes people from a large part of Scotland. That is one issue that must be considered. I am not entirely sure in what direction John Scott's question went. His preamble introduced other topics.

We guarantee that services will be provided for the patients involved. Everything is being done to recruit extra oncologists, although on my visit to the Beatson yesterday, I realised that other issues and concerns had to be taken up. The main thinking behind the decision that has been made today is that to drive forward the action plan, we must have a specific management focus on the Beatson. That is why Dr Adam Bryson was appointed. He has a sound management record, and, perhaps more important, experience as medical director of the Western infirmary, and good links with the clinicians there.

Nicola Sturgeon (Glasgow) (SNP): I welcome the removal of the Beatson from North Glasgow University Hospitals NHS Trust's mismanagement. I hope that the minister will undertake to conduct a more wide-ranging review of the remit, responsibilities and management of that trust. Does he agree that it is vital that Adam Bryson takes urgent action in the next few days to stabilise the situation at the Beatson?

Is the minister aware that at least one more consultant at the Beatson is actively considering resignation, as that consultant has been offered an alternative post? Will the minister tell the chamber what action will be taken to prevent further resignations? Is he aware that, as of January next year, south Glasgow will have no lung cancer, breast cancer or gynaecological cancer clinics? That does not sit easily with the statement that he has just made about protecting services for people in Glasgow. Will he—

The Presiding Officer: The member is not making a statement. She has had—

Nicola Sturgeon: Will the minister give details of what action will be taken to protect the level of services for patients who are suffering from cancer? Those patients live in the part of Scotland that has the highest cancer rates in the whole of Europe.

Malcolm Chisholm: Nicola Sturgeon knows that Greater Glasgow NHS Board and the Scottish Executive are undertaking a review of the acute trust. Nicola Sturgeon has criticised personalities. I am not interested in that. I am interested in fixing problems. Today, we have begun to do that in a new kind of way.

I am as concerned as Nicola Sturgeon is about the position of the consultants. Dr Adam Bryson said today that his first priority is to talk to the consultants and to ensure that nobody else leaves. Given the shortage of oncologists throughout the United Kingdom, that is the most intractable part of the issue. I assure Nicola Sturgeon that everything is being done in this country and further afield to recruit oncologists.

I am also very aware of the issue of clinics. As a result of the pending vacancies, some short-term changes have been made to clinics. In the longer term, as part of the reorganisation of cancer services, we propose to examine the clinics. I was pleased to be able to say yesterday that, this month, I want to see an outline business case for the new Beatson.

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): The minister may recognise the rank hypocrisy of a party that takes an interest in the issue when its sole ambition was to destroy the national health service. He may also recognise the rank hypocrisy of another party when its only interest is to take Scotland out of Britain.

Does the minister recognise the concerns of the constituency members of the Scottish Parliament whose constituents are served by cancer services in the west of Scotland? I welcome the announcement that he has made. Will he urge prompt short-term action to secure locum consultants for cancer services in the west of Scotland? Will he ensure that there are no structural barriers to the recruitment of the substantive consultant posts that arise from the largest ever investment in the national health service in Scotland that was courtesy of a Labour Government?

Malcolm Chisholm: Brian Fitzpatrick's point at the end about investment was well made. Many issues are at stake. Investment is one of them. More is coming and we want more. However, we should recognise that money alone is not going to solve the problem. People talk about vacancies, but six of the vacancies are in six new posts that were created by additional investment put up by the Executive in the past few months. We have to look at the full picture

It is clear that, in the short term, recruiting the consultants is fundamental. From talking at great length to staff yesterday, I am aware that there are other issues, including staffing issues, in addition to that of the oncologist vacancies. I expect the new director to start right away to address the short-term concerns about staffing and facilities. Those concerns have to be addressed now. At the same time, we can look forward to the superb new facility that will be built before too long.

Tommy Sheridan (Glasgow) (SSP): I wrote to

the minister's predecessor about a 69-year-old pensioner constituent who received a letter from South Glasgow University Hospitals NHS Trust informing her that there would be a wait of seven to eight months for a serious ultrasound examination. Does the minister agree that it is completely and utterly unacceptable to have to wait so long for such an important examination?

The pensioner contacted the private Ross Hall hospital and was told that the examination would cost £183 and take two days. Is it not about time that, instead of working with the private health service, we take over the private health sector? That would give a decent service to all our citizens, not one that is based on how much money they have.

Malcolm Chisholm: Quite a few points are raised by that question. I agree with the first point that Tommy Sheridan made about waiting times. Clearly, dealing with delays in the system—and in particular with waiting times for that kind of procedure—is at the top of our list of health priorities. Delays are unacceptable. A consultant I was talking to yesterday described that problem and said, "If you put 'Urgent' on it, it would be a lot quicker." However, we cannot put "Urgent" on everything. That is partly to do with equipment, and there are plans afoot to expand the number of linear accelerators. We have some in the new Beatson, but more are to come. However, that means more radiographers, which is another staffing issue. We are well aware of that and action is being taken.

The second part of Mr Sheridan's question moved into a more complex area—I am sure that that will come up later as well. We have to keep a sense of perspective about when the private sector is useful. Last night, a general practitioner in another part of Scotland said to me that someone who came to him with a breast lump was told by the private hospital where she was insured that she could be seen on 20 December. The Western general hospital in Edinburgh said that she could be seen on 11 December. Let us remember the good stories as well as the bad ones.

Mary Scanlon (Highlands and Islands) (Con): Is it the case that the proposals to unify health boards and trusts is resulting in decisions being made further from the patients? Has that contributed to the problems at the Beatson? Is the minister concerned to hear today that some cancer patients in Glasgow have had their appointments delayed by six months?

Malcolm Chisholm: I am always concerned to hear about patients having their appointments delayed. I do not know the specific example to which the member refers, but I have already indicated that many waiting times are

unacceptable.

The first part of the question was quite complex. Many of us who experienced the internal market over the period that Mary Scanlon's party was in power did not feel that it was bringing decisions closer to patients. On the management of the Beatson and the particular problems of the Beatson, our view was that there was perhaps an issue to do with the size of the trust. We thought it right to deal with the problems by focusing specifically on certain issues. That is the best way forward for the Beatson at this time. The general point that the member made was perhaps not true when considered in detail.

Angus Council (Meetings)

5. Alex Johnstone (North-East Scotland) (Con): To ask the Scottish Executive what plans it has to meet representatives of Angus Council as part of the review of Scotland's cities. (S10-4234)

The Minister for Social Justice (Iain Gray): As part of the cities review process Peter Peacock intends to meet representatives from Angus Council. He will write to the council leader to set up a meeting.

Alex Johnstone: I thank the minister for that answer. Given the fact that the remit of the cities review includes the requirement to take account of the interaction between cities, their surrounding areas and the rest of Scotland, will he give a guarantee that he will meet Perth and Kinross Council and other councils that will be impacted upon by any changes in city boundaries?

Iain Gray: There were two sides to that question. The cities review is not primarily about considering local authority boundaries. It is a listening exercise, and if issues about boundaries are raised, we will listen to them. However, the substantive question from Mr Johnstone was whether we will meet neighbouring authorities. The answer to that is yes, the authorities surrounding cities will be invited to meet ministers. The cities review is intended to consider the relationship between cities and their surrounding regions.

Mr Andrew Welsh (Angus) (SNP): Given that the Executive met Aberdeenshire Council and other adjacent councils about their cities, why was Angus Council specifically excluded from the Dundee meeting? Will the minister state clearly that the cities review is not a front for future boundary changes? If it is, I can guarantee a massive opposition from the people of Monifieth, Invergowrie, Longforgan and other areas adjacent to Dundee.

Iain Gray: The remit of the cities review is before me. It is quite clear:

"To review the current prospects for the economic, environmental and social development of our five cities; and to identify Executive policies which will improve those prospects, taking account of interactions between the cities, their surrounding areas and the rest of Scotland."

It is not a front for a review of local authority boundaries. To my knowledge, Angus Council was not singled out for exclusion. As I have already explained to Mr Johnstone, we are in the process of arranging a meeting between Mr Peacock and representatives of Angus Council in the near future.

Mr John McAllion (Dundee East) (Lab): When the minister meets representatives of Angus Council, will he take the opportunity to remind them that the present boundaries and council tax base were gifted to them by Tory gerrymandering at the time of local government reorganisation? Will he also stress in the clearest possible way that any just review of our cities must begin from the basis of the restoration to wronged cities such as Dundee of the natural boundaries that were stolen from them by Lord James Douglas-Hamilton and his cronies back in 1995?

Iain Gray: The cities review is in its first phase, which is a listening phase. Some of the issues that Mr McAllion has referred to were raised and discussed on the Dundee day visit, but perhaps not in quite such trenchant terms as he has used—no surprises there. I have already made it clear that the cities review is not primarily about local authority boundaries. It is about listening to the issues facing our cities, and we will listen to the issues, whatever they are, that face Dundee or any of the other five cities.

Consumer Advice (Refrigerators)

6. John Scott (Ayr) (Con): To ask the Scottish Executive whether it intends to issue similar advice to consumers to that issued by the Department for Environment, Food and Rural Affairs on 23 November 2001 regarding purchasing of new refrigerators. (S10-4233)

The Minister for Environment and Rural Development (Ross Finnie): The Executive's web page on substances that deplete the ozone layer contains a link to the DEFRA website. It is merely about the disposal of discarded domestic fridges and freezers. The Executive has also informed local authorities and other interested parties of the new rules governing the disposal of those appliances. We are aware that there will be increased costs to local authorities this year as a result. The Executive will provide additional funding to authorities for the remainder of this financial year, and I will announce the allocations once firmer costs can be identified.

John Scott: The minister will be aware that DEFRA's advice is that consumers should not

purchase new fridges at the moment. Given the Executive's inaction on the matter, I welcome the minister's statement. However, as 5,000 fridges will have to be stored in South Ayrshire alone, will he give an undertaking that that will not adversely affect council taxpayers? Will the support that he will give to councils cover the cost of storage?

Ross Finnie: I want to assure Mr Scott that the web page link does not link to any advice about not buying fridges. There are many things that I am responsible for, but I am certainly not responsible for utterances by DEFRA on whether people should buy a fridge. The website advice is about how people should dispose of their fridges, given the new regulations.

On Mr Scott's second point, we are consulting local authorities so that we are absolutely clear about the number of fridges that will have to be stored until proper routes are available for their disposal in accordance with the new regulation. That is why we will be making some financial assistance available to authorities in this financial year to help with that process. As I said, the precise amount will be determined when firmer costs have been identified in conjunction with the local authorities.

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): The minister referred to assistance to local authorities in this financial year. Can he confirm whether the settlement that was announced earlier today for future financial assistance to local authorities covers that issue? If not, will the settlement be changed to cover it, or will there be yet another pressure on the council tax?

Ross Finnie: Let me make it absolutely clear. I am announcing assistance this year because of the specific difficulties that will arise because of the implementation of a regulation on removing the foam in fridges. It will not be the cost of disposal that will be the issue, but the cost of storage. That is an additional burden. The Executive recognises that, and that is why I am making additional money available in this financial year.

School Building Programme

7. Mr Duncan McNeil (Greenock and Inverclyde) (Lab): To ask the Scottish Executive what progress is being made with its school building programme. (S1O-4248)

The Minister for Education and Young People (Cathy Jamieson): School building programmes are the responsibility of the local authorities. However, following Jack McConnell's meeting with council leaders on 31 October, we are establishing with the Convention of Scottish Local Authorities a group to deliver a long-term school building

investment strategy.

Mr McNeil: I presume that the minister will be unable to comment on Inverclyde Council's plans to build six new schools and fully refurbish 26 others. However, does she accept that those plans are in the public domain and are of great interest to the parents and pupils of Greenock and Inverclyde? In the interim, what guidance will be issued to ensure that the parents and pupils who will be affected by the plan are fully informed, consulted and involved at every stage?

Cathy Jamieson: The member will be aware that a number of local authorities are preparing bids. Those bids will be received on 14 December and work will then be done to assess them. I recognise that, in authorities that are considering proposals, parents and children have concerns about what will happen. I am confident that local authorities will undertake appropriate consultation in local communities to ensure that school building programmes best meet the needs of our children. We must be aware that some school buildings are simply not what we require for the future to give our children the best chance in life.

Christine Grahame (South of Scotland) (SNP): The minister is aware that additional resources funding to schools is precisely that. Directors of education and finance must clearly certify that such funds for school building repairs, for example, are additional to planned expenditure. Will the minister therefore investigate the actions of Scottish Borders Council, which received a £416,000 award in December 2000 and cut £350,000 from its education budget within a month? Any arithmetician will know that that left only £66,000 additional funding for schools. Will the minister scrutinise that creative accounting? I see Mr McConnell leaning forward to Cathy Jamieson.

Cathy Jamieson: I thank the member for doing the arithmetic for me and not testing the numeracy of the Minister for Education and Young People. I am aware of the Scottish Borders Council situation and have asked for a report from officials on the process. I am aware that a lot of work is being done to try to resolve those problems. Again, I state that my primary concern is to ensure that all Scotland's children get the education that we want. I want gaps to be closed. I will keep a close eye on the matter and discuss it with my colleagues in finance.

David Mundell (South of Scotland) (Con): Is the minister aware that, ahead of Dumfries and Galloway Council's proposed bid for funding, a consultant's report was prepared, which suggested the possible closure of 39 primary schools? Does she agree that, although improvement and new building of primary schools is vital, it should not be at the cost of a wholesale

closure of rural schools?

Cathy Jamieson: I indicated that it is for local authorities to bring forward proposals to meet the local needs of their constituents and children. I am aware of the proposals in Dumfries and Galloway and recognise that there are issues relating to rural schools. A number of local authorities are grappling with difficult situations. However, I remind the member that, before school closures take place, statutory issues must be dealt with and consultation must take place. Again, I am confident that the local authority will put the appropriate measures in place.

Mr Keith Raffan (Mid Scotland and Fife) (LD): Does the minister agree that the top priority must be the removal of temporary classrooms that are freezing in winter and boiling hot in summer? Bell Baxter High School in Cupar has almost 50 such classrooms in its playground, some of which go back to the early 1950s. If we can build a new Parliament building for ourselves at £250 million, I am sure that we can house our pupils better than we currently are.

Cathy Jamieson: I share the member's concern about the condition of school buildings. I am aware that the member extended an invitation to the previous minister responsible for education and subsequently to me to come and see some work that has been done locally and to pick up on what may be done in the future.

For the *Official Report*, I want to say that it is simply not acceptable in the 21st century that children's education should suffer because of inappropriate buildings. All members want the problem to be tackled and we must find ways to proceed jointly. The Executive must work jointly with COSLA, the local authorities and local communities.

Public-Private Partnership Projects (Inverclyde Council)

8. Mr Lloyd Quinan (West of Scotland) (SNP): To ask the Scottish Executive what plans it has to develop public-private partnership projects with Inverclyde Council. (S1O-4264)

The Minister for Finance and Public Services (Mr Andy Kerr): The development of public-private partnership projects by Inverclyde Council is a matter for that council.

Mr Quinan: Is the minister aware of Inverclyde Council's plans to close 15 primary schools, one secondary school and one special needs school and replace them with an as yet unannounced number of buildings—possibly six? That has been opposed by Unison and the Liberal Democrats. Does he agree that borrowing and spending capital of £100 million only to pay back £212 million over 30 years is, frankly, not good

business?

Mr Kerr: Mr Quinan's analysis does not compare like with like because the issue is about providing a full service as opposed to a building. Therefore, his analysis is incorrect. Is he aware of the independent market research survey that shows that 83 per cent of the population of Inverclyde find the use of alternative sources of funding for school buildings either acceptable or very acceptable? In response to the question whether it is acceptable for alternative sources of funding to include private finance, the figure rises to 91 per cent. Mr Quinan puts ideology before schoolchildren.

Mr Duncan McNeil (Greenock and Inverclyde) (Lab): It does not surprise me that the minister knows more about the views of Inverclyde people than Lloyd Quinan does. Is the minister aware that the research to which he referred also found that 90 per cent of school board chairs in Inverclyde agreed that improving school conditions and the state of repairs in schools is important?

Mr Kerr: New money can be attracted through public-private partnerships. Ten per cent of our capital budget goes on those programmes to provide new hospitals, schools, water infrastructure and many other much-needed projects that provide greater services for people. That is what the Executive is about.

Anti-terrorism Legislation

9. Trish Godman (West Renfrewshire) (Lab): To ask the Scottish Executive what discussions it has had with Her Majesty's Government about the role of the Scottish police forces in the implementation of the forthcoming anti-terrorism legislation. (S1O-4231)

The Deputy First Minister and Minister for Justice (Mr Jim Wallace): The Executive has discussed a range of matters relevant to the Anti-terrorism, Crime and Security Bill with Her Majesty's Government, including issues concerning the Scottish police service.

Trish Godman: We all want terrorism to be defeated and terrorist activities in Scotland to be dealt with swiftly and comprehensively by the police and the security forces. However, the legislation will mean detention without trial. In the first instance, we need assurances about civil liberties. Is the minister satisfied that our police forces have the support—financial or otherwise—that they need to tackle any spread of terrorism in Scotland? Who has executive responsibility for our police forces in this matter, the minister or the Home Secretary?

Mr Wallace: I hear what Trish Godman says about the bill. As she will know, the detention measures are reserved to the United Kingdom

Government and are not the responsibility of the Scottish Executive. We have made extra resources available to the police in relation to the circumstances that have followed from 11 September. For instance, £1 million has been allocated to help to promote security around places of worship, particularly for the Muslim community.

As Trish Godman knows, responsibility for the police is a tripartite arrangement between Scottish ministers—I am the minister with that responsibility—local police authorities and chief constables. The bill will change nothing in that important constitutional arrangement.

Dennis Canavan (Falkirk West): In view of the need to avoid counterproductive anti-terrorist measures, will the Executive reject demands for the use of baton guns by the police? In Northern Ireland, 17 people have been killed by plastic or rubber bullets and hundreds more have been injured, including innocent children. Will he assure us that such lethal weapons will never be used in Scotland unless and until such matters are fully debated and approved by the Parliament?

Mr Wallace: I advise Mr Canavan that the subject that he has raised does not come under the legislation that was the subject of the original question. However, I understand his concerns and assure him that we would wish to take no steps without proper consideration of all the implications of any such move.

Children (Diet)

10. Janis Hughes (Glasgow Rutherglen) (Lab): To ask the Scottish Executive what action it is taking to improve the nutritional content of the diets of children from disadvantaged communities. (S1O-4250)

The Deputy Minister for Health and Community Care (Mrs Mary Mulligan): The Scottish diet action plan "Eating for Health" provides the framework for improving children's diet. Building on that, the health improvement fund prioritises support to improve children's diet according to local needs and the Scottish community diet project works specifically with low-income communities.

Janis Hughes: Does the minister agree that one of the most important initiatives that has improved nutritional standards in schools and helped disadvantaged communities has been the advent of breakfast clubs, similar to the one in Cathkin High School in my constituency? That club led to a 4 per cent reduction in absence during its first year. Will she assure me that the Executive will continue to encourage and support that important initiative?

Mrs Mulligan: I am sure that the member will be

aware that the Executive launched a breakfast services challenge fund, to which £250,000 was allocated. We hope to encourage more breakfast clubs through that fund. In the meantime, there will be a review of such breakfast provision, which differs in different places throughout Scotland. We need to find the best way of delivering those breakfast clubs. I am sure that we would all agree that breakfast clubs are one way of assisting children in those lower-income households that need assistance.

First Minister's Question Time

SCOTTISH EXECUTIVE

Cabinet (Meetings)

1. Mr John Swinney (North Tayside) (SNP): To ask the First Minister what issues will be discussed at the next meeting of the Scottish Executive's Cabinet. (S1F-1444)

The First Minister (Mr Jack McConnell): The agenda for the next meeting of the Cabinet will be agreed tonight. If Mr Swinney has any constructive contributions to make, I will of course consider them.

Mr Swinney: A constructive contribution is just coming. Can the First Minister tell me how many hospitals in Scotland have waiting lists that are closed?

The First Minister: No, but I would be happy to clarify that in writing, if the member for North Tayside wishes me to do so.

Mr Swinney: I highlight to the First Minister a letter that has been passed to me by a general practitioner from the Wester Hailes area of Edinburgh. The letter, which came from the Royal hospital for sick children and was written on 29 November, refers to a young child. It states:

"As you are aware ... we have had to close our Waiting List ... we are therefore not able to accept the referral",

which was to mental health services.

"We shall write to you as soon as the Waiting List is reopened."

Last week, the First Minister was crowing about a decline in waiting lists, despite the fact that they are still higher than when the Executive came to office. Is it the case that the only way in which the Government gets waiting lists down is by keeping Scotland's children off the waiting lists in the first place?

The First Minister: No, it is certainly not. That is not what I said last week. When I said that it was good news that waiting lists and many waiting times were coming down month on month, I also said that they were still far too high for the individuals involved. The clear objective for the Executive, for the Parliament and for hospitals and health centres across Scotland should be to continue to strive to drive down those waiting lists and waiting times.

Nobody should ever say that the current situation is perfect, but people should recognise when progress is being made by hard-working doctors, nurses and others throughout our health service. At the same time, our objective should be

to strive constantly to improve the health service and waiting lists and waiting times.

Mr Swinney: To tackle those problems, should not those doctors and nurses be given the resources that the Government has denied them time after time? Let me quote what the First Minister said last week:

"We can play around with numbers in this chamber all we like ... What matters is the experience of that individual."— [Official Report, 29 November 2001; c 4391.]

I have highlighted the case of an individual who cannot even get on the waiting list for a long wait to get a referral dealt with by the Royal hospital for sick children. Is not it about time that the First Minister started apologising to such families? Should not he give an undertaking to the Parliament to investigate the scandal of the closure of waiting lists to keep them down?

The First Minister: Frankly, it is about time that we stopped trying to score political points and dealt with the underlying problems in the health service. That is what the Minister for Health and Community Care was doing yesterday at the Beatson clinic; he was ensuring that action is taken to improve the management and the service. Those are the important issues in the health service. Dealing with those issues is absolutely critical.

If we are to be sensible about this issue, we must recognise that, across the health service in Scotland, the number of operations, patients and consultations is up. The facilities are constantly being improved, but they are never good enough. At all times, we must strive to drive down those waiting lists and waiting times and improve the facilities.

Paul Martin (Glasgow Springburn) (Lab): Did the Scottish Cabinet discuss the presentation of school league tables? Many school league tables do not take into consideration deprivation factors or whether schools have achieved significant improvements over previous academic years. Will the First Minister accept my invitation to visit one of the schools in my constituency that fared badly in the school league tables to see that there is more to schools than such tables?

The First Minister: Of course I agree. However, I should point out that the examination results of children from all communities in Scotland are important, as they open up opportunities beyond school and are a sign of children's pride and sense of achievement in the work that they have carried through. It is important to value the whole educational experience and ensure that not just information about examination results but other information about school and individual achievements as a whole is available to parents and pupils when they are choosing a school or are

assessing their local school's performance.

Secretary of State for Scotland (Meetings)

2. David McLetchie (Lothians) (Con): To ask the First Minister when he will next meet the Secretary of State for Scotland and what issues he plans to raise. (S1F-1451)

The First Minister (Mr Jack McConnell): I expect to meet the Secretary of State for Scotland soon. We speak regularly on the telephone about current issues.

David McLetchie: I hope that one of the current issues that will be discussed in the near future is the state of our health service, which, as the First Minister will appreciate, is a matter of grave and rising concern to people. The Scottish Executive keeps telling us that extra money is being put into the health service and that health spending is 20 per cent higher in Scotland than it is in England. If that is the case, why do we have a waiting time target of nine months for hospital in-patients when, down south, there is a new target of six months? Apparently, health authorities south of the border will pull out all the stops to get patients treated on time. How can the national health service in England apparently do more and better with less? Where is our ambition to do better and to match that?

The First Minister: We already do better in Scotland. For example, we have almost twice as many beds per head of population. We can be proud of the service in Scotland. Almost all the service is essentially contained within the NHS staff team, which is something that should be welcomed.

I do not accept the claim that there is a constant call for increases in resources from the Executive front benches. As I said last week and will say again today, although resources are important, they are not the only issue. They were not the only issue at the Beatson oncology clinic, where yesterday Malcolm Chisholm took action about the management, and they are not the only issue in relation to the management of the service across Scotland. Although it is vital that we make the best use of resources, we must also deal with long-standing health problems such as poor diet and lifestyle difficulties that result in disease and illness in Scotland and that represent our country badly in relation to the rest of the world.

David McLetchie: We might have more as far as numbers are concerned, but we do not seem to be achieving better results and we are not setting the same ambitious targets as are being set for health authorities down south. That was the point of my question. I rather fear that we will have more of the same old solutions that, frankly, have failed over the past two and a half years.

The First Minister will recall that, on several occasions, I asked his predecessor to consider signing an agreement with the independent sector in Scotland to ensure that all our health resources would be used for the benefit of our patients. The issue should not be about the public sector versus the private sector; it should be about ensuring that patients are treated on time. Will the First Minister show some leadership and urgently sign such an agreement? If he will not, will he tell us exactly what the problem is?

The First Minister: Surprise, surprise. It is unfortunate that Mr McLetchie never listens to answers. If he did, he would realise that there is no problem. For example, last year, NHS Lothian carried out 290 operations using the independent health care sector. Last year, NHS boards across Scotland spent more than £1 million at the Health Care International hospital in Clydebank. In each and every case, it was judged that that was the right way of spending that money, to ensure that patients received the service that they needed. Such an approach is not the ideology of the SNP, which would ensure that hospitals were not even built in the first place, and it is not the ideology of the Tories, which would result in the privatisation of our health service. The coalition parties are opposed to the ideology of the SNP, which would end the hospital building programme, and the ideology of the Conservatives, which would privatise the health service. We put patients first.

Richard Lochhead (North-East Scotland) (SNP): When the First Minister next meets the Secretary of State for Scotland, will he discuss this month's fisheries negotiations in Brussels? Will he, in his new role, also undertake to visit Scotland's fishing communities in the coming weeks? I draw to his attention the latest threat to hang over a large section of Scotland's fishing industry, which is the European Commission's proposal this week to slash Scotland's quota for prawns—Scotland's most valuable stocks—by 25 per cent, despite scientific advice that there is a case for increasing the quota and despite the fact that stocks are healthy. Will the First Minister give an undertaking that he will communicate to the European Commission that he, the Government, the Parliament and the fishing industry are on the warpath and will not accept a reduction in quotas under any circumstances but will argue for an increase in them, in line with scientific advice?

The First Minister: I am happy to acknowledge what is a serious issue for the fishing communities of Scotland. The quotas that were proposed this week, especially the quota for nephrops, are unacceptable to us and we will raise that issue during a European Council meeting later this month. Ross Finnie has already met representatives of the Scottish Fishermen's Federation. Rather than the issue being a matter

for discussion between me and the Secretary of State for Scotland, Ross Finnie will discuss it with the UK minister with responsibility for fisheries. I am confident that he and Elliot Morley will represent Scotland and the UK very well in those negotiations and take up the argument that the quotas should be based on scientific evidence and that, where the evidence is not there, the quotas should be revised.

Child Prostitution

3. Pauline McNeill (Glasgow Kelvin) (Lab): To ask the First Minister what action is being taken to eradicate child prostitution. (S1F-1460)

The First Minister (Mr Jack McConnell): Child prostitution in Scotland or anywhere else is a disgrace. We must punish the abusers and protect the children. We are preparing new guidelines for effective early intervention to prevent abuse and exploitation before it happens.

Pauline McNeill: It is believed that there could be as many as 300 children selling themselves for sex on the streets of Scottish cities. Much of that exploitation is hidden and misunderstood. Will the First Minister congratulate Barnardo's on its work in exposing the myth that it is just young females who are exploited, when young males are also exploited? Will he respond to the critics of the Executive who claim that it is not tackling the issue? Will he make it a top priority of the Cabinet committee on children to ensure that the issue is not swept under the carpet?

The First Minister: I think that the issue is very serious—that view is shared by all my ministerial colleagues. The member will know that, as the Minister for Education, Europe and External Affairs, I instituted a review of child protection measures earlier this year. The review was not specifically intended to deal with child prostitution, but it will be an important move in tackling the abuse of young children. The child committee chairs met in October and started a review of the guidance. We will ensure that that review takes place as quickly as possible; that will be a priority for us. We will continue to discuss with the police forces the effective work that they carry out through, for example, female and child units to pursue those who are involved in this disgrace.

The children's services committee of the Cabinet—the first committee that we will establish—will consider the issue and child protection more generally in addition to other provisions of service. There is nothing more important to us than ensuring that the integration of children's services is right at an early age, so that young people are not left—especially as teenagers—in situations in which they are exploited, abused or failed by society.

I was shocked by the fact that, although the leader of the Scottish National Party said on Friday that children should be the top priority of the Parliament, all weekend that party condemned both the new Minister for Education and Young People and me for saying that children would be the new Cabinet's No 1 priority. We will make children our priority, we will ignore the criticism and we will ensure that Scotland's children are better served by the Executive.

Ms Margo MacDonald (Lothians) (SNP): Is the First Minister aware of the tolerance zone for prostitution that has operated informally in Edinburgh for 20 years and of the fact that it has been more than two years since an under-age girl was cautioned by the police in Edinburgh for prostitution? Does he realise that those two factors are not unrelated and will he look kindly on the bill that I want to introduce for tolerance zones for prostitution in this Parliament? Or rather—*[Laughter.]* Well, it would do no harm for some folk.

The Presiding Officer (Sir David Steel): I think that we know what you mean.

Ms MacDonald: The First Minister knew as well. That is what worries me.

The First Minister: Although there was a humorous response to the end of Ms MacDonald's question, the issue that she raises is serious and sensitive. I am not convinced that we should legislate to provide tolerance zones across Scotland, but we need to consider the evidence and talk to everybody who is involved before coming to a firm conclusion on the matter. It is significant that, in Edinburgh, no cases of child prostitution have been discovered in the past two years, but I am not convinced that it therefore does not exist.

It is critical that we continue to consider the evidence and consult organisations such as Barnardo's, which has expertise outside the statutory field. I hope that, in considering the evidence, the Parliament can take an all-party approach. The issue is sensitive, but it needs to be addressed.

Lord James Douglas-Hamilton (Lothians) (Con): Will the First Minister and the Executive make available funds for a police task force to protect children who are vulnerable, particularly those who are being exploited through child prostitution?

The First Minister: My advice is that that would not be the most appropriate thing for us to do. We need to ensure that the new guidance is in place and that we have better data on child prostitution. At the moment, the police forces have their own arrangements for dealing with the problem but co-operate with each other and across the border.

That is the right way for them to continue their work.

It is not necessarily the case that a national, centrally driven task force should be set up for every issue. That approach is appropriate in some cases, which is why the Drug Enforcement Agency, which I visited in Paisley yesterday, was set up as it was. However, a national task force is not necessarily the best way in which to tackle child prostitution.

Mr Gil Paterson (Central Scotland) (SNP): Will the First Minister ensure that adequate resources are given to all organisations, statutory and voluntary, to ensure that the problem of child abuse through the sex trade is dealt with? Let us be perfectly clear: there ain't no such thing as child prostitution—systematic child abuse is what is taking place. It is all very well talking about guidelines, but resources are what will make the difference to the trade that is taking place on the streets of Scotland right now.

The First Minister: I am happy to confirm that we are continuing to provide additional resources in many areas that will have an impact on the problem. For example, Scottish Women's Aid, which is dealing with the wider issue of domestic abuse, this morning welcomed our new campaign to tackle domestic abuse over Christmas and new year.

I know that the member takes a keen interest in such issues. It is critical that the Scottish Parliament focuses on the interests of children, particularly those who are most vulnerable and are being abused. It is important that we co-ordinate our response with agencies in the voluntary and the statutory sectors. It is also important that the new Minister for Education and Young People gives those issues the focus that is urgently required and was due in any case. Those in the SNP who have been criticising her for that are wrong indeed.

Prestwick Airport

4. John Scott (Ayr) (Con): To ask the First Minister what steps the Scottish Executive will take to help employment prospects and the aerospace industry in and around Prestwick airport. (S1F-1438)

The First Minister (Mr Jack McConnell): We continue to support the development of Prestwick as a world-class centre for the aerospace sector. The completion of the Prestwick aerospace park early next year will be a significant step forward.

John Scott: The First Minister will be aware that, in the Prestwick area, 219 jobs were lost at BAE Systems last week, 170 jobs were lost at GE Caledonian in October, 500 jobs have been lost at the HMS Gannet station and the national air traffic

system project has been stopped in its tracks. Almost 1,000 jobs have been lost in an area of less than 1 square mile in the past three months. Will the First Minister consider setting up a task force in Ayrshire to address those problems?

The First Minister: There has already been a Prestwick task force. Its work was done well and is still being followed through. It is important that we see that work through to the right conclusions. It is also important that we highlight the good news as well as the bad. The aerospace sector in the whole United Kingdom has a difficult period ahead of it, but there is good news on the horizon and we need to be ready to respond to the opportunities that will arise in years to come. I was particularly pleased to learn that, although BAE Systems has made the disappointing announcement of job losses at Prestwick, it has also announced that the Nimrod contract that was intended to go elsewhere will come back to Prestwick. We must highlight the good news as well as the bad and continue to take action at a local level to see through the work of the Prestwick task force and any other ideas that may come up.

Youth Justice System

The Deputy Presiding Officer (Mr Murray Tosh): The next item of business is a debate on motion S1M-2520, in the name of Cathy Jamieson, on improving Scotland's youth justice system to build safer communities. There are two amendments to the motion.

15:32

The Minister for Education and Young People (Cathy Jamieson): I am delighted to have the opportunity to speak in this debate. I am also delighted that Murray Tosh is presiding, not least because there are some people in the gallery who recognise both of us—they are from Maybole. They were asking after you earlier on, Presiding Officer.

A little over two months ago, we debated Scotland's system of youth justice. I have a sense of *déjà vu*, not just because Bill Aitken is already sitting in his seat ready to pounce, but because I fear that we may cover some of the same ground.

It is important to acknowledge that the encouraging feature of the previous debate was the quite strong cross-party support for our unique approach to child-centred youth justice in Scotland. In that debate, we expressed our determination to reduce youth crime not only because we want to prevent the small minority of young people who offend from falling into a life of crime, but because we genuinely recognise that many people in many communities are worried about youth offending. They see things happening on their streets that give them cause for concern. There are also wider issues about community safety. I am clear that those people need to be reassured that we are determined to tackle youth crime. I will outline some measures for that.

I am pleased to advise that an action programme for 2002 to enhance Scotland's youth justice system and to help build safer communities will be unveiled in the not-too-distant future. Before I tackle those matters, I will pay tribute to some of the organisations and individuals who have helped to increase our understanding of the causes of youth crime and the effective ways of reducing it. The multi-agency youth crime advisory group has been influential in that, with the Convention of Scottish Local Authorities and NCH think-tank on youth crime, the report of the Scottish Consortium on Crime and Criminal Justice—"Rethinking Criminal Justice in Scotland"—and Audit Scotland's report "Youth Justice in Scotland: A baseline report".

A lot of work has already been done. All those reports highlight three key messages on the

nature of youth offending. It is important to bear them in mind. The vast majority of young people in Scotland have never offended. About one in 12 young people offend, but the majority of them do so once or on a very few occasions and are then successfully prevented from reoffending by the police, social workers or their families and friends. A small minority—reports suggest around 8 per cent—of young offenders under 21 persistently offend. Effective community-based programmes need to be in place to stop their offending. We are keen to see a focus of attention there, because we are aware that that small percentage can have a disproportionate effect on local communities and cause a disproportionate amount of stress.

We have learned a lot about the reasons for youth crime and we know what can help prevent it. We now need to concentrate on the action required to reduce offending. Throughout Scotland, multi-agency youth justice teams have been set up and many are already delivering significant change in youth justice services. Renfrewshire's team, for example, has spearheaded a youth justice project for persistent offenders, which is run by NCH. There are also early intervention schemes that are run by the police and programmes to increase the involvement of young people in community developments. In Aberdeen, a focus on reducing the number of children and young people in the care system has led to significant reductions.

At a national level, we propose to take forward the following objectives over the next year. We want to assess the coverage throughout Scotland and—crucially—the effectiveness of community-based programmes for persistent offenders. Our £23.5 million investment, which was announced earlier this year, has already led to an expansion in the number of those programmes. Our assessment will help local authorities build on current best practice in the development and expansion of the programmes. A report on that exercise will be available next March.

Secondly, I want to stress that early intervention is one of the keys in preventing reoffending. Early intervention is already carried out by the police, social work departments, schools and others. For example, the police's cautioning system, early intervention by social work departments and support for families can all be effective. We know that because the majority of young people who offend do not reoffend, but I believe that those early intervention measures can help more young people. We need better information on what is being done and whether there is room for further development.

We will set up a multi-agency group, drawn from the relevant agencies, to develop those proposals further. We will ask it to develop proposals for

improving the quality of information that is provided to the children's hearing system about offending behaviour and how reoffending could be prevented. The group will also be asked to propose a national framework of outcome standards and objectives for our youth justice system, as recommended by the youth crime advisory group. Those proposals should be ready for consultation by the end of 2002.

As I said earlier, we want to reduce youth crime to help build safer communities. Building the confidence of victims in our youth justice system is a key priority for early action. The "Scottish Strategy for Victims" was launched early in 2001. It specifically excluded victims of crime by children and young people under the age of 16, for very good reasons: the Children (Scotland) Act 1995 and the principles of the children's hearing system require a child or young person to be dealt with confidentially. There will often be a need to discuss personal issues relating to the family in the children's hearing system.

We are clear that the balance needs to be improved. There are examples of situations where it would have been in the victim's interests to have had more information about the disposal and what was being done to ensure that young people did not reoffend.

Good work is already being done. Half of Scotland's local authorities have some form of mediation and reparation scheme and they are proving to be effective. I want such schemes to be put in place throughout Scotland. Research shows that they can be effective in preventing reoffending. The multi-agency offence resolution project in the Borders reported that reoffending rates are down by 70 per cent. Just as important, victims who choose to take part can feel reassured by meeting the offender or receiving an apology. I appreciate that that will not always be appropriate, but in some circumstances having to face up to a victim can be an effective measure in changing a young offender's behaviour and attitudes.

More can be done. We will require a multi-agency team to develop several proposals. First, we propose to improve the information on the details of the impact of the crime on the victim, victims or wider community that are provided to the children's reporter. Secondly, we want to scope the level of information that can be disclosed lawfully to the victim on the action taken by the reporter or the panel. Finally, we must identify whether there is a need for new legislation to achieve those goals. We want those proposals to be ready for consultation by the autumn of 2002. There has already been some discussion of those proposals with the appropriate bodies, including Victim Support Scotland.

We must not forget that children and young

people can themselves be victims. I remind members that the early findings of the 2000 Scottish crime survey show that half the young people surveyed have been victims of at least one unpleasant incident or crime. It confirmed that young men between the ages of 16 and 24 are most likely to be victims of violence. Our first step will be to identify measures to preserve the confidentiality of victims who are children. Over the longer term, we will identify the support mechanisms that can be introduced or enhanced for young victims of crime.

We have supported initiatives throughout Scotland that are designed to strengthen and support neighbourhoods and communities in tackling the impact of crime. Social inclusion partnerships, the better neighbourhood services fund and community safety partnerships are already building on the priorities and solutions that have been identified by local communities to make them safer. They will also introduce projects to help divert young people from crime and to provide reparation, in some form, to their communities.

There are examples of good work that has already taken place. We have established a Scottish forum on community safety, which is chaired by the Deputy Minister for Justice, and we will take forward that forum's proposals in relation to youth crime.

I want to finish on the importance of youth work, which encompasses the whole range of social, sporting, educational and voluntary activities. It has a crucial role in the personal and social development of young people as individuals and as citizens and can have a positive effect in steering young people who are at risk of offending away from likely paths into crime and in offering them alternatives so that they do not find themselves committing further offences. I want that key area to be the subject of a parliamentary debate in 2002.

As we discussed in September, early intervention and diversion programmes are at the heart of our social justice agenda. Identifying and supporting children who are vulnerable to the risk of offending in later years is a cornerstone of the proposals that are laid down in the report by the action team on better integrated children's services. The new ministerial committee for children and young people will develop and enhance that agenda and it will examine how all children can achieve the best results and life chances.

I have given only a brief outline of the proposals that will be in our action programme, but I assure members that the programme will be just the first stage in a process. We intend to report on the progress made and to make further proposals for

2003 at the end of next year. To help us maintain progress, we will invite members of the youth crime advisory group and others to form a consultation group on youth justice issues. That group will be asked to report on progress and to identify new priorities.

We will shortly make available a copy of the 2002 action programme. I hope that we will be able to have a constructive debate today and to agree on the best way forward for all our children.

I move,

That the Parliament confirms its support for the Executive's objective of decreasing offending and disorder among young people, particularly persistent offending by a very small minority of young people; recognises the importance of early intervention measures, of youth work and of increased sports, leisure and educational opportunities in enabling all young people to fulfil their potential and to steering many young people at risk of offending away from a life of crime; welcomes the proposals to achieve these objectives including (a) mapping the coverage and effectiveness of community-based programmes to tackle persistent offending, (b) using the partnership opportunities provided by the multi-agency youth justice teams to develop more systematic early intervention measures and to improve the quality of information provided to the children's hearing about the offending behaviour and how re-offending could be prevented and (c) identifying how restorative justice approaches can prevent the offender re-offending and build the confidence of victims in our youth justice system and increase the safety of communities.

15:43

Irene McGugan (North-East Scotland) (SNP):

I take this opportunity to welcome the Minister for Education and Young People to her first debate on young people since taking up her new responsibility last week.

It might help me decide on the nature and tone of my remarks if the minister could indicate whether she intends to accept our amendment.

Cathy Jamieson: I should perhaps have said that while I have a great deal of sympathy with a number of points made through the SNP amendment, there are particular reasons why, after discussion, we do not feel able to accept it fully. Dr Simpson will address those reasons in his closing remarks.

Irene McGugan: I am disappointed that the minister does not feel able to accept our amendment. Every one of the recommendations in the youth crime review report has already been accepted by the Executive—I am referring as far back as June 2000. Surely it is time they were implemented. I do not know how the minister could fail to accept the reality of the crisis in the recruitment and retention of child care social workers. We are failing too many of Scotland's vulnerable children and young people at the very

time when they are most in need of support. I assumed that addressing that was the minister's priority.

Cathy Jamieson: Being a former social worker, like Irene McGugan, I am well aware of the pressures on social work departments, particularly with regard to child care. I have asked for an early meeting to address some of those issues and intend to work closely with the newly established Scottish Social Services Council to address them. I assure Irene McGugan that although that matter did not feature prominently in my speech, there is no reason to suggest that it will not be one of my priorities.

Irene McGugan: I thank the minister for her intervention, but I must underline my point. I am sure that she is aware that applications for UK postgraduate social work courses have fallen alarmingly, from more than 9,000 in 1995 to under 5,000 last year. Vacant posts are a serious concern for the majority of local authorities. The high level of need and pressure on child care services is set in the context of a heavy and increasing work load, as evidenced by the increasing number of looked-after children, the ever increasing number of referrals to the children's hearing system and the rise in referrals for child protection inquiries. Social work departments are, quite simply, under manpower pressures.

We must also question whether the Executive is truly confident in its strategies for dealing not only with youth crime but with all the other issues that disadvantage our vulnerable young people, such as poverty, drug abuse and other social factors. A research report from the University of Edinburgh—"Evaluation of Children's Hearings"—confirms that young people who end up in the adult courts at an early age have usually been known to social work services and hearings from a much earlier age because of concerns about their welfare, including child protection concerns, abandonment, behavioural problems and neglect. Members who have worked in the field are well aware that the majority of children who are referred to the hearing system are from families on low incomes in public sector housing provision. Poverty is a key factor in the lives of those children and we must do a great deal more to improve that situation.

Why not attempt to measure success and movement by providing the Parliament with an annual audit report that outlines what has happened over the previous 12 months to improve the situation for all Scotland's children? I am a little disappointed in the Executive's position.

The Executive's response to the youth crime review was published—complete with time line—almost 18 months ago, but significant targets have been missed, the most notable being the national

strategy which, according to the Executive's response, had a completion date of March 2001. We have since learned that the Executive's proposals will be produced by the end of the year. That raises the question why we are having a debate on youth justice—on a fairly nebulous motion—a matter of weeks before the publication of an important strategic document.

A national strategic framework would define the objectives, mechanisms, functions and resources that are needed to address youth crime. It would be based on core principles and deliver a consistent framework for local activity throughout the country. It would indicate what the future developments might be, identify the range of services that should be available throughout Scotland and address the training needs of all practitioners. A national strategy, by its very nature, underpins all other initiatives. Surely that should have been one of the first initiatives to be put in place, rather than the ABC proposals that are listed in the motion—which, I suspect, are probably the trailers for the big picture.

We also still await progress on two further recommendations from the review: the review of the age of criminal responsibility and the examination of the feasibility of a bridging pilot scheme, which would refer as many 16 and 17-year-olds as possible to the hearing system. Those issues are a bit more controversial and I accept that they require more detailed work, but time scales are slipping alarmingly. If we are really committed to improving the range and availability of options that are aimed at addressing the actions of persistent young offenders, we must make progress on those issues. Both studies should have been completed by March 2001. The same applies to secure accommodation, on which we await a ministerial statement. We need action now. When will progress be made on those issues?

It was uplifting to read in the Executive's motion the reference to the "importance of early intervention" strategies. It was also uplifting to read that

"youth work and ... increased sports, leisure and educational opportunities"

are acknowledged as means of

"enabling all young people to fulfil their potential"

and of helping to steer

"many young people ... away from a life of crime"

I say that that was uplifting because I spent most of my time putting forward those points last time we debated this issue. They remain valid.

The minister will be aware that such facilities are already too thin on the ground. I underline that point with reference to our experiences on the

cross-party group on children and young people. We held three consultation events in locations throughout Scotland and the comments of young people were remarkably consistent. They say that

"A place to go would prevent young people from hanging around the street which would make the street safer and reduce crime",

that

"If young people had something to do they are less likely to get into trouble",

and that

"The cost of public transport and of leisure facilities means that more young people have to hang about on the streets."

They also say:

"Drinking and violence are caused by boredom. There needs to be more places for young people to go, and involvement of young people in such places."

As the chief executive of Youthlink Scotland said:

"If youth work did not exist, the Scottish Executive would need to invent it."

We need not only to increase the availability of opportunities and challenges generally, but to staff and resource them well enough to be able to hold on to the more troubled youngsters in our communities and to offer them constructive alternatives to crime.

We know what works. There are excellent examples of multi-agency projects, in particular, that offer effective, targeted programmes of diversion and intervention that work to tackle the causes of offending and to help young people to avoid further crime. We want more of them, because they are not only effective, but cost-effective.

I move amendment S1M-2520.2, to insert at end:

"; calls upon the Scottish Executive to implement in full the recommendations of the Advisory Group Report on Youth Crime Review, focussing particularly on the proposed national strategy and the review of the age of criminal responsibility; notes the crisis in the recruitment of social workers for children and family services, and, given that the problem of youth crime needs to be seen in the wider context of social justice and in order to measure progress, further calls on the Scottish Executive to bring forward an annual report to the Parliament on the status of all of Scotland's vulnerable children."

15:51

Bill Aitken (Glasgow) (Con): As I can be reasonably confident that the minister will not feel able to accept my amendment, unlike Irene McGugan I do not feel the need to be inhibited in tone.

Since this matter was previously debated—six weeks ago—progress has been made. First we had press statements from the First Minister in

which he heavily criticised job culture and seemed to pick up on many of the points that I made when this issue was previously debated and now we have an Executive motion that has some merit. I hope that the minister will not be too traumatised to learn that I agree with some of the proposals that are made in it.

Having said that, I think that the Executive has failed to recognise some basic facts of life, particularly the limitations of the children's hearing system in dealing with young offenders. There is some sense in the Executive's proposals. Additional sporting, recreational and educational facilities will undoubtedly deter young people from crime and offending—as they say, the devil finds evil work for idle hands. If we can keep youngsters fully occupied, that will inhibit misbehaviour.

Let us examine the current children's hearing system and how action can be taken to improve matters. Frankly, the children's hearing system in Scotland is failing not only offenders but wider society. Children now view the system with contempt and are undeterred by its processes. Hardened young offenders greet suggestions that their conduct merits and could result in an appearance before a children's panel with hoots of derision. Members of children's panels do a very valuable job—I would be the first to recognise that—but we must consider a wider range of measures to enable them to deal with young offenders.

Children's panels are undoubtedly successful when dealing with children at risk. I concede fully the point that children at risk and children who are offenders are frequently the same, but that is often not the case. Unfortunately, the present system does not recognise that there is a difference between children at risk and children who are offenders.

I reiterate what I said last time we debated this issue: we must consider ways of beefing up the children's panel system so that it commands greater respect among the offending element. We should consider making available weekend and evening detention, from which TVs and videos are banned.

Scott Barrie (Dunfermline West) (Lab): Mr Aitken is spending a considerable amount of time telling us that the children's hearing system is not working for persistent young offenders. Can he tell us how the adult court system works differently for persistent adult offenders?

Bill Aitken: I think that it works more effectively because it has a greater deterrent effect. The courts have the sanction of custodial sentences, which undoubtedly work. We could have a different argument about whether "banging them up", as the Deputy Minister for Education and

Young People suggested, is effective for offenders. It is effective for the rest of us at least, because while they are inside those people are prevented from committing crime.

We have to consider wider issues. Parents should be forced to face up to their responsibilities. They should be required to keep, during defined hours, offending children off the streets; and children's panels should have the authority to order them to do so. When ordered by the system, parents should be required to ensure that their children—over a fixed, and perhaps short, period—are accompanied when out of the house. Children's panels should be able to order youngsters to work on community projects and to make restitution. I took some encouragement when the minister said that community-based solutions are possibly the best answer and can be effective. I accept that they can be effective—but there has to be a punitive element, I am afraid.

Cathy Jamieson: I have said that we want to examine of effectiveness of community-based provisions. Does the member accept that a number of intensive support provisions are available for young people at community level—to keep them out of the secure unit system and, we hope, to prevent them from reoffending? Does he accept that those provisions make a difference and, without locking up young people, provide support and close monitoring and challenge offending behaviour? Does the member accept that we can learn from those projects and that we should increase them across Scotland?

Bill Aitken: I accept what the minister is saying entirely, but I look forward to hearing what she will have to say about this issue on future occasions, because we have to monitor the success or otherwise of those projects. We also have to introduce more projects that will be acceptable. The minister said that victims have to have confidence in the measures that we take. At the moment, they have no confidence. We wait to see what measures the minister is prepared to introduce that will restore confidence. The present soft option is simply not acceptable.

I move amendment S1M-2520.1, to leave out from "the importance" to end and insert:

"that the children's hearing system with the limited disposals currently available is impotent to deal with persistent and serious offenders; recognises the importance of early intervention measures, of youth work and of increased sports, leisure and educational opportunities in enabling all young people to fulfil their potential and to steering many young people at risk of offending away from a life of crime; welcomes the proposals to achieve these objectives including (a) mapping the coverage and effectiveness of community-based programmes to tackle persistent offending, (b) using the partnership opportunities provided by the multi-agency youth justice teams to develop more systematic early intervention measures and to improve the quality of

information provided to the children's hearing about the offending behaviour and how re-offending could be prevented and (c) identifying how restorative justice approaches can prevent the offender re-offending and build the confidence of victims in our youth justice system and increase the safety of communities, and further calls upon the Scottish Executive to review the powers of the children's hearing system."

The Deputy Presiding Officer: I call Donald Gorrie, who will open the debate for the Liberal Democrats. You, too, have five minutes, Mr Gorrie.

15:57

Donald Gorrie (Central Scotland) (LD): Thank you, Presiding Officer—and it is a pleasure to speak under your aegis.

This debate is welcome. On behalf of the Liberal Democrats, I am happy to support Cathy Jamieson's motion. It is always useful when a minister shows his or her personal convictions, and Cathy Jamieson's interest in this subject is genuine. I am sure that it will be helpful in years to come.

I welcome Irene McGugan's speech. She argued her case vigorously. It is always refreshing to listen to a member of the SNP who is not a member of the strident tendency of the SNP, from whom we hear far too much and far too loudly.

Dr Winnie Ewing (Highlands and Islands) (SNP): Give it a rest, Donald.

Donald Gorrie: At least Winnie Ewing now recognises that I am here. Her lot are so short-sighted that they did not even see that I was here last time.

Mr Aitken is old enough not to need any compliments.

I would like to stress a few points. First, everyone agrees that short prison sentences for young people are a complete waste of time and that well-run alternatives, such as Freagarrach, are very successful. People running HM Young Offenders Institution Polmont say that short sentences are a complete waste of time because they have no time to set up a proper educational system. Everyone agrees on that. All that is needed to solve many of the problems is a serious shift of resources—which need not necessarily be new resources—and a letter to all the sheriffs saying, "Please be more sensible in your sentencing."

Secondly, I want to talk about facilities in communities. The motion mentions sport and other youth services in communities. Local authorities have suffered—especially since the most recent reorganisation—in their community education and youth services, which need to be

built up. We have to acknowledge that good youth work, community services, sport and cultural activities are often attractive to young people if provided in the right way. We need a system that delivers funds and support to those services. If local authorities will provide those services, they should do so. If they will not, they will have to be bypassed. Communities must be given resources.

We must work through communities. Too often, services are operated from the top down. Well-intentioned people in the centre say, "You must do A, B and C." We need to ask communities what they need to improve life, to give young people a better deal and to help older people, who often have difficulties with young people.

We must have a bottom-up service, ask communities what they want and give them resources. Some of those resources will be wasted, but I am sure that most of them will be targeted well at good local projects. I would prefer local people to waste money than people in the centre to waste money, which is what happens at the moment.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I am grateful to Mr Gorrie for giving way and I endorse his comments about Irene McGugan's opening speech. I therefore ask the member whether the Liberals will support the amendment in Irene McGugan's name. If not, why not?

Donald Gorrie: The SNP's amendment contains much good material. The Executive has agreed about many of the points that it makes. However, both amendments suggest that parties are writing amendments for the sake of writing amendments. Writing amendments seems to be a virility symbol for the Opposition. Agreement on the issue is so great that I do not see why we cannot all support the motion.

As well as asking communities what they want and giving them resources, we should ask young people what they want. Irene McGugan mentioned some pilot schemes that the cross-party group has established. Good local schemes exist, but by and large the last people to be asked about what young people really need are young people. They have constructive ideas. If members go just across the road and have a chat with the people in the Edinburgh City Youth Cafe on Victoria Terrace, they will find that young people have constructive ideas. They participate in the operation of that cafe and many good things happen there.

We should listen to young people and go out and ask them questions more. We should provide the sensible things that they ask for, and even if some things may not appear that sensible to us, if they really want them, it is worth giving them a go. We can try what they suggest. In those ways, we

could make real progress. I welcome the consensus on the issue, despite the inevitable sniping.

The Deputy Presiding Officer: We now proceed to the open part of the debate. If all members who wish to speak confine their remarks to four minutes, it should be possible to call them all.

16:03

Pauline McNeill (Glasgow Kelvin) (Lab): I wish the Deputy Presiding Officer good luck in his first time in the chair.

Youth crime in our communities is a doorstep issue. The public care about what the Parliament is doing to tackle youth crime and to build safer communities. It is our job as politicians to take the lead in suggesting the best solutions for reducing offending behaviour and giving the public confidence in the system. If that means making necessary changes, it is up to us to do so.

I will make one remark about the previous discussion of child prostitution before I talk about the children's hearings system. Perhaps the Tories want to clarify their position, because I thought that there was all-party support for the idea that all children under 16 who are involved in prostitution are victims of the system and that none of them is responsible for their own misfortune.

Bill Aitken: I confirm that we view child prostitution in the most serious manner. We fully accept that child prostitutes are victims. The Executive should take draconian measures against those who, for their own perverted gratification, exploit youngsters of that type. That is a fairly firm line that I think the member will support.

Pauline McNeill: I thank Mr Aitken for his answer. Perhaps he clarified his position, but the Conservatives' press release talks about children being

"the authors of their own misfortune".

The Conservative party might want to reflect on that.

I will talk about the Scottish children's hearings system for a short time—my colleague Scott Barrie will talk about it at greater length.

The Scottish children's hearing system is based on the Kilbrandon principles, of which we should be proud. Of course, as in any system, improvements are needed, but the Scottish system is a humane way of dealing with children.

It is important that we debate the quality of children's panels. Mr Aitken talked about that earlier. Panel members are of a high standard and

make a contribution of a high standard to the system. Other agencies could learn much from the training system in the children's hearing system. If we play around with the system, we will have to be careful about how we do that.

The SNP has called for a review of the age of criminal responsibility. It is important for us to have that debate in the Parliament. However, it has to be remembered that our system is one where children are not prosecuted in the courts. We cannot be compared to countries that prosecute children of a very young age in their court systems. We have to be careful before we call for a review of the age of criminal responsibility. We should be proud of what we do in Scotland. The Bulger case happened in England, but if it had been dealt with in the Scottish children's hearing system, it would have been heard in private. The children who were accused and ultimately convicted would not have had to face a court.

I do not have much time remaining, but I want to talk about the visit that Scott Barrie and I made to Her Majesty's Young Offenders Institution Polmont, as a number of lessons have to be learned about young offenders in institutions. In case members are in any doubt about the matter, young men under the age of 21 at Polmont are not referred to as prisoners but, other than that, Polmont is very much like any other kind of prison. The conditions in the two halls that we visited are as bad as those in the halls that we visited at Barlinnie prison.

It is worth talking about some of the statistics that we uncovered during our visit on the factors that lead to youth offending. The statistics date from 1997 and, although I do not like to read out a reel of statistics, they are important. Eighty-three per cent of those surveyed at Polmont young offenders institution had been suspended from school at one time or another; 82 per cent had played truant from school; 63 per cent had committed crimes through being drunk; and 93 per cent had taken illicit drugs at an average age of 13.

It is sad that before society begins to address education and literacy, it locks up young people. At Polmont, valuable work is being done. That work reflects society's hopes and wishes that young people will get on to the right track eventually and that offending will be reduced. That work has to be applauded.

The governor of Polmont, Dan Gunn, made a plea about the need for employment initiatives. There has been a lack of success as employers have not been co-operative. Local authorities have a job to do in that respect. Employment is one of the key areas that we can tackle to give some people hope for the future and to stabilise their lives.

The Deputy Presiding Officer: I call Kenny MacAskill. That will test my ability to sit quietly.

16:08

Mr Kenny MacAskill (Lothians) (SNP): I am sure that you will manage, Presiding Officer.

There is a considerable degree of consensus in the chamber about this issue. Perhaps that is less the case among Conservative members, but many of us will agree with many of the points that Bill Aitken made.

I regret the points that were made by Mr Gorrie. It should be taken on board that there can be such a thing as constructive criticism. An amendment can be lodged to add value to a debate, rather than simply to make a political point. The purpose of the SNP amendment is to try to create a coherent strategy, to focus matters and to bring them together. It may be that we will disagree on that and vote in a different manner, but the amendment was lodged for proper reasons.

This subject is difficult and it has no simplistic solutions. There are multiple causes and the corollary of that is that there are multiple cures. Every generation begins to fear or criticise the generation that follows. We have all experienced that—it may be that, at my age and with two teenage children, I begin to see that it is the case. We have to take on board that matters are slightly worse than they were before. We have a breakdown in family relationships and a much more mobile society, in which there is much more fear about approaching kids. It is rather a tragedy that in our society people, including me, sometimes wonder whether they can wind down their window and ask kids for directions without causing fear or alarm. That exacerbates matters and, as a result, the alienation between children and older generations is much worse now than in previous years.

The minister is correct that we have to put matters into perspective. The minister was also correct to say that young people are most likely to be the victims. It is the small element that is involved in serious youth crime that is the problem, not youth per se. The person who is most likely to be assaulted by a tearaway youth is a member of that youth's peer group. We have a duty not simply to protect the majority of our citizens from a small minority of the young but to protect the majority of the young from the small minority of their peer group that is making life difficult for them.

What do we do? I believe that we should build on the model of the children's panels. The problem is not the institution but the limited resources and powers available to it. I recollect from my dim and distant past that children's panels are not unique—

we took them from the Commonwealth of Massachusetts. Since then, many people have looked at what we have done and refined it. I accept that children's panels have to move on now that we are in the 21st century, but the whole concept is something that we should build on. At the moment, if a minor commits a serious crime, they can be prosecuted by indictment in the serious courts, exactly as happened down south with the Bulger tragedy. Had that happened in Scotland, I have no doubt that those children would not have gone before the children's panel but would have been prosecuted in the High Court.

The problem is resources. What can a children's panel do? It is easy to say that children's panels are doing nothing. If we returned to juvenile courts, what would a sheriff do with a 14-year-old child? He would have exactly the same difficulties that the children's panels have. The sheriff would not say, "I'll lock you up," because the question is where they would lock the child up. Like others, I have experienced practice in courts and I am well aware of the difficulties in finding secure accommodation—albeit for a short period—when a child is detained. The problem is not the institution of children's panels; the problem is resources.

It is correct that we should seek to reduce the number of looked-after children. However, the target of 20 per cent is rather arbitrary. In Edinburgh, the number of looked-after children has increased by 15 per cent in five years and residential capacity has increased by 17.5 per cent. The children's panels do not have the necessary resources at their disposal. It is those resources that we have to address. The purpose of the SNP amendment is to focus matters.

16:13

Scott Barrie (Dunfermline West) (Lab): It is important, when we are discussing youth justice, that things are put into perspective. The previous speaker made the valid point that moral panic after moral panic has been visited on every generation of young people. That has happened ever since the second world war. I grew up in the punk period—that was supposed to be the end of civilisation as we knew it. However, it clearly was not, as we would not be here today.

The peak age for offending behaviour among young men—14 to 21—has remained remarkably consistent during the period of the children's hearing system. It is not a new phenomenon; it has always been with us. However, it should be borne in mind that, as the minister said, the majority of young people do not offend. Those who do, do so on very few occasions. Contrary to what Bill Aitken said, the Scottish children's hearing

system works, not only at the stage of the hearing itself but in the various options available prior to the hearing. That might be a voluntary disposal with advice and guidance from the local authority, a reporter or a police warning or a diversion to another agency, all of which are important parts of the hearing system. We should not reflect just on the hearing that takes place in the small number of cases that are referred to the reporter.

Bill Aitken's amendment states that children's hearings are impotent in dealing with persistent and serious offenders. Presumably—and it is the point that I was trying to make in my intervention—he must think that courts are equally impotent at dealing with persistent offenders. Otherwise, people would not be persistent offenders who appear in adult courts with remarkable regularity.

I accept that we need to address the issue of young people who are involved in crime. That means addressing all their needs. In the briefing that it prepared for this debate, NCH Scotland made the valid point that there must be effective, targeted intervention programmes for young people who are involved in crime, to tackle the causes of their offending and help them to avoid further crime. That is particularly important if we are to avoid the sort of scenario that my friend Pauline McNeill referred to and which we heard about in our visit to Polmont this week.

An examination of the characteristics of those who make up our prison population shows that a huge proportion of those detained have no educational qualifications, have experienced local authority care or have been through the secure accommodation system. That is why Cathy Jamieson's motion is so important. We should not deal only with the aftermath of youth crime. She is right to highlight the need for early intervention. Projects such as the reparation and mediation schemes in Fife are crucial. Early intervention can prevent offending escalation. Locking up young people rarely does so. It may provide the community with some form of respite—I think that that is what Bill Aitken was trying to say—but it rarely helps the young people themselves.

Irene McGugan mentioned young people's need for somewhere to go. I draw members' attention to an initiative in my constituency in Fife, where two youth shelters were established, pioneered in large part by local community police. Those shelters provide the twin benefit of giving young people ownership of somewhere to go—not a building in the traditional sense, but a shelter nonetheless—and of reducing the incidence of needless crime in those areas. We could all learn from that model, which could be replicated throughout Scotland.

In Cathy Jamieson, we have a minister whose commitment to all young people is unquestionable.

Today, we see the Executive's education and justice services blending together to address youth crime. Successfully preventing youth crime or reducing its escalation is surely the way forward. Locking up young people will not do that. It is important to get it right, otherwise we will continue down the same sorry road that we have trod for the past 20 years.

16:17

Mr Kenneth Gibson (Glasgow) (SNP): The problem is that young people nowadays do not respect their elders, are ill-mannered and do not respect property. That is what Plato said some 2,500 years ago, and some members appear to be reiterating that view today. Like most other people, I do not accept that analysis. The SNP amendment is an important extension to the motion lodged by the Minister for Education and Young People. It does nothing to detract from the vital issues raised in her motion, but it provides greater depth to the issue at hand. It calls on the Executive to examine more fully the roots of youth offending, particularly in areas that need

"to be seen in the wider context of social justice".

According to NCH Scotland, the majority of children referred to the youth justice system are from families on low incomes and in public housing provision, and have suffered some form of adversity in life. Children who commit crime tend to be victims of crime themselves. A 1995 report by the Prince's Trust found that 75 per cent of young people who had been convicted of serious offences and assaults and were held in secure care or custody had been victims of physical, sexual or emotional abuse. In 2000, the Scottish Prison Service published "Young People in Custody in Scotland", which found that 49 per cent of young female prisoners were victims of some form of abuse. That link is further seen in the referral process between police and the reporter. A recent study by Lothian and Borders police showed that three quarters of referrals associated youth offending with child abuse or domestic violence.

Suffering from abuse can often entice a young person to run away. The latest research published by the Aberlour Childcare Trust showed that 43 per cent of young people who run away overnight place themselves at risk of rough sleeping or staying with a stranger, using dangerous survival strategies and suffering physical and/or sexual assault. The situation for those who run for longer intensifies. Those youths often resort to begging, stealing and drug use. They may suffer abuse through prostitution and sexual exploitation, and may find themselves becoming actively involved with crime. Sometimes, they may even commit an offence with the sole purpose of being arrested so

that they can have a warm, dry place to sleep for the night. Any concept of self-esteem will thus be shattered for such individuals. We need to pay attention to the red flags that signal that a youth is at risk of becoming involved in offending or persistent offending. They include poor school performance, truancy, substance abuse, mental health problems, lack of family stability, gang affiliation and running away.

We all recognise that early prevention is the key, but our ability to provide correct services for youths at risk—whether that is crisis accommodation, individual or family counselling, tutoring or substance abuse treatment—is equally important. It is vital that resources are available and accessible in all areas and that there are qualified workers.

That point brings me to the crisis in the social work sector. There is a serious problem in recruiting and retaining social workers who are essential to run youth projects, as Irene McGugan pointed out and the minister acknowledged. On 13 November, *The Herald* reported social work staff shortages. The number of children and family staff in Glasgow City Council is 17 per cent down. Sixty per cent of staff in Edinburgh are aged 50 or over. In North Lanarkshire, where there are 170 staff, there are 25 vacancies. In Inverclyde, there are 15 vacancies out of a social worker complement of 93. Those vacancies exist at the same time as child and family social workers are experiencing an ever-increasing work load. Child protection inquiries are increasing, more children and young persons are being looked after by local authorities and referrals to the children's hearing system have increased by close to 50 per cent in six years. Even when vacancies are not an issue, increased work loads are difficult to meet and case loads are difficult to manage. However, if the crisis is given the attention that it deserves, those difficulties will be lessened.

Romy Langland, the former head of children and family services for Glasgow City Council social work department, who is currently with the Aberlour Child Care Trust, said:

"The Executive has not addressed how the manpower can be supplied at a time when recruitment, and retention, is a national problem."

If we are to secure a better future for our youth—in particular, for the most vulnerable, who may be drawn into offending—staffing and retention of social work staff must be prioritised.

16:21

Mrs Lyndsay McIntosh (Central Scotland) (Con): Today, we must address some of the underlying issues that lead young children to engage in criminal activities. More boys than girls

are referred to the children's hearing system. However, 65 per cent of girls who are referred are referred on care and protection grounds—that statistic illustrates the vulnerability of young females. Last Sunday, *The Sunday Herald* presented findings that brought to light the fact that at least 300 children are actively involved in prostitution. Pauline McNeill and the First Minister raised that issue earlier.

It was also reported that, in recent months, staff from Barnardo's had met 45 girls who had sold themselves for sex. I am a mother and that statistic makes my blood run cold. I think of my 15-year-old daughter and the kind of things that she gets up to. She is up to her eyes studying for highers, but the little spare time she has that is not spent in front of television is spent on activities with her girl guide company as she tries to gain her final badges. However, not everybody wants to do that kind of thing—I realise that it is not trendy. On the other hand, my 17-year-old son is a blatant mercenary. He would spend as much time as he could frying chips and making burgers in McDonald's to fund his computers and technology hobby—he is an anorak for such things. Like most parents, I do not tell either of them often enough that I admire and respect the choices that they have made so far. I am fortunate, but not everyone is.

Around three children in 100 under the age of 16 are referred to the reporter. One in 12 youngsters between the ages of eight and 21 have either offended or are being dealt with for allegations of offending. Last year, 2,050 young people were on child protection registers in Scotland. Youth crime in respect of property offences in Scotland alone costs more than £80 million each year. Of the people under the age of 21 who had a charge proved in court in 1999, 8 per cent had more than 10 previous convictions—that is a vital statistic. We must do something quickly to address such problems.

I was pleased to be invited to the launch of the Safeguarding Communities Reducing Offending in Scotland youth justice service project in August to hear about the benefits to be gained from early interventions. I was surprised that I was the only MSP to turn up.

Irene McGugan was right to point out that youngsters say that some diversions are expensive and distant from where they live.

The minister highlighted the benefit of young people being confronted by their victims and being made to realise the effect their crime has had. Reparation and mediation can be useful tools in tackling youth offending. If being challenged with the reality of their activities turns one potential mini crime wave on to the straight and narrow, I am all for it. Increased spending on sporting and leisure

activities might also steer away from a life of crime those who are in danger of falling into it.

However, those types of measures are woefully inadequate without an authoritative children's hearing system to deal with offenders and persistent reoffenders. I never thought that I would live to see the day when I received support for that position from Kenny MacAskill, but I am grateful for it. We look forward to the minister's action programme and further debate on it. I welcome her and her new deputy, Dr Richard Simpson, to their positions.

Scott Barrie: Richard Simpson is not her deputy.

Mrs McIntosh: He is going to answer the debate and I look forward to hearing him.

16:26

Elaine Thomson (Aberdeen North) (Lab): I am pleased to contribute to the debate. Other members have mentioned many different aspects of youth justice, such as the immense value of the children's panels. When I observed a children's panel session in Aberdeen, I was struck by the dedication of those involved. I was also struck by how the panel respected the rights of the young people and gave them the opportunity to be involved in the decision making about their offending.

There are many initiatives to tackle the different aspects of youth crime, such as those under the community safety partnerships, which try to ensure that youngsters have alternatives to behaviour that might lead them into crime and, perhaps, drug abuse. I will mention a particular project in Aberdeen, the Mastrick youth cafe, which is the initiative of a teenage girl who, after the drug-related death of a friend, decided that a local police box that was surplus to requirements was a good place to set up a cafe. The cafe is organised and run by the young people themselves. That initiative is now successfully providing safe alternative activities for young people, as well as access to advice and counselling. Other young people in other parts of Aberdeen are trying to set up similar initiatives.

However, today I want to talk mostly about research into the position of young runaways in Aberdeen. The research was commissioned by Aberdeen City Council and completed this year by Grampian police and Barnardo's. It showed that Aberdeen has a high rate of young runaways—higher than London or greater Manchester. Some 1,500 people in the northern half of the city are reported missing every year. The majority of those are young runaways. At 10 am today, the northern half of Aberdeen had seven missing people, six of whom were runaways and three of whom are in

the difficult category of children who do not want to be found. A recent and alarming trend is for families and friends to hide children who have run away from children's homes and secure units. That requires the police to get search warrants and sometimes results in families being charged.

The research by Grampian police shows that up to 75 per cent of the runaways admit to committing crime while running away. Those crimes are either excitement offences such as car theft, or offences to survive such as shoplifting for food. When children are running away, they run a greater risk of involvement with drugs and child prostitution. The cost of police time is also high: five hours per child. That is equivalent to 3.3 officer years for the northern half of Aberdeen alone.

I ask the minister to consider the need for improved national guidelines on when and under what circumstances children are reported missing by children's homes. A follow-up service to investigate the reasons for children running away also seems to be needed. That service must be independent because such children do not regard social workers or the police as people to whom they can talk in confidence. We have to work at preventing runaways in the first place and we need to develop a number of solutions for that problem. I ask the minister to consider the issue of runaways and the possible need for a policy on young runaways. It could be considered as part of the action plan that is to be published next year.

I, too, would like to mention the work of Safeguarding Communities Reducing Offending in Scotland, which is providing valuable services throughout Scotland. In Aberdeen, SACRO recently launched its new youth justice service, which helps young people to consider the consequences of their offending behaviour and the effects of crime on their victims. The young offenders are also helped to consider the reasons behind their offending behaviour. The service has had a significant impact on victims and on young people who offend. One of the ways forward must be to expand that kind of service as well as mediation and reparation, which can also be effective.

16:30

Robin Harper (Lothians) (Green): I thank the Deputy Presiding Officer and again offer my congratulations on his promotion.

I support almost everything that has been said. Attention must be paid to all the services, such as those that are provided by Safeguarding Communities Reducing Offending, that help our young children and young people who are most at risk.

I want to introduce a cross-cutting view. We

must not lose sight of the wood because of the trees. All the children and young people about whom we are talking suffer from lack of self-esteem and lack of self-confidence. When they are returned from detention, we must provide them with an alternative. They need a society and surroundings that provide and encourage self-esteem and self-confidence.

A lot of work is being done to help young people. Early intervention can come from observations that are made pre-school, at nursery school or at primary school. I suggest that if all primary school classes contained fewer than 20 pupils, there would be much more support for children, who would therefore progress much more quickly. Much research has shown that one of the best investments that any Government could make would be to reduce primary school classes to fewer than 20 pupils. I have visited primary school classes that had fewer than 20 pupils and the children in them were bright. They were fantastic.

The school subjects and provisions that would encourage self-esteem and self-confidence most effectively are—for example—music, drama, outdoor education, freely available amenities for children and free-play areas. In Scotland, the provision of free-play areas is not increasing—rather it is decreasing. By free-play areas, I mean places to which children can go to play football without filling in a form, applying to the local council to use the pitch or having to pay at the door as they go into a covered facility. We need such facilities for children. Our housing estates need to be designed so that children have play areas instead of the non-play areas that one finds in so many housing estates. My standard vision of many Scottish housing estates is of an area of grass, in the middle of which is a forbidding looking building and a sign that says, “No Ball Games”. We need to change the society and atmosphere in which our young people grow up; we must concentrate on the wider picture.

In many instances, outdoor education and the outward-bound ethos can provide one of the disposals that is available to children’s panels—as long as that disposal would be effective. It is not always effective because taking children out of the city and putting them in the countryside is sometimes the last thing that should be done, as they are being put in a strange and threatening situation.

Some young children can benefit from the huge extra confidence that they can get from facing challenges in the countryside in properly constructed outdoor courses. However, availability of such outdoor courses, facilities and teachers has declined steadily. I will write to the Minister for Education and Young People on that subject in the very near future—if I do not just pop my head

round her door.

Under the pressure of debate, Bill Aitken referred to a type of person. Young children who are forced into prostitution are not a type, but a group of grossly exploited and abused young people.

Many members were present at the Barnardo’s presentation yesterday and I would like to mention one thing—

The Deputy Presiding Officer: Mr Harper, please come to a close.

Robin Harper: Sorry. I hope that another member will take up that point.

The Deputy Presiding Officer: I am sorry about that, but I want to give Brian Fitzpatrick a fair amount of time.

16:35

Brian Fitzpatrick (Strathkelvin and Bearsden (Lab): I am obliged to you, Presiding Officer. I welcome you to your new position, and I also welcome both new ministers to the debate. We know that they have both been fechtors in other debates.

I want to touch on the restorative measures that are mentioned in part (c) of the Executive motion. I hope that, as both amendments appear to retain the phrase “restorative justice”, there is a shared purpose in making progress on that issue. Such a purpose is threefold. First, we must keep first-time offenders from becoming repeat offenders—that is the prize. Secondly, we must make offenders understand the impact of their actions on the community, the victim, the families involved and on him or herself. That is our responsibility and our challenge. Thirdly, we must hold young offenders accountable for their behaviour while reconnecting them with their communities. That is the outcome.

We will all have our own examples to share. For example, in a Fife restorative justice project, I came across a young man who thought he was a big smart guy and found it funny to go around chucking bricks, stones and the like through people’s windows. He did not find it quite so funny when he was confronted by the mother and—more important—the very irate grandmother of a baby that had been in a pram on the porch of one of the houses that he had lobbed a stone at. Neither did he find it particularly funny when his mother took him to the restorative conference, sat him down and explained to him what might have happened if he had not missed the pram. He was a very contrite and shamed young man from a contrite and shamed family and that is why I hope that people will not think that restorative justice projects are some sort of soft option.

I was pleased that, in her opening speech, the minister acknowledged that we need to be tough on crime and on the causes of crime. Youth disorder affects the poorest communities most and old-age pensioners in our most challenged communities face the problem more than any other part of the population does. As a result, we need to build our communities' confidence in the youth justice system, so I welcome the Executive's conjoining of those issues in its motion.

We must find approaches that offer people and communities who have felt the greatest impact from offences the opportunity and assistance that they need to repair the damage that has been done to make things as right as possible. Furthermore, there must be people in positions of authority who can provide oversight and backup—coercive backup, if necessary—and we must adopt approaches that value all people, particularly victims.

I hope that the minister will help us to be successful in those aims and dispel cynical claims that such projects are soft options by indicating that there will be progress on research and on collecting data. We need to establish that such programmes have the capacity to reduce crime and to ensure that victims feel that they are the focus and that they enjoy equality before the law in proceedings with any perpetrator. It is not good enough to suggest that diffuse benefits might flow as an indirect outcome of such approaches. Are the agreements that are produced in such proceedings more likely to be implemented than formal court penalties?

The Tories are all for fining, despite the fact that fines do not get paid. They are all for locking people up, although somehow those people just keep getting out and going back in again. We need to understand crime and its effects on communities and victims. I am not as confident as Bill Aitken about the efficacy of the criminal justice system in dealing with serious or repeat offenders, and communities—particularly the most vulnerable ones—need to be assured and reassured that community safety is the priority and that it will not be compromised.

The Deputy Presiding Officer (Mr George Reid): We move to wind-up speeches. It would be helpful if each speaker could trim 30 seconds off their speech.

16:40

Tavish Scott (Shetland) (LD): I join in welcoming Cathy Jamieson and Richard Simpson to their new positions. Donald Gorrie got it right when he said that Cathy brought personal conviction to her post, which must be a source of encouragement to all of us who care passionately

about Scotland's children and young people. The debate has highlighted our communities' concerns about youth crime. It has highlighted the Executive's determination to tackle youth crime and it has highlighted the active programme that ministers and the Executive are implementing to build—in Pauline McNeill's words—public confidence in the Executive's determination to address such matters.

The figures are stark. The Audit Scotland report that was published in June shows that, of the young offenders who had a charge against them proved in court in 1999, 8 per cent had more than 10 previous convictions. I therefore share Brian Fitzpatrick's view about the need to tackle repeat offending—he got that absolutely right. I also agree with much of Kenny MacAskill's analysis of the way in which society and our communities have changed. He said that there is a duty to protect the young from a small majority of their peer group, which is an important factor to bear in mind in analysing the pressures on our young people from those with whom they play and live.

Although some of Bill Aitken's comments might have been made in the wider context, I cannot accept his inference that, following the use of custodial sentences for all those who are aged over 18, the use of secure accommodation or institutions is the appropriate choice for more of our young people. I do not think that that is the right approach for Scotland on the whole.

Many members rightly concentrated on the importance of early intervention strategies. Those approaches must begin in schools. It is arguable that getting children to school in the first place is one of the key tasks that must be addressed. I spent a useful night on Monday with the children's panel in Shetland, at which we discussed such issues. One of that panel's members has been undertaking pioneering work not only in my community, but in other communities throughout Scotland, and his expertise is being used elsewhere because he has found and developed strategies and practical ways of tackling the issues. It is important that we find such doers who can deal practically with the issues.

Members have cited examples from their regions and constituencies of co-ordinated, concerted action that is being taken locally to tackle and overcome youth offending. The significance of the children's panel system has also been mentioned. I do not accept Bill Aitken's comment that the children's panel is a soft option. I believe that, as Pauline McNeill and Scott Barrie said, it is a humane way of dealing with children. I know from the many cases that have been brought to my attention as a constituency member that the children's panel system can be utterly daunting. However, as Scott Barrie also said, so much work

that goes on around the panel is important in terms of inter-agency working and deals with many problems before they reach the stage of formal referral. Those areas of work, although perhaps unnoticed, are nonetheless hugely important.

The panel that I attended on Monday night raised issues relating to the Court of Session's judgment on the European convention on human rights and the cost implications for constituencies such as Shetland of the introduction of safeguarders and the way in which the legal representation argument will now come out. I hope that the ministers will be able to tackle those issues.

I support the principle of early intervention for young offenders. I support the ministers' and the Executive's approach in encouraging community-based alternatives to incarceration and I regard the debate as a step forward in an area in which—as others have said—there must be common purpose to achievement of our aims.

16:44

Lord James Douglas-Hamilton (Lothians) (Con): A judge once said to the famous advocate F E Smith in court, "Bacon—the great Bacon—said that youth and discretion are ill-wed companions." Quick as a flash, F E Smith replied, "Bacon—the great Bacon—also said that a much-talking judge is like an ill-tuned cymbal," which led to some uproar from the bench. However, F E Smith more than held his own. The moral is that youth requires guidance and encouragement—not a particularly heavy-handed adviser.

I warmly welcome Cathy Jamieson on the occasion of the first major speech that she has given from the front bench. I also give Richard Simpson a warm welcome in his new capacity and wish him every good fortune. Cathy Jamieson made a positive contribution in stressing the need for a community-based programme. The increased emphasis on having sufficient secure accommodation for the extremely small percentage of persistent young offenders who cause mayhem is welcome.

Bill Aitken today highlighted the Conservatives' belief that, just as detention is a widely used punishment in schools, a children's hearing should be able to order a youngster to attend a school or a similar establishment in the evenings and at weekends. Although resources would be required for that, we believe that former police officers would be able to offer supervision. We would like to see increased use of supervised attendance orders.

Brian Fitzpatrick made a strong contribution on the need for restorative justice and retribution, with

which we are in sympathy.

Pauline McNeill and Robin Harper raised the issue of child prostitution. I would be glad if the minister set up a national working party on the subject and produced draft guidelines on how to deal with the problem.

Mr Michael McMahon (Hamilton North and Bellshill) (Lab): Today's Conservative party press release says of child prostitution that

"many of the youngsters involved in child prostitution are the authors of their own misfortune."

For the sake of clarity, will Lord James Douglas-Hamilton tell us what the Conservatives mean by that?

Lord James Douglas-Hamilton: We must weigh each case on its merits. Bill Aitken is experienced, having sat on the bench for many years in Glasgow, and knows well the circumstances in that city.

A comprehensive package of measures is required. We believe that any evidence that child prostitution is being organised by paedophiles who transport children after exchanging information should be followed up with vigour and that such people should be severely dealt with. If the minister, as one of her first actions, were to organise the publication of annual reports on what the Executive is doing to protect or rescue children from exploitation, deprivation, neglect and abuse, that would be welcome.

Cathy Jamieson: I stress that, although I have no difficulty with publishing reports, I want to follow through with action at the beginning of the year on the issues that have been talked about today and on the other issues that are raised in the ministerial committee on children and young people.

Lord James Douglas-Hamilton: That is welcome and, in that effort, Cathy Jamieson will have our full support.

I wrote to the Minister for Education and Young People about the inappropriate and irresponsible material that is contained in a teaching package called "Taking Drugs Seriously". Some of the material in the pack should have no place in Scotland's schools and I urged the minister to reconsider the matter.

On Wednesday, when the First Minister visited the Scottish Drug Enforcement Agency in Paisley, he stated:

"we must also combine our tough drug enforcement policies with measures to break that need for drugs through education."

Surely that is sending out mixed messages to Scotland's young people. If the Executive is intent on stamping out drug problems through education,

urgent reconsideration is required of that teaching package. The Conservatives stand for justice and fairness and believe that those who peddle hard drugs for profit are a danger to our young people and that a strong stance should be taken against them.

16:49

Michael Matheson (Central Scotland) (SNP):

A number of members have highlighted the extent to which our society suffers from the problems of youth crime. The persistent offending of a small group of young people can have a debilitating effect on communities; it creates victims, destroys property and ruins lives.

Cathy Jamieson rightly pointed out that only a minority of young people offends and that, within that group, an even smaller minority persistently offends. However, we should not ignore the financial costs of youth crime. In June, Audit Scotland's report estimated that the costs of youth crime are about £80 million per year. Those resources could be put to better use but, unfortunately, cannot be put to better use. That highlights the need to tackle the problem seriously.

As several members highlighted, there is no single solution or quick answer to the problem. The figures speak for themselves. In 2000, about 27,500 young people were charged with and were proved to have committed offences. In 1999-2000, almost 15,000 young people were referred to children's panels. If we are to tackle the problem, clearly we must work with the agencies and communities that are affected by it.

Having acknowledged the extent of youth crime in our society, the Parliament's responsibility—and, in particular, the Executive's role—is to ensure that we identify a series of routes by which to address the problem. Many members have referred to a variety of projects that they have contacted or with which they have been involved and agencies with which they have been in touch. That highlights the fact that we require a multi-agency approach to tackling the problem.

However, many young offenders are also victims of physical, sexual or emotional abuse. Many have also, as Irene McGugan pointed out, suffered poverty. If today's Tory press release states that those who are involved in child prostitution are

"the authors of their own misfortune",

that is to be regretted. Child prostitution is, in reality, sexual abuse, as my colleague Gil Paterson highlighted this afternoon.

Bill Aitken: Does Michael Matheson agree that the Tory press release stated firmly that such children also had to receive the protection of the courts and wider society?

Michael Matheson: That is all very well, but to describe as

"the authors of their own misfortune"

people who have been trapped in child prostitution is deeply regrettable.

We must also be realistic about what we can achieve in tackling the problem. There exists increasing concern about the funding that is available to the agencies that work in the field. The Executive accepted the recommendations of the report of the advisory group on youth crime. That report received wide-ranging support and the group, which considered the matter in detail, highlighted that to implement the report would require about £36 million. It is therefore to be regretted that on 22 November this year Nicol Stephen indicated that the Executive would provide only £20 million to address the report's recommendations. If we are to be honest in our commitment to tackle youth crime, we must be prepared to ensure that sufficient resources are available for those who are responsible for dealing with the problem. We should spend in order to save.

I will discuss briefly social work services. As the minister rightly pointed out, social work services have an extremely important role to play in early intervention work with youth offenders and their families. However, there is a growing crisis in social work services, in particular in recruiting staff for work with children and families. I take on board the fact that the minister has agreed to examine the issue, but it is not a new problem. It has existed for a number of years and should have been addressed some time ago. Ronnie O'Connor, the director of Glasgow City Council's social work department, stated that the Executive had not addressed how manpower might be supplied at a time when recruitment and retention is a national problem. I hope that the Deputy Minister for Justice will, in his closing speech, set a time scale for addressing that problem.

The social work department, charities and other voluntary organisations all have important roles to play in tackling youth crime and in ensuring that that is done using a multi-agency approach. However, the strength of that approach will be realised only with sufficient funding to ensure that the agencies can do their job properly.

16:55

The Deputy Minister for Justice (Dr Richard Simpson): This has been a consensual debate and many of the contributions have been extremely thoughtful. If people read the *Official Report* of the debate, they will be able to say that, on the whole, the Parliament recognises and understands the problems and is aware of many

examples in many of our constituencies of good work being done on the ground.

We are taking the matter forward. Our current proposals are a good starting point. It is good that we have had a debate today to set the scene for the strategy and the plan of action next year. Good partnerships are up and running in most parts of the country, but we need to be clear that reducing youth crime is one of the key challenges facing our society and that achieving success will require sustained effort.

We will return to the points that Irene McGugan and Michael Matheson raised on social work recruitment and retention and the whole work force issue, because we are aware that there are problems out there and that they may be growing. That is despite the fact that £135 million pounds extra—62 per cent more expenditure—has been put into those areas since 1996.

Rhona Brankin (Midlothian) (Lab): On social workers, does the minister accept that if we are to develop a more integrated approach to children's services, we must seek to develop a more integrated approach to the initial education of teachers and social workers?

Dr Simpson: The question of multidisciplinary training is important, but it has been difficult to do that. Scott Barrie will remember when I lectured in social work and tried to get young doctors and social work students to train jointly—it is not easy. However, there are good and important examples in the continuing professional development field—for example, in central Scotland—of joint training in child protection for teachers and social workers and for other groups who are involved in child-abuse matters, so I accept the member's point.

Pauline McNeill, Kenny MacAskill and others talked about the age of criminal responsibility. The Scottish Law Commission is considering a recommendation that has been made on that subject. We will return to the issue, which is an important one that we need to consider. Pauline McNeill referred to the context of children's hearings in Scotland, which makes us somewhat different from other countries. We need to recognise that when we consider the age of responsibility.

Every member has defended the children's hearing system and its unique, or almost unique—Kenny MacAskill referred to the system in Massachusetts—ability to address problems by putting the children's needs at the centre. The system has served us well over the past 30 years. We should recognise that the substantial majority of offenders come before the hearings only once.

It was disappointing to hear the Conservatives, in particular Bill Aitken, say that children greet the hearings with "hoots of derision". That is not my

experience. When I was in practice, the children with whom I dealt were shaking in their shoes in front of the hearing. The majority of children do not go back again. There is a point about reoffending. The latest figures show that 890 children came before the hearings with more than 10 offences. We must consider persistent offenders when we consider making further programmes available to the children's hearing system to dispose and deal with such children appropriately. *[Interruption.]*

The Deputy Presiding Officer: Order. There is too much noise in the chamber.

Dr Simpson: Part of that work is to develop more community-based programmes for young offenders, several examples of which we heard today. Donald Gorrie referred to the Freagarrach programme in central Scotland, which was evaluated by the University of Leicester. That is an important principle—we must evaluate the programmes and roll out best practice. The establishment of the matrix project in Clackmannanshire, which deals with younger offenders in a similar way to the Fregarrach programme, is also useful. There are numerous other examples, including the Barnardo's new directions project for persistent offenders in Aberdeen, which has achieved a 76 per cent reduction in offending. In North Lanarkshire, the children's hearings over-16 initiative—CHOSI—has achieved an 80 per cent reduction in offending over two years.

A number of members raised the issue of secure accommodation. The secure accommodation advisory group reported in June, but was not able to determine the necessary level of demand. We recognise that there are problems with the physical estate, and that there are questions about whether it is modern enough, whether the accommodation is in the right place and whether the number of places is sufficient. We will return to the matter in due course and I assure those members who spoke about it that we are aware of the problems.

Kenny MacAskill referred to targets for looked-after children. We do not have specific targets for looked-after children, but we are trying to reduce the number of children in residential units. Their number has risen over the past few years.

Robin Harper and other members referred to the need to integrate the whole programme from the start. That is what initiatives such as sure start, family centres and the new community schools programme are about. They all intend to address the early risk factors in order to identify people who are having problems with parenting and to assist them in the early stages. Such initiatives address the questions of parental support, bullying and improving educational opportunities.

Tavish Scott referred to the work that is being done in Shetland to reduce exclusion. That is fundamental if we are to keep young people on-stream and stop them getting diverted and feeling excluded, which leads to their offending.

Several members referred to the importance of sport, leisure and other positive activities. Elaine Thomson spoke about a police-box cafe, which I thought was an interesting example. In Stirling constituency, there is the Hillpark multicourt scheme, and Scott Barrie referred to youth shelters in his constituency. There are endless examples of such initiatives, which we need to encourage.

We have put £21.75 million of the £87 million of funding that is available for sport and recreation into diversion. That takes up one of the better points that the Conservatives made.

Other organisations have made contributions, including the Duke of Edinburgh's award scheme, with its new start pilot projects.

Hand in hand with a focus on early intervention is the need to improve the system for those children and young people who have to go before children's hearings. Good work is carried out by a range of agencies, but we need to extend that.

Several members referred to child prostitution. I think that the First Minister's response on that subject during First Minister's question time today indicated how seriously we will take that problem. The Cabinet's social exclusion unit is seeking to develop a national framework on young runaways and we are considering whether we should link guidance about young runaways to the guidance that we are starting to prepare on child prostitution.

I cannot conclude this part of my speech without absolutely condemning today's Conservative press release. It says:

"Draconian steps must be taken to deal with those who are prepared to exploit youngsters for their own perverted gratification".

That part is fine, but the press release goes on to say:

"many of the youngsters involved are the authors of their own misfortune".

I call upon the Conservative party to explain in a later press release exactly what they meant by that phrase, because I find it quite unacceptable.

Bill Aitken rose—

Members: Give way.

The Presiding Officer (Sir David Steel): I am afraid that the minister is over his time; he ought to be winding up.

Dr Simpson: I turn, in conclusion—
[*Interruption.*]

The Presiding Officer: Order.

Dr Simpson: I turn, in conclusion—

The Presiding Officer: As long as it is in conclusion.

Dr Simpson: I turn to the question of victims. Reparation and mediation schemes, to which Scott Barrie and Brian Fitzpatrick referred, are important in confronting youngsters with what they have done. In particular, I mention Brian Fitzpatrick's graphic example of the youth who was confronted with the potential consequences of his throwing a brick through a window, had the brick hit a nearby baby in a pram instead. Those reparation and mediation schemes have now been adopted by 16 local authorities and I hope that they will be extended.

I will conclude, Presiding Officer.

The Presiding Officer: Please.

Dr Simpson: I do not want to cause problems in this, my very first front-bench speech.

I believe that we have outlined an ambitious programme and that the appointment of Cathy Jamieson as the Minister for Education and Young People, with her experience with children, is testament to the fact that the Executive takes children and youth crime very seriously. I will not return to the SNP's comments on that issue during question time.

The fact that relevant ministers in the education department and in the justice department respectively led and summed up the debate indicates our determination, across departments, to address youth crime and to reduce re-referrals to children's hearings by 10 per cent by 2004. Integrated community programmes will help us to deliver that.

I support the motion in Cathy Jamieson's name.

Parliamentary Bureau Motions

17:05

The Presiding Officer (Sir David Steel): I call Euan Robson to move motions S1M-2523, S1M-2518 and S1M-2517, which are set out in the business bulletin. To save his breath, I ask him to move all three motions together.

Motions moved,

That the Parliament agrees that the following members be appointed to committees—

Bill Butler to replace Dr Richard Simpson on the Health and Community Care Committee; and

Rhona Brankin to replace Bill Butler on the Enterprise and Lifelong Learning Committee.

That the Parliament agrees that the Justice 2 Committee is designated as lead committee in consideration of the Land Reform (Scotland) Bill and that the Justice 1 Committee, the Rural Development Committee and the Local Government Committee be secondary committees.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No 13) (Scotland) Order 2001 (SSI 2001/425) be approved.—[*Euan Robson.*]

Decision Time

17:06

The Presiding Officer (Sir David Steel): We now come to decision time. There are eight questions to be put as a result of today's business.

The first question is, that motion S1M-2276, in the name of Ross Finnie, on the general principles of the Water Industry (Scotland) Bill, 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)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 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)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (South of Scotland) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Harper, Robin (Lothians) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)

Lochhead, Richard (North-East Scotland) (SNP)
 Lyon, George (Argyll and Bute) (LD)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Ms Margo (Lothians) (SNP)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 MacLean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Matheson, Michael (Central Scotland) (SNP)
 McAllion, Mr John (Dundee East) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McGugan, Irene (North-East Scotland) (SNP)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeod, Fiona (West of Scotland) (SNP)
 McLetchie, David (Lothians) (Con)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Mundell, David (South of Scotland) (Con)
 Munro, John Farquhar (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)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Thomson, Elaine (Aberdeen North) (Lab)
 Tosh, Mr Murray (South of Scotland) (Con)
 Ullrich, Kay (West of Scotland) (SNP)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Wilson, Andrew (Central Scotland) (SNP)
 Young, John (West of Scotland) (Con)

AGAINST

Canavan, Dennis (Falkirk West)
 Sheridan, Tommy (Glasgow) (SSP)

The Presiding Officer: The result of the division is: For 112, Against 2, Abstentions 0.

Motion agreed to.

That the Parliament agrees to the general principles of the Water Industry (Scotland) Bill.

The Presiding Officer: The second question is, that motion S1M-2522, in the name of Andy Kerr, on the financial resolution in respect of the Water Industry (Scotland) Bill, be agreed to.

Motion agreed to.

That the Parliament for the purposes of any Act of the Scottish Parliament resulting from the Water Industry (Scotland) Bill, agrees to—

(a) the expenditure out of the Scottish Consolidated Fund of the expenses of the Scottish Ministers in consequence of the Act; and

(b) any charge imposed on, and any payment required to be made by, any person by or under the Act.

The Presiding Officer: The third question is, that amendment S1M-2520.2, in the name of Irene McGugan, which seeks to amend motion S1M-2520, in the name of Cathy Jamieson, on improving Scotland's youth justice system, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (North-East Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 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)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harper, Robin (Lothians) (Green)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Ullrich, Kay (West of Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)

Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (South of Scotland) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 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)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 MacLean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAllion, Mr John (Dundee East) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLetchie, David (Lothians) (Con)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Mundell, David (South of Scotland) (Con)
 Munro, John Farquhar (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, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)

Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Tosh, Mr Murray (South of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Young, John (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 31, Against 83, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The fourth question is, that amendment S1M-2520.1, in the name of Bill Aitken, which seeks to amend motion S1M-2520, in the name of Cathy Jamieson, on improving Scotland's youth justice system, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fergusson, Alex (South of Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLetchie, David (Lothians) (Con)
 Mundell, David (South of Scotland) (Con)
 Scott, John (Ayr) (Con)
 Tosh, Mr Murray (South of Scotland) (Con)
 Young, John (West of Scotland) (Con)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Canavan, Dennis (Falkirk West)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)

Gray, Iain (Edinburgh Pentlands) (Lab)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harper, Robin (Lothians) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lochhead, Richard (North-East Scotland) (SNP)
 Lyon, George (Argyll and Bute) (LD)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Ms Margo (Lothians) (SNP)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 MacLean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Matheson, Michael (Central Scotland) (SNP)
 McAllion, Mr John (Dundee East) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 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)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (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)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Sheridan, Tommy (Glasgow) (SSP)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Thomson, Elaine (Aberdeen North) (Lab)
 Ullrich, Kay (West of Scotland) (SNP)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)

Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Wilson, Andrew (Central Scotland) (SNP)

The Presiding Officer: The result of the division is: For 15, Against 98, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The fifth question is, that motion S1M-2520, in the name of Cathy Jamieson, on improving Scotland's youth justice system, be agreed to.

Motion agreed to.

That the Parliament confirms its support for the Executive's objective of decreasing offending and disorder among young people, particularly persistent offending by a very small minority of young people; recognises the importance of early intervention measures, of youth work and of increased sports, leisure and educational opportunities in enabling all young people to fulfil their potential and to steering many young people at risk of offending away from a life of crime; welcomes the proposals to achieve these objectives including (a) mapping the coverage and effectiveness of community-based programmes to tackle persistent offending, (b) using the partnership opportunities provided by the multi-agency youth justice teams to develop more systematic early intervention measures and to improve the quality of information provided to the children's hearing about the offending behaviour and how re-offending could be prevented and (c) identifying how restorative justice approaches can prevent the offender re-offending and build the confidence of victims in our youth justice system and increase the safety of communities.

The Presiding Officer: The sixth question is, that motion S1M-2523, in the name of Patricia Ferguson, on membership of committees, be agreed to.

Motion agreed to.

That the Parliament agrees that the following members be appointed to committees—

Bill Butler to replace Dr Richard Simpson on the Health and Community Care Committee; and

Rhona Brankin to replace Bill Butler on the Enterprise and Lifelong Learning Committee.

The Presiding Officer: The seventh question is, that motion S1M-2518, in the name of Patricia Ferguson, on designation of lead committees, be agreed to.

Motion agreed to.

That the Parliament agrees that the Justice 2 Committee is designated as lead committee in consideration of the Land Reform (Scotland) Bill and that the Justice 1 Committee, the Rural Development Committee and the Local Government Committee be secondary committees.

The Presiding Officer: The final question is, that motion S1M-2517, in the name of Patricia Ferguson, on the approval of statutory instruments, be agreed to.

Motion agreed to.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No 13) (Scotland) Order 2001 (SSI 2001/425) be approved.

Autism Awareness Year

The Deputy Presiding Officer (Mr Murray Tosh): The final item of business today is a members' business debate on motion S1M-2428, in the name of Mr Kenneth Macintosh, on autism awareness year in 2002. The debate will be concluded without a question being put. I ask those members who wish to speak in the debate to press their request-to-speak buttons as soon as possible.

Motion debated,

That the Parliament joins with the Scottish Society for Autism, the National Autistic Society, Autism Alliance Scotland, the Learning Disabilities Trust, the British Institute for Brain Injured Children and all other autism organisations across Scotland in declaring 2002 as Autism Awareness Year; recognises the everyday challenges faced by children and adults on the autistic spectrum, and their families, in gaining appropriate support from the statutory services, and further recognises and congratulates those voluntary organisations, including the East Renfrewshire Autism Support Group, which work tirelessly to support all of those affected by autistic spectrum disorders.

17:11

Mr Kenneth Macintosh (Eastwood) (Lab): Next year is autism awareness year. That is the case because of the efforts of one family from a small town in Essex whose son developed autism in infancy. The story of Charin Corea will be familiar to many of us. Charin was a healthy, vital baby. At 18 months he was engaging, vocal and animated. By 24 months he had become withdrawn, he was avoiding eye contact and he had lost the ability to speak. He was in a world of his own.

Charin was diagnosed as being on the autistic spectrum and as having a communication disorder, but the troubles of Charin's family were just beginning. Their story is even more familiar than that of Charin; it is a story of frustration and disappointment, pain and exasperation, as they fought for Charin's right to basic schooling and for the support and speech therapy that would allow their boy to fulfil his potential. The Coreas had to battle with the education authorities for Charin's right to attend a mainstream primary school. They had to battle with the health authorities for the language and speech therapy that Charin needed for him to develop. They had to battle with social services for appropriate care and support.

Battles of that sort are being fought today around Scotland and the United Kingdom. Parents have to jump through hoops to get their children's needs addressed. The situation for adults is possibly even more worrying.

Charin's parents launched a campaign, which

has led to 2002 being declared autism awareness year. In the Scottish Parliament, we can be proud of the fact that this is the second debate on autism in our short history, but there is still a great deal of which we need to be aware.

We need to be aware of the number of autistic children and adults in our country. It is estimated that six out of every 1,000 young people are on the autistic spectrum. That means that some 7,500 Scots under the age of 19 have an autistic disorder. Figures for adults are more difficult to establish, but the community is sizeable by any measure and its needs are not being well served by our statutory health, education and social services.

We need to be aware that existing services for those on the autistic spectrum and their families are patchy and inadequate, given the number of people who require support. Access to services can depend on where people live and whom they see.

The Scottish Executive is committed to improving services for people with autism. Its policy was set out in the publication "The same as you? A review of services for people with learning disabilities". The Scottish Society for Autism and the National Autistic Society are close to completing a mapping exercise of service provision across Scotland, which will be followed by the establishment of an autism network. We need to be aware of the services that exist and to act to improve them.

In our previous debate about autism, I spoke about the need to be aware of the importance of early diagnosis and of tests such as the checklist for autism in toddlers—CHAT. Such tests are crucial if children are to gain from the established benefits of early intervention. A recent study by Clare Brogan has found that the age at which children are diagnosed is unacceptably high—four and a half years on average. It has also been found that the time between parents' first suspicions that something may be wrong and diagnosis of autism averages approximately three years. We should be aware that, without an accurate diagnosis, it is difficult for people to access the appropriate and effective support, which is addressed to their needs, that should be the right of all children and adults with autism.

We need to be aware of the potential to be developed that exists in every individual on the autistic spectrum—through art therapy, for example. We have all seen the excellent artwork that has been displayed in various exhibitions here at the Scottish Parliament, most recently by pupils from Daldorch House School. I know of further excellent work that is being done in Glasgow and East Renfrewshire by the organisation Project Ability, which runs a children's class on Saturdays

and has just begun a film-making project with two young men with Asperger's syndrome.

Perhaps the most significant challenge of all is to co-ordinate assessment and care across all services. For children and adults with autism, and for their families, there is a need for cross-agency working that supplies the range of service provision that is required to meet the range of needs across the autistic spectrum. Different services and authorities still do not talk to each other and accessing certain budgets can be a lottery for service users. However, when partnership working and joint provision of services are introduced, the results are there for all to see. In community schools for example, where health care and social work can be provided alongside the services of experienced and skilled teachers, the benefits for children are many. We need to create the funding structures that encourage more joint planning, more joint assessment and more joint working.

Autism in childhood can be a struggle, but we need to be aware that, for adults, it is fraught with other dangers. Many adults are wrongly diagnosed; many end up in the criminal justice system; and too many receive entirely inappropriate treatments. Bullying and ignorance can blight the lives of youngsters; and many adults can be abandoned to a life of neglect and isolation. We have to be aware of the potential of adults with autism; it can lie untapped. We have to make more of supported employment opportunities and of access to lifelong learning. Work-based projects for adults—such as the Prospects course run by the National Autistic Society, Intowork in Edinburgh, or the transitions course for school leavers that is run by the Glasgow College of Nautical Studies—are excellent, but they are few and far between. As part of our review of lifelong learning and our move to widen access and offer opportunities for all, particular thought has to be given to ways of increasing learning opportunities for those on the autistic spectrum.

Last but by no means least, we should be aware of the contribution that has been made to improve the lives of people with autism by the voluntary sector. Many families turn to the voluntary sector for support and information. In my constituency, it was the east Renfrewshire autism support group that first made me aware of the needs of local families. Organisations such as the Scottish Society for Autism have filled gaps in advice and support and have provided for the needs of people with autism across the country. The society's centre at Clannalba, in my colleague Karen Gillon's constituency, provides the only autism-specific respite centre in the country.

Before I go any further, I should congratulate the

National Autistic Society on this, its 40th anniversary. I welcome to the public gallery people from the Scottish Society for Autism's Blantyre centre, who are visiting the Parliament for the first time. I believe that George Reid may talk about this in more detail, but I draw the minister's attention to the society's plans for a centre of excellence. The centre will lead the field in autism, not only in Scotland but throughout the UK and Europe.

To emphasise the fact that autism awareness year 2002 is not a story of doom and gloom, I will close by returning to the story of Charin Corea. Charin has needs but he also has talents. His parents are not hurt by him, but by those who would exclude him from the Christmas play or ban him from a restaurant. He makes them smile when he laughs at the television. He can draw beautiful murals—although, unfortunately for his family, they tend to be on the living room wall.

When I spoke to Charin's parents last night, they wanted to send a special message to the Scottish Parliament—a message of hope. Charin's father said:

"These children are special. They have a vital role to play in our society and in all communities. With the right help, support and positive attitude, autistic children and adults can lead relatively normal lives. This is where awareness of the condition is absolutely crucial to overcome ignorance, prejudice and discrimination. We hope that 2002 autism awareness year will lead to a better understanding of the needs of those on the autistic spectrum across the UK."

The Deputy Presiding Officer: Six members have requested to speak, so we should be able to fit everybody in if speeches are kept to between four and five minutes.

17:18

Mr George Reid (Mid Scotland and Fife) (SNP): "Was your wife born in Hong Kong?" "Is that a truncheon you've got?" "Is there an Anderson shelter in this place?" "Oh mummy, let's come again another day."

Those are the words of the children from Struan House on a visit to this Parliament some months ago. They were recounted by their parents with wry amusement and a sense of pride.

Presiding Officer, if you do not know autism, and if you do not know John and Alistair and Rachel as I do, you might find the repetitive references to Hong Kong, truncheons and Anderson shelters somewhat disconcerting, as you would find some of their friends' compulsive collecting of painters' ladders—one family has two garages full—or bean bags always being put back in the bin in precisely the same order every day. Like Rachel, you might find yourself saying, "Let's come again another day." Which means, "Let's get the hell out of here,

fast." That has been the problem with autism. Confronted with behaviour that they cannot understand, people—including a large number of health and education professionals—get the hell out.

On average, severe autism is still diagnosed at five or six, which is three years too late for crucial early intervention. Parents worry that their baby is not making eye contact or waving back and they are distressed that their toddler never comes for a cuddle. Jane, Rachel's mother, knew that something was wrong, but did not know what. All that she received from her general practitioner was a summary instruction to find another doctor fast.

I greatly welcome the motion, which celebrates autism awareness year 2002. Anything that puts hard information about autism's triad of impairments—in social interaction, communication and imagination—is welcome.

I have been involved with the Scottish Society for Autism for more than 25 years and I declare an interest as a member of its fundraising committee. From little acorns, great oak trees grow. The society started in Alloa in 1976, in the street where I grew up, with three pupils. Today, it employs 430 staff in eight locations throughout Scotland. Its school has places for 30 children, and 21 of those places are residential. Those children would never fit into mainstream education. The society operates 14 community houses in five locations for 100 adults. It has 12-bedded respite provision, plus a day centre in Glasgow. It offers 400 support visits a year and provides employment in glass making and horticulture in its Alloa centres.

Recently, *The New York Times* said that there are two centres of excellence in autism in the world: one at Tufts University in Massachusetts and the other in Alloa, Clackmannanshire, Scotland. I say to the minister that if Scotland has a centre of global excellence, we should cherish it.

After a quarter of a century, the society has announced plans for a new state-of-the-art centre of excellence in Alloa, including a school, a lifelong learning unit and a diagnostic centre. The architect is a parent. In addition to classrooms, the centre will have a gym, music room, sensory stimulation room and research facilities.

We launched the £3.7 million appeal for the new centre last month. We are perfectly confident that the bulk of the money can be secured, but we will look to the Deputy Minister for Health and Community Care for a helping hand. I do not expect the minister to say yes to that today, but I would like to extract one commitment from him.

The minister's colleague Nicol Stephen recently visited the society's school and said that he was wholly impressed by the excellence of the facilities

he saw. What he saw and what is being achieved is giving children who arrive distressed, rocking, head-banging and unable to communicate a lifestyle that is enjoyable, rewarding and fulfilling. In a structured learning environment, they enhance their skills and life experience. They have some independence, respect, dignity and social worth. Many will move on from the school to the society's community houses.

I ask the minister please to make a visit to the Alloa school one of his first commitments towards autism awareness year 2002.

The Deputy Presiding Officer: Another member has asked to speak, so I ask members to keep their speeches closer to four minutes, please.

17:23

Mr Keith Raffan (Mid Scotland and Fife) (LD): Like other members in the chamber, I had my first experience of meeting a person with autism as a much younger man. A former Westminster colleague of mine had a son with autism, whom I met. I worked as a researcher for that colleague and lived with his family. I saw at first hand the severe difficulties, frustration and anger of someone who was and is a bright young man. I am glad to say that he now holds down a job and has developed amazingly. In those early days, however, I saw at first hand the frustration and anger that that child felt in having to deal with being autistic.

I will probably repeat quite a bit of what George Reid said. There is no harm in that. The minister should be aware of the strong cross-party consensus on the issue, particularly on Struan House School in Alloa. It is estimated that autism affects 28,000 people in Scotland, nearly 8,000 of whom are children.

Alloa has an extraordinary centre of excellence that has been at the forefront of autism education for more than 20 years, but it provides places for only 34 pupils. The new facility will only marginally increase that number, to 54 pupils. The present buildings and facilities are inadequate and, as the Scottish Society for Autism has said, they are a barrier to progress and to ensuring quality education. The classrooms are too small, there are no gym or exercise facilities and there is a lack of IT provision, little outdoor space and no staff room.

The plans for the new school, which is to be built nearby in Alexandra Drive, are, I understand, well developed in design terms. George Reid said that the capital cost is £3.7 million; I was told it would be £3.5 million. Perhaps inflation has hit in the past week, but if we settle for £3.6 million we will have a sum that is between the two figures. I

understand that £250,000 has so far been raised. That means that there is still a long way to go. Like George Reid, I look to the Executive for strong support for the new building project. Although it is highly dangerous to do so, I will put a figure of between £1.75 and £2 million on the funding that will be looked for.

The school is expensive to run: it costs about £36,000 per place per year. It is essential that the school, which is internationally renowned as a centre of excellence, be supported. As part of their training and learning experience, nearly every newly trained teacher in the field wants to beat a path to Struan House. The school has become a vital part of their training.

My next point concerns the Scottish Society for Autism's advisory and consultancy service, which provides emotional and practical support to adults with autism and to their families. The society also provides a consultancy service to the voluntary sector and to statutory agencies. I understand that the service has helped more than 900 families, providing them with advice or developing basic skills. The service has been described as one of tremendous worth and value, but it is hindered by having insufficient staff resources to meet ever-increasing demand. It is also hindered by receiving no on-going core funding from local authorities or the Scottish Executive and by short-term funding arrangements.

I know that the Executive is keen to see local authorities make three-year funding awards. We must see progress on that. Earlier today, we had the announcement of the local government settlement. When local authorities are under any kind of pressure and when so much of their expenditure is ring-fenced, one of the first areas that they look to if they have to make cuts is the voluntary sector. As I said earlier, it is expensive to place a pupil at Struan House School. We need longer-term local government funding to support the valuable services it provides.

I hope that the minister will address the points that I have made. Like him, I too look forward to visiting Struan House School early in the new year.

17:28

Mr Lloyd Quinan (West of Scotland) (SNP): This is my first opportunity to say how nice it is to see Mr Tosh in the chair.

I declare two interests. I am the convener of the cross-party group on autistic spectrum disorder and I am the patron of the Strathclyde Autistic Society.

I thank Kenneth Macintosh for his support on the cross-party group over the past year and a half. I

also thank him for securing a most timely debate. It is excellent that the debate comes before 2002, as everybody now knows beforehand about the plans for that year.

I will spend a couple of moment thanking the many members of the Strathclyde Autistic Society, the Renfrewshire Autism Group, the Inverclyde branch of the National Autism Society, the National Autism Society and the Scottish Society for Autism for the incredible work that they have put in to make the cross-party group work. I also want to thank them for the incredible work that they have put in to raise members' awareness of autism and Asperger's syndrome. In addition to the work of those societies is an army of incredibly determined parents and an army of can-do carers.

In the debate, we are focusing on the sufferers who comprise a huge mine of potential talent that we need to tap into for the benefit of our society. More important than that, we need to build the self-esteem of those who suffer from autistic spectrum disorder and Asperger's syndrome. It is vital that we recognise that making people normal is not necessarily what we seek to do; we seek to find the talent in each and every individual. That talent is to be found in savant children and in adults.

Many people have concentrated on the individual stories. I do not think that there is a member in the chamber today who has not heard me tell such stories, so I will keep off that subject and pick up on something George Reid referred to, which is our centre of excellence. That centre of excellence could become the basis for Europe's centre of excellence and a potential portal for the world. We have great expertise in diagnosis, treatment and education but, unfortunately, the number of people who have that expertise is small. The number must grow, even to deal with the increasing problem that is developing in this country.

This is a great opportunity for Scotland to contribute to the world in an area where we already have great expertise. Let us recognise it for its enterprise, esteem and talent potential. With such potential, we can develop not necessarily what we might call a business or an industry, but certainly a self-financing structure. That structure would assist not only people in this country who suffer from the disorder, but could be exported.

The expertise we have here would enable us to train in this country people whose countries lack the resources for training. We have to develop a proper strategy that combines education, health, social services and training for all those professionals. Most important of all—I am sorry that Wendy Alexander is not here—we have to develop an enterprise strategy. There is great potential in individuals with the disorder. However,

the syndrome lasts from the cradle to the grave. We must support people throughout their lives.

On a less positive note, we have discussed the triple—measles, mumps and rubella—vaccine many times in the chamber. I do not want to open up that debate but, with a new set of ministers in place and a drastically reducing uptake of the vaccine, now is the time for the Executive to provide an option—or the suggestion of an option—that may go some way to allowing an increase in the uptake of the vaccine and reducing the £1.7 million extra lifetime cost of each individual who suffers from autism—a cost that is borne by society.

I have an article here from an Ayrshire paper. The National Autistic Society intended opening a centre for adults—adult provision in Scotland is worse than other kinds of provision. It would appear that Glaisnock House in East Ayrshire, which East Ayrshire Council agreed to set up as an adult autism centre, is being sold. The article says that

“a month ago the site was sold to another bidder, who put in a lower offer, and as a result the sale will now have to be referred to the Scottish Executive.”

I hope that the minister will consider that and think seriously about rejecting that lower offer and the concept that Glaisnock will not be developed as a centre of excellence for adults with autism. I would like to hear the minister's views on that.

I put on record the thanks of members of the cross-party group to Dr Andrew Wakefield, who unfortunately has left his job at the Royal Free hospital. He has been a great supporter of the cross-party group.

17:33

Murdo Fraser (Mid Scotland and Fife) (Con): I commend Ken Macintosh for lodging the motion. I also commend the Scottish Society for Autism. I had the pleasure of visiting the headquarters some weeks ago and I visited Struan House School. I am delighted to lend my support to the campaign, mentioned by George Reid, to build a new school there. I was extremely impressed at the work that is being done, albeit in substandard accommodation. I welcome Christopher Marley, who is in the gallery. I had the pleasure of meeting him earlier and it is great to see him here with us.

I want to touch on a slightly different topic—although Lloyd Quinan mentioned it briefly—which is the problem of adults with autism. Many adults with autism came through their formative years without being diagnosed, or were diagnosed as they faced some sort of trauma. Diagnosis may not be made until some years later, when a professional with knowledge of autism identifies the specific problem. That is particularly true of

higher autistic spectrum disorder, or Asperger's syndrome, patients.

It is rather disturbing that many staff in psychiatric units have little or no knowledge of the condition, which was first documented in the 1940s. The course material for training psychiatric staff, from doctors down to nurses, must be changed to make them more aware of the problem, so that they are able to deal with such patients. There should be continuing training for staff and encouragement for them to become experts in the field.

There are large gaps in service provision in Scotland. There is a severe shortage of trained personnel to provide care in the community. In many cases, parents want to care for their children at home with appropriate help, but hospitals and social services are reluctant to allow that to happen.

In certain severe cases, patients can be detained in hospital under the Mental Health (Scotland) Act 1984. In reality, they have no legal rights. Their parents have no legal rights, as the patient is technically an adult. The experience of some parents is that the Mental Welfare Commission is unable or unwilling to help. Because of their underlying autistic spectrum disorder, patients are often unable to understand the legal procedures. Being in hospital is a traumatic experience for ASD patients, which makes them even more unsettled and anxious.

In applying for detention orders, psychiatrists declare that the patient is unable to give consent or instruct a lawyer. The court appoints a curator on behalf of the patient to ensure that the legalities of the procedure are in order. That is a formality, and it is rare for a curator to contact the family or to investigate the background to the application. The patient has the right to appeal against the detention order, but they are often unable to understand the procedures involved. The parents cannot instruct the curator or be involved in the legal process. The question here is whether the human rights of patients are being properly considered.

To fight the treatment that is being given, the patient must take their case to court and have an independent psychiatrist give a second opinion. It is the experience of families in Scotland that there are no psychiatrists who are willing or able to become involved in such cases. The only redress for parents is to apply to the Court of Session under an act of 1585 to appoint a tutor dative. Although the patient is entitled to legal aid, the parents are not. The cost of pursuing legal action is prohibitive, so it is rarely done. Eventually, a patient can become so damaged by the drugs that they are given that they are physically and mentally disfigured and turn into drug addicts with

a much-shortened life expectancy.

We need a full, independent inquiry, led by a senior law officer, into the care and treatment of adult autistic spectrum patients in Scotland. As we are entering autism awareness year 2002, that would be a welcome move for parents involved in such situations.

17:38

Elaine Smith (Coatbridge and Chryston)

(Lab): I congratulate Ken Macintosh on securing tonight's debate. I particularly support the motion, because I am the vice-convenor of the cross-party group on autistic spectrum disorder. By the way, that group has a huge attendance at meetings. It has the biggest attendance that I have seen at a cross-party group, with representatives of many agencies and voluntary organisations as well as individuals. It is worth saying that at the outset.

As the constituency MSP for Coatbridge and Chryston, I continue to be approached by concerned parents who ask for advice and assistance with difficulties and challenges that they experience around ASD. Those approaches bring specific issues to my attention. The issues that are raised include the triple vaccine, which Lloyd Quinan mentioned, as well as problems about diagnosis, education and the criminal justice system. The main common issues are the lack of adequate support provision and the need for professionals from different agencies to work together. It sometimes seems that professionals lack knowledge and understanding of ASD and appear unable to work together effectively to support children, adults or carers.

We know that it is essential that an early and accurate diagnosis is made if children are to be given the right support and education to achieve their full potential. The current provision is not adequate in that regard. Ken Macintosh's motion says that the Parliament

"recognises the everyday challenges faced by children and adults on the autistic spectrum, and their families, in gaining appropriate support from the statutory services".

Today, I want to consider educational provision for young children. I am concerned that a number of parents have had to ask me, as their MSP, to intervene with their local authority to try to secure educational provision that they think is appropriate for their children. Last year, I spoke about the matter in the members' business debate that Lloyd Quinan secured, but I will make no apology for doing so again because I am still approached about the subject.

We refer to the disorder as autistic spectrum disorder. There are many different elements and complexities in that spectrum. It follows that each child's case is unique and each child must be

treated as an individual. There may be excellent schools that suit the majority of children with ASD, but that does not mean that those schools meet the educational needs of every child with ASD.

We must take into consideration the distress of parents who know their children's capabilities and needs, but are unsuccessful in persuading their local education authorities that their children should be allowed to attend the school of their choice. Parents whose request for a particular school has been turned down have a right of appeal, but that can be a long and daunting process and can result in costly legal proceedings. Recently, after a long battle that included a court case, a family in my constituency eventually got to send their child to a school of their choice. I saw the distress and upset that the family experienced as a result of the process and I do not want anyone else to go through it.

Eighteen months ago, I asked the Scottish Executive to agree that the Standards in Scotland's Schools etc Bill should set the tone for parents—specifically those who have children with special educational needs—to have a greater say in educational provision for their children. I also said that there should be an end to parents' feeling that they have no alternative other than to take legal action against their local authority so that their child can be educated at the school of their choice.

One of the recommendations in the Scottish Executive's document, "The same as you?" was that

"The Scottish Society for Autism by working with the National Autistic Society and health boards and local authorities should develop a national network for people with autistic spectrum disorder."

I am happy that those two societies are co-ordinating the establishment of that network. That should help to improve the awareness and understanding of the needs of people with ASD and will help to provide access to specialist knowledge.

The Deputy Presiding Officer is tapping, so I will finish. Ken Macintosh said that the initial service mapping exercise is nearing completion, but I understand that it is complete. I would be pleased if the minister would confirm that it is complete and if he would comment on the success and monitoring of the Standards in Scotland's Schools etc Act 2000, with special regard to ASD.

I am delighted that a debate on the motion has been secured. With the members' business debate that Lloyd Quinan secured last year, it will help to raise the profile of the issues and help the public to understand them better.

17:42

Christine Grahame (South of Scotland) (SNP): I will endeavour not to be tapped, Presiding Officer.

I remind the chamber of the Education, Culture and Sport Committee's report on children with special educational needs, with its emphasis on integration, and the Standards in Scotland's Schools etc Act 2000, which has been referred to. It establishes a presumption of integration for children with special educational needs.

I am delighted to hear of Alloa's success story, but that is not the story throughout Scotland. I have been involved with the Borders Autism Support Group. As a result of the education cuts there, which members are well aware of, the group has been vulnerable to attacks on its budgets. Children with autism have lost auxiliaries and have been affected by social work, transport and respite cuts.

A special unit that was to be developed was cut from the budget so that the money could be spent on computers. If it is a case of children with autism versus computers, I come down on the side of children with autism. Computers are not the be-all and end-all. At least 40 families in the Scottish Borders have been identified as having children with some degree of autism on the spectrum. The support group mails at least 50 people—it mails to professionals. There is some support for primary age children, although it is being undermined, but there is no support for children of secondary age. I understand that there are regions in Scotland where there is such support.

What has happened to that special unit? It was a modest step. Parents are the driving force behind the autism movement and parents campaigned for it. What was it to be? Only two classrooms—an art therapy room, which is important, as has been mentioned, and a staff-parent interview room. There was also to be a specialist play area outside and a kitchen area. They are not getting the unit, although they have worked for years to get so far. The Borders Council says that the unit has been deferred. We all know that that means the matter is out of the park.

Added to that is the failure to provide speech and language therapy, and a general failure to train professionals in the main stream in recognising the talents of children with autism in its varying degrees rather than seeing them as a problem and not "ordinary".

Like East Renfrewshire Autism Support Group, the Borders Autism Support Group not only supports but drives the agenda. Sometimes the group achieves two steps forward and two and a half steps back. I have another invitation for the deputy minister—I do not care if it is taken up after

or before George Reid's invitation to Alloa. I ask the deputy minister to meet the Borders Autism Support Group, which is suffering from the cuts, to hear its concerns and to consider what he can do to assist it.

17:45

Tommy Sheridan (Glasgow) (SSP): I will try to be as brief and succinct as Christine Grahame. I hope that the deputy minister notes that few issues receive the same level of cross-party interest as autistic spectrum disorder. We must tackle the key areas of resources and training, which are sadly lacking. My close friend Alan McCoombes, who is also an acquaintance of the deputy minister, alerted me to the serious problems of diagnosis with his child, who underwent months of examinations, tests, tasks, more examinations and more tests to the extent that the family was riven with despair. They did not know what was wrong and were not able to get a diagnosis, which was sometimes through no fault of the medical profession but because of the lack of training to which Murdo Fraser referred.

Jane Hook is legendary in the west of Scotland, if not throughout Scotland, because of the Strathclyde Autistic Society and its work with respite and education services. I was a Glasgow councillor for 10 years, and if it was not for the ability to contact the Strathclyde Autistic Society in the past, I would not have been able to advise a lot of constituents. That group has more knowledge than the city council about those issues. That cannot be acceptable.

It is from that point of view that I make my brief appeal and associate myself with all the comments made in the debate. It is rare that anyone from any party can say that they want to associate themselves with all of the comments made in the chamber.

I appeal to the deputy minister. He does not have to say it tonight, obviously, because the issue needs to be considered. However, there has been a lot of work put into having 2002 designated as the year of autism. It would be an appropriate and fitting response from the Scottish Parliament if the Scottish Executive was to come forward early in the new year with a specific and new funding package. It should address the situation of the centre of excellence in Alloa, but it should also take on board Christine Grahame's point about how sparse the services are in other parts of the country. I appeal to the deputy minister to give us a commitment tonight that he will go back to the Cabinet and discuss the need for specific, ring-fenced funding for autistic spectrum disorder across the whole of Scotland.

17:49

The Deputy Minister for Health and Community Care (Hugh Henry): I congratulate Ken Macintosh on securing tonight's debate about autism awareness year in 2002. As a number of members have said, the fact that tonight's debate is the second one in the Scottish Parliament this year to address the needs of people with an autistic spectrum disorder is an indication of the level of interest in and concern for those people.

I concur with Tommy Sheridan's view that the cross-party group on autism is probably one of the most effective in the Parliament. The group is well supported and able to articulate the needs of the people whom it represents. It is a credit to all those involved.

Ken Macintosh spoke about parents having to battle and jump through hoops, and gave one particular family as an example. He also spoke movingly about the need to develop the full potential of everyone on the autism spectrum. He continued by commenting on the role of the voluntary sector, as did a number of other members.

Over the past couple of years, in my contact with people who are involved in the autism campaign, I have experienced a sense of humility that is not experienced in some campaigns that people might get involved in. The people in the autism campaign are absolutely dedicated—many of them are carers—but despite the pain and frustration that they and their families often experience, they have a joy in life. Sometimes, it would do politicians good to look, listen and learn from the dignity and determination with which some of those who are involved in the autism campaign conduct themselves.

We cannot underestimate the problems that the families face. We must all do whatever we can to help. That must include the Executive, the national health service in Scotland, local authorities, voluntary organisations, support groups and others. There is an enormous need for people to work together.

George Reid, who has a long and proud history of supporting many of the families who have been campaigning, made some general comments on autism and then talked about the impressive record of the Scottish Society for Autism. He detailed some of the society's achievements and described how it started from literally nothing.

The centre of excellence was mentioned by George Reid, as well as by Lloyd Quinan and Keith Raffan. On behalf of the Executive, I am certainly interested in looking at that development. Clearly, I cannot make any further commitment and it would be wrong if I were to raise such aspirations. However, the proposals seem to be

consistent with some of the other work that has been supported. I look forward to the campaign's success and the major contribution that it might make in the years ahead. I can say to George Reid that I would be more than happy to visit the centre as soon as is practically possible.

I am glad to say that work is in progress on many levels. The landscape is changing, despite many of the difficulties. We are learning more about the causes of ASD. The Medical Research Council is finalising the report of its review of autism, which will map the current status of scientific and medical knowledge. I hope that the report will also suggest ways in which the scientific and research community can help us to move forward. There is still more to learn.

Lloyd Quinan mentioned the measles, mumps and rubella vaccine. There has been much debate about possible links between the MMR vaccine and autism. Earlier this year, we welcomed the Health and Community Care Committee's report, which concluded that, on the evidence that is currently available, there is no proven link between the MMR vaccine and autism or Crohn's disease. However, it is incumbent on us to continue to consider every possible avenue to give parents the answers to their questions about MMR. The expert group that was established recently by the Executive is considering some of those questions and examining the evidence on the apparent rise in the incidence of autism. I look forward to receiving the group's report early in 2002.

The money that has been invested and the commitment that has been made are among a number of the things that—despite the problems that arise—are happening throughout the country. I would like to highlight those good things, but time may militate against me. Instead, I will deal with some of the points that were made during the debate.

Keith Raffan mentioned Struan House, which I have already spoken about. Lloyd Quinan, who also mentioned the centre of excellence, commented on the army of determined parents. I echo his comment; I have referred to the quality of those parents' work. Although I have no knowledge of the building in east Ayrshire that Mr Quinan mentioned, I will make inquiries about it and respond to him in whatever way I can.

Murdo Fraser raised a legal and technical question. The Millan report has been published, as has the Executive's response in a parliamentary statement. If Murdo Fraser has raised any further legal questions that need to be addressed, I will have them investigated and will respond to him. In spite of some of the problems that Mr Fraser identified, it is fair to say that, given the Parliament's short life, we have made significant legal progress in many aspects of the legislation.

Elaine Smith mentioned parents who had asked MSPs to intervene on their behalf with local authorities to get an appropriate education for their child. Those parents should, and do, have the right to ensure that their children receive such an education. Responsibility for that lies with the education authority, and Elaine Smith should speak to me if she is aware of problems that are being caused by a local authority that is not implementing the rules properly. I will also respond to the two other specific issues that Elaine Smith raised, one of which was success in monitoring standards in schools.

Christine Grahame asked about Scottish Borders Council. I do not think that it is appropriate for this establishment to tell local authorities how to spend their money. Like other parties in the Parliament, the SNP believes in the principle of subsidiarity. We must ensure that the Parliament puts in place the right framework for local authorities to operate within—

Christine Grahame: Will the member give way?

Hugh Henry: I am sorry, but I really do not have the time to give way.

We must give local authorities adequate resources to enable them to conduct their business. Although Christine Grahame raised areas of concern that I will examine, some of those areas are the responsibility of the local authority.

I agree with Tommy Sheridan's point about respite services. George Reid and I have discussed that matter, which is something that I passionately believe in. As I have said to people in my community, such as Christine MacVicar of the Renfrewshire Autism and Asperger Group and others who do an absolutely fantastic job, the whole question of support for carers and respite care needs to be examined. However, as parliamentarians, we have to decide how money is spent. Instead of spending money on respite care and support for carers, we have decided to spend it on other priorities. In the past, I might not have wanted things to be done that way, but that is the will and the decision of Parliament. That said, it is still open to parliamentarians to make representations about priorities. I agree with Tommy Sheridan that the issue of respite care must be examined, although I point out that it has already been—and is being—seriously examined.

We have had yet another excellent members' business debate. Now more than ever before, there is more awareness of ASD, and the Executive and local authorities are beginning to respond—I admit, sometimes inadequately—to the needs of those who are affected by the disorder. I will close by paying tribute again to the parents, carers and many voluntary organisations whose

commitment and dedication to improve the quality of life of those with ASD is unquestioning. I thank them for bringing a level of consciousness, reality and passion to the debate in their local communities and across Scotland in a way that has benefited everyone in this Parliament.

Meeting closed at 17:59.

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