

MEETING OF THE PARLIAMENT

Wednesday 30 October 2002
(*Afternoon*)

Session 1

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Scottish Parliament

Wednesday 30 October 2002

(Afternoon)

[THE PRESIDING OFFICER *opened the meeting at 14:31*]

Time for Reflection

The Presiding Officer (Sir David Steel): It is a great privilege to welcome the Chief Rabbi, Dr Jonathan Sacks, to lead our time for reflection.

Dr Jonathan Sacks (Chief Rabbi): Presiding Officer, it is a great privilege to have been invited by you to lead this moment of reflection. I do so with great warmth and sense of moment, first, because Edinburgh is the home of the Scottish enlightenment and of two figures who have been an enormous influence on me—Adam Fergusson and Adam Smith; secondly, because Scotland's religious history was shaped by the idea central to the Hebrew Bible—that of social covenant, not just social contract; and thirdly, because it allows me to pay tribute to the wonderful and, I hope, mutually enriching relationship that exists between Scottish society and its proud and distinguished Jewish community. Quite the nicest thing that has happened to me in the past few years is that my son married a Scottish lass, so I feel by marriage part of the family.

When we sit in this exalted chamber, dealing with matters that will affect many people's lives, what is the right relationship between power and people? I take as my text a moving statement by a great rabbi of the third century—Rabbi Johanan. We as Jews recite this passage every Saturday night as the day of rest ends and we prepare ourselves to re-engage with the world.

Rabbi Johanan said:

"Wherever you find mentioned the greatness of God, there too you will find mentioned His humility. Thus it is written in the Torah, 'For the Lord your God is God of gods and Lord of lords' and immediately afterwards it says, 'He upholds the cause of the fatherless and the widow, and loves the stranger, giving him food and clothing.' It says in the Prophets, 'Thus speaks the High and exalted One ... I live in a high and holy place' and immediately afterwards it says, 'but also with him who is contrite and lowly in spirit, to revive the spirit of the lowly and the heart of the contrite.' A third time it says in the holy writings: 'Sing to God, sing praises to His name, extol Him who rides the clouds' and immediately afterwards it says, 'Father of the fatherless, a judge of widows, is God in His holy habitation.'"

Rabbi Johanan's statement tells us that true greatness, even for God—how much more so for us—is not to be above people but to be with them,

alongside them, hearing their silent cry, sharing their distress and bringing comfort to the afflicted and dignity to the deprived.

As we face the 21st century with its formidable challenges, let us remember the truth of history: that civilisations survive not by strength, but by how they respond to the weak; not by wealth, but by the care that they show for the poor; not by power, but by their concern for the powerless. The ironic yet utterly humane lesson of history is that what renders a culture invulnerable is the compassion that it shows the vulnerable.

May the Almighty be with you in all your deliberations, granting you a spirit of wisdom and understanding, and may he spread his blessing of peace over you and all those you serve.

Business Motion

14:36

The Presiding Officer (Sir David Steel): Our next item of business is consideration of business motion S1M-3514, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, setting out a revised business programme. I call on Euan Robson to move the motion.

The Deputy Minister for Parliamentary Business (Euan Robson): In advance of moving the business motion, I would like to inform the chamber that the Social Justice Committee completed stage 2 of the Debt Arrangement and Attachment (Scotland) Bill today. In the light of that, it will be proposed to the bureau next Tuesday that stage 3 of the bill be taken on the afternoon of Wednesday 13 November. If that is agreed to, members will wish to be aware that business on that day may extend beyond 5 pm until completion of stage 3 of the bill.

That said, I move,

That the Parliament agrees—

(a) as a revision to the Business Programme agreed on 10 October 2002—

Wednesday 30 October 2002

after first Parliamentary Bureau Motions, insert—

“followed by Ministerial Statement on Fishing”

Thursday 31 October 2002

after “Scottish National Party Debate on Fishing”, delete

“followed by Business Motion”

and (b) the following programme of business—

Wednesday 6 November 2002

2:30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Ministerial Statement

followed by Executive Debate on Flexibility and Innovation in Schools

followed by Parliamentary Bureau Motions

5:00 pm Decision Time

followed by Members’ Business—debate on the subject of S1M-3454 Dr Sylvia Jackson: Science and the Parliament—Wednesday 6 November 2002

Thursday 7 November 2002

9:30 am Executive Debate on the Scottish Executive Response to Foot and Mouth Disease Inquiries

followed by Business Motion

2:30 pm Question Time

3:10 pm

First Minister’s Question Time

3:30 pm

Executive Debate on Quality of Life

followed by

Parliamentary Bureau Motions

5:00 pm

Decision Time

followed by

Members’ Business—debate on the subject of S1M-3499 David Mundell: Nuisance to Communities Caused by Seagulls

Wednesday 13 November 2002

2:30 pm

Time for Reflection

followed by

Parliamentary Bureau Motions

followed by

Executive Business

followed by

Parliamentary Bureau Motions

5:00 pm

Decision Time

followed by

Members’ Business

Thursday 14 November 2002

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 Business

followed by

Parliamentary Bureau Motions

5:00 pm

Decision Time

followed by

Members’ Business

The Presiding Officer: As no one has requested to speak against the motion, I will put the question. The question is, that motion S1M-3514 be agreed to.

Motion agreed to.

Fishing

The Presiding Officer (Sir David Steel): The next item of business is the statement by Ross Finnie on fishing. As the minister will take questions at the end, there should be no interventions during the statement.

14:37

The Minister for Environment and Rural Development (Ross Finnie): I am grateful for the opportunity to make this statement on fisheries. Let me make it clear from the outset that neither I nor the Scottish Executive has any intention of presiding over the destruction of the Scottish fishing industry. That is why, two weeks ago, I gave an undertaking to the industry, which I reiterate today, that we will work with it to ensure a sustainable Scottish fishing industry. I believe that, together, we can find an alternative to closing our fisheries.

I want first to deal with the background, which, on the one hand, centres on the scientific evidence and advice and, on the other hand, on the European negotiating process. As many members are aware, the International Council for the Exploration of the Sea, ICES, has recommended widespread closures. In order to allow severely depleted cod stocks to recover, it has suggested no fishing for cod in the North sea, to the west of Scotland and in the Irish sea. As members know, cod is caught alongside other species. ICES has therefore also recommended that no fishing for haddock or whiting be undertaken in those areas,

"unless ways to harvest these stocks without bycatch or discards of cod can be demonstrated".

ICES has also implied severe restrictions in the fisheries for nephrops, plaice and sole, with

"stringent restrictions on the catch and discard rates of cod, with effective monitoring of compliance with those restrictions".

I have four observations to make on the scientific advice. First, I think the recommendations are clearly a measure of the scientists' concerns. I am talking about the question of the evidential basis upon which those concerns are founded. I believe that we must take those concerns seriously.

Secondly, the scientific advice makes it clear that it is not only the cod stocks that are in difficulty but also haddock stocks, which are even more important to the Scottish industry. ICES has suggested a 40 per cent reduction in fishing effort to safeguard haddock. Cod is the extreme example of a more general problem and a warning of what might happen to other stocks if we do not find a scientifically credible alternative to closures.

Thirdly, we must be clear that the scientists do not rule out continued fishing for species other than cod. From a purely scientific point of view, closure would appear to be the preferred solution. However, the scientists also suggest industry-initiated schemes to reduce cod catches and the appointment of independent observers to ensure accurate catch reporting. Those are important suggestions. Other vital Scottish stocks such as nephrops are perfectly healthy. Given the scientific evidence that I put to the Commission last year on behalf of the Executive, it is ludicrous to suggest a reduction, far less a closure, of our nephrops industry.

Fourthly, we must recognise that the science has not fully factored in all the recent Scottish initiatives, such as this year's decommissioning scheme, and other conservation measures that Scottish fishermen have adopted. That must be done.

The second element in the background is the negotiating process within the European Union. The ICES advice is only the beginning of a process. It informs the negotiations within the EU and between the EU and Norway. However, those negotiations will be based on the Commission's formal proposals, which we have yet to see, and it will be the Council of Ministers that finally agrees any package, in December at the earliest.

I also have four observations on the EU process. First, Commissioner Fischler has already suggested that the choice is likely to lie between zero quotas—or closure—on the one hand and on the other a seriously improved cod and hake recovery plan. On Monday, he said that an alternative might be

"multi-annual management plans with very significant reductions in fishing effort, strict enforcement of closed areas and improved control".

Let us be clear about this. If Commissioner Fischler reads his own statement, he will find that wholesale closure is not the only game in town.

Secondly, the common fisheries policy has clear environmental and socioeconomic dimensions. On that basis, the Commission has to pursue an outcome that is realistic in socioeconomic terms and that recognises the potential impact on the people who work in our fishing industry.

Thirdly, other member states have much to lose, and because the Council of Ministers makes the final decision, the Commission will have to pursue an outcome that is politically realistic.

Fourthly, all member states will have to play their part. As a result, I will be engaging directly with them to ensure that the Council of Ministers agrees to something that is realistic, equitable and effective. The decision is too important to be left to the unpredictable whims of the Commission.

As far as the process is concerned, I want finally to consider what the EU is driving towards. The cod and hake recovery plan published in draft last December contains various ingredients. For example, it envisages technical measures, quota controls, closed areas and effort control. The last is an understandably controversial measure, as it forces boats to restrict their fishing or even to tie up in port for a certain number of days. The Commission appears to envisage a 40 per cent reduction in effort. The suggestion is that, as an alternative to full-scale closure, Fischler may now propose a more significant reduction in effort.

Against that stormy background, let me turn to our response and where we should go from here. I reiterate that I reject the wholesale closure of the Scottish fishing industry as politically unacceptable and economically ruinous for Scotland's fishing communities. However, the clear message from the scientists, even just looking at the trends, is that if we pursue a business-as-usual approach, the day of reckoning could simply come later as white fish stocks continue their long-term trend of decline. Doing nothing is not an option.

However, I will not allow the destruction of the Scottish fishing industry by a Fischler fiat, nor will I see it destroyed in a few years' time because we did not respond to the long-term trend set out in the scientific evidential basis. Together, the Executive and the industry need to develop alternatives to closure. We have already done valuable collaborative research, in particular the so-called partnership work on the impacts of various technical measures. We need to take that work further and propose specific measures to reduce cod bycatches in other key Scottish fisheries. We shall do that urgently and in close co-operation with the industry.

We cannot rule out difficult decisions. At the October council, I made it clear to the industry that there must be a flexible toolkit of management measures. I do not want a one-size-fits-all approach, but we cannot at this stage rule out effort control as one of the possible management measures. That remains my stance, and in all the circumstances and in the face of all the evidence, I think that it is a reasonable stance.

Of course, we must acknowledge that significant reductions in fishing effort do not come cheaply. We have already made a start. The recent £25 million decommissioning scheme has probably reduced the fishing effort on cod by around 10 per cent. The industry's introduction of larger mesh sizes has also had a beneficial effect. I insist—and I will continue to insist—that any outcome reached by the Commission must take those measures into account.

The problem is complex. We can solve it only in close collaboration with the industry, with which

we have already begun a series of meetings. It will require good will on the part of all concerned if the meetings are to succeed. Understandably, emotions are high, but I know that good will exists. Together we will construct a package of measures to prevent wholesale closure. The package must respect the evidential basis of the scientific advice and the experience of fishermen—including their recent stock survey and our collaborative partnership work on technical measures. The package must also command the support of other member states that are affected.

I am committed to producing a sustainable future for the Scottish fishing industry and to finding viable alternatives to wholesale closure. There will still be difficult decisions to make if we are serious about reversing the long-term trend of stock decline. However, I believe that sustainable fisheries can be achieved. Achieving that goal is imperative for the thousands of people who earn their living from fishing—from Lerwick in the north, down the west coast, down the east coast to Eyemouth and the many Scottish communities and businesses ashore that they help to support. I know that it is a goal that all parties and all members will share. I look forward to their constructive support as we progress in the coming weeks.

The Presiding Officer: I remind members that there will be a debate on this important matter tomorrow, so I will be all the stricter about demanding questions to the minister this afternoon.

Richard Lochhead (North-East Scotland) (SNP): I welcome the minister's commitment to oppose a blanket closure of Scotland's fishing grounds. However, action and achievements speak much louder than words.

Our fishing communities are seething and ready to fight back following the events of last week. If the threat to their future is not lifted, last year's protest will pale into insignificance. The fishing communities will not take any lectures from the European Commission when it is the politicians and a common fisheries policy driven by the likes of Franz Fischler and his cronies for the past 20 years that have inflicted so much damage on the industry.

Will the minister give a commitment to our fishing communities and to the Parliament that he will seek officially to lead the United Kingdom delegation at the forthcoming European negotiations, which are the most important ever for Scotland, where most of the white fish sector is based?

Will the minister tell Parliament whether he plans to introduce the necessary investment for further conservation measures, such as the tie-up

schemes, which remain on the table but have so far been rejected by the Government?

Will the minister also tell us whether he has contacted his counterparts who represent other fishing communities in north European nations, with a view to building alliances to protect the future of our fishing communities?

Ross Finnie: I think that I welcome Richard Lochhead's support for the Executive's position of fighting whole-heartedly to protect the Scottish fishing industry.

There will be occasions when the Scottish Executive leads the negotiations in Europe and there will be occasions when we do not lead them. To protect the Scottish fishing industry, it is vital that the message, theme and drive of every one of the UK votes are 100 per cent behind the Scottish fishing industry. I intend to ensure that they are. It is crucial that there is no dubiety about the UK's position in Europe of securing the long-term sustainable future of the Scottish fishing industry. As Richard Lochhead knows, Scotland represents 70 per cent to 80 per cent of the UK fishing industry. I have ensured that a clear commitment to the Scottish fishing industry is the position of the UK delegation in any discussion on fishing that takes place in the next few months.

The next question was on additional funding and, with all due respect, I think that that is a little premature. I have given a positive undertaking to work with the industry to examine the range of options. We need the most flexible toolbox to examine both the evidential basis of the scientific advice and the huge amount of material that the Scottish Fishermen's Federation and others have produced, and to arrive at what we believe is a practical alternative scheme. When we do that, the Executive will address the issue of how those alternatives are to be funded.

At the most recent fisheries council meeting and at the previous one, I met some of my counterparts who are engaged in the North sea. As I indicated in my statement, it is my intention to ensure that we have engaged with all the key players in the North sea, all of whom have a responsibility to deliver an alternative package in the interests of their industries. From my perspective, any package must ensure the interests of the Scottish fishing industry.

Mr Jamie McGrigor (Highlands and Islands) (Con): I am glad that the minister says that he will not preside over the destruction of the Scottish fishing industry. I am also glad that he says that he will listen to the fishing industry representatives, who should be at the forefront of the management of stocks. It is they who know the waters and they who have long maintained that whenever water temperatures rise, cod stocks fall.

Has the minister asked why Franz Fischler is suggesting closure this year, when he did not do so last year, when stock figures were worse? Does he agree that the common fisheries policy has been a miserable and catastrophic failure of management, which has damaged and continues to damage the Scottish fishing industry? Does he agree that a change is required and that restoration of national control and management of our own waters are the best way to conserve stocks and save thousands of livelihoods in the Scottish fishing industry?

Ross Finnie: It is always unusual to have the Tory party's new policy of leaving Europe announced in the middle of such an important statement. Perhaps Mr McGrigor should reflect on that. He is well aware that the common fisheries policy is currently being reviewed because there is unanimous recognition that it is not working. That is why it is being revised, and I do not think that we have to debate or argue that point. What is much more important is that, in the reform of the common fisheries policy, we secure all the objectives that are crucial to the Scottish fishing industry. As Mr McGrigor is well aware, the key questions are relative stability, the impact of the Hague preference and looking after the Shetland box. Those are crucial matters.

Most important of all is the issue to which Mr McGrigor alluded—the involvement and engagement of the fishing industry. The reform will not necessarily meet its deadline date of December. Therefore, we are trying to set a precedent of ensuring that, in reaching an alternative to Mr Fischler's proposals, we work hand in glove with the industry. That is the undertaking that I gave three weeks ago, and I stick to that.

Iain Smith (North-East Fife) (LD): I am sure that the minister will agree that Scottish fishermen have no confidence in Franz Fischler, particularly in relation to his selective use of scientific evidence and his failure to take account of what has already been done in Scotland since 2001. Does the minister also recognise the growing despair of the fishermen of Fife, who feel that their problems are not being listened to? Will he give an undertaking that he will challenge the failure of Franz Fischler and the European Commission to accept that there is little or no bycatch from the prawn fishing from Pittenweem or Eyemouth, that the prawn fishery is sustainable and that there is consequently no case whatever for cutting or closing Scotland's prawn fisheries?

Ross Finnie: I agree with that. I shall simply reiterate what I have made absolutely clear: there is no evidence that the prawn fisheries in Mr Smith's constituency in the east neuk of Fife, in Pittenweem and in other prawn fisheries, including

those on the west coast, result in a bycatch. As I said in my statement, we produced ample evidence to demonstrate that point and it is ludicrous for the Commission to suggest any closure of the nephrops fishery.

Rhona Brankin (Midlothian) (Lab): Does the minister agree that, at this of all times, the Parliament must keep a united front? Does he agree that the last thing that the Scottish fishing industry needs is the narrow constitutional wrangling of the nationalists? Will the minister give—[*Interruption.*]

The Presiding Officer: Order. Let us hear the question.

Rhona Brankin: Will the minister assure us that he will rise above such wrangling and continue to work closely with the Scottish fishermen to seek a solution to the difficult position in which we all find ourselves?

Ross Finnie: I have no intention of becoming embroiled in any constitutional wrangling—the issue is far too important. I will focus solely on devising, in close collaboration with our fishing industry, a strategy as an alternative to the current measures, which suggest the closure of the industry. I repeat that such measures are politically and economically totally unacceptable to the Executive.

Robin Harper (Lothians) (Green): The minister said about the scientific advice that he received on genetically modified crops:

“If I turn around and say no and reject the advice I got, I’ve got no integrity. I’m just going with the wind.”

If, after account has been taken of technical changes to nets and other technical advances, of the reduction in the size of the fleet and of the scientific evidence from the Scottish Fishermen’s Federation, the scientific advice is still that there should be a short-term closure of the cod fisheries, will the minister listen to that scientific advice?

Ross Finnie: I made things clear in my statement, but I will elaborate on what I said. The scientific report is in two clear parts. First, there is the evidential basis. I have made it absolutely clear that it would be folly to ignore the evidential basis about the long-term trend in stocks. However, Robin Harper and I know that, every year, the scientists project what their measures might be. As Robin Harper rightly suggests, a range of elements is not taken into account. There is something of a one-size-fits-all approach to Europe. No account has been taken of elements that the Scottish fishermen have acted on, nor has the decommissioning scheme been factored in. It seems entirely reasonable that we and fishermen in Scotland should take seriously the evidential base and produce alternative proposals that avoid

the cataclysmic closure of fisheries. I am not sure that sustainable development can be defined as something that destroys whole communities.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Does the minister agree that fishermen in Scotland have led the way in implementing and proposing conservation measures, including the fitting of escape panels and the introduction of larger mesh sizes? Does he agree that it is at best anomalous and at worst disgraceful that fishermen from England are still using the smaller size of meshes? What will he do about that?

I am pleased that the minister recognises that it is ludicrous to suggest that there should be a reduction in our prawn fisheries. There is no threat to prawn stocks—indeed, they are plentiful. Does he share the view that was expressed a week or so ago that there should be a reinstatement of the reduction in the nephrops quotas and that nothing has changed because there is no significant cod bycatch?

The scallop industry also faces closure as a result of amnesic shellfish poisoning. Will the minister give an assurance that, before the Ecodredge report and other research that should be available by next spring are available and analysed, no measure will be introduced in respect of either ASP or technical conservation measures?

Ross Finnie: I made it clear in my statement that I recognise that Scottish fishermen were in the van in introducing 80mm square-mesh panels, which have led to 110mm and 120mm panels. They are to be given credit for that. I also made it absolutely clear that there is no evidence to support the suggestion that the nephrops catch should be reduced. Indeed, we have tendered our view to the European Commission in seeking the 10 per cent reinstatement and negotiations are continuing.

Fergus Ewing raised a number of technical issues in relation to scallop fisheries, which are difficult to address in a short time. We must be careful. In a sense, the Food Standards Agency is the relevant authority. It is not for me, as the minister with responsibility for fishing, to instruct the closure of scallop fisheries—the Food Standards Agency does so on the ground of public health. I do not think that it would be proper for me to intervene on a matter of public health if that is the advice of the Food Standards Agency Scotland.

We have gone out to consultation on the conservation measures. I will take full account of all the responses before coming to a decision.

Rhoda Grant (Highlands and Islands) (Lab): I welcome the minister’s statement. Is it true that scientific evidence shows that the cod biomass

has increased in 2002 in comparison with 2001? If that is the case, it may show that some of the measures that we have taken are working. Will he ensure in his negotiations in the European Union that other countries adopt those technical measures, and will he push for further exploration of other measures such as separation panels?

Ross Finnie: The figures in which I am particularly interested relate to the long-term trends. There is evidence in the ICES report of increases in elements of the cod stock. What is much more worrying is the long-term trend of its decline. Whether the relationship between the measures and the increases is one of cause and effect is an issue that we want to examine. The Scottish Fishermen's Federation has produced survey data on work that it has carried out on measuring the uptake of quotas and trying to relate that to what has been going on in respect of adopting technical measures. I am not able to respond definitively.

On the point about other countries adopting such measures, I made it clear that that is one of the matters on which I want to engage with my opposite numbers in other member states who have an interest in the North sea. It is important that all the fishermen in the North sea, who are most affected by such matters, must be engaged. We must ensure that whatever comes out of the fisheries council is done on a level playing field. There can be no suggestion that measures will be imposed on a Scottish fleet that will not be taken by other member states.

Stewart Stevenson (Banff and Buchan) (SNP): I welcome the change in tone in the minister's statement today. As long as he stands up for Scottish fishermen he will have the support of members across party boundaries in the Parliament.

The First Minister (Mr Jack McConnell): Except for those in the SNP front row.

Stewart Stevenson: He will even get support from me, Jack.

The First Minister: But not from those in the SNP front row.

The Presiding Officer: Press on, Mr Stevenson.

Stewart Stevenson: I draw attention to the meeting that will take place next week between Norway and the European Union. It is important that we achieve momentum in gaining support for new proposals and overturn the initiative that Franz Fischler has taken. Will the minister tell us what arrangements he has made to represent Scotland's interests and the interests of Scotland's fishermen and the fishing industry more widely during the talks next week?

Ross Finnie: First, I am not sure that there has been any change of tone. I have never at any stage, in any place or at any time talked in support of a wholesale closure of the Scottish fishing industry. Let us be clear about that. I have taken some time to warn about possible difficulties that were arising, but I have never shared the view that there should be wholesale closure.

Secondly, the discussions have essentially taken place at official level. From a United Kingdom point of view, the basic proposition on how the talks are to be conducted and what we seek has been set out. That is entirely consistent with what I have set out this afternoon. The difficulty that we have is that although yesterday's statement by Commissioner Fischler was profoundly unhelpful, members will have observed that he is awaiting results, which I think he said are due on 11 November, before he comes forward with the proposition against which the fisheries council will have to react. That is not a terribly helpful position, but we will have to work to reverse the proposition when the final details come out.

Maureen Macmillan (Highlands and Islands) (Lab): Does the minister agree that all stakeholders in the industry must be fully involved in developing our strategy? The fishermen's organisations and the fish processors' organisations must work together with the Executive. It is not only fishermen's jobs that are at risk, but thousands of jobs downstream throughout Scotland.

Ross Finnie: I agree. I am sorry if I gave that impression. I was talking about the essential nature of putting together the first element of the package. Clearly, before we go very far we must engage with all sectors of the industry.

Phil Gallie (South of Scotland) (Con): We back the minister's comment that he will be judged on the outcome. Will he say what scientific evidence has been gathered on the factory harvesting of sand eels and pout in the North sea and the effect of that on the breeding grounds for cod and haddock?

Ross Finnie: I cannot give absolute details on that because I do not have the insight of the report, but I know that predation is one element that the report takes into account. The Scottish Fishermen's Federation and the Executive have put a number of such issues to scientists to get greater clarity. For example, there is a suggestion to permit increased industrial fishing for herring. As herring seems to be a feed stock for the very cod that we are concerned about, there is clearly a possibility of an inconsistency. That is one element that we want to bottom out with the scientists.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Will funding be available from Europe for conservation measures that are short of the folly that Fischler has suggested?

Ross Finnie: The answer is no, given the way in which the funding arrangements between the United Kingdom and the European Union operate. However, the financial instrument for fisheries guidance permits member states to spend money on a range of options. At the end of the day, given the Fontainebleau arrangement, any funding arrangements that emerge will have to come from domestic resources.

The Presiding Officer: That concludes questions on the minister's statement. I have taken careful note of the names of members who were not called, in case they wish to speak in tomorrow's debate.

Water Environment and Water Services (Scotland) Bill: Stage 1

The Presiding Officer (Sir David Steel): Today's first debate is on motion S1M-3236, in the name of Ross Finnie, on the general principles of the Water Environment and Water Services (Scotland) Bill. As soon as Mr Finnie has put away his fish, we will start on the water.

15:07

The Minister for Environment and Rural Development (Ross Finnie): If only Mr Finnie had some fish to put away, we might not be in the situation that we are in.

I am pleased to open the debate, which is the Parliament's first opportunity collectively to discuss the Water Environment and Water Services (Scotland) Bill. In many ways, the bill is one of the most important pieces of environmental legislation that has come before the Parliament. Increasingly, the protection of water as a resource is recognised the world over as a fundamental necessity. At the recent sustainable development summit in Johannesburg, water was one of the key issues. The problems that we face are of a different scale, but their solution depends on the same model of holistic management of the water environment that the summit endorsed.

Scotland is lavishly endowed with rivers, lochs and coastal waters of outstanding natural beauty, so we have good cause to be concerned. We have harnessed the power of water for the greater social good. Our extensive network of hydroelectric schemes is a triumph of engineering in the service of social and environmental needs. However, the crux of the matter is that in the past we have not necessarily served our waters as well as they have served us.

We have improved the quality of our rivers and bathing waters, but we must do more. For example, the examination that my colleague Allan Wilson is conducting has revealed that concerns are still being voiced about the environmental impacts of fish farming. The bill will allow us to focus much more on the process of fish farming rather than exclusively on discharges, as at present.

The bill will also give us powers to tackle environmental problems that, heretofore, we have been unable to address. We will have new powers to control engineering works in the water environment. The consequences of such works for habitats that are important for otters and other animal life can be devastating. It is time that we analysed properly the environmental impact of such proposals.

The bill will also give us the power to control water abstraction where necessary. Those who abstract in a manner that is sensitive to the environment should in no way fear that power. Despite our obvious wealth in water resources, we face problems of over-abstraction in certain parts of the country at certain times of the year. The bill will allow us to balance the rights of one group to extract against the rights of others to pursue other, environmental pursuits.

Tommy Sheridan (Glasgow) (SSP): On that balance of rights, will the Executive continue to protect the provision of water not on the basis of making profit for private suppliers, but on the basis of maintaining the public supply? In other words, will the Executive use the abstraction rights to prevent the privatisation of our water via private companies' trying to get into our mains?

Ross Finnie: I understand the question, but the introduction of competition by the back door will undoubtedly be more properly controlled through whatever eventually emerges from any competition restrictions that might be introduced to the framework set up by the Water Industry (Scotland) Act 2002. The Water Environment and Water Services (Scotland) Bill will properly balance the rights of users and other people. One could take the view that those in the whisky industry who are abstracting water are doing so for commercial gain, but I do not think that that is what Mr Sheridan has in mind. He is talking about mains water. It is difficult to draw the distinction, but the issue will be dealt with more properly if we ever have to control competition in the Scottish water industry.

The bill is also flexible in its approach—I emphasise that point, as flexibility is crucial. The bill does not represent or promote regulation for the sake of regulation; it considers water use in the round, balancing environmental goals with economic and social ones. Only where real environmental harm is being caused will action need to be taken.

The crucial question is how the new powers in the bill will be given effect. At the centre of the bill's approach is the concept of river basin management planning. Everyone with an interest in Scotland's waters will have the opportunity to become involved: those who are involved in textiles, distilling, agriculture or hydropower; the non-governmental environmental organisations; those who use the waters recreationally; and, crucially, domestic consumers and communities who live beside the waters.

The Scottish Environment Protection Agency will take the lead. Concerns have been expressed about SEPA's ability to manage the huge, new responsibility. However, as members are aware, we recently awarded SEPA an extra £11 million

over the next few years to improve the way in which it protects our environment. A significant amount of that extra resource will be used for the implementation of the bill.

SEPA will be engaged in a four-step process. Step 1 is that SEPA will be required to carry out an analysis of all human impacts on the water environment. Step 2 is that that analysis will be put to use to establish the environmental objectives for individual water bodies—river stretches and whole or parts of lochs or estuaries, for example. Having established environmental objectives for specific bodies of water, the river basin planning process will then move to step 3—the determination of what measures require to be put in place to achieve those objectives. Thereafter, we will move to step 4—implementation, when the new control powers that I have described will kick in. Those powers will be used only to achieve the objectives that are set out in the river basin management plan.

That is a synopsis of the powers that are laid out in part 1 of the bill, which is the part on which most of the debate and the stage 1 report have focused. I record my thanks to the Transport and the Environment Committee for its detailed and thoughtful consideration of the bill. The committee's support for the general principles of the bill is welcome. The committee also made a number of comments and requested clarification of aspects of the bill. Committee members will, I hope, have a copy of my letter to the convener, dated 25 October, in which I deal with the issues that the committee highlighted to be addressed in advance of the debate. I shall run through those issues quickly.

There is no question that, through the bill, we have asked the Parliament to sign a blank cheque. We have done our sums. The bill is largely enabling but—quite rightly—the Finance Committee and the Transport and the Environment Committee have demanded of us a robust assessment of what the price tag will be. That we have done. The figures in the financial memorandum and the other supporting materials set out a range of anticipated costs, including the costs of the secondary legislation under the bill. We have also commissioned and made available a series of business-case assessments.

For two main reasons, we cannot describe with certainty today on whom all the costs will fall and how much they will be. First, we are introducing a planning system that will involve analysis, assessment, evaluation, consultation and debate by a wide range of organisations. The outcome of that system will ultimately determine the precise costs. Secondly, a number of key pieces of secondary legislation will be cost drivers. We have not yet consulted on those, so costs can be

expressed only in ranges and not in absolute terms.

As I said in my letter to the convener of the Transport and the Environment Committee, the bill is about ensuring that a planning system is in place that involves all the parties that I mentioned and that balances environmental goals with social and economic priorities—a planning system that delivers sustainability.

Significant benefits come from investment in the protection of the environment. It is not simple to attribute a value to those benefits, but that does not mean that they do not exist. We employed one of the leading experts in the field, Professor Hanley of the University of Glasgow, to make a value assessment. He used the most up-to-date techniques available, but he did so with caution, not allocating value to benefits where the level of uncertainty was too great. I do not want to repeat the information from my letter about the techniques that he used, but I am confident that his estimate of benefits of between £131 million and £325 million a year is not an exaggeration.

The crux of the bill is getting the river basin planning system right. It is clear from its stage 1 report that the Transport and the Environment Committee agrees. We want to create a system that not only is open and transparent, but is effective and delivers results.

I am grateful to the committee for agreeing that having one river basin district for Scotland is a sensible approach. As a result of that approach, we need to ensure real engagement of interests at a more local level. The committee's report recommends that the bill goes further to provide for an all-Scotland network of advisory groups. I made it clear in my letter that we support that approach. The bill has extensive powers to guide SEPA on how river basin planning should be made operational, but I will consider whether the bill can do more to deliver that common goal.

The committee's other main concern is the subordinate legislation procedure. I will deal with that issue briefly, because I covered it in my letter. The bill is largely enabling and it is vital that we get right the subordinate legislation that will flow from it. The committee's view was that we had the balance wrong. We are considering that issue again and will lodge any necessary amendments at stage 2. I have undertaken to lodge an amendment to provide that an order under section 4 of the bill that designates river basin districts should be subject to the affirmative procedure. I repeat that undertaking today.

I will quickly respond to other issues. The Executive and the Parliament share a common desire to ensure that we have a sustainable aquaculture industry. The bill will help us to deliver

that. It will provide for more effective regulation by SEPA of fish farms and their operation. Another element of that drive for sustainability will be to give local authorities planning responsibility over marine fish farms. The Executive is committed to introducing the necessary controls. However, my view remains that the bill is not the best means of achieving that change.

Environmental considerations are, of course, key to the planning process, but they are not the only considerations. Amenity issues and issues about the appropriateness of existing infrastructure to cope with proposed developments are also important. Extending planning controls to cover marine fish farms represents a significant change to the planning regime. It may be desirable for the bill to deal with those planning controls, but I am not persuaded that it is appropriate for the bill, which has a clear focus on the water environment, to do so.

Flooding was another important issue that the committee raised. I know that many members have to deal regularly with that issue. The Executive is serious about tackling flooding. We are reviewing administrative systems and the statutory procedures required by existing flood prevention legislation, but it is too early to say whether legislative changes will be required.

The bill will help to bring together those who are interested in flood prevention—local authorities, businesses and communities—at a river basin scale, which is the right scale to think about and plan strategically for flooding issues and consider the impact of climate change on the water environment. The committee has made a number of suggestions about how the bill could ensure that that happens and I will, of course, consider those. However, in this context, it is important to bear in mind the fact that section 10 of the bill will give powers to specify the issues that must be covered in a river basin management plan.

Part 2 of the bill changes the way in which the cost of providing water and sewerage infrastructure for new housing developments is funded. It is about creating a fair and transparent process to replace the ad hoc arrangements that exist at present. I am pleased that the Transport and the Environment Committee endorsed those provisions in its stage 1 report.

Current legislation requires Scottish Water to provide connections to the mains where it is practical to do so at a reasonable cost. However, as there is no definition of "reasonable cost", in practice developers provide the infrastructure for the connection and Scottish Water pays them about £1,500 per property in lieu of reasonable cost. We do not believe that developers should receive an automatic subsidy from Scottish Water on more or less every house that they build.

Instead, they should normally expect to provide the infrastructure as part of the development. Where they do so to Scottish Water's standards, they should be entitled to connect to the mains. The bill provides for that. There are instances where it might be appropriate for Scottish Water to contribute to a particular development, most obviously in the case of some low-cost social housing where a contribution could be important to the success of the development.

Clearly, the regulations under part 2 will be of great interest to a range of groups. I am happy to confirm that we have always intended that they should be the subject of the fullest consultation with local authorities, developers, housing associations and others affected by them. I want to make it clear that the regulations are introduced by Scottish ministers, not by Scottish Water.

The bill is ambitious—I make no apologies for that. Part 1 of the bill is our opportunity to ensure that Scotland's water is protected for future generations and that the goal of sustainability that was supported by all sides at Johannesburg is delivered here in Scotland.

Our rivers, lochs, coastal waters and groundwaters are the lifeblood of our society. We drink from them. We eat from them, too. We harness their power and we exploit their resources in myriad ways. We base our towns and villages around them. The bill is about protecting that heritage. I look forward to the detailed debate at stage 2 on the issues that I have talked about, but, for now, I move,

That the Parliament agrees to the general principles of the Water Environment and Water Services (Scotland) Bill.

15:22

Bruce Crawford (Mid Scotland and Fife) (SNP): I welcome the pragmatic approach that the minister has taken this afternoon, although I do not support all his announcements. It is a pity that we do not have enough time today to talk about all the good things in the bill and I will instead have to focus on some of the areas in which there must be improvement. However, there can be no doubting the importance of the bill: it represents a real chance to safeguard Scotland's rich water resource and to continue the process of reversing decline. Just as important, the bill provides unique opportunities, if we are prepared to grasp them, to secure considerable social and economic benefits.

In the past, United Kingdom Governments have been slow to react to European environmental legislation. The Scottish Executive, to be fair, cannot be accused of being slow off the mark in relation to the water framework directive and it deserves recognition for the efficiency of its response. However, we and others have concerns about the efficacy of some of its proposals.

The Transport and the Environment Committee and the Finance Committee have highlighted what they believe are shortcomings in the bill, most of which can be addressed at stage 2. The committees are to be congratulated on their thorough scrutiny of the Executive's proposals.

One of the areas in which there has to be improvement is flooding. In its report on the bill, the Transport and the Environment Committee said that

"one of the most obvious ways in which it will be possible to judge where the WFD has made a difference will be in relation to Scotland's ability to take preventative measure to reduce the incidence of flooding over the coming years."

The word "preventative" is important in that context. This winter, we will again witness major flooding events across the country being tackled with sandbags and canoes. In effect, we are asking people to fight a losing battle. We are tackling the symptoms and doing nothing to prevent future flooding events.

I have seen at first hand in Perth the utter havoc and hardship that flooding can bring to ordinary people's lives. In retrospect, it is incredible that we allowed sprawling housing estates such as exist to the north of Perth to be built on natural flood plains. Had agricultural practices further upstream not interfered even further with the natural flood plains, the scale of the flood defence works for Perth could have been much reduced.

We must ensure through the bill that human activity does not in future unnaturally constrain a river to the detriment of people and biodiversity alike. The Transport and the Environment Committee has made some important recommendations in that regard. Those recommendations would improve the situation and I am glad that the minister will consider them, although I do not believe that they go far enough.

I do not want to divest local authorities of the important powers that they have in regard to flood defences. The councils are the relevant bodies: they have the technical skills to deal with such matters. When it comes to flood defences and dealing with the consequences of flooding, councils can do a good job, as they have shown. However, when it comes to understanding a whole river system and taking a more preventive flood-avoidance approach, they do not have the expertise, wherewithal or powers to act appropriately.

I know that the bill provides for river basin management plans, but the bill's provisions—even with the Transport and the Environment Committee's improvements—do not provide a robust enough framework for dealing with the growing menace of flooding. We need to develop a national plan or strategy to deal with flooding in

an integrated manner throughout Scotland. We cannot go on with the sandbags-and-canoe strategy that we have at present. We need a structure that can ensure that a strategic, focused and consistent approach is taken at river basin level and sub-basin level.

The current position will inevitably perpetuate a fragmented approach, with ad hoc policy and decision making that will end up being costly to the taxpayer and fail to make the expected environmental improvements. I urge the Executive to reconsider its position. To develop an appropriate strategy would be to do no more than is already done in, for example, the national waste strategy plan, through which SEPA has an overview.

I conclude with a look at the financial implications, as they are important for the bill. At 5 pm today, we will be asked to vote not only on a bill whose principles are sound, but on the financial resolution that supports it. However, the reports from the Finance Committee and the Transport and the Environment Committee provide grim reading on the adequacy of the financial memorandum.

The Finance Committee report tells us that various arms of government—Scottish Water, Scottish Natural Heritage and the local authorities—were unable to quantify the likely costs of the bill for their organisations or how those costs might be paid for. Indeed, Scottish Water felt obliged to state that it would be

“extremely difficult—if not dangerous—to put a figure on the costs”.—[*Official Report, Finance Committee*, 10 September 2002; c 2173.]

That void of information is alarming, given that the customers will ultimately have to bear the costs. The Finance Committee felt so strongly about the issue that it questioned whether the bill should complete stage 1 without further specification of costs.

The minister provided more information in a letter to the convener of the Transport and the Environment Committee on 27 September. Unfortunately for the minister, that additional information cut no ice with the committee, which, in its stage 1 report, also recommended that the financial matters be resolved before the bill's principles were agreed to. The minister tried again to get the committee on board in a letter dated 25 October, as he said. However, incredibly, the minister conceded in that letter that all the information that could be provided had already been provided. That means that, despite the fact that the minister has failed on two separate occasions to provide the robust financial information that the committees sought, he still expects the Parliament to agree to the financial resolution.

I have considered closely WRc plc's report, on which the minister has placed so much credence today. I understand the difficulties of trying to forecast long-term costs. However, that consideration has raised more concerns and questions, not least of which is why we have not seen any evidence or comment from the group that will be hit hardest by the costs that the bill will impose. The agricultural sector will bear the largest burden of the costs—more than £250 million—yet we have no real idea how it will meet them.

The report “Evaluating the Economic Impact of Abstraction Controls on High and Medium Volume Water Users in Scotland” was published just last week. It raises even more uncertainty. I quote from page 5 of the report, on sectoral impacts:

“The evidence suggests that the Directive may raise issues of catchment sensitivity for the distilling, fish farming, agricultural and paper sectors. Because of limited information on groundwater status it was not possible to draw any general conclusions about the possible impacts of the Directive on sectors abstracting groundwater.”

With regard to additional capital expenditure requirements on the part of Scottish Water, the report says:

“It was not possible to calculate with much precision the likely additional capital costs to Scottish Water. This can only realistically be done when licence conditions are established and least cost options investigated.”

All that information came too late for either the Transport and the Environment Committee or the Finance Committee to scrutinise it, but it adds to a picture of confusion and uncertainty over costs.

In effect, the minister is asking us to take a leap in the dark with him as far as future costs are concerned. The whisky industry, for instance, already contributes almost £600 million in excise duty alone to the United Kingdom Treasury, yet the minister asks us to take that leap in the dark on the charges that will be levied against the industry for abstraction.

No one expects the eventual legislation to have a cost-neutral impact—that would not be possible—and there is no doubting the fact that the benefits that it will bring will be significant. However, it is up to the minister to provide robust information on the social and economic costs of a system of management that is currently failing us; to provide tangible and realistic future costs of implementing the bill; and, on the positive side of the equation, to provide much more detailed information on future cost benefits and savings.

The Scottish National Party will be voting for the bill today, but the minister will have to go a long way to persuade us to vote for the financial resolution, because we sincerely believe that the financial resolution is weak and that the background information supplied was not

adequate. We support the Transport and the Environment Committee and the Finance Committee in their views. For us, as a responsible Opposition, to proceed otherwise on the financial resolution would be folly.

15:33

John Scott (Ayr) (Con): I declare an interest as a farmer.

"Water, water, everywhere,
Nor any drop to drink."

Today, we find ourselves in a position a bit like that of the ancient mariner, burdened as we are with seeking to transpose the European Union water framework directive into Scots law.

We note the Executive's motion, which we will support because the proposed enabling legislation is, by and large, not contentious. That said, the EU water framework directive recognises that each member state should have flexibility in implementing the directive appropriately. We welcome the recognition that a one-size-fits-all approach is not appropriate.

Although that flexible approach is welcome, it is where differences creep in. That is why today's stage 1 debate is so important. We support the principle of establishing single river basin management plans, with sub-basin management plans to support them. An holistic approach needs to be taken on the creation of river basin management plans, but more work needs to be done to achieve an integrated approach that takes into account environmental, agricultural and forestry policy objectives. Unless an integrated approach is taken, taxpayers' money may be spent pursuing contradictory policy objectives, which must be avoided at all costs.

Speaking of costs, we also have reservations about that key aspect of the bill. Prior to September 2002, the Transport and the Environment Committee had no real indication of what the cost of implementing the bill would be—a glaring deficiency in the Executive's proposals. Ross Finnie's letter of September 2002 made the Executive's position a bit clearer and gave a range of implementation costs. Those costs will be low in relative terms until 2006 and will be borne almost entirely by SEPA. Thereafter, costs to a variety of sectors will be between £60 million and £100 million annually for the four years from 2006 to 2010. The Executive has estimated that the cost will be £83 million annually.

We must hope that the estimates for the costs of the bill are accurate, because if they escalate significantly the already heavy burden of £83 million on industry and other areas will become crippling. Much will depend on the secondary legislation that has yet to be introduced. However,

the Conservative party seeks today an assurance from the minister that the Government and any future Administration will be bound to keep future costs within the limits that are outlined in Ross Finnie's letter of September 2002 to the Transport and the Environment Committee.

Costs beyond 2011 will also be significant and will impact heavily on hydropower generation, agriculture and mining. We must set the benefits of the bill against those costs, which the financial memorandum estimates will total between £141 million and £324 million. However, the Finance Committee views those figures with considerable scepticism, which I share. That committee noted:

"The calculation of these benefits is in our view subjective".

It comments robustly that it is

"misleading for the Executive and others to seek to rely on such figures which can in no way be substantiated."

Given the Executive's assertion that there will be significant benefit, it is surprising that evidence on the matter has been neither sought nor received from VisitScotland. Is that a failure of Government, of VisitScotland or of both? Is the truth that it is impossible to provide evidence that would demonstrate the benefits that the Government claims? Time will tell whether the benefits of the bill will outweigh the costs, but those costs will be a significant burden on Scottish Water and other businesses throughout Scotland, many of which are as yet unaware of the financial impact that the bill will have on them.

In our view, too many proposals will be implemented through subordinate legislation. Affirmative rather than negative procedure must be used in conjunction with adequate consultation. The proposals are unacceptable as they stand, although I welcome the comments that the minister has made on the matter today.

I note with regret Tricia Henton's resignation from SEPA last week and I pay tribute to her for the sterling work that she did during her time in office. The role of SEPA's next chief executive will be extremely demanding, given the Government's intention that the organisation should on the one hand make policy and advise Government, and on the other act as the regulator and enforcer of policy. That is a classic case of "Who guards the guardians?" Greater parliamentary and ministerial input will be required than has been outlined so far.

Flooding is a key issue with which the bill deals inadequately. Recent flooding throughout Scotland and the UK has again emphasised the scale of the problem that we face as global warming takes effect. In my view, some local authorities will in future require help and expertise to create flood management solutions. Although that expertise

might be available from the private sector, if it is unavailable in-house in local authorities, SEPA will need to be able to take an overview of flood management throughout Scotland. As a result of global warming, river basin management plans—incorporating flood prevention plans—will require significant additional funding from the Government. History suggests that funding will be inadequate to meet demand and that a bid system will have to be put in place so that funds can be allocated to the most needy projects.

The evaluation of bids will have to be carried out either by SEPA or by the Government. It is unreasonable to expect that, as the situation stands, SEPA will not have a role to play in that process, given its projected role as policy maker, adviser, regulator and enforcer of river basin management plans. SEPA is the only organisation that is able to deliver to Government a coherent, informed and uniform approach throughout Scotland. How else in future could projects be evaluated for Government? I do not suggest that SEPA should be responsible for funding or for carrying out any engineering works that are required; I suggest that it should be involved only in flood management planning and evaluation of the bidding process that will emerge.

A new process of flood management project evaluation that is similar to the Scottish transport appraisal guidance may emerge. That would ensure that a consistent—rather than a political—approach was taken to funding more projects. I suggest that the Government will need to consider that in the near future.

I turn to aquaculture. We in the Conservative party believe that there is an urgent need for the transfer of planning powers from the Crown Estate to local authorities. On part 2 of the bill, steps must be taken to clarify the Government's position on infrastructure installation and the maintenance of sustainable urban drainage systems. Obstacles must not be put in the path of our continuing to develop social rented housing in rural areas, and the affordability of such projects, whether to the state or water consumers, will need to be debated by the Parliament on another occasion.

We welcome the bill subject to the concerns that I have expressed and those that my colleagues will express. We look forward to lodging appropriate amendments at stage 2. In the long term, the bill should deliver an enhanced and more sustainable water environment which, provided that it can be delivered cost-effectively, will be of benefit to future generations.

15:41

Bristow Muldoon (Livingston) (Lab): It is a great privilege to open for the Labour party. The minister made clear in his introduction the benefits

that he thinks implementation of the bill will bring to the water environment in Scotland.

As we consider the bill at stage 1, it is important to note that in all the evidence that the Transport and the Environment Committee took, not one organisation—industrial, environmental or public sector—did not want the bill to proceed. It is also important that we acknowledge that part 1 of the bill meets the Scottish Executive's obligations on implementing the water framework directive. Scotland is required to implement the directive and transpose it into domestic legislation by December 2003. Part 2 of the bill relates to measures concerning water services.

As Bruce Crawford said, the Executive is to be commended for being well ahead of the game on this occasion in meeting Scotland's obligations to implement European Union directives earlier rather than later. We should commend the minister and all the bill team for that achievement. We have the opportunity to be ahead of the game when it comes to dealing with much of the subordinate legislation that other members mentioned and the costs of that, to which I will turn later.

It is important for us to concentrate on the general objectives of the water framework directive. Those objectives are about preventing deterioration of the status of surface water in Scotland; protecting, enhancing and restoring surface water by 2005; preventing deterioration of the status of groundwater; and preventing or limiting the input of pollutants in groundwater and reversing significant pollution that already exists. As I said, another objective is that we must comply with our European obligations. It is no surprise that those general objectives in the bill have to date attracted common support.

From this point on I will touch on a few of the issues that came up as the Transport and the Environment Committee considered the bill with the various groups that contributed. Before I go into those detailed issues, I emphasise a point that the minister made when he gave evidence to the committee: aside from the direct benefits—such as cleaner water—of implementation of the water framework directive, there will be indirect benefits to Scotland, for example to the whisky industry, which markets itself heavily on the purity of the water that it uses, and to the tourism industry, which markets itself partly on the basis of Scotland's natural beauty, including its water quality. We should remember those points as we consider the bill.

Mr Brian Monteith (Mid Scotland and Fife) (Con): Does the member accept that the whisky industry markets itself on the basis of the distinctiveness of the water that it uses, but not necessarily on the basis of the purity of that

water? The water might have peat or mineral content that is derived from its origins.

Bristow Muldoon: I accept Mr Monteith's general point, but I suggest that if there were a general degradation of Scottish water in the future, that would be enormously damaging to the whisky industry. I am sure that the industry would concur with that point.

The areas that I want to discuss that other members have mentioned include costs and benefits, the river basin management regime, flood management, active participation, aquaculture, planning powers and part 2 of the bill.

On costs and benefits, the Finance Committee expressed strong concerns in its report to the Transport and the Environment Committee. I am sure that Des McNulty, as convener of the Finance Committee, will touch on that later. We should acknowledge that the minister has gone a long way towards addressing those concerns and has provided much more clarification. When the Transport and the Environment Committee took evidence on the financial aspects of the bill, many of the organisations on which costs might fall were not clear about the costs for which they would be liable and many seemed to anticipate significant costs even in the early years.

The information that the minister has brought to our attention has significantly clarified that issue. In his letters of 27 September and 25 October, the minister made it clear that the estimated costs include the on-going costs that relate to the statutory instruments that will be associated with the implementation of the water framework directive.

Bruce Crawford: Will the member confirm that the Transport and the Environment Committee still expressed reservations about costs in its report, in spite of its consideration of the letter from the minister of 27 September? When Bristow Muldoon mentions the letter of 25 October, is he speaking on behalf of the Transport and the Environment Committee or on behalf of the Labour party?

Bristow Muldoon: I have made it clear that I am speaking on behalf of the Labour party—I said that in my introductory remarks.

In its consideration of the minister's earlier letter, the committee acknowledged that it was grateful for the financial information, which the Executive had provided in an extremely short time scale. The minister further clarified matters in his letter of 25 October. *[Interruption.]* Mr Crawford should not interrupt from a sedentary position.

The financial costs aside, we must acknowledge that the bill offers considerable benefits to Scotland's environment and economy. Ross Finnie emphasised that in his letter of 25 October,

which identified the positive impact that the bill will have on sustainable development of the water environment. It is important that we do not focus solely on pounds, shillings and pence when we assess the bill's benefits.

On the Executive's proposals on river basin management planning, I welcome the idea of having a single river basin district to cover most of Scotland. Active participation is a related issue and it is important to ensure that we meet our obligations in that regard. Article 14 of the water framework directive requires member states

"to encourage the active involvement of all interested parties in the implementation of this Directive, in particular in the production, review and updating of river basin management plans".

Therefore, I encourage the Executive to consider the Transport and the Environment Committee's recommendation that SEPA should have a duty to establish such sub-basin plans throughout Scotland.

The Transport and the Environment Committee made significant recommendations on flood management, which we hope the Executive will take on board. I welcome Ross Finnie's commitment to consider the issue further and I acknowledge that the national planning policy guideline on flood management is under review. I encourage the minister to reflect further on that.

The passage of the bill and the implementation of the water framework directive will have considerable benefits for Scotland's water environment. I encourage members to support the bill at stage 1.

The Deputy Presiding Officer (Mr Murray Tosh): I am obliged to all speakers for observing the time limits in the opening part of the debate, but time remains tight so can we please have speeches of four minutes?

15:49

Nora Radcliffe (Gordon) (LD): The bill is self-evidently in three parts. Part 1 transposes the water framework directive and part 2 completes the regulatory framework for Scottish Water. I flag up the importance of private water supplies. Although they are the responsibility not of Scottish Water, but of local authorities, we should ever be mindful of private water supplies, because they raise many issues. Part 3 is the housekeeping element of the bill and raises important issues about the scrutiny of provisions that are made through secondary legislation.

We must implement the water framework directive. It is widely agreed that that will be a good thing to do and that it presents a great opportunity; there is much enthusiasm for the task,

but it is important that we do it properly. We have the benefit of transposing the directive into Scots law timeously, but it is important that we also proceed timeously with implementation or, to be more accurate, with the mechanics and the systems that will enable implementation. I do not want to pick up all the problems that might result from leaving implementation work until we are up against the deadline. It might look to be a comfortably long way ahead, but it is not when we consider other matters, which I will list.

First, industries and businesses that gave evidence made it clear that the more time they have to prepare once they know what will be required of them, the better. Secondly, the water framework directive demands active participation by stakeholders—it will not be good enough to hand down river basin management plans. It will take time to decide how to produce the plans and building them up will take time. Thirdly, data collection to inform actions properly will also take time.

One river basin district will cover most of Scotland, but it is essential that we have sub-basin plans. The more local we can make those plans, the more effective they will be. However, much work will have to be undertaken on establishing optimum sizes and structures and some useful models of good practice exist on which we can draw, so we are not starting from square one. I mention in particular work that has been undertaken on the Tweed in the Borders and the Ugie in the north-east. I was pleased to hear what the minister said about involvement, local plans, being local and involving people. People become involved when they have local concerns.

Flooding, flood risk assessment and flood management are inescapable issues in planning for a natural water system. The Transport and the Environment Committee did not consider it necessary to change where overall responsibility lies—with local authorities—but it will be important to ensure effective collaboration and solid co-ordination among flood planning, river basin planning and land use planning.

While I am on local authorities and planning, a good opportunity exists to progress the transfer of planning powers for aquaculture, which people agree should happen. We have an appropriate opportunity to do that, rather than waiting perhaps two years for a planning bill.

Concerns have been expressed about the implications of the measures in part 2 and the minister's comments on that were helpful and welcome. A major concern is that, because the bill is largely enabling, much of what is needed to achieve the water framework objectives will be introduced through secondary legislation. I, and many other people, think that it would be good for

thorough discussion and scrutiny to ensure that much of that secondary legislation is introduced under affirmative procedure and perhaps with consultation on draft instruments.

I do not propose to say much about the bill's financial implications for two reasons—

The Deputy Presiding Officer: You have no time.

Nora Radcliffe: I have two sentences left. Much will depend on the eventual shape of measures, which we should deal with quickly. I believe firmly that it would be much more costly not to do the work than it would be to do it.

15:54

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): I speak as a Finance Committee member. Most members of that committee came to the bill fairly cold. When we received our papers on the Friday before the meeting in which we dealt with the bill, that was probably the first time that most of us had looked at the bill. When we read the financial memorandum, we felt concern because it left questions unanswered.

It is interesting to read in the *Official Report* of that Finance Committee meeting how the questions to the witnesses from Scottish Water, SEPA and the Executive became increasingly robust as the exchanges progressed, and how the committee's disenchantment increased. By the end of the meeting, most members—regardless of their party membership—were more concerned than they had been at the beginning of the meeting. Those concerns are reflected in the Finance Committee's report to the Transport and the Environment Committee; the following quotations will explain why that was the case.

Alan Alexander, the chairman of Scottish Water, told us that

“the bill's financial consequences for Scottish Water are difficult to quantify”.

If we are to learn from experience, it is important to note that Jon Hargreaves, the chief executive of Scottish Water, said when speaking about European directives:

“The cost of implementing other directives ... has been far higher than was initially estimated.”

That was an understatement.

Michael Kellet, of the Scottish Executive, said:

“It is difficult to be firm about costs at this stage”.

In the light of that, anyone could understand the Finance Committee's concerns.

I am sorry that Tom McCabe, the member for

Hamilton South, is not in the chamber today, because he really enjoyed himself at that meeting of the Finance Committee. As part of a question to Michael Kellet, Tom McCabe said helpfully:

"My experience of the public sector is that, when people speak in broad ranges and do not want to define eventual costs, it is because they know that the costs will be high".

Michael Kellet of the Scottish Executive replied:

"That takes us into the context of the next spending review".—[*Official Report, Finance Committee*, 10 September 2002; c 2167-91.]

We will have by then another chancellor, another Executive and another First Minister, so it will be okay.

The Transport and the Environment Committee report includes a quote from Ross Finnie, who said that the bill

"will put us ahead of the game across Europe".

Given our record on many other aspects of the environment, that is fine and laudable, but we have to remember that costs will precede the benefits of implementation of the measures in the bill. Given the number of different groups, enterprises and—more important—commercial organisations that the bill will affect, being ahead of Europe will mean that our costs will also come ahead of those that are to be introduced in Europe. Scottish Water and SEPA have made it very clear that the costs will be passed on. SEPA will pass costs on to Scottish Water and Scottish Water will pass them on to the consumer. The costs will be borne by industry, which will have to bear them before its competitors in Europe do so. It is important that we note that at a time when Scotland has been officially recognised as being in recession.

When European Union directives are applied to the United Kingdom, there is a suspicion in many areas that we gold plate the regulations when other countries do not. If there is any truth in that suspicion, it will cause great concern in respect of the bill, because it will have consequential detrimental and differential effects on our industries.

I want to touch on the use of statutory instruments. The minister said that the process will be okay, because the instruments will be subject to affirmative procedure so that the Parliament can scrutinise them, but the problem with affirmative instruments is that they cannot be amended. We must either agree to or reject such instruments in their entirety. Pressure will be put on the Parliament and its committees to pass an instrument and not to reject it simply because of certain imperfections that it may contain.

We have a duty to inform our constituents and the electorate that the financial memorandum to

the bill is not clear. It should be rejected for that reason.

15:58

Des McNulty (Clydebank and Milngavie) (Lab): I welcome the bill. As colleagues have said, it is an important bill that will enable sustainable development of our water environment.

I want to highlight the quality of the Transport and the Environment Committee report. Here is an instance of a committee producing a serious and systematic analysis of a proposal from the Executive. The bill will be improved substantially if the Executive takes note of the points that are made in the report.

I hope that ministers have got the message about finance—I mean not only the ministers who are in the chamber, but other ministers who introduce financial memoranda in the future. The Parliament wants clear, or as clear as possible, specification of what the legislation is likely to mean in terms of finance. The fact that implementation of the bill happens to be a long way away is not necessarily a good reason for a lack of precision in the way in which the bill is introduced.

I acknowledge that some forms of expenditure are hard to quantify—indeed, they might be impossible to quantify—but there is a duty on ministers and the members who are involved in scrutiny of legislation to ensure that we get the most detailed specification possible and that we are clear about the costs that will likely be entailed.

I want to highlight one or two issues in the bill that have not yet been mentioned in the debate. For example, paragraph 71 of the Transport and the Environment Committee's report refers to the importance of natural wetlands as far as water quality and flooding are concerned. The same paragraph mentions that agribusiness strategies should be linked to the water management strategies that we are trying to adopt. It is important that we take a joined-up approach to the issue. The Executive's policies should not only relate to each other, but work in the best interests of making the environment as good as it can be.

I agree with some of Bruce Crawford's comments about flooding—for example, that we must have co-ordinated flood management systems. Indeed, we might well have to come up with a national flooding strategy, not just because it is required in Scotland. I suspect that, in due course, the requirement for flood management strategies to be considered by and between member states will form part of modifications to the water framework directive.

However, I disagree that responsibility for that task should be handed over to SEPA or to Scottish ministers. SEPA's role centres not necessarily on water management, but on maintenance of water quality. It will not achieve anything if we cast Ross Finnie or some other minister in the role of Canute and make him try to hold back the flood without the resources or the power to do so. That needs to be done by local authorities, perhaps not individually but in combinations, in the context of sub-basin management plans. Authorities must get involved with one another and with other partners, which is what the bill will push for them to do.

Finally, I want to mention sustainable urban drainage systems which, as members who have served on the Finance Committee and the Transport and the Environment Committee will know, is a consistent theme of mine. It is important that we sort out what is happening with SUDS. They can achieve a great deal in developing our water management strategies, but there is a definite lack of clarity on installation mechanisms and maintenance costs. Ministers must come back to us at stage 2 with their proposals for sorting that out. I hope that that is one of many recommendations from the Transport and the Environment Committee and the Finance Committee that will be taken on board and which will, ultimately, give us a very good bill.

16:03

Colin Campbell (West of Scotland) (SNP): On the subject of flooding, 39 years ago I bought a house in Kilbarchan and was warned by friends of friends that the area would flood. Being young, foolish and optimistic, I bought the house anyway, and it flooded twice. That was partly because, some years before, a nearby area, known as Bog park for obvious reasons, had been infilled to create a football park. Because of that, the area was deprived of what we might loosely call a small flood plain. That problem has since been cured at enormous cost to the local authority by hard flood defences. Intrinsic throughout today's discussion is the debate between hard and soft flood defences and the preference for the latter.

I want to speak about wetland: flood plains, salt marshes and peat lands. In the interests of agriculture, commerce or housing, many of those natural releases for high volumes of water have disappeared completely after being built on, constrained by dykes or infilled. There are good examples of natural riverine flood plains that relieve flooding and safeguard places, such as the Insh marshes on the Spey, which keep Aviemore safe from flooding.

The Forestry Commission's submission to the Transport and the Environment Committee, in annexe C on page 152, said:

"Woodland on wet ground can be extremely productive if a suitable range of species is used. If flood managers and forest managers work together, the development of floodplain woodland could be an economic land-use tolerant of (if not positively thriving on) periodic flooding."

Scottish Environment LINK suggests that the restoration and recreation of wetlands could offer long-term solutions to both pollution and flooding and that wetlands throughout the river catchment areas should be included in the register of protected areas. It also suggests that wetlands should be included in the definition of the water environment and that specific recognition of their existence in the bill is necessary. The stage 1 report by the Transport and Environment Committee endorses the view of several witnesses that the bill

"should explicitly state the importance of wetlands"

in pollution and flood control.

I want to examine the aspect of consultation in the bill. We have all been part of consultation exercises and, sometimes, I have been a little cynical about them. I worry about section 11(9), which states that SEPA must "take into account" views expressed and representations made about the draft plan. That is fair enough, but "take into account" has the same feel as the old-fashioned interpretation of "consult"—in the end, SEPA will decide. There is no sign of a genuine dialogue with the public, drawing all the stakeholders in sub-basins into advisory groups. In short, the bill seems to take a strongly regulatory view and places most powers and responsibilities in the hands of SEPA or the minister.

The Tweed Forum, which deals on a small scale with environmental challenges, articulates the necessary spirit of co-operation. It gets right down to individual farms; it exchanges ideas and thereafter develops farm plans. Apart from the planned advantages of the schemes in environmental and water management, one of their selling features is the financial savings that might accrue to the farms. That offers the best recipe for securing genuine community participation and ownership of advisory groups. The forum proposes tangible environmental and long-term financial savings for people—either as land users or as rate payers and taxpayers—by good water management, and proposes that decisions should be reached after a genuine two-way exchange of opinions and ideas.

I do not believe that there is any desire not to consult, but the bill could promise more by way of negotiation, transparency and genuine participation.

16:07

Sarah Boyack (Edinburgh Central) (Lab): The Water Environment and Water Services (Scotland)

Bill was one of the first promises made at the start of our new Parliament. We should all welcome its commitment to sustainable water resources, to tackling pollution, to introducing greater consultation involvement and to putting the "polluter pays" principle into legislative effect. The commitment should be not only to punish polluters, but to acknowledge that the costs are borne by the rest of society and to provide an incentive to change behaviour in the future.

As Ross Finnie said in his opening remarks, in some parts of the world, people are managing scarce water resources. In the middle east, for example, water is a source of major conflict. For us, however, the past few years in Scotland have brought a challenge for which we have not been prepared. We have experienced different weather patterns and we know from Scottish Executive research on climate change scenarios that, particularly in the west of Scotland, we are facing wetter and windier weather. It is a big challenge because currently, we are aggravating our flooding problems and we are not even at the stage of beginning to minimise them. We must consider those problems for the future in the bill.

Many members have focused rightly on the cost and the difficulty in pinning down and quantifying costs. My constituency is flooded regularly and continuing with business as usual is too expensive for our communities. The Scottish Executive estimates that 170,000 homes are at risk of inland or coastal flooding. The current estimate of the annual average damage caused by river flooding is £20 million. It is predicted that the figure will double; the debate is about how fast it will double, but we know that it will double. If we break down those costs for individual communities, householders and businesses, we can see that the human costs are phenomenal. In thousands of homes throughout Scotland, people are seriously worried every time there is a flood warning because they do not know what will happen to them.

In my constituency, we know that the Water of Leith is prone to flooding. Some of my constituents have been out of their homes for nine or 12 months, which is a horrendous experience that no one should go through.

In the past few years, we have focused on remedial measures—the response to flood instances that are already stored up. Edinburgh alone will spend something like £24 million during the next three years. Our challenge is to move from the response to floods to flood prevention. To date, people have been concentrating on the downstream impact of flooding and there has not been enough focus on the upstream causes of flooding. The bill gives us an opportunity to set that straight.

The bill is already a huge advance in the legislative protection of our environment. I ask the ministers to take a long, hard look at flooding and to think about incorporating it in the bill. That is an issue that I raised at the European Committee, whose report to the Transport and the Environment Committee stated that we did not think that the water framework directive was sufficiently clear.

My understanding is that the European Commission, under the leadership of the Danish presidency, is now considering strengthening the water framework directive in the light of this year's devastating floods across Europe. I also understand that flood protection will be included in the common chapter of the water framework directive guidance that requires implementation by member states.

We also need a tougher approach by the land use planning system. We are still making the situation worse and we need the expertise. It is time that we applied the precautionary principle, and that must be done across Scotland. The bill should set the framework for a coherent overview on flood prevention and management. I do not care whether it is SEPA or the local authorities that produce a national flood approach, but somebody has got to do it. I have every confidence that the Executive can make it work. We need to pull in the land use development plans and an integrated river basin management approach, and we must ensure that that works.

George Reid and I recently went on an all-party visit to Prague and other parts of the Czech Republic. Prague was the highlight of coverage of the floods, but when we visited places such as southern Bohemia, one of the most prosperous regions of the Czech Republic, we saw how those areas have been devastated. They do not have the millions of pounds needed to put right the causes of flooding.

Flooding is a long-term issue that we must tackle. The bill gives us the chance to think in a visionary way and to tackle the problem. Scarcely a week goes by without one of our roads or railways being washed away. We cannot wait until somebody has perfected some kind of financial model to cost the solution to those problems. The costs are here now, and the bill gives us the opportunity to start to change things for the future.

16:12

Alex Fergusson (South of Scotland) (Con): I declare an interest as the owner of some farmland in the south-west of Scotland, most of which could currently be classified as very wetland.

It has become quite clear in this debate that there is certainly a consensus that the EU's water

framework directive must be implemented, that the Executive has chosen to do so via the bill and that, on that matter at least, the Executive has no choice. That the EU has allowed a degree of flexibility in how the directive is implemented is also to be welcomed, so that localised conditions can be taken fully into account as the directive is transposed into Scottish law.

However, in my research for today's debate, and despite the minister's earlier assurances, it has become equally clear that there are several issues over which there are very large question marks. Not the least of those concerns the financial costs and benefits of the bill. I learned with interest that the Executive-commissioned report puts the costs at between £141 million and £324 million. That is an enormous range and one that sends shudders up my spine when I recall that the original estimate for the Scottish Parliament building was between £10 million and £40 million. Similarly, the financial benefits assessment is clouded in uncertainty. Although I accept that a certain number of the estimates can be only subjective at this stage, a great deal more objectivity will need to be brought to the fore if current uncertainties are to be addressed, as they must be if the bill is to progress satisfactorily.

A further uncertainty seems to lie in the direction and degree of consultation that took place prior to the publication of the bill, as no draft bill was issued. That may be the reason why the National Farmers Union of Scotland did not feel it necessary to give evidence to the committee at stage 1. That is a decision that I feel might well be reversed if and when the true financial and practical consequences of the directive for the agriculture industry are fully out in the open.

Even the implications as they are currently known give me cause for considerable concern. In a letter last month to the convener of the Transport and the Environment Committee, the Deputy Minister for Environment and Rural Development stated that farms employing best practice will face medium-term capital investment of £12 million to £18 million and long-term recurring costs of some £12 million per annum. Other farms will require long-term recurring costs of a further £12 million per annum, placing a long-term annual recurring cost of £24 million on an industry that the minister well knows is not exactly ideally placed to take on extra costs.

Furthermore, the river basin management plans are bound to look seriously at providing flood relief for areas that are currently liable to flood by creating flood relief areas higher up, on land that currently does not flood. The creation of more wetlands might be greatly welcomed by some lobbies, but it would be grossly unfair to impose those areas on inevitably higher valued—

agriculturally rather than financially—and better-quality land on those upriver farms, without having a robust agri-environmental scheme to compensate for the loss of productive capacity. I do not suggest that that cannot or should not be done, but I strongly suggest that, before long, the whole issue will need much more thought.

I will add a note of caution in respect of SEPA's role as both policy maker and enforcer. The combination is not happy and there are already too many question marks over SEPA's ability to carry out its existing remit without our adding to it. Time does not allow me to develop that theme, but I will write to the minister shortly about the issue.

I cannot conclude without mentioning the vital importance of making progress on part 2 of the bill. Communities that I represent throughout the south of Scotland, such as Wigtown—which is Scotland's national book town—currently have a virtual moratorium on development placed on them by Scottish Water. If rural development is to mean anything, that problem must be addressed with the highest priority so that expanding communities can connect to water and sewerage services.

I have no desire to hinder or oppose the bill at stage 1, but I sincerely hope that some of those bones get more flesh on them in the coming weeks and months or the consensus that prevails in the chamber today may not be so obvious at stage 3.

16:16

Maureen Macmillan (Highlands and Islands (Lab)): I welcome the bill, which is necessary. Members have mentioned that the bill stems from a European directive. The European Union is to be commended for its commitment to the environment. We are legally bound to implement the directive, but the status quo is not an option for us. The state of our environment, including our water environment, will impact more and more on our ability to sell our primary products—our whisky, beef and lamb and farmed fish—and on our tourism industry, especially environmental tourism.

The European directive gives us a framework within which to place legislation that best suits circumstances in Scotland—for example, in respect of water abstraction. As the minister said, the bill is an enabling bill and we should not expect too much detail in it. That said, there are perceptions that elements that are crucial to the water environment have been omitted and that, in part 2 of the bill, which concerns water services, there is a lack of clarity over future arrangements to support rural housing developments.

I am particularly concerned about anxieties that have been expressed by rural, Highland and

island housing associations, such as the Orkney Housing Association, and communities such as Morven and Ardnamurchan. Their anxieties concern future funding for water and sewerage infrastructure for rented and low-cost housing in small communities. Such housing is crucial if small rural communities are to survive. Currently, in areas in which such infrastructure is inadequate or absent, Scottish Water will provide both capital and maintenance costs, as long as such costs are reasonable. The definition of reasonable is somewhat constricting—at the moment, there are situations in which SEPA will allow no more septic tanks in rural communities, but Scottish Water will not provide sewerage connections, so no new homes can be built.

We do not know what will happen in the future. How far will the new commercially minded Scottish Water be able to subsidise such costs? Will there be much-needed improvement in support? What about the need to provide infrastructure for house sites for individuals to build their own houses in rural areas? That is crucial if we are to encourage working families to stay in, move to or move back to remoter rural communities.

In evidence to the committee, the minister said that we need more transparent criteria in respect of connections in rural areas and it will be for the Parliament to decide those. I would welcome such a debate. The minister also said that he had not decided who would pay for rural connection. Has he reached a decision yet? If not, when does he expect to do so? I would also like the minister to confirm that funds will be available for water and sewerage infrastructure in areas that are prioritised in local housing strategies for rural areas.

Another area that I am concerned about is the insufficient recognition in the bill of the intimate connection between agriculture and forestry and the water environment—other members have raised that issue. I am speaking not only about abstraction and diffuse pollution from intensive farming—important though such issues undoubtedly are—but about the management and restoration of wetlands and about the protection of headwaters of rivers. Land management contracts must be put in place that will reward farmers and crofters in a far more meaningful way than the present rural stewardship schemes do.

I ask the minister to visit the wetlands at Loch Insh in Strathspey to see for himself what is possible. I would like the minister to consider most urgently how agri-environment schemes might be integrated with the regulations proposed in the bill so that, for example, wetlands and flood plains can be managed to enhance biodiversity and prevent flooding further downstream.

Finally, the minister is of course aware that the Transport and the Environment Committee has been investigating the environmental impact of aquaculture and has produced two reports on its findings and recommendations. The committee came to the conclusion that in order to better protect the marine environment there is an urgent need for planning powers over aquaculture to be transferred from the Crown Estate commissioners to the local authority and that a section to implement that transfer should be included in the bill. I believe that planning and environmental regulation go hand in hand. They are integral to the sustainable expansion of the extremely important aquaculture industry, which provides 6,000 jobs in rural areas of the Highlands and Islands. The minister said that he was not yet convinced of the need for such a transfer of powers to be included in the bill. I hope that the committee can persuade him and that he will consider the matter again.

16:21

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): The minister said in his statement that he was not inviting Parliament to sign a blank cheque in respect of the bill. Regardless of whether that is true in respect of the public sector and the public finance commitment, I believe that he is asking the private sector to sign a blank cheque in respect of the bill.

The impact of the bill will largely be on industries and businesses in rural Scotland. When one analyses the work that has been done by the WRc report, one sees that the estimated cost over 40 years, from this year, is £838 million. A previous estimate was higher than that. The breakdown of the figure shows that farming will face a price tag of £253 million—admittedly that is over 40 years. All the other businesses that are impacted to a major degree are in rural Scotland. There is a question that I would ask the minister if he was in the chamber—I am sorry, I see that he is in the chamber and that he is cupping his hand to his ear; as I have his rapt attention, I will ask him the question. We all support the aims of the bill. We know that it must be passed and we all recognise that it may lead to considerable benefits, but how are rural businesses going to pay such a huge price tag? It is not possible to estimate precisely what that price tag will be, although Mr Morgan said that from the evidence that we heard in consideration of the bill the price tag might be much more than £1 billion over 40 years. What contribution will the state make? I am thinking of the wording of the financial memorandum from Mr Kerr, which indicates that any increase in expenditure is payable out of the Scottish consolidated fund. If Mr Finnie is here with us and in the perhaps unlikely event that he is in the same

position, what contribution will the Administration make?

I support the idea that, so far as the impact of agriculture is concerned, it makes sound sense that we should be looking to agri-environment schemes to alleviate the scourge of flooding to which many members have referred. I saw the result of flooding and the misery that it creates first hand when I visited constituents in Inverness whose homes had been ruined by floods. There is an obligation on the Executive to say to what extent, if at all, the state will help the businesses that will be hit very hard, notably those in the agriculture sector.

Bristow Muldoon: Fergus Ewing is asking the minister to what extent he advocates that the Executive should pay. To what extent does Mr Ewing advocate that the Executive should pay?

Fergus Ewing: There is an obligation to contribute towards the extra costs if farmers and others are being asked to join together with the state in improving the environment. If Bristow Muldoon had been listening, he would know that I have already referred to one specific way in which that should be done: agri-environment schemes and the rural stewardship scheme. There has been a review of agri-environment schemes. I think that to spend money to deal with levees, flooding amelioration techniques and so on would be far better than some of the expenditure that we have seen on the agri-environment schemes, some of which the minister admitted to the Rural Development Committee may not have served much purpose.

I am also concerned about the possible impact on the whisky industry and the lack of clarity about that. The whisky industry has made it absolutely clear that there is no basis for asking it to pay for private water supplies. That is a nonsense, given the £2 billion a year that Scotland sends to London and does not get back.

Rural housing is essential. Section 26 is opaque. I welcome the statement that affordable rural housing will continue to receive support, if that was what the minister said. I hope that some of the £17 million that Scottish Water will save will be directed towards affordable social housing in rural Scotland.

For the reasons that Mr Morgan set out, we cannot support the financial memorandum, but I welcome the principles of the bill and hope that we will have an answer from the minister on whether he accepts that the state has an obligation to help with the costs.

16:26

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): I welcome the general principles of the bill

and Labour members welcome the support that will be given to the means to implement those principles.

I want to touch on the useful contribution from my colleague from Edinburgh Central, Sarah Boyack. The issue of flood management and reduction will be one factor in judging the opportunities that the bill provides for river basin management. I unashamedly draw to the minister's attention the impact of flooding in July this year in my constituency of Strathkelvin and Bearsden. That flooding affected wide parts of my constituency, including Kirkintilloch, Lenzie, Bishopbriggs, Bearsden and parts of Milngavie. I know that my colleague Des McNulty has taken part in the debate.

East Dunbartonshire's experience during the events of 30 and 31 July should have been a wake-up call to us that the costs of not dealing with flood risk are unsustainable and cannot be left to local communities. The area was particularly badly affected by flash flooding—22 roads were impassable and there were 500 flooding reports, which involved a number of people who had to be decanted from their homes. Much of the flooding was a result of the combined drainage system being overwhelmed. Foul water and surface water combined and backed up in the system, which added to the problems.

There were strong indications that flooding occurred in parts of the constituency that had not previously been affected by flooding and had not been thought to be at risk. That underlines the substantial and legitimate concern that a number of members have raised about the impact of climate change and land use.

Some of the affected families, such as those in Angus Avenue in Bishopbriggs in my constituency, had their homes inundated for the second time in two years, with all the upset, distress and cost that that brought in its wake. Following the 2000 incident, Scottish Water's predecessor in the area, West of Scotland Water, undertook modelling work with the undertaking that the aim was to avoid a repetition by addressing capacity issues. It has been difficult for me as the constituency MSP and for the local authority to get clarity on where that work is placed in Scottish Water's capital programme.

There is no argument that the intensity of the rainfall on the night in July was exceptional and that some of the incidents were inevitable. No road drainage system would have dealt with the impact of such a sudden substantial inundation. Obvious deficiencies were also disclosed, especially in relation to achieving improved co-ordination of flood reduction and flood prevention measures. The people who faced those difficult circumstances were not helped by being passed

from pillar to post when they wanted, deserved and were entitled to clear advice and proper explanation as to what was being done for them. Little, if any, assistance was given to residents who were affected by dirty water, which was not the approach that West of Scotland Water adopted. I would be grateful if ministers would inquire of Scottish Water what its proposals are for foul and dirty water.

Most important, the incidents indicated structural difficulties and a lack of clarity about who is responsible for different operational issues. There were problems with getting feedback on Scottish Water's actions and a lack of dialogue between stakeholders and Scottish Water was identified. I hope that the advisory bodies that the minister has outlined will give a strong steer that such incidents should not be repeated.

We need an integrated approach to flood problems and the causes of flooding. I do not have time to address the issues of land use policy and capping, but I invite the minister to make a statement, in due course, on how he sees his responsibilities for agriculture affecting the important issues of land use and land management.

16:30

Robin Harper (Lothians) (Green): I record my strong support for what was said by Colin Campbell, John Scott, Sarah Boyack and Alex Fergusson, and I share the concerns that have been raised regarding the three Fs—flooding, forestry and farming. I have two observations to make.

First, the Executive divisions that deal with flooding are those concerned with planning, engineering and water. Other divisions that could be interested are those concerned with transport, roads and rail. In addition, the 32 local authorities deal with flooding. Therefore, what we have at the moment is a fragmented approach where flooding is concerned—organised fragmentation. Crime is still crime, whether it is organised or not; fragmentation is still fragmentation, whether it is organised or not. A single body—whether SEPA or a specially constructed body—must supervise flood management nationally and ensure that the necessary steps are taken at all levels.

Secondly, we must take an environmental approach. If we get the environmental approach right, almost everything else will follow: that is the beauty of environmental approaches. We are in danger of underestimating the huge contribution that can be made by farming and forestry, which Fergus Ewing mentioned. Measures would include contour ploughing, planting mixed deciduous forests, reducing the number of sheep on hills in

flood-sensitive areas, reintroducing river margins and water meadows and using a managed retreat system to reintroduce estuary and wetlands. Such measures would not only make a contribution to flood control, but would have huge environmental benefits for the future.

I hope that the minister will take cognisance of those two observations and ensure that they are incorporated in the bill.

The Deputy Presiding Officer (Mr George Reid): We move to wind-up speeches. As the financial resolution to the bill will be opposed, I must keep three minutes in hand for that debate. I therefore ask members to trim their speeches a little, if possible.

16:32

George Lyon (Argyll and Bute) (LD): There has been widespread support in the chamber for the general principles of the bill. As Bristow Muldoon, the convener of the Transport and the Environment Committee, stated, every organisation supports its introduction. Nonetheless, several genuine concerns have been raised in the debate.

Concern has been expressed regarding the financial cost of the bill and who will carry the burden of that cost. That has been a recurring theme in members' speeches. Who could resist Sarah Boyack's call to use the opportunity that is presented in the bill to tackle the cause of flooding rather than treat the symptoms? We all agree with those sentiments. Another issue that has been raised is the need to transfer the planning powers from the Crown Estate to the local authorities, as Maureen Macmillan said. Concern has also been expressed about the impact that the bill may have in rural areas. The Scottish Federation of Housing Associations voiced concern over the likely impact of the withdrawal of support for first-time connections to sewerage and water.

The issue that has gained most prominence in the debate is the bill's financial impact. The Finance Committee's report on the financial memorandum states:

"The Committee was struck by the complete lack of clarity in relation to the financial implications ... attached to the implementation of this Bill".

That is a damning statement. The minister has tried to provide further information and clarity on the matter, but there are clearly some genuine concerns that need to be addressed before the bill can move to stage 2.

Several members have spoken of the impact that the bill may have on the agricultural community, which will be expected to carry a substantial part of the cost of its implementation. I

issue a word of warning on the £250 million estimate. I have taken part in a campaign to try to ensure that Ettrick bay meets blue flag status. Literally hundreds of thousands of pounds have been spent by all the agricultural operators around that catchment area, but despite about £700,000 to £800,000 of investment we have not managed to crack the problem. That is an example of how the cost of trying to meet existing legislation proved to be much more than we originally estimated. I hope that that is not a precursor of what might come about from the passing of the bill.

As Fergus Ewing rightly said, we need clarity about the cost impact on the whisky industry, which is an important industry in my part of the world.

I have two more points to make before I wind up. I could not agree more with the Transport and the Environment Committee about the transfer of planning powers from the Crown Estate to local government. The committee asked for amendments to be lodged to allow that transfer to take place.

Lastly, I ask the minister in his summing up to restate that the Executive is committed to putting in place continued funding for rural areas for the building of social rented houses. I accept the minister's premise that a water connection cost of £1,500 per house is not a good use of public money. However, in rural areas the provision or not of that money often decides whether a building project goes ahead. I hope that the minister will give a commitment on funding to reassure all of us who represent rural constituencies.

16:36

Mr David Davidson (North-East Scotland) (Con): The statement that rang true to those of us who are involved in the Finance Committee was Ross Finnie's comment about there being no blank cheque. However, the Finance Committee has had a series of extremely inadequate financial memoranda. They may be improving in detail, because we sent them back for more information. I appreciate that when people consider enabling legislation it is often difficult to get beyond the broad principles. However, because we have had such a change in what we do about water and the environment in Scotland since the inception of the Scottish Parliament, there must be more accurate predictions of costs.

Many members referred to the cost range that we heard today. It is interesting that the figure at the top end of the range is remarkably similar to what I suspect will be the final cost of the new Scottish Parliament building. It is also interesting that that building, too, is built on a wet area that

has artesian wells and outfalls from medieval drains.

Members referred to several issues in the debate, such as flood plains and the fact that flood defences are vital. We must consider planning and prevention measures. George Lyon, Bruce Crawford and many other members mentioned that issue, which we must include in our consideration of the bill's development implications.

Other members mentioned the bill's cost to the agricultural sector at a time when in many parts it is almost on its knees. Recently, I conducted a survey of about 500 farms throughout Aberdeenshire. Within two weeks, 25 per cent responded and 92 per cent of those had no real optimism for the future. Fergus Ewing and others have echoed that message today. Such messages must go out clearly from the chamber.

John Scott talked about flexibility and the fact that one size does not fit all and others agreed with that point. An integrated approach is the way forward and I think that Robin Harper supported that view.

We have dealt with the issue of funding within limits and whether the benefits will outweigh the costs. I suspect that only time will tell. However, there is broad agreement that we must use affirmative procedure for subordinate legislation that deals with something as important as our water environment. Members have sent out that message clearly from the chamber today.

Many members of the Finance Committee agreed about the inadequacy of the bill's financial details, so there is no point in going into that issue. Colin Campbell gave us an interesting account of the experience of living in a bog, which lightened the debate somewhat.

Scottish Water expressed concern to the Finance Committee and the Transport and the Environment Committee that medium to long-term investment is not factored into its current budgetary plans and that

"coping will involve some of the costs—perhaps a large proportion of them—falling on customers and therefore on charges."

That is not a clever way to go forward.

The Executive did not consult local government when the bill was published, but the Finance Committee did. Local government was assured that new burdens would be covered by the Executive's normal approach. I ask the minister whether that means that, again, the council tax payer will pay.

Mention has been made of other sectors that will be dramatically affected, such as fish processing.

In the first members' business debate after Her Majesty the Queen opened this chamber, which dealt with fish processing, it was clear that there was a lack of understanding in the Executive about what the costs are, what can be done and what needs to be done. That also applies to agriculture, food and paper—not forgetting whisky, in relation to which we should declare an interest in that we are slight fans of that product. All those areas are big parts of the Scottish economy and particularly the rural economy. The consumers might have to pay more, but they are in the urban economy.

There has been talk of the gold plating of regulations. That is an old argument but, unfortunately, the lessons have not been taken on board properly by the Executive. As John Scott said, flexibility is vital.

Many people have said that SEPA cannot be the gamekeeper and the poacher and it is absolutely certain that we must find ways of dividing those roles.

We support the aims of the bill. The Executive has to deal with the directive, as that is part of being in Europe and we do not doubt that there are good things about the bill. Unfortunately, however, we are seeing policy implementation in a financial vacuum. The financial memorandum is, at best, weak and has no credibility. The Scottish Conservatives will not support it.

The Deputy Presiding Officer: We are back on schedule as the SNP has informed me that it does not intend to speak on the financial resolution.

16:41

Fiona McLeod (West of Scotland) (SNP): I am glad that, at the end of this debate, all parties are in agreement that the water framework directive is something that Scotland must sign up to, not only because we are part of the EU, but because it deals with the future of our water environment.

A stage 1 debate gives us a chance to raise issues about the principles of the bill and to ask questions that we want to be answered at stage 2. It is not only the SNP that has raised issues about the bill. Before the Transport and the Environment Committee could say that it was happy with the principles of the bill, it sought reassurances from the Scottish Executive on some main points, one of which was the financial memorandum, which I will return to later. Another point related to the cost-benefit analysis method. The minister has convinced me that the bill could bring great financial and social benefits but the tenor of the debate, especially with regard to the financial memorandum, tells us that he has not yet convinced all the members here or, more important, the stakeholders outwith Parliament on

the method by which the cost-benefit analysis will be carried out.

The committee wanted a clearer understanding that, as this is primarily an enabling bill, the affirmative procedure will be used in relation to the statutory instruments that we are relying on to implement the bill. The minister has come a long way towards that and we look forward to him moving even further at stage 2. However, the committee's report asks not only for the affirmative procedure to be used in relation to the statutory instruments, but for financial memorandums to accompany them. That does not happen as a matter of course at the moment, but given the financial implications of the instruments associated with the bill, we want them to have financial memorandums.

On participation, I do not think that the minister has come as far as we would have liked him to. Colin Campbell talked about the fact that the notion of participation is mentioned slightly in the bill, but many of us want much more progress in that regard. Making sub-basin advisory groups statutory would go a long way towards reassuring us in that regard.

The Transport and the Environment Committee, the SNP and others are concerned about the use of derogations. As yet, we have heard no great detail on that issue. We asked for greater detail on the connection costs policy in part 2 of the bill and we have heard from more than one member today about the impact that those costs could have on small rural developments. The minister has said that he will consult, but telling us that he will consult more does not answer Maureen Macmillan's questions. We need to know the Government's policy on small and rural development connections.

Des McNulty—I hate to call him “Soapy Des”—raised SUDS earlier. The minister has not come far enough on that point. We need to know who is responsible for ensuring that we achieve sustainable urban drainage systems.

A couple of members picked up on my next point. We want to ensure that, when we pass the bill and implement the water framework directive, we have joined-up government. That is a horrible term and we all hate it, but we must consider it. We have heard about the effect that the bill and the directive will have on agriculture. That effect means that when the minister talks about strategies for agriculture and about agri-environment subsidies, he must consider everything in the round.

We heard from Colin Campbell about forestry and how it can help us. We heard about biodiversity. We look for better assurance from the minister that, when we implement the water

framework directive, we consider not only its narrow implications—how it affects water—but its effect on all his Government's policies to ensure that we have sustainable, joined-up government. We know that the Executive talks about that, but we want it to happen.

I turn to the biggy that we have all addressed. Actually, there are two biggies: finances and flooding. I will consider finances. The Finance Committee and the Transport and the Environment Committee have criticised the financial memorandum. In fact, paragraph 107 of the Transport and the Environment Committee's stage 1 report makes it clear that

"the Committee is content to recommend to the Parliament that the general principles of the Bill are agreed to"

only

"On the basis that these issues",

including the financial memorandum,

"are addressed by the Executive".

I will quote from the letter that the minister sent to the committee on 25 October, which I presume to be in the public domain. On giving the committee a robust financial assessment, the minister said:

"We have done that to the fullest extent we can."

He went on to say that the report that WRc prepared, the financial memorandum and his letter of 27 September

"convey all the information that is available."

That is not enough for the Parliament to fulfil its duty of parliamentary scrutiny of the Executive and for members, not only of the Transport and the Environment Committee and the Finance Committee, to ensure that they have complied with their duty to scrutinise the financial memorandum. We are not satisfied with the minister's answers so far. We are not—and no member should be—able to vote for the financial memorandum.

I am sorry that, with only 30 seconds left, I cannot turn to the other biggy—flooding. The Transport and the Environment Committee and the Parliament will be left with a huge task at stage 2 and in future consideration of the statutory instruments that will enact the bill's provisions. To achieve a sound and sustainable water environment for Scotland, we are dependent on the Executive answering the financial questions that continue to be asked.

16:49

The Deputy Minister for Environment and Rural Development (Allan Wilson): If that is consensus, I would not like to see us when we disagree.

To respond to every point that members have raised would take me the best part of two hours. [MEMBERS: "No."] Fortunately, I do not intend to do that. This is a stage 1 debate; we will have the opportunity to go into greater detail at stage 2.

Mr Monteith: Will the minister give way?

Allan Wilson: Not at the minute. I have more serious things to deal with.

As everyone realises, the bill is a vital piece of environmental legislation, so I am all the more surprised that the Scottish National Party seeks to jeopardise it by speaking against the financial resolution.

As Bruce Crawford graciously accepted—although I cannot say the same for his colleagues Fergus Ewing and Alasdair Morgan—the bill represents our chance to move ahead of the rest of Europe in timely implementation of the water framework directive. That is not just an abstract commitment to be fulfilled; it is an opportunity to make a substantial difference to Scotland's water environment. It is simply not true to say that the costs that arise from our implementation of the directive come ahead of those in the rest of Europe. There will be no gold plating.

Alasdair Morgan: Would the minister care to reconcile his statement that our costs will not be ahead of those in the rest of Europe with Mr Finnie's statement that the bill provides us with an opportunity to get ahead of the rest of Europe? How are those two statements compatible?

Allan Wilson: All businesses that gave evidence on the bill supported the phased approach. All Europe is required to have new methods in effect by 2012. There is no difference between us and the rest of Europe in the programme for effective implementation of the directive. It is spurious to argue that our competitiveness will be adversely affected.

The bill will give us a number of new powers to protect the water environment.

Bristow Muldoon: One of the themes that has come through clearly in a number of today's speeches—and which also came through in the Transport and the Environment Committee's report—is the opportunity that the bill could give us to tackle flooding. How does the minister believe that the new powers will enable the Executive to tackle flood management in the future?

Allan Wilson: That gives me the opportunity to address some of the important points raised by George Lyon, Sarah Boyack and Brian Fitzpatrick. We favour a national approach. We propose a national river basin district to give a national overview, with advisory groups covering large regional river basins across the country to ensure local input. We believe, as I think everybody does,

that local authorities—which have local knowledge and are elected by local people—are best placed to take decisions on where flood defences are required, but that does not mean to say that we should not have a national strategy.

Bruce Crawford: In its report on the financial memorandum, the Finance Committee sought

“a commitment from the Executive that additional costs resulting from the Bill on local authorities will be met in full, taking account of any cost savings that may be identified.”

Will the Executive give that commitment today?

Allan Wilson: I can tell Bruce Crawford—and we will debate this at stage 2—that flood defence schemes are approved and funded by ministers on a national basis to national design standards. All schemes are required to take account of impacts upstream and downstream, and river basin planning will provide a useful additional forum for flooding to be considered at a strategic, national, level. That is not in itself an imperative of the directive, but I hope that Bruce Crawford appreciates the good reasons why flood protection measures ought to be integrated into river basin management plans instead of being dealt with through a separate planning procedure.

The bill will give SEPA more flexibility to regulate the environment, in particular in the important area of fish farming, which everybody knows is a subject close to my heart. SEPA will be able to focus on the processes of fish farming, rather than exclusively on discharges.

The powers under the bill are wide ranging, but the crucial point is that the planning system suggested in the bill will engage all interested parties in the drawing up of environmental objectives and in establishing the best means by which those can be achieved. The bill ensures that economic, social and wider environmental goals cannot simply be ignored when those plans are drawn up—and SEPA will give proper consideration to those factors when drawing up plans. It has embraced the new responsibilities already. We have given it sufficient funding to do so. It has already made great strides in readying itself for the task.

The flexibilities contained in the bill that allow derogation from higher environmental objectives for those bodies that are designated as heavily modified or artificial are an important safeguard, as Fiona McLeod was correct to recognise. We recognise the many social and environmental benefits that we receive from those types of water body. I offer the member the reassurance that she seeks: the bill will not simply discount those benefits.

Environmentalists recognise the objectives that the bill sets as a step forward. The bill moves us away from simple targets for the chemical status

of water, towards a more holistic measurement of water status. That involves an examination of the ecological and chemical status of surface waters, and of the quantitative and chemical status of groundwaters. The change will mean that the regulatory regimes will be geared to tackle those factors that impact on the elements of the water environment that concern us most—the fish, plant and other life of our rivers, lochs and coastal waters. The bill represents nothing less than a fundamental overhaul of the way in which we protect our water environment in Scotland.

I welcome the Transport and the Environment Committee's endorsement of the provisions of part 2 of the bill. The bill is ambitious, and I am pleased that members have taken the opportunity to debate it thoroughly.

I do not have time today to respond directly to all the points that have been made. I give Des McNulty the assurance that he seeks—we have got the message. The Transport and the Environment Committee and the Finance Committee paid particular attention to the likely costs of implementing the bill. That attention has been reflected in today's debate. As Ross Finnie made clear in his letter to the committee, the bill is unusual in that it is largely an enabling bill. It also establishes a system of management and planning for the water environment that will determine the objectives that are to be set for each waterway and the measures that are necessary to achieve those objectives.

Given those two factors, it is impossible to be absolutely certain of the cost of implementation. Nevertheless, I am confident that we have provided assessments of costs that are as robust as possible. The estimated costs include assessments of the anticipated costs of secondary legislation that is to be made under the bill. Thirteen business-case assessments have been produced and dialogue has been maintained with sectors that are concerned about additional costs. In those discussions, we have sought to reassure business that, when decisions are taken on the balance between social, economic and environmental objectives, those decisions will be the right ones for Scotland.

I can do nothing better than echo the words of Nora Radcliffe and of Scottish Environment LINK on this issue. Scottish Environment LINK states:

“It is essential to see the costs issue in perspective. First, Scotland is obliged to ensure healthy waters for Scotland. Second, if the Bill is poorly implemented then the costs will be very much greater, not just to the taxpayer, but to public health, industry and the economy generally. Even without the Water Framework Directive driving this legislation, such a Bill is well overdue”—

I would argue—

“because it will SAVE the country millions in the long run.

Rather than just asking how much is this bill going to cost - the question should be how much it will cost if"—

as the nationalists propose today—

"it is unsuccessful, and how much it will save if it succeeds."

I thought that only the Tories knew the cost of everything and the value of nothing. However, it seems that today they have been joined by the nationalists.

We have the opportunity to move ahead of our European counterparts by passing the Water Environment and Water Services (Scotland) Bill. More important, we have the opportunity to demonstrate to the Scottish people—remember them—that we are responsive to their concerns and serious about the protection of the Scottish environment. The Scottish people will pass judgment on Bruce Crawford very soon. I hope that the Parliament will agree with me today and support both the motion and the financial resolution.

Water Environment and Water Services (Scotland) Bill: Financial Resolution

16:59

The Presiding Officer (Sir David Steel): The next item of business is consideration of the financial resolution to the Water Environment and Water Services (Scotland) Bill.

Motion moved,

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

(a) any increase in expenditure payable out of the Scottish Consolidated Fund in consequence of the Act; and

(b) any charge imposed, and any payment required to be made, by or under the Act and any increase, in consequence of the Act, in any charge imposed or payment required to be made by or under any other Act.—[*Peter Peacock.*]

The Presiding Officer: A decision will be taken on the motion at decision time.

Decision Time

17:00

The Presiding Officer (Sir David Steel): There are two questions to be put as a result of today's business. The first question is, that motion S1M-3236, in the name of Ross Finnie, on the general principles of the Water Environment and Water Services (Scotland) Bill, be agreed to.

Motion agreed to.

That the Parliament agrees to the general principles of the Water Environment and Water Services (Scotland) Bill.

The Presiding Officer: The second question is, that motion S1M-3270, in the name of Andy Kerr, on the financial resolution in respect of the same bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 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)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Harper, Robin (Lothians) (Grn)
 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)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 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)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McLeish, Henry (Central Fife) (Lab)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)

Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
 Campbell, Colin (West of Scotland) (SNP)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Mr Gil (Central Scotland) (SNP)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 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)

ABSTENTIONS

Aitken, Bill (Glasgow) (Con)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Elder, Dorothy-Grace (Glasgow) (Ind)
 Fergusson, Alex (South of Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South 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)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)

Scott, John (Ayr) (Con)
Sheridan, Tommy (Glasgow) (SSP)
Tosh, Mr Murray (South of Scotland) (Con)
Young, John (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 65, Against 21, Abstentions 17.

Motion agreed to.

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

(a) any increase in expenditure payable out of the Scottish Consolidated Fund in consequence of the Act; and

(b) any charge imposed, and any payment required to be made, by or under the Act and any increase, in consequence of the Act, in any charge imposed or payment required to be made by or under any other Act.

Point of Order

17:02

Mr Brian Monteith (Mid Scotland and Fife) (Con): On a point of order, Presiding Officer. With regard to the earlier debate, I seek clarification on whether in a debate when time is shortened for a ministerial statement, the time for opening and closing speeches by ministers and parties is reduced. If it is reduced, was it reduced in that debate and if not, why not?

The Presiding Officer (Sir David Steel): The answer is that the formula for the time for opening speeches is always attuned to the length of time of the debate. That happened in this case. Without giving away internal matters of the bureau, I assure the member that the debate was given more time than was proposed originally. I am sorry that he was among those who were not called to speak in it.

Nordic Council

The Deputy Presiding Officer (Mr Murray Tosh): The final item of business is a members' business debate on motion S1M-3388, in the name of Kenny MacAskill, on the 50th anniversary of the Nordic Council. The debate will be concluded without any questions being put. I invite those members who are leaving the chamber to do so as quickly as possible.

Motion debated,

That the Parliament congratulates the Nordic Council on its 50th anniversary; notes the benefits that the council has brought to the peoples, regions and nations of the Nordic area in terms of social, political and economic co-operation; sees the organisation as a potential model for the peoples, regions and nations of the islands of Britain and Ireland, and believes that closer political ties and links with the Nordic Council and between the Scottish Executive and the Nordic Council of Ministers should be developed.

17:03

Mr Kenny MacAskill (Lothians) (SNP): I first record my thanks to those who contributed to the attainment of the debate, in particular my colleagues Tavish Scott and Irene Oldfather, who cosponsored the motion. I thank also the consuls and Professor David Arter, who showed great forbearance in advising me on the Nordic Council. It is a pleasure to speak in the debate. There is to be a substantial event next month in the Parliament, but the precise anniversary was yesterday and it was celebrated formally in Helsinki.

I will make three specific points. First, I commend the organisation for all that it has achieved for its member states and regions and for what it has achieved internationally. Secondly, I want to see the lessons that we in the nations and regions that constitute the islands of Britain and Ireland can learn. Thirdly, I want to discuss the steps that we can take to ensure that our Government and our Parliament interact with the organisation and its constituent members.

Is it not an absurdity that centuries ago, Scotland's links with the nordic nations were greater than they are now, despite the fact that we live in a global and shrinking world? Many of the nordic states are the closest neighbours to great tracts of our land. In terms of demography, geography and topography, we have more in common with many of them than we have with other nations with which we have either a closer affinity or specific alliances.

The interaction between Scotland and the nordic states was substantial. There is a linguistic similarity between some of their words and words that are used here in the east of Scotland, such as bairn, kirk and flittin, never mind phrases such as

gangin oot, all of which have their Scandinavian equivalent. Interaction between our states was significant. The Scottish diaspora was heavily represented, commercially and militarily, especially in Sweden and Norway, and names such as Hamilton and Carnegie were prevalent. Moreover, the Chalmers University of Technology in Gothenburg, which is dedicated to William Chalmers of this parish, is one of the principal universities in Sweden.

As Scotland began to look increasingly to London and to trade more with America, our links across the North sea were neglected for points south and west. We have an opportunity to recreate those links, which are based on firm historical foundations. I will return to that issue.

I want to put on record the Scottish Parliament's congratulations to the Nordic Council, which was formed 50 years ago. The Nordic Council brought together nations and regions that had suffered economically, had been ravaged by war and, in some instances, had been occupied. Its five constituent nation states are Finland, Sweden, Denmark, Norway and Iceland and it contains representatives from the three devolved Parliaments in Greenland, the Faeroes and Åland.

The Nordic Council is an interparliamentary consultative organ that has advanced at a pace since its inception 50 years ago. In 1954, there was a passport union and, in 1956, reciprocal arrangements for social security were invoked. In 1971, a nordic council of ministers was formed, which was based on the principle of intergovernmentalism. The Nordic Council is not a parliament in that it cannot legislate and is not directly elected, but it has a strong parliamentary character—it has standing committees and cross-national party groupings—and its ability to pass resolutions means that it is a significant agenda setter. It can be argued that the Nordic Council is a precursor of much of what the European Union seeks. The Schengen agreement and the social union replicate what was done in the nordic states many years ago.

The Nordic Council has brought peace, harmony and co-operation to nations that had historical antagonisms, such as Sweden and Denmark. It has allowed a geographical area with significant demographic similarities to develop a common front on social and economic issues of importance. A great deal has been achieved, for which the Nordic Council is to be applauded.

In these islands, we have an opportunity to learn from the members of the Nordic Council. Although we might come at matters from a different perspective in the United Kingdom and Ireland, there are similarities—for example, the existence of distinct Parliaments and regional Assemblies that reflect geographic areas and demographic

groups. The circumstances might be different in that everyone in the islands of Britain and Ireland is a citizen of the EU. Nonetheless, I believe that the co-operation and interaction that has been shown across the North sea is something that we can and should learn from.

As a Parliament and as a nation, we must create closer links with our nordic cousins. There are good reasons to do so. I indicated earlier that, geographically, the nordic states are among our most proximate neighbours. Socially and economically, we face considerable common challenges. A falling birth rate is as much of a problem in Sweden as it is in Scotland. Fishing and oil are of great significance, as they are in Norway and elsewhere. On that basis alone, there is merit in coming together to seek co-operation. For the reasons that I have outlined, I ask the minister and the Parliament to seek representation for our Government and our elected members on the Nordic Council.

There are specific sub-regional authorities within the Nordic Council. The Nordic Atlantic Co-operation—formerly the West Nordic Council—which comprises Iceland, Greenland, the Faeroes and Norway, exists under the Nordic Council's umbrella. In view of Scotland's location and our common problems with and interests in oil and fishing—which were addressed earlier today—we should seek representation in that organisation.

I am told by those in the know that the door is open. I hope that the Government and the Parliament will seek to step through that door. Membership of the sub-body and the principal organisation should be the method by which we begin to restore the historic links that we have allowed to lapse.

I congratulate the Nordic Council on achieving its 50th anniversary, but I hope that, in future, we will be able to do so not as bystanders, but as participants, uniting and co-operating with representatives of our near geographic neighbours and sharing common problems and a common purpose. We should acknowledge that our common interests are served by looking east and north, as well as south. We cannot change our geography, but we can change how we act and interact with our common partners in the North sea area.

17:10

Irene Oldfather (Cunninghame South) (Lab): I thank Kenny MacAskill for securing the debate. I am pleased that, today and next month, the Parliament will have the opportunity to acknowledge and celebrate the Nordic Council's 50th anniversary. I am aware of the Presiding Officers' work to develop relations with the council

and the Executive's work to promote relations with Sweden. I join colleagues in welcoming those initiatives and I look forward to the seminar and the visit next month to advance further relations between the Parliament and the Nordic Council.

The debate and the work of the Parliament and my committee—the European Committee—show that Europe's newest and youngest Parliament is forward and outward looking. As a new Parliament, we have much to learn from the experience of others, but we also have much to contribute to a modern and vibrant Europe. We have much in common with nordic countries, not least our maritime heritage.

Kenny MacAskill spoke about co-operation. I will mention a project of interregional co-operation between my area—North Ayrshire—and children in Helsinki. With the help of Scottish Opera and funding from Europe, the project involved the commissioning of an opera called "Turn of the Tide", which is based on our joint maritime heritage and culture. The work was most professional and was performed by primary school children from Helsinki and from Irvine. Performances took place in Helsinki and in the Scottish Maritime Museum in Irvine.

The opera not only charted the history of conflict and co-operation between our seafaring nations and allowed children to enhance their language and performance skills, but allowed very ordinary children from very ordinary backgrounds to broaden their horizons, build their self-esteem and understand at first hand and at an early age the meaning of co-operation with partners in Europe. Members will agree that our children are our future, so it is appropriate to involve them in such projects. The Scottish Parliament information centre's briefing says that educational links are important to the Nordic Council's work and I fully endorse that.

Kenny MacAskill spoke about a commitment to finding common solutions to common problems and to sharing an understanding of where we have come from and where we want to go together in a peaceful and prosperous Europe. Those are the foundations of the European project. With its new Parliament, Scotland is well placed to be not only an observer of that stage and that future, but a participant. I look forward to welcoming to the Parliament in November our nordic colleagues. I am happy to celebrate the anniversary with the Parliament.

17:13

Tavish Scott (Shetland) (LD): I echo Irene Oldfather's congratulations to Kenny MacAskill on bringing the issue to the Parliament's attention and I echo his congratulations to the Nordic Council on its 50th anniversary. I, too, look forward to the

event in November, not least because the Norwegian fisheries minister is due to be present. John Farquhar and I met him in August when we visited Bergen with some colleagues to see salmon farming. The fact that the Norwegian fisheries minister will be in Edinburgh in November is timely, to put it mildly, given current events.

It is important to acknowledge—I am sure that the minister will touch on it—that the recess featured the successful Scotland in Sweden event, in which not only the Government but the Parliament played an important role. That is an illustration of the development of the links that Kenny MacAskill was right to talk about and to push for more of.

It is arguable that my constituency, given its geography, has a slightly different perspective on the issue from that of other parts of Scotland. Shetland has an historic link with our Norwegian and other Scandinavian neighbours. After all, for many years it was ruled from Norway and latterly Denmark. Indeed, some people might argue that Shetland continues to be technically on loan to Scotland. During the height of the 1980s campaign against the proposed massive expansion of the Dounreay nuclear plant, the declaration of Wyre was signed by many Orcadians and Shetlanders. The declaration was sent to the Queen of Denmark, with a request to take back Shetland and Orkney, as that would aid the campaign.

The historic links have led to more recent ties, including those that were forged in the second world war when the Shetland bus was manned by Norwegians who were living in exile in Shetland. The “bus” maintained vital supply lines to the west coast of Norway and the Norwegian resistance who were fighting the occupying German army.

Other Norwegian servicemen were based in Shetland. Their legacy is a generation of Norwegian men who married Shetland women and settled on one or other side of the North sea. Many old memories were stirred and new links forged when the restored Shetland bus vessel the *Hitra* sailed over to its wartime base in Scalloway. For the modern generation of Norwegians who visit my constituency in some numbers, a visit to the Scalloway Museum is part of their itinerary.

As Kenny MacAskill rightly said, the Nordic Council has nurtured two of the main areas of nordic co-operation—culture and the environment. Both areas have strong relevance to Shetland. Our island culture has many roots in its nordic past. That is best personified in the modern age by Up-Helly-Aa, a festival that is a century old but that looks back to our Viking past. It is also possible to hear the echo of Norwegian, Scandinavian and Scottish music in the distinctive Shetland fiddle music of today. Most if not all Shetland place names echo their Norse origin.

Shetland's environment depends on the North sea, which we share with our nordic neighbours as well as with our Orcadian and Scottish neighbours. I have already mentioned the declaration of Wyre. It was natural that Shetland should turn to the nordic nations when we were faced by a threat to our environment from the Dounreay plant. Those nations feel as strongly as we do on that subject.

The Shetland campaigning group NENIG—the Northern European Nuclear Information Group—took its campaign against the Dounreay expansion to the Nordic Council and won its support. As the importance of the environment increases, further co-operation can only be a welcome factor, as Kenny MacAskill mentioned.

I look forward to seeing Scotland as a whole build better relations with the Nordic Council, working together on our common interests, particularly those relating to culture and the environment. No remarks about Scandinavia are complete without the excellent illustration of what I have been saying that was made by Jo Grimond. When, on his election, he was asked by *The Times* of London for the name of his nearest railway station, he replied “Bergen”.

17:18

Mr George Reid (Mid Scotland and Fife) (SNP): When the Vikings popped across to Scotland for a bit of burning, pillage and rape, our history and, I suppose, some of our genes intermingled. Indeed, large parts of Scotland—the Western Isles, Caithness, Orkney and Shetland—were until relatively recently Scandinavian. Many of our place names retain their Scandinavian origins.

The process was two-way. People need only go to Stockholm and look at the names of the noble families in the Riddarholmskyrkan to see that many of them originate from the Scots generals who fought for Gustavus Adolphus. Indeed, it is possible to this day to see there the colours and trophies of the Scots regiments.

Go to Piikio in Finland, where as early as 1580 a Scot—one William Reid—called on the house of a bailiff with 14 armed Scottish horsemen. Go to Copenhagen or Bergen and see the houses of the Scots merchants. Go to Iceland or the Faeroes and see where the Celtic monks settled the land. Go to Mariehamn in Åland and see the ships that Scots built to ply the Baltic trade.

History has a habit of repeating itself. As Europe's centre of gravity moves to the north-east, so too do our links with the nordic countries. The long-established presence and activity of their consulates in Scotland is proof that they value us and our input on common issues such as fishing, energy, the environment and our shared peripherality.

I will make only three brief points. First, although conflict within the nordic countries is unthinkable today, that situation was not always so. There were wars between the Scandinavian countries and, as late as 1920, Finland and Sweden very nearly went to war over the status of the Åland islands. Today, Åland is demilitarised, as is Spitzbergen. I wonder whether there is a model here that the British-Irish Council could consider in relation to Northern Ireland, where the conscious removal of all weaponry along nordic lines might become a political goal.

Secondly, no nordic country has lost any sense of identity within the wider union. Although there has been a passport union since 1974, a common labour market and a common convention on social security, diversity—the spark of life—still exists within that unity. Indeed, John Farquhar Munro, who is introducing proposals on Gaelic, might remember that all small linguistic groups in the nordic union can address the union in their own language, be it Faeroese, Inuit or even Saami. Furthermore, if we asked any Norwegian whether he would like to roll back history to before 1905 and become a Swedish citizen again, we would get a very dusty answer.

Thirdly, the nordic union has been most successful when it has dealt with business from the bottom up and when politicians have encouraged trade unions, professional organisations, teachers and health workers to co-operate across frontiers. It has also been successful where practical programmes such as Nordjob, Nordpraktik and Nordplus have been introduced.

I give the chamber an example from my own experience with the International Red Cross. When disaster or war strikes, the first in the field are always the nordics. In work where there is so much unnecessary duplication, their Red Cross societies work to common procurement standards and plans—one has responsibility for the field hospital, another for emergency supplies, another for accommodation and so on. That is only plain common sense. We the Scots, the English, the Welsh, the Manxmen and the Channel islanders could do much the same if we also invested in new institutional architecture that is based on our respective strengths.

The words of Michael Collins are appropriate both to the nordic union and to a future expanded council of the isles. He said:

“Free association on all matters should naturally be the common concern of nations living so closely together”.

17:22

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I congratulate Kenny MacAskill on securing the debate and I, too, offer

my congratulations to the Nordic Council on its anniversary.

My experience of nordic matters was limited until my late teens to the Swedish expression “Jag älskar dig”. It means “I love you”, which is quite useful. I worked later for some months during a winter in the Faeroes and it was that experience that came to mind when I was firming up my opinion of the link between Shetland, Orkney and the Faeroes. One could see that the populations and their actions were closely related.

It is alleged that the name of my home town of Tain comes from the Viking for meeting place—althing or thingwald, which also links to Dingwall. As one goes further north from Tain, through the east coast of Sutherland and into the county of Caithness, one will see Highland areas of Scotland that are very nordic. History runs all the way through it. One thinks of the Orkneyinga saga, the earls of Orkney and Caithness and even of a little farm near Dornoch called Cyderhall, which is a corruption of the Norse for Sigurd's Howe, referring to Earl Sigurd the Powerful. Almost every place name in Caithness comes from Viking or nordic languages.

I have always found it fascinating that there is a sharp line boundary to the nordic area of Caithness. After driving from the village of Reay towards Bettyhill along the north coast and just into Sutherland, one can see that two cultures are right up against each other—the dialect changes in a short space of time. One can still see in the print of the map that influence, about which George Reid talked so eloquently.

Everyone from Caithness would endorse completely what Kenny MacAskill said. We see a strong community of interest with the nordic regions. We also see vast opportunities for tourism and culture. When those are linked to the environmental interest, one can achieve a great deal.

We used to have a successful festival in Caithness—I am sure that John Farquhar Munro, Tavish Scott and Peter Peacock will remember the northlands festival. Great parties of children came to it from Sweden, Norway, Finland, the Faeroes and Iceland. The festival represented a linking of hands across the ocean. Sadly, that festival has fallen away but, by engaging across the sunlit northern seas as Kenny MacAskill suggests, we could breathe new life into what happened in the past. In that way, we could kick-start the culture of the north.

George Reid suggested that the idea of diversity is in no way impaired by people linking together. He is absolutely right. Diversity, like the facets of a diamond, is one of the great attractions of the world. As we become fed up with a homogenised

and boring culture where all we have are Big Macs, we seek out something better and different. I commend the motion to the chamber.

17:26

Mary Scanlon (Highlands and Islands) (Con):

I am pleased to support and endorse the motion proposed by Kenny MacAskill, particularly where it concerns the development of closer political ties with the Nordic Council and between the Scottish Executive and the nordic council of ministers.

Geographically, Scotland is on the periphery of the European Union. In nordic terms—taking into account Iceland and the Faeroe islands—it is pretty central.

I admit that I had never visited the Orkney or Shetland islands before I became a Highlands and Islands list member, although I am sure the minister had. I have enjoyed the privilege of visiting the northern isles to discover that so much of the culture, the language, the traditions, even the law, is more nordic than Scottish. Others have mentioned the pronunciations, the place names, the street names, the accents and the dialect.

On my most recent visit to Shetland, we attended a concert by the Shetland Fiddlers. I thought that I would recognise all the tunes—no way, they were quite different. I also saw some Shetland dancing and I expected to see the dancers in tartan, but there was none. The traditional clothes, the stories we were told and the history were more different than I had appreciated.

We talked to the enterprising Shetland Council, which has a share in the Smyrill line ferries that sail from Denmark, Shetland and the Faeroe islands to Iceland. The route cuts out all the parts of Scotland with which I was more familiar.

Probably the most striking difference is in udal law. When some ladies came to me—Jim Wallace knows the ladies to whom I refer—to say that they own properties but do not have title deeds, I said, “I’ll sort that one out.” Then I realised that udal law is the law of the ancient Scandinavian empire. Just as we hold on dearly to our Scots law, equally, people in Orkney and Shetland want to hold on to their udal law. That was a learning experience for me, as I had not even heard of udal law until then. There has been a recent change in the law and proof of ownership must be established by next April. I hope that talks with the Nordic Council will help us to ensure that people without title deeds in Orkney and Shetland will establish the ownership of their properties.

I use those examples to highlight the diversity of culture in Scotland. The northern isles often have more in common with nordic countries than we realise. One of the greatest successes that I have

heard of since becoming a member of the Scottish Parliament—Dorothy-Grace Elder, my colleague on the Health and Community Care Committee will acknowledge this—is a public health project in North Karelia in Finland. During the past three and a half years, I have stated that I would like to visit Finland to learn about its excellent practice in public health. We are never too big to learn from other people. That is one example of an area in which Scotland could learn a great deal from the nordic regions.

I am pleased to join in the congratulations on the 50th anniversary of the Nordic Council.

17:30

Donald Gorrie (Central Scotland) (LD):

Most of the issues that I wanted to raise have been covered, but I would like to emphasise one point. I hope that we can get actively involved in the Nordic Council, rather than just talk to the other members politely. Within the European Union, there is an opportunity to make a collective northern European voice heard. The centre of gravity of the European Union is 400 or 500 miles south of here. We could have useful allies in the nordic countries, so I hope that we can get proper membership and collaboration with them.

The nordic countries talk our sort of language with regard to democracy and attitude to life. They even share our serious drink problem, so we have a lot in common. They could help us not to be peripheral, but to get to the heart of and have great influence in Europe. I hope that when Estonia and Latvia join the European Union, they can also be involved more in the nordic union. Perhaps we may even entice some of the German Länder that touch the Baltic. There was a great civilisation in that area. First, of course, there were the Vikings, but then there was the Hanseatic league, which had a tremendous effect and conducted very rich trading all the way round the Baltic. People from Helsinki are to benefit a lot from Scottish culture. In addition to the story that Irene Oldfather told us, about the opera, the Edinburgh Youth Orchestra is having a 40th anniversary tour next year, starting in Helsinki and then going on to Estonia, Latvia and Russia.

I hope that, politically, we can make a real union with the nordic countries. I endorse George Reid’s well-expressed points about the history. The more we can do to persuade our young people that history did not start with the birth of Princess Diana or David Beckham, the better. We have huge connections with the nordic countries. Scottish children all learn about the Vikings, because primary schools always have projects where they draw the helmets with the horns, which some pundits believe the Vikings did not actually have. We were closely involved with those

countries. As George Reid said, we made a lot of contributions to them, and they have also made a contribution to us. There are considerable companies that started in Scandinavia and which now work in Scotland. I hope that we can develop good historical teaching, develop our culture and unite with those people, who are our cousins.

I welcome this debate and the idea of joining the Nordic Council. It would give us the opportunity to flex our muscles a bit in foreign affairs without interfering with the sovereignty of nations and all that rubbish that we are meant to believe in.

17:34

Richard Lochhead (North-East Scotland) (SNP): It is important that, as a new Parliament and a new democracy, we do our utmost to learn from other countries. We are going through a learning process in running our own country, so we should look to the nordic countries. I congratulate Kenny MacAskill on securing this timely and interesting debate.

The league tables that sometimes appear in the *Financial Times* showing the quality of life or the standard of living in countries across the world show that Norway comes top and that Sweden and Denmark come within the next four or five places. That tells us something that we in Scotland should learn from. The nordic countries do many things very well, although we are hoping that they do not do too well with their joint bid for Euro 2008, because we want to beat them.

Until recently, Scotland's salmon farming industry was largely owned by the Norwegians. The Dutch have now bought a fair chunk of it, but we should learn. How did Norway end up owning Scotland's salmon farming industry? It runs its salmon farming industry much better than Scotland does and we should learn from that.

Norway is one of the top maritime nations in the world. It has a population of only about 5 million, but I think that it has the second largest tonnage of merchant shipping on the planet. That shows its clout in that sphere. It is also Europe's other major oil producer and Scotland has many links with it through the oil industry. Recently, I was privileged to be part of an all-party group that went to the offshore northern seas exhibition in Stavanger, where I spoke to officials from the Norwegian oil sector. We met officials from Statoil, which is the state-owned oil company in Norway. It is clear that it has got its act together. Again, we should learn from what it has done and what it is achieving. A £55 billion oil fund has been built up for future generations of Norwegians. Perhaps we should have learned to do that a long time ago in this country.

Norway and Scotland have many sea fisheries links. Next week, talks will begin between the

European Union and Norway over the future of white fish stocks in the North sea. Believe it or not, quotas are decided by those talks and not by the rest of the EU. Scotland will not be there, but Norway will, despite the fact that it is not a member of the EU.

Consider the renewable energy industry in Denmark. Scotland is the best-placed country in Europe to develop a renewable energy industry, but Denmark has developed such an industry and owns all the technology. We should learn how it did so, find out what we can do and work closely with it to develop our sector. Recently, Finland has stolen much of Scotland's timber market and paper industry. It is making inroads and we should work closely with it in that sphere. I should not admit this, but my first two cars were Volvos, which is a reminder that Sweden still has its car manufacturing industry.

Many academics in Scotland are experts on nordic rural policy and land ownership patterns, which are pertinent to what we are discussing. In recent decades, we have failed to learn what we should have learned from what has happened in the nordic countries.

When I was a student, I went to Denmark to do my dissertation on managing sovereignty in the EU. I wanted to find out how small nations do so and found that the Danish, like their counterparts in Sweden and Finland, are comfortable as members of the EU. They feel that they have real influence. Such influence was demonstrated when Denmark brought Europe to a halt with its vote on the Maastricht treaty in the early 1990s. Through speaking to politicians, civil servants and others in Denmark, I found an enormous affection for Scotland. Such people want to see Scotland play a greater role in Europe.

As enlargement takes place, the Europe of the future will be a Europe of many circles. People will work together on common agendas. It makes sense for Scotland to join the nordic countries. We have more in common with such countries than with many others. Last week, the Danish presidency announced that the nordic countries will come together after the next EU Council to discuss Europe. Would not it make sense for Scotland at least to listen, go along and engage in dialogue with those countries about what is happening, so that we can learn about agendas that affect that part of Europe?

A couple of months ago, the president of the Norwegian Parliament visited the Scottish Parliament and I had the privilege of meeting him. The idea of a cross-party group on the nordic countries was discussed and the Norwegian parliamentarians would certainly support it. I hope that we can progress more joint initiatives, such as the seminar in a few weeks' time, which will be interesting, and an all-party group.

17:38

The Deputy Minister for Finance and Public Services (Peter Peacock): Like other members who have spoken, I have personal connections with and considerable affection for the nordic countries. I visited Iceland once when I was a teenager and spent a large part of that time surveying the Vatnajökull glacier, which I gather has shrunk considerably since then. I have visited Norway, where I have been on holiday, climbed and been on business, and I have visited Sweden and Finland.

Donald Gorrie mentioned trying to forge closer relationships with the nordic countries as part of our partnership in the EU. We should emphasise things that we have in common, such as peripherality, poor climate and distance from markets. I visited Finland as minister with responsibility for education to look at educational links and to find out how we could apply distance learning in Scotland.

I also spent part of my life living and working in Orkney, where I was married. Anybody who has been to a wedding ceremony in Orkney or Shetland will know that a large part of the celebrations after the wedding ceremony have links to the Scandinavian countries.

I am delighted, at a personal level and on behalf of the Scottish Executive, to congratulate the Nordic Council on reaching its 50-year milestone. I know that this will be hard for the Parliament to believe, but it is a milestone that I share with the Nordic Council—1952 was clearly a very good year.

We are also pleased to recognise the achievements of the Nordic Council in terms of the social, political, cultural and economic co-operation within its region.

The Scottish Executive is sure that we can learn from on-going co-operation with the Nordic Council, including in areas referred to in its founding principles:

“to maintain and develop co-operation on legislation, culture, and in the socio-economic area, and on issues related to public transportation and environmental protection”.

The participants in the Nordic Council have adopted arrangements that best suit their circumstances, just as the Parliament can be assured that the regions and nations of the islands of Britain and Ireland are already co-operating in many fields in ways that suit our particular circumstances. That co-operation is facilitated by the creation of the British-Irish Council following the Good Friday agreement.

Strand 3 of the Good Friday agreement clearly states:

“the BIC will exchange information, discuss, consult and use best endeavours to reach agreement on co-operation on matters of mutual interest within the competence of the relevant Administrations”.

That is similar to the founding principles of the Nordic Council that I mentioned. We have already agreed to co-operate with our partners in the British-Irish Council on a range of issues.

I will now return to the Nordic Council and its relations with the Scottish Executive on its 50th anniversary. Among the strategic objectives set by nordic ministers for the next few years is co-operation with neighbouring countries and regions. That includes Scotland, as it has in the past. We in the Executive are delighted to have co-operated extensively with nordic countries in recent years.

The nordic-Scottish action plan, drawn up following a meeting between senior officials from Scotland and the nordic countries in March 2001, represents a commitment to continued co-operation with the nordic countries. I attended part of that meeting as a minister to demonstrate our support for that co-operation.

We are involved with nordic countries in projects as diverse as the long-standing agreement on health with Finland, to which Mary Scanlon referred, and the development of the northern periphery programme, on which Scotland leads.

Under the INTERREG programme of the EU, two programmes promote co-operation with nordic countries: the North sea programme and the northern periphery programme. The North sea programme includes, among others, the East of Scotland European Consortium and representatives from Norway, Denmark and Sweden. It begins to address some of the questions that Richard Lochhead raised about the fisheries partnership across the North sea. The lead organisation for that is Aberdeenshire Council and partners include Denmark and Sweden.

The northern periphery programme includes, among others, Scotland, Sweden, Norway, Finland and, to some extent, Iceland. As I said, Scotland leads on that programme.

Examples of co-operation include interactive and innovative road management of low traffic volume roads through a technical information exchange across the northern periphery. That project proposes a three-year transnational technical collaboration across the northern periphery. The project will deal directly with roads and transport issues raised by the unique combinations of remoteness, climate, ground conditions, low traffic volumes and long distances to markets. In that context, the lead organisation is the Highland Council and partners are in Sweden, Finland and Norway.

Members will be aware—many have mentioned it—of the nordic seminar that will be held in the chamber next month. The seminar is a good example of the kind of co-operation that is called for by Kenny MacAskill in the motion. It has been arranged between the Scottish Executive, the Scottish Parliament, the Nordic Council and the nordic council of ministers. It will also include contributions from Scottish local authorities, non-governmental organisations and the British-Irish Inter-Parliamentary Body. The themes of the seminar include cultural co-operation of the sort to which Jamie Stone and many others have referred; improving public service delivery; sustainable development; and looking at developing regional co-operation between the nordic countries and the regions, nations and islands of the British isles.

The motion recognises the Nordic Council on reaching its 50th anniversary. The Scottish Executive is happy to confirm that we value our links with our nordic neighbours on the council's 50th anniversary and that we intend to continue to develop closer ties with the Nordic Council and nordic council of ministers.

We will also continue to work with our partners in the rest of the UK and in the British-Irish Council through a model that is most appropriate for our citizens. As always, we will keep an open mind to any lessons that we might learn from the experiences of our neighbours in the Nordic Council. I am sure that there are lessons that we can learn from it.

Meeting closed at 17:44.

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