

MEETING OF THE PARLIAMENT

Thursday 19 December 2002

Session 1

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Scottish Parliament

Thursday 19 December 2002

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

Budget Process 2003-04: Stage 2

The Deputy Presiding Officer (Mr George Reid): Good morning. The first item of business is a debate on motion S1M-3708, in the name of Tom McCabe, on the Finance Committee's seventh report in 2002, entitled "Stage 2 of the 2003/04 Budget Process".

09:30

Mr Tom McCabe (Hamilton South) (Lab): It is a pleasure to present the report on the budget, which—as members will know—contains excellent news for public services and private interests alike. The main thread that runs through the Executive's draft budget is very substantial increases in real-terms spending.

The Finance Committee met from September through to November to complete its report. The Parliament's subject committees also met to consider the spending plans of the various Executive departments. I take this opportunity to thank our clerking team and our adviser, Professor Arthur Midwinter, for their professionalism and steadfast advice and support.

Over past years, the Finance Committee has sought the views of communities throughout Scotland. This year it held consultative sessions in Orkney at stage 1 and the isle of Skye at stage 2. Four main concerns were expressed in the isle of Skye: the impact of Skye bridge tolls; the mismatch between the housing market and a growing population; the inadequacy of local and wider area infrastructure; and concern over the impact of the forthcoming Homelessness etc (Scotland) Bill.

The tolls on the Skye bridge are a matter of severe irritation. Even when the principal issue is laid aside, there seems to be considerable scope for improving the administration of the scheme. I hope that the Executive will take strong note of the concerns expressed by local people on the isle of Skye.

I will move on to the substantive matters surrounding the draft budget. First, it is fair to say that the process is being refined year on year and that the financial scrutiny review, which the Finance Committee is undertaking, will shed more light on possible improvements.

Next year the process will be slightly different, for obvious reasons. We have agreed that time constraints render the publication of the annual expenditure review meaningless. However, the draft budget report will be published in time for Parliament's return from the summer recess.

The results of the Scottish spending review were announced on 12 September 2002. For the first time, the document was published on a full resource-accounting basis, so direct comparisons with the annual expenditure review are not possible. The report shows a cash increase from £20.972 billion in 2002-03 to £25.857 billion in 2005-06. That is a 23 per cent increase over the period. In real terms, that is an increase of 4.6 per cent per annum, which is slightly more than the increase in the UK spending review. By any measure, the increases are substantial and, put to proper effect, they can make significant improvements in the quality of Scottish public services. I stress that the figures that I am quoting relate to departmental expenditure, not total managed expenditure.

The United Kingdom spending review has clearly had a major impact on the Scottish draft budget. In 2003-04, we have a real-terms increase of 6.3 per cent on the 2002-03 budget. That provides around £1 billion per annum for service development. The report highlights the important point that that is the highest sustained increase in the Scottish budget since 1975. The achievements are considerable, and the Finance Committee welcomes the significant growth.

We should be clear that the committee has acknowledged the successful nature of the budget. Therefore, it is a matter of regret that the Executive has chosen to adopt a cumulative approach to the year-on-year increases. We quote in our report the example of the further education budget, which is to expand by £3 million in year 1, £37 million in year 2 and £38 million in year 3. A £78 million increase in further education spending is welcome and worthy of praise, but the figures have been rolled together and announced as £120 million, in effect counting the £3 million three times and the £37 million twice. That practice misleads and it obstructs proper scrutiny. We strongly recommend that it should stop now.

On non-domestic rates, the Executive has given a clear and welcome commitment to freeze the rate poundage for 2003-04 and to cap it in line with inflation for the next two years. Despite that, we heard evidence from the Confederation of British Industry Scotland that Scottish competitiveness could be damaged by a higher rate poundage in Scotland than in the rest of the United Kingdom. The fact that non-domestic rate income is due to increase by 22 per cent—£340 million—over the next two years has no doubt heightened those fears.

During our evidence session in Skye, the Deputy Minister for Finance and Public Services explained some of the technical reasons for the increased income, some of which are signs of success and growth and are not reasons for concern. However, an unwelcome suspicion remains that we are in some way being disadvantaged in comparison with the rest of the United Kingdom. In order to assuage those concerns, we have recommended that—

Mr John Swinney (North Tayside) (SNP): Will Mr McCabe develop that point a little further? I do not follow the logic of the answer that the Deputy Minister for Finance and Public Services gave in the isle of Skye. I am sure that Mr McCabe is aware that Scottish economic growth has been lower than economic growth in the rest of the United Kingdom. If that trend is the case, how on earth can there not be further competitive disadvantage in delivering higher business rates in Scotland? I do not understand the relationship.

Mr McCabe: I said that some of the increased income was for good reasons. The explanation that the Deputy Minister for Finance and Public Services gave in Skye is that no single, overall comparison can be made of the figures. Clearly there have been developments in Scotland that generate additional non-domestic rate income, which provides additional money to the Executive. There are a variety of circumstances throughout Scotland. That is what the deputy minister attempted to explain when he gave evidence to us in Skye.

As I said, to assuage the concerns, we have recommended that the Executive should provide a simple assurance that non-domestic rate bills will increase on average by no more than the rate of inflation over the period.

The committee also tried to establish how the budget would impact on cross-cutting priorities. Although the inclusion of discrete sections in the draft budget on “Closing the Opportunity Gap” and “Sustainable Development” is welcome, we are convinced that each priority should be separately reported on if proper scrutiny is to take place. It is the committee’s view that clarity of information in the budget document has improved year on year. However, we found that too many uncoded and unquantified entries remain. We hope for improvements in future years.

We also found that a poor relationship remains between spending, outputs and outcomes. That must improve. If it is to do so, we believe that the provision of unambiguous baseline performance data is essential for proper monitoring and scrutiny.

The Parliament’s subject committees have a vital role to play in the scrutiny of the Scottish

budget. They continue to express concerns about the difficulty that they face in examining block allocations such as those for health and local government. Given the size and importance of both blocks, those concerns are serious.

Other committees raised a variety of issues. We have asked the Executive to provide a corporate response to the matters raised by each committee.

The Equal Opportunities Committee continues to seek an agreed definition of equality proofing. We noted the continued absence of an agreed definition and welcomed the on-going work with the Executive to resolve the issue. In an attempt to ensure that we continue to make progress, we have recommended that a cross-cutting report on budget provisions to promote equal opportunity should accompany the budget document next year.

The Finance Committee received two proposals for spending amendments, the first of which came jointly from the two justice committees. In short, they were concerned that the justice portfolio, which is an expressed priority for the Executive, is receiving a reducing share of the budget. We have already noted that there is a considerable need for better definition in cross-cutting issues and the identification of priorities, but the Finance Committee does not believe that it can recommend the proposed change. However, we have noted the justice committees’ concerns and have drawn the matter to the Executive’s attention.

The second proposed amendment came from Nicola Sturgeon MSP. She proposed the transfer of £89 million from the capital budget to the health budget over a three-year period, which would be used to compensate people who have been infected with hepatitis C through receiving contaminated blood. The committee found that the case for the proposal was well presented and that funding sources had been identified. While there was a broad measure of sympathy for the proposal, we were aware when we considered the issue that the report of the expert group on financial and other assistance for NHS injury was in interim form and that the Health and Community Care Committee still had to consider the report formally.

Notwithstanding those points, we do not recommend the proposed change for three principal reasons. First, we have no information on how the proposal would affect individuals who are in receipt of benefits as a result of clawback. It would be unfortunate, to say the least, if payments resulted in the loss of long-term benefits. Secondly, we do not know the full implications for other outstanding concerns that might exist in the health service. Thirdly, we are concerned that the proposal might lead to a no-fault compensation approach being sought, not only in health matters,

but across a number of other portfolio areas. Given that, the decision is principally one for the Executive as a whole and, as such, requires full consideration of the effect on the Scottish budget.

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): To clarify the Finance Committee's viewpoint, although Mr McCabe said correctly that the committee did not recommend the change, equally we did not recommend against the change. In fact, we were neutral on the matter.

Mr McCabe: I said that there was a broad measure of sympathy for the proposal in the Finance Committee. We were greatly influenced by the fact that the Health and Community Care Committee still had to consider fully the interim report. Mr Morgan is broadly correct to say that the Finance Committee decided as far as possible to stay neutral on the issue until other parliamentary committees had completed their work and other information had come to hand.

The Scottish Parliamentary Corporate Body submitted provisional funding figures in March of this year. The final figures show considerable increases, mainly as a result of the estimated costs of migration to the new complex. The future Finance Committee will have to bear that in mind when assessing future funding requirements. The corporate body requested funding of £161.9 million for next year, which is an increase of £12.4 million on the provisional requirement that was submitted earlier in the year. It was explained to us that much of the increase is a result of the operational requirement to run two complexes at the same time. How much of that money will be required next year remains to be seen, for reasons to which I will come in a moment.

I preface my remarks on the Holyrood project with a few words about the task that faces the Holyrood progress group and the Scottish Parliamentary Corporate Body. The Finance Committee recognises fully that they face an unenviable task and were presented with circumstances that were not of their making. In particular, they had no say over the type of construction contract that was used for the project. I suspect that if a genie were ever to pop from a bottle and ask the construction industry to make a wish, it would choose that form of contract.

In that context, I hope that the SPCB will understand if we feel the need to make robust comments. The Holyrood project is of major importance to Scotland and to the standing of the Parliament, but it is fair to say that it is a matter of continuing concern that consistency and clarity are not yet attached to the information on costs and completion dates. Shortly after we received the most recent quarterly report from the SPCB, the situation with regard to the costs and estimated

completion dates changed considerably for the worse. The committee took more evidence on the project this week and expressed its concerns that, at this advanced stage, uncertainty still seems to outweigh certainty.

All members will be aware of the effect on the public's perception of the Parliament of the lack of clarity and the consistently moving targets on cost and completion. The good work that is done day in, day out for the people of Scotland is overshadowed by the constant drip of unreliable information and the lack of confidence in the latest estimates.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I do not disagree with much of what Mr McCabe says, but will he enlighten us as to whether he expressed similar concerns in his former role as Minister for Parliament?

Mr McCabe: Mr Ewing knows that, as Minister for Parliament, I had no direct responsibility for the construction of the Holyrood complex. The Executive has made it clear regularly that the project is a parliamentary one. As Mr Ewing has taken a considerable interest in the project, he should know that.

We made it clear at the recent Finance Committee meeting that, when we receive the next quarterly report from the SPCB, we expect consistent and sustainable information on cost and time scales. We also considered the funding request for the opening ceremony, which was in the region of £400,000. We take the firm view that £400,000 for an opening ceremony is wholly unjustified and we have recommended that the amount should be reduced significantly.

I commend to the Parliament the report on the 2003-04 budget process.

I move,

That the Parliament notes the 7th Report 2002 of the Finance Committee, *Stage 2 of the 2003/04 Budget Process* (SP Paper 709).

09:46

Nicola Sturgeon (Glasgow) (SNP): I believe that this is the first occasion on which an individual member of the Scottish Parliament has proposed a change to the Executive's budget. I do so for a good reason: I believe that Parliament has a moral obligation to deliver justice to people who contracted hepatitis C from the national health service and to do so quickly and decisively before many more of them fall seriously ill or die.

The Health and Community Care Committee shares that view, as does the independent group of experts whom the Minister for Health and Community Care asked to examine the issue. I pay tribute to the expert group, which considered

financial support for hepatitis C sufferers and which is chaired by Lord Ross. I also praise the Health and Community Care Committee for its dogged pursuit of the issue in the past three years. The unanimity in the committee on the issue is testament to the strength of the hepatitis C sufferers' case. Only last week, the committee reiterated its commitment to the principle of justice for hepatitis C sufferers. I am proud of the committee's stance.

My amendment offers a way in which to turn the Health and Community Care Committee's hard work into practical support for those who need and deserve it.

Mary Scanlon (Highlands and Islands) (Con): Given that there is unanimity in the Health and Community Care Committee and given that we were working on what is a difficult inquiry before Nicola Sturgeon joined the committee, why did not she discuss her approach to the Finance Committee with the other members of the Health and Community Care Committee? Why has she broken ranks in a politically opportunistic way while we are considering the serious point of ex gratia payments for people with hepatitis C?

Nicola Sturgeon: It is the responsibility of a responsible Opposition to propose constructive solutions to difficult issues, which is what I am doing today. My amendment is a way of turning the principle that the Health and Community Care Committee supports into practical action. I hope that, in the interests of hepatitis C sufferers, all members will consider my proposal on its merits and will avoid allowing the debate to be about politics.

It is useful to outline the recent history of the issue. On 6 November, the expert group published its report, which recommended that the Scottish Executive should establish and fund a discretionary trust to make ex gratia payments to all people who received blood or blood products from the NHS in Scotland and subsequently found that they had the hepatitis C virus. The group recommended that all sufferers should receive an initial lump sum of £10,000 to cover anxiety, stress and social disadvantage; that those who develop chronic hepatitis C should receive an additional £40,000; and that those who suffer a serious deterioration in their physical condition because of hepatitis C—for example, liver cancer or cirrhosis—should receive additional support that is calculated on the same basis as common-law damages.

The expert group has costed its recommendation at between £62 million and £89 million. We are here today because the Minister for Health and Community Care has said that he will not implement the expert group's recommendation in full. He has given three

reasons for that, which I shall deal with briefly in turn.

First, the minister does not believe that everyone who has been infected with hepatitis C should receive a payment. Instead, he wants to target help at those who have suffered serious, long-term physical harm. There is disagreement on that point between the minister, on the one side, and the committee and the expert group, on the other side. The committee and the expert group have recommended payments for all those who have been infected because even those who are not suffering serious physical symptoms—at least, not yet—might be affected psychologically and practically. The very fact that someone has hepatitis C is devastating to them. The knowledge that there is a risk—however small—of sexual transmission affects their relationships. Hepatitis C also limits sufferers' ability to work and to hold down employment, and it makes getting a mortgage or life assurance virtually impossible. Those are the basic facts of life for everyone who suffers from hepatitis C, not just for those whose physical health has seriously deteriorated.

It is perfectly reasonable to expect that people who go on to develop liver cancer or cirrhosis should receive larger sums of money than those who do not, and the expert group's recommendation reflects that. However, as a fundamental principle, everyone who has been infected should receive a payment to cover the anxiety and stress that is inevitably suffered when they are told not just that they have hepatitis C, but that they have contracted it through routine medical treatment. To draw an arbitrary distinction between deserving and undeserving sufferers simply compounds the wrong that people have suffered. That is clearly the view of the expert group, and it was the minister who asked the group to consider the issue. He set the group up, picked its members and drew up its remit. Now that the group has come back with a recommendation that the Executive should pay up for everyone, the minister should accept that he has lost the argument.

The minister's second reason for not implementing the recommendation in full is his concern that making payments to sufferers may simply result in benefits being withdrawn under Westminster social security legislation. Indeed, as Tom McCabe said, that concern was expressed by the Finance Committee when it considered the proposal. Clawback is a real possibility whether the expert group's recommendation is implemented in full or in part, and no matter where in the budget the money comes from. We know that from the experience of providing free personal care for the elderly. In that instance, the United Kingdom Government clawed back £23 million as a result of the Scottish Parliament's decision to do

right by Scotland's pensioners. It would not be acceptable for payments that we give to hepatitis C sufferers with one hand to be taken away by Westminster with the other. There should be absolutely no difficulty in disregarding payments that are made to hepatitis C sufferers for the purposes of social security. Payments to HIV sufferers through the Macfarlane Trust are disregarded for those purposes. As a Parliament, we should make it clear that we will not tolerate attempts by Westminster to undermine and frustrate actions that we choose to take in devolved areas.

The minister's third reason for not implementing the expert group's recommendation is financial. That brings me to the amendment that I have lodged for today's debate. The minister has said that he cannot afford to make £89 million available from the health budget to compensate hepatitis C sufferers. I understand all too well the competing pressures on the health budget. That is why I have put forward a constructive proposal. SNP members are often unfairly accused of making demands on budgets without saying where the money will come from. Today, we are saying exactly where the money to compensate hepatitis C sufferers should come from, and I hope that my colleagues will consider the proposal on its merits.

I propose that we transfer from the departmental expenditure limit capital budget to the health budget £30 million, £30 million and £29 million in each of the next three years respectively, making available a total of £89 million. That is the maximum amount that the expert group estimates would be required to fund the payments to hepatitis C sufferers. In his evidence to the Health and Community Care Committee last week, Lord Ross said:

"we regard £89 million as the maximum figure and it would be allocated over a number of years."—[*Official Report, Health and Community Care Committee*, 11 December 2002; c 3529.]

Why do I think that that proposal is right? First, it would ensure that the burden would not be borne solely by the health budget. Making payments to those who have been infected by hepatitis C through the NHS is an obligation on society. It is right that we should all share the cost of that. Secondly, the capital budget could easily bear a reduction of that scale. The budgets will still rise over the next three years, but by 2 per cent less per year than is currently planned. Moreover, the underspend in the capital budget last year was £111 million. If it wanted to, the Scottish Executive could replace the money that would be taken from the DEL capital budget with money from next year's underspend. I considered arguing that payments for hepatitis C sufferers should simply be taken from the underspend in next year's budget. However, as decisions on that will not be

made until later next year, I decided that that was not the right option. I believe that hepatitis C sufferers demand certainty of justice now, which is what my proposal will deliver for them.

As I have said, the Finance Committee has examined my proposal, and I thank the committee sincerely for the serious consideration that it gave it. The thorough way in which the committee went about the task was reflected in Tom McCabe's remarks this morning. For two main reasons, the committee felt unable to give the proposal its backing, although, as Alasdair Morgan rightly pointed out, it decided to remain neutral. The committee's first concern was the fear of Treasury clawback of benefits—an issue that I have already mentioned. The second concern was that, by agreeing to pay no-fault compensation to hepatitis C sufferers, we would in effect create a precedent for other groups who sustain injury through the NHS but who cannot prove negligence. On that point, I can do no better than to quote Lord Ross again. He said:

"The Macfarlane Trust provision was introduced in 1988 and it did not lead to a flood of claims from other people ... We did not feel that a dangerous precedent would be set in this case any more than was the case with the Macfarlane Trust."—[*Official Report, Health and Community Care Committee*, 11 December 2002; c 3530.]

Although I understand the Finance Committee's concerns, I do not share them.

The Finance Committee has said that the proposal is

"well-grounded in terms of being properly costed".

The committee also took the view that

"the DEL capital budget would bear a reduction of 2% over the three years of the budget cycle."

The Finance Committee's comments reflect the fact that the proposal is serious, and I hope that Parliament will do the decent thing and consider it genuinely on its merits.

There are those who will say—and have said already—that putting forward the proposal today somehow conflicts with the work of the Health and Community Care Committee. Let me be clear: it does not. In trying to turn principle into practice, the proposal complements the good work that the committee has done and is doing. It offers the Minister for Health and Community Care a solution to what I acknowledge is a very difficult issue. Most important, it offers the best chance yet of justice for a group of people who have suffered and continue to suffer more than most of us can imagine.

I move amendment S1M-3708.1, to insert at end:

"but calls on the Scottish Executive to transfer from the DEL capital budget to the health and community care

budget £30 million, £30 million and £29 million for 2003-04, 2004-05 and 2005-06 respectively to fund a discretionary trust that will make ex gratia payments to all people who can demonstrate, on the balance of probabilities, that they received blood, blood products or tissues from the NHS in Scotland and were subsequently found to be infected with the Hepatitis C virus."

09:58

Mrs Margaret Smith (Edinburgh West) (LD):

At the risk of confusing members, I begin by addressing the work of the Finance Committee wearing my hat as the convener of the Health and Community Care Committee. I commend the Finance Committee for all its hard work on the budget and I thank the committee for the helpful advice that it has given to the subject committees on what is a daunting prospect for most of us. I welcome Mr McCabe to his new, onerous position as the convener of the Finance Committee.

As the Finance Committee's report notes, the Health and Community Care Committee continues to be concerned about the lack of distinction between baseline and additional expenditure, which we believe hinders scrutiny of the budget. We are also concerned about block allocations to health boards and the inherent difficulties in trying to follow the public pound through the process. I am pleased that the Finance Committee has agreed to pursue those matters with ministers.

We remain concerned that it is impossible to get figures for the amount that the Executive is spending on key priorities such as cancer, coronary heart disease and mental health. That makes it more than a little difficult to detect real increases in expenditure and to audit the effectiveness of the expenditure. Nonetheless, we all welcome the 14.4 per cent real-terms increase in the budget for 2005-06. I also welcome the fact that health continues to be the top financial priority alongside local government spending, both of which areas are of great importance to the Health and Community Care Committee.

I will now speak as the Liberal Democrat health spokesperson about my amendment to the amendment. The issue of financial support for people who have contracted hepatitis C from blood and blood products is of moral importance for the Parliament. The Parliament will be aware that the Health and Community Care Committee has for some time been dealing with two petitions that relate to hepatitis C. The committee conducted a short-term inquiry, which culminated in the publication of a unanimous committee report in October 2001.

Our main recommendations were that the Executive should give financial and other assistance to all those affected, whether to a lesser or a greater extent, on an ex gratia basis.

Members should not underestimate the impact that a diagnosis has on those affected. It causes psychological damage, affects personal relationships and has an impact on their working lives and their ability to care for their families. We suggested that a trust be set up for those who were most seriously affected physically and that payments be awarded on an individual basis. We also suggested the setting up of an expert group to examine not only the hepatitis C issue, but the wider issue of no-fault compensation.

Members will be aware that, although the Minister for Health and Community Care did not accept our recommendations about financial assistance, he agreed to set up an expert group under Lord Ross. That group has published its interim report, which I am pleased to say echoes the unanimous position that the Health and Community Care Committee adopted. After last week's meeting, at which we took evidence from Malcolm Chisholm, Lord Ross and Philip Dolan from the Haemophilia Society, the committee reiterated its initial position and its support for the expert group's interim findings.

We welcomed the fact that, although the minister rejected the principle that all sufferers should be given financial assistance, he moved from his earlier position by agreeing to pay assistance to those who have experienced "serious, long-term harm". That is the first time that a UK minister has agreed to take such action.

I commend the work of my committee colleagues on the issue. Our work has been characterised by two real strengths of the Parliament's committee system—a dogged determination to hold the Executive to account and a belief that, as in so many other areas of life, unity is strength. That concept means that unanimous, cross-party decisions that are taken in committee give a moral authority to an argument or a cause that endorsement by any one political party, however well meaning, can never give.

I know why Nicola Sturgeon made her proposal to the Finance Committee and I know why she has lodged her amendment to the motion. As it is the Christmas season—the season of good will to all people—I will not dwell on that. Mary Scanlon has covered the issue very well.

I share the Finance Committee's view that proposed changes to the Executive's budget

"may have a better chance of success where they originate from subject committees and have cross-party support".

It is unfortunate that Nicola Sturgeon did not suggest her proposal as a possible addition to our budget report at any time, even though the expert group's interim report was published before we finalised our budget report and even though we have a track record of suggesting alternative budget proposals.

Every member of the Health and Community Care Committee wants justice for those who have campaigned on the issue for so long. Therefore, I was pleased that the minister said that he was impatient for further progress on the issue and I look forward to his next appearance before the committee in January, when we expect to hear about details of progress towards the setting up of a fair scheme.

Nicola Sturgeon: Does Margaret Smith accept that my proposal represents a way—albeit only one way—of turning the principle that the Health and Community Care Committee has adhered to for three years into practical support for hepatitis C sufferers? For the remainder of her speech, I ask her to concentrate on the substance of the proposal in my amendment. Does she support it or not?

Mrs Smith: Hold your horses.

Although there has been unanimous endorsement of the expert group's interim findings, I do not think that any member of the Health and Community Care Committee or of the Parliament underestimates the difficulties that the minister faces. The minister says that he cannot afford the £89 million that the expert group set as the maximum amount that would be needed to make £10,000 payments to all those who contracted hepatitis C and £40,000 payments to those who suffer chronic pain. That sum would include provision for additional payments to those who suffer serious, long-term effects, such as liver cancer, and for payments to families of deceased sufferers. It was the committee's unanimous view that all those groups should be given financial payments of one sort or another.

We believe that, although there will have to be an element of front loading, scope exists for the likely investment to be spread across a number of years. We suggest that funding could come from end-year flexibility or from elsewhere in the budget. I strongly urge the minister to go beyond the position that he outlined to the committee last week.

The minister has a problem with the principle of universal payments and the impact that the suggested payment will have on the wider issue of no-fault compensation. To some extent, the Finance Committee echoed that concern. We would echo the view that Lord Ross expressed last week. He said that the establishment of the Macfarlane Trust for those affected by HIV did not open the floodgates and that it was unlikely that payments in relation to the unique hepatitis C case would do so either. The expert group's final report, which will deal with no-fault compensation as well as hepatitis C, is expected before the end of the year. On the wider question, we should wait for the final report's publication. However, on hepatitis C,

Lord Ross admitted under questioning last week that there would no substantial differences between the interim report and the final report.

The minister rightly highlighted the problems that are associated with identifying our powers to act within the devolved settlement. Most important is the need to ensure in negotiations with Westminster that any payments that are made to sufferers will not result in an automatic clawback of benefits. We must not allow that to happen. It is crucial that the will of the Parliament should not be frustrated in that way.

In the on-going discussions among officials, it is not only technical issues that must be overcome. A political problem must be addressed, because the Executive has agreed to make some form of ex gratia payments to some people who have been affected, whereas Westminster has recently reiterated its intention not to do so. I am concerned that Westminster might not consider it to be in its interests if a scheme were set up whereby social security legislation or regulations were to be implemented on a non-UK basis; it might not be in Westminster's best interests to allow the Executive and the Parliament to deliver justice if Westminster has no intention of delivering justice.

I endorse the Finance Committee's view that it would be wrong to agree to Nicola Sturgeon's proposal while the talks continue. The conclusion of the talks will go a long way towards shaping not only the mechanism of the payment scheme, but the amounts involved. However, we note that the Finance Committee remains neutral on the substantive issue. It is important to note that my amendment contains nothing that would close off the pursuit of a fair, principled settlement that is in line with the Health and Community Care Committee's judgments.

I urge the Executive to do all that it can to find a speedy and fair solution to the issue. I welcome the Minister for Health and Community Care's statement that he wants to make progress between now and the end of the financial year and that, if no progress is made by the turn of the year,

"we will have to consider the different avenues that are open."—[*Official Report, Health and Community Care Committee*, 11 December 2002; c 3565.]

The Health and Community Care Committee does not underestimate the challenge, but we are keen for the matter to be resolved successfully for all concerned in this parliamentary session.

I ask the Parliament to support the Finance Committee's report and my amendment, which keeps the door open on the detail of what funding might be required in the light of the on-going discussions, while guaranteeing that the minister will report progress to the committee in January. If

the Executive fails to listen to the voices of the Health and Community Care Committee, the expert group and the 80 MSPs who have signed motions on the issue, the Health and Community Care Committee will pursue the matter by seeking support for a fair settlement from across the Parliament. I ask Mr McCabe to keep his genie in its bottle for the time being, although we might need it in the new year, when we will continue to pursue justice for people who have campaigned for too long.

I move, as an amendment to amendment S1M-3708.1, amendment S1M-3708.1.1, to leave out from “but calls” to end and insert:

“and, in so doing, commends the Health and Community Care Committee for its work in addressing the position of those who have contracted hepatitis C from blood products; endorses the importance of finding ways to help and support these people; further notes that discussions are in progress between Scottish Executive health ministers and colleagues in Her Majesty’s Government on the potential implications arising from the advice of the Expert Group on Financial and Other Support, and stresses the need for the Minister for Health and Community Care to return to the Health and Community Care Committee in January 2003 to report on progress.”

10:08

The Deputy Minister for Finance and Public Services (Peter Peacock): I begin by welcoming Tom McCabe to his new role. It is somewhat unnerving when a former gamekeeper colleague turns poacher. He knows too many of the secrets—I was going to say the black arts, but the fact that he comes from Lanarkshire means that he knows nothing of black arts.

I note that the great public interest in debates on the budget process continues. I do not think that there is one person in the public gallery. In recent years, we have been accustomed to children being brought to listen to deliberations on the Finance Committee’s work as an end-of-term treat. It appears that listening to and observing the Finance Committee’s debates on the budget has been struck from the curriculum. I am tempted to call for a public inquiry on that.

“No elected representatives in the UK have ever before had the chance to participate in a process of budget development as pioneering as that which we are undertaking.”—[*Official Report*, 19 December 2001; c 4944.]

Those are not my words; they are the words of Des McNulty, the former convener of the Finance Committee. I thank Des McNulty for his work in that role, in which he made a significant contribution, and I wish him well in his new role. Earlier this week, he was subjected to the ordeal of giving evidence to the Finance Committee for the first time. I gather that he is now regretting the extra rigour that he brought to bear in the committee’s work.

Over the parliamentary session, we have made considerable progress in establishing a budget process that is more open and transparent than any other of which I am aware. The Finance Committee and the subject committees have played an important part in that through their reports and through the changes that we have made to the process in response to their detailed and specific recommendations.

We have also brought the process much closer to the people of Scotland. Over the parliamentary session, the Finance Committee has held meetings in Orkney, Hamilton and Skye. My ministerial colleagues and I have held budget roadshows in places as far apart as Stornoway, Stirling, Hamilton, Galashiels, Dundee, Inverness, Kilmarnock, Fort William, Dumfries, Aberdeen and Greenock. Those meetings offered an important route for people to find out what the Government is planning and gave the public the opportunity to make comments on those proposals. They have played a part in shaping the allocations proposed in the various draft budgets.

In that context, I highlight in particular the quality-of-life initiatives that have been proposed—£95 million from end-year flexibility in the current year and £180 million over the coming three-year period. The proposals were fashioned by what we heard at meetings and from council leaders throughout the country.

The meetings have also been very useful in confirming the priorities and direction of travel of the Scottish Executive. People believe that we were right to give education the highest priority when we came to office in 1999. They believe that we are right to give increased priority to health and reducing crime. They believe that we are right to give growing attention to transport in the coming budget period.

That is how it should be. The Scottish Executive should reflect the wishes of the Scottish people in determining the Scottish budget. It is clear that the Executive’s priorities are the people’s priorities. The people want to see us working together across Scotland’s public services to improve those services. They want to see us working together with colleagues in the United Kingdom. They do not want to see us wasting time and resources on constitutional wrangling and the costs of divorcing our UK partner. The success of the devolution settlement is that we receive a fair share of extra spending generated by the strong economic management of the UK.

We get that fair share through the Barnett formula. The Barnett formula serves us well; it is stable, simple and fair and it is delivering for Scotland. It supports significantly higher spending per head in Scotland than in England and Wales. Crucially, we decide how our receipts are spent to match Scottish priorities.

As Tom McCabe set out, the draft budget that we are discussing today shows the Scottish budget rising to £25 billion by 2005-06. That unprecedented growth presents an unprecedented opportunity to improve life for all Scots. It will help to reduce crime, improve health, develop education, support jobs and growth in the economy and invest in our transport infrastructure. We will be able to do that in sustainable ways. We will always be seeking to close the opportunity gaps that exist between communities and individuals across Scotland. Over the first six years of devolution, resources for Scotland will have grown by more than 25 per cent.

In "Building a Better Scotland" and the draft budget document, we have set out in detail what we propose to deliver with those resources and how they should be spent. In January, we will bring forward the 2003 Budget Bill, seeking parliamentary approval for the first year of our plans.

Much of the committee's report is not so much on the details of the budget as on the process by which the budget is decided. Although I would not claim that the budget process is perfect, we have made significant improvements over the parliamentary session. I agree with the Finance Committee that we can do better still in the next session; indeed, we will seek to do so. In that light, I welcome the further suggestions made in the Finance Committee's report. The Executive will keep working with the committee in a co-operative spirit.

As Tom McCabe indicated, with the election coming in May, the process of consideration of next year's budget will inevitably be rather compressed in comparison with past experience. The process would normally start with the Executive publishing an annual expenditure report in March. Given the timing of the election, we have agreed with the Finance Committee that that would make little sense. We will instead bring forward to August the publication of the draft budget—the usual second stage of the process—to give committees longer to scrutinise our plans at that point. I hope that members will agree that that is a constructive solution.

We will write to the Finance Committee more fully in due course to respond to the various recommendations in its report, but I shall deal with some of them now.

The report refers to the Skye bridge. That project has brought huge benefits to Skye. It has reduced congestion and the queueing that used to happen at Kyle and Kyleakin, particularly during the summer. It has speeded up communications and access to services. Since 1999, the UK Government and the Scottish Executive have taken decisive action to act on tolls on the Skye

bridge, first halving and then freezing tolls for frequent users so that, over time, the tolls will wither on the vine of inflation and bring a decent deal to local people.

Mary Scanlon: Does the minister welcome the reply that I received to a parliamentary question this week saying that the Skye bridge is likely to be paid off as early as 2009, after which people will be able to travel across to Skye for free? That is something that they would never have been able to do on the ferry.

Peter Peacock: I very much welcome the fact that we hope to see the bridge paid off at the earliest possible opportunity. As Mary Scanlon says, travelling to Skye today—let alone in the future, when the bridge is paid off—is significantly cheaper than it was on the ferry. People also have all the convenience that the bridge brings.

Having said all that, we understand that there are concerns about the administration of the tolls. I made that point when I was in Skye giving evidence to the Finance Committee and I have spoken to my transport colleagues about the issue. The Executive is also in contact with Highland Council about the recent report to which Tom McCabe referred, which was brought to the Finance Committee's attention when it was meeting in Skye.

The committee's second recommendation concerns the presentation of information about end-year flexibility. I am glad that the committee welcomes the improvements that we have made this year. We have made significant efforts to categorise and filter out the individual elements of EYF, such as money that is kept aside for future capital spending, money that is within a contingency fund, money that is controlled by other arm's-length bodies and fluctuations on demand-led budgets.

EYF is not just the result of underspending; it is also about prudent management. The benefits of EYF in previous years are obvious to people who are accustomed to dealing with public expenditure in Scotland. We have seen an end to the end-year surge of spending in the public sector in order to get the money out of the door for fear of losing it. That money can now be carried forward and targeted on continuing priorities. That is a significant step forward in public expenditure management. However, as with other recommendations in the report, we will look again at the presentation of our EYF figures to see whether we can do more to provide the committee with the information that it has sought.

I whole-heartedly agree that we have to ensure that we get value for money from our spending. What matters is what we deliver in terms of better public services and improvements to people's

lives. The size of an individual budget does not matter; what matters is what is done with the money to bring about improvements in the lives of people across Scotland. On several occasions, we have set out the steps that we are taking to drive up efficiency and increase value for money. The concept of best value is well established throughout the public sector because of the Local Government in Scotland Bill and through ministers' commitments to pursue best value in all that we do. Some of those measures will be touched on in response to other recommendations, so I will not run through the list now.

One consequence of moving to three-year budgeting is that it opens the way for showing the value of increased spending over that three-year period. We already publish the actual cash numbers and the real-terms numbers and we will continue to do so in our budget documents. We want people to see the totals and the year-on-year increases in the budgets. The totals that we put into the cash columns in the budget documents make clear exactly what we will be spending in each year. I believe that that process is fully transparent.

We will need to think carefully about whether the committee's proposal in that respect would increase transparency. By one view, it could make matters less clear. However, as always, we will do the committee the courtesy of fully reflecting on its concerns.

I have some sympathy with the committee's difficulties with the timing of information being made available to it during the budget round. This year in particular, those difficulties resulted from the rub between the Westminster parliamentary process and ours. In years when there is a Whitehall spending review, the size of the assigned budget for the following year will not be clear until June of that year. Given our commitment to bringing a draft budget to Parliament by 20 September, that inevitably means that we cannot provide fully detailed information in that document in spending review years. However, we are committed to providing that information as quickly as possible. I would be happy to discuss with the committee whether we can make further improvements to the process in future spending review years, although I believe that we made some progress on that this year.

On non-domestic rates, we can confirm to businesses that—revaluations aside—their rates bills will rise no faster than inflation. Every business will benefit from our decision to freeze rates for next year.

I welcome the Finance Committee's emphasis on the importance of cross-cutting issues in setting and examining spending proposals. I have been discussing those matters with the committee over

the past fortnight and I look forward to seeing its report in due course. The committee has an important contribution to make to the question of how the Executive addresses cross-cutting issues. Members have been sent copies of published reports that set out how our two key cross-cutting themes for the spending review—closing the opportunity gap and sustainable development—were taken into account in the process. That was a new approach for us. We are looking to go further in future, but I hope that members will recognise that the progress that we have made so far has been real and has brought improvements.

I welcome the Finance Committee's endorsement of our moves to be clearer about what we will deliver in return for the resources that are committed in the spending review and in the Scottish budget that follows the review. We have set out 105 detailed targets along with, for the first time, detailed technical notes that set out how those targets are defined and how and by whom progress will be measured over time. That is a major development for the Executive. We will publish regular information on progress on those targets—in future budget documents, for example.

I agree with the Finance Committee that we are not quite there yet in relation to how we measure, draft, set and monitor targets. There is more that we can do to link spending to outcomes and outputs. I look forward to working with the Finance Committee in taking that forward. I am grateful to the committee for acknowledging that there have been significant improvements in that aspect of our planning over the past year.

I am not sure that I entirely understand the Finance Committee's concept of "new spending". I share the committee's aim of increasing transparency and I look forward to discussing its recommendation with committee members in the months ahead.

We agree with both the Finance Committee's recommendations on equal opportunities. We are trying to make progress on defining equal opportunities and I gather that further reports on the issue will be given to the Finance Committee in due course.

I also note what the committee says about Nicola Sturgeon's proposal, which is the subject of her amendment today. I believe that the Finance Committee report strikes the right note; it does not recommend that the matter be taken forward at this time. The committee rightly pointed out that Nicola Sturgeon did not raise the proposal in the Health and Community Care Committee, of which she is a member, when it discussed the budget—Margaret Smith referred to that, as did Mary Scanlon. Nicola Sturgeon should properly have done so if she really wanted to garner support for her proposal.

Of course, Nicola Sturgeon knows that the Health and Community Care Committee is still considering the matter and that, as the Finance Committee points out, her proposal could set a precedent whose consequences cannot be fully established at this time. Furthermore, as the Finance Committee points out, the interaction between the proposal and entitlement to benefits for those who are affected is not clear. All in all, the Finance Committee has taken the correct approach to the issue. The Executive is still in discussions with the Health and Community Care Committee over the matter, as the amendment to the amendment in Margaret Smith's name highlights.

Of course, what is really interesting in budget-process terms is that, although the SNP has at last recognised that it can propose amendments to the budget proposals, it has done so in respect of only one matter. That raises the question: what should we read into the SNP's approach? I suspect that the only conclusion that we can come to is that in every other respect the SNP regards the Executive's budget to be exactly right in terms of priorities and expenditure. Moreover, where does the fact that no other amendments have been lodged leave the spending pledges that the SNP has been littering the country with over recent weeks? It leaves the SNP precisely nowhere, with just empty gestures of the sort that we have become so accustomed to over recent times. I will return to those points in much more detail when I sum up at the end of the debate.

As I hope I have demonstrated, the Executive broadly welcomes the Finance Committee's report, which recommends a number of changes that no doubt other members will want to address during the debate. I agree with the report's aims of full transparency and a budget process that allows everyone to have their proper say. I look forward to working with the Finance Committee and others in Parliament and outside to make sure that those aims are achieved. The Executive is happy to support the substantive motion and we believe that Margaret Smith has lodged an appropriate amendment to Nicola Sturgeon's amendment.

10:24

Mr David Davidson (North-East Scotland) (Con): Here we are again. The fourth year round and I am amazed to find that we have three hours to deal with this year's budget process, when this afternoon we have only an hour and a half to discuss land reform. I appreciate that that is not the fault of the Presiding Officer, but I question where the business managers were coming from, given that difference in the length of the debates.

I begin by congratulating the clerks on all the work that they have done for the Finance

Committee over the year, particularly on pulling together this report for us. I also congratulate my committee members on being so diligent, on following through, and on the unanimity under which we tend to operate—members of the committee tend not to hold excessive points of view. I also welcome Tom McCabe to the post of Finance Committee convener. He is the third convener that we have had, and I wish him every success; of course, we do not know what will happen next year.

Paragraph 16 of the report

"welcomes this significant growth in the Scottish Budget but recognises the need for the Executive to pursue value for money in its use."

The only reason why there has been an increase in the allocation of money is that Gordon Brown and the Labour party have already taken it from the taxpayer, especially through the 53 stealth taxes that we have suffered. In the Conservative party, we believe that the Scottish Government's spending priorities are totally wrong. Taxpayers' money is not being used effectively. Rather than throw money at pet projects and meaningless initiatives and strategies, the Government should invest in infrastructure and reformed public services.

Iain Smith (North-East Fife) (LD): I think that I heard David Davidson correctly when he said that the Scottish Executive's budget is totally wrong, but there is no amendment from the Conservatives that sets out how they would do things differently.

Mr Davidson: The debate is about the budget process; it is not an appropriate time to discuss other matters, but we are happy to outline where we might be going.

On education, why are our children leaving school with so little skill in the three Rs? Why is health care not accessible to all, regardless of the postcode area in which people live? On infrastructure, there are major problems with the railways. We need to invest in the railways—not just in rolling stock, but in reopening stations in places such as Laurencekirk, and in implementing the Aberdeen crossrail project. The roads budget is essential if we are to get our economy running, so why did the Government in Scotland abandon the Conservative road building plan that it inherited? What about broadband connectivity? We hear little about that now, but many people still ask for it.

Elaine Thomson (Aberdeen North) (Lab): I am always keen to talk about Aberdeen transport issues. David Davidson said that the Aberdeen crossrail project would be a good thing. Do the Tories recognise that it is one project, among many, that the Scottish Executive has got absolutely right?

Mr Davidson: The Scottish Executive has failed so far to tell us whether it will pay for the Aberdeen bypass out of the public purse or whether we are to pay for Aberdeen crossrail in some other manner, and road tolls have yet to be ruled out. How those projects are to be paid for is still a big secret, yet every other major city in Scotland got its bypass from the public purse. An Aberdeen bypass is an essential requirement, and I would like the Labour party to tell us today how it is to be paid for.

On the sustainable economy and jobs, everybody recognises that there is a problem with the Scottish economy, yet Peter Peacock did not seem to address it in his speech. There is a huge skills gap, but he did not appear to say anything about that, either.

The public perception is that our communities are not safer. Only yesterday, Archbishop Conti mentioned during his lunchtime chat with a group of MSPs that people in the west of Scotland tell him regularly that they do not feel safe to go out at night. Where are safe communities being delivered by the budget? There is a potential standstill in the justice budget, which I am sure that my colleague Lord James Douglas-Hamilton will get round to.

If we are to get value for money in public services, we need reform that meets the needs and expectations of the Scottish people in the 21st century. At issue is the quality of services, not who delivers them. We need to have a more open mind about how we address that.

The fact that business rates are higher than they need to be has already been touched on. A key issue that has not been addressed is the fact that high business rates disadvantage Scotland. Merely freezing them for a year is insufficient. The minister has not explained away the extra £300 million or more a year that Scottish businesses will have to pay in non-domestic rates. The issue dates back to the current First Minister's decision to abandon the uniform business rate, which we want to bring back.

There is no doubt that the Holyrood project is a Government scheme that has been subcontracted to the Scottish Parliamentary Corporate Body. We have seen blank-cheque budgeting at its extreme and the project is out of control. We use the word "uncertainty" in the committee report, which is a euphemism for "shambles". The project is indeed a shambles, and the fact that it is being dragged out is not doing the Parliament any good. We need clarity about when it will be finished and what it will actually cost. I am pleased that the Finance Committee agreed that the Parliament would be throwing money aside if it spent the proposed £400,000 on an opening ceremony. That would not do the public perception of the Parliament any good.

What has changed in the few years during which we have undertaken the budget process? In 1999, the big issue for the Finance Committee was insufficient information for the subject committees and poor outcome information—if such information was given at all. In its report of 2000, the committee expressed dissatisfaction with the level of information and said that level 3 figures needed to be provided earlier. It also noted that continued funding for some voluntary organisations did not appear to be planned. That approach has altered and three-year funding programmes have now been adopted—we hope.

From the committee's cross-cutting work—Brian Adam and I are involved in the voluntary sector review—it is patent that nobody can trace how money reaches places, what is done with it and what is produced for it. That is a problem for the Executive, which must understand the meaning of transparency and deliver it in the budget process. For example, the voluntary sector has no clue where money comes from or goes to. There appear to be 13 Executive funding sources for one area and no one minister appears to be responsible for them—the left hand is not operating with the right hand. The committee would like the Executive to take such matters on board.

In 2001, we talked about priority-based budgeting. We asked that the source of money that is available for reallocation should accompany any announcement of reallocation, and a bit of work remains to be done on that. The Scottish Administration's costs should be broken down further. That problem has still not been addressed.

The co-ordination of responses to subject committees' stage 1 reports is a continuing problem. Year after year, the committees claim that they do not know what the information means. I am glad that the minister said that the subject committees will have more time to consider the budget, but time is not the only factor—they need the detail.

The Finance Committee welcomes the improvements in dealing with EYF, but we are looking for more progress. This year's stage 2 report talks about value for money in the use of additional resources, but the committee condemns the Executive for the dishonest and misleading practice of cumulative accounting of budget increases. When we met in Skye, the Deputy Minister for Finance and Public Services gave the committee a robust defence of that—he closed his ears and talked the issue out. We need the Executive to declare that it will stop that practice. If an increase has been made, the Executive should be honest about that; we will admit that an increase has been made. However, it is misleading for the Executive to try to double and

treble account an increase through the budgets. That lifts people's expectations of delivery to levels that cannot be met.

Brian Adam (North-East Scotland) (SNP): Does the member accept that the minister skirted round the issue again today? He avoided mentioning complaints about cumulative accounting and gave no commitment to accept the committee's recommendation, which has been made not once, but several times.

Mr Davidson: I think that Mr Adam would agree that we did not expect the minister to do anything other than what he did: he closed his eyes to the issue and acted as if the recommendation had not been made. If the minister is allowed to speak again, perhaps we might get some honesty from him.

Peter Peacock: Oh, come, come.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Steady on.

Mr Davidson: I appreciate that I was asking for too much, but this is the Christmas season.

The committees have made a great call for baseline spending to be distinguished from new spending. We must do more work on that issue. I admit that the Finance Committee has a role to play in that.

I mention that the justice budget is set to decrease in relative terms.

I will deal with the committee's response to Nicola Sturgeon's request for no-fault compensation. Nicola Sturgeon spoke well, as she usually does on the subject, and Margaret Smith's response to her speech was good. However, as I said at the Finance Committee's meeting, I question why that request was not made as a cross-party committee exercise. The best way to change the budget is not through a single person going for something, but through cross-party recognition of, and work on, a piece of continuing work.

The Parliament is in its fourth year. In its relatively short existence, we have seen three First Ministers but, more important to the debate, we have seen three finance ministers: Jack McConnell, Angus MacKay and Andy Kerr—at least I think that he is the finance minister, although only Peter Peacock is present for the debate. Each finance minister has had the benefit of Peter Peacock playing the faithful Tonto to the Scottish Government fiscal Lone Ranger. He has done that diligently. He reminds me of a cricketer with whom I used to play in England. We often put that guy in, because he would never get out. He never scored any runs, but he batted and batted. I am sure that Peter Peacock has a similar skill.

The debate is supposed to be part of the transparent budget development process and to allow the Parliament, the committees, and most important, the public, to participate in that process. The process is better than that at Westminster, but it has a long way to go. In four years, we could have gone a bit further than we have managed.

Mist surrounds the multiple accounting practices. That probably starts with the performances down south of the member of Parliament for Dunfermline East. That school of accounting should not be used in Scotland. Its aim is to deceive the public and fool them into thinking that things are wonderful. It might fool some people some of the time, but it will never—despite the Executive's crossed fingers—fool all the people all the time.

Time and again, the Finance Committee has asked for greater clarity. I understand that ministers are keen to give themselves awards in their school report this year. If a school report is to be written, perhaps ministers should let members write it, because progress has been remarkably and painfully slow.

The Deputy Presiding Officer: We come to the open debate. There is reasonable time in hand this morning. Members can aim for speeches of six minutes, plus time for interventions.

10:37

Bristow Muldoon (Livingston) (Lab): I apologise to my colleague Tom McCabe for missing the beginning of his speech. That was because of delays on the ScotRail system: frozen points in the Rutherglen area led to frozen toes in the Livingston area.

I will concentrate on transport expenditure. To clarify the situation for the more pedantic SNP members, I speak as a Labour member and not as the Transport and the Environment Committee's convener. Mr Russell is not in the chamber, but sometimes he has difficulty with that concept.

Alasdair Morgan: I was musing on Bristow Muldoon's transport difficulties. Frozen points in winter are not a new phenomenon. What rate of investment would be required to unfreeze our points, given that we have known about the problem for 150 years or so?

Bristow Muldoon: The current rate of investment in the railways is unprecedented. I am sure that we will see rapid improvements in the transport system. Only time will tell whether that will eradicate the problem of frozen points.

In considering the Finance Committee's report, I will concentrate on transport issues and on some of the recommendations in the Transport and the Environment Committee's report. Transport

expenditure will rise strongly during the spending review period. The Transport and the Environment Committee observed that some of that increase was from money that moved from one budget line to another. That attracted press criticism, some of which misunderstood the situation, because some transfers were expenditure increases.

For the railway industry, which we just talked about, one budget transfer was of £31 million from UK Government expenditure to the Scottish Executive to sustain the level of ScotRail-operated services. If that transfer had not been made, ScotRail might have had to reduce its service level, which would ultimately have damaged the Executive's ability to deliver on its transport aims.

I welcome the rail funding initiative that Iain Gray announced this week of investment plans to increase the amount of available rolling stock, which will improve services throughout Scotland, such as the Glasgow to Edinburgh line, services in Fife and West Lothian, and services to Aberdeen and Inverness. That will contribute to achieving the Executive's stated aim of reducing overcrowding on rail services in the spending review period. The integrated transport fund, which was announced by the Executive recently, includes investment to establish new railway lines and to investigate, through exploratory engineering work, the reopening of the Bathgate to Airdrie railway line.

Mr Davidson's contribution on the subject of roads was long on complaints about the way in which money is spent but contained no clear explanation about the cuts that would be required in the Scottish Executive's budget if Conservative plans to slash public expenditure ever came to fruition.

Mr Davidson: Would the member like to start by cutting the £10 million that was spent on advertising and promotion? That figure, which relates to the Executive's administration budget, would be a good place to start.

Bristow Muldoon: The sum of £10 million would not go very far towards achieving the Conservatives' stated aim at the last general election of making cuts of between £8 billion and £16 billion. Little gestures such as the one Mr Davidson suggested would go nowhere near re-establishing the Scottish public's belief in the Conservative party's faith in public services.

Mr Brian Monteith (Mid Scotland and Fife) (Con): The member suggests that the Conservatives have no faith in public services. Will he tell the chamber why I am content to send my children to state schools?

Bristow Muldoon: I welcome that. I can only conclude that Mr Monteith recognises the fact that parents' wise decision to choose the comprehensive education system is made in light

of the excellent education that that system provides. I welcome the fact that he has faith in the comprehensive education system. I look forward to his support for it in future.

The Transport and the Environment Committee recognised that more investment is needed in the quality of roads, particularly local roads. I believe that Mr Morgan identified that area as one that requires additional expenditure. I welcome the way in which the Executive used its underspend last year to allocate money to local authorities for local road improvements.

The investment that has taken place in public services, particularly in transport, did not happen by accident: it happened because of decisions that were taken by Labour in government at Westminster and Labour in coalition with our Liberal Democrat partners in the Scottish Executive. All those plans would be put in jeopardy by the uncoded plans of the Scottish National Party if ever it came to power—however unlikely that might be.

I commend the budget to the chamber and welcome the Finance Committee's report.

10:43

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I believe that Nicola Sturgeon set out a formidable case for the hepatitis C victims to receive fair and proper compensation. They were infected by contaminated blood supplies through no fault of their own and Nicola Sturgeon should be commended for setting out the case in her usual eloquent and articulate fashion and for saying exactly how the maximum cost of £89 million could be funded. That issue should be taken more seriously by some members.

I will focus on an issue that I believe people outside the chamber talk most about. It is the issue that has dominated the short life of the Scottish Parliament so far—I am talking about the Holyrood project. Many members of the public simply do not understand what has happened; they are angry about the rising costs and fail to comprehend how the project has not been taken a grip of. From conversations with my constituents, I know that many of them are absolutely furious about the issue. I have held my view of the matter for some considerable time and have taken an active interest in the project since the establishment of the Parliament, although I have taken a particular interest in it since about spring last year.

This morning, I will talk about one aspect of the whole sorry business, which I will call the Flour City fiasco. It relates to an estimated £3.8 million, which is money that can, should and will be recovered for the taxpayer; I have made it my

business to campaign to that end. In spring last year, I was contacted by members of the Scottish Timber Trade Association who expressed concern that an unknown company called Flour City Architectural Metals (UK) had been awarded a £7 million contract. Those Scottish businesses, some of which had previously spent a great deal of time trying to secure the contract that was awarded to Flour City, had never heard of that company.

I began to make inquiries. I obtained a copy of the company's file and found out that Flour City UK had no assets other than a £2 share capital and that it had no UK directors. The two directors listed in the company file were a Mr John Tang and Mr Edward Boyle. The company had no trading pattern and, according to the only accounts that it posted in the UK, no income. I asked myself how a shell company with no assets, no UK directors and no trading history could have been awarded a £7 million contract. Would any member present in the chamber contemplate doing such a thing? I made further and more detailed inquiries and, in January this year, made lengthy submissions to the Auditor General for Scotland. The Auditor General took some time to prepare a report, but a report was finally made to me in a letter of 5 September.

In the interests of accuracy, I start by saying that the Auditor General's conclusion is that the contract "was not improperly made", but I am not sure what that means. If it means that there was a lack of evidence of impropriety, I accept that that is the case. Contrary to what Mr John Home Robertson said, I have never suggested that evidence of impropriety has come into the public domain.

The Auditor General concludes:

"there were deficiencies in the selection, award and management procedures for the award which exposed the SPCB to avoidable and possibly significant risk."

I reiterate—members should bear it in mind—that those deficiencies

"exposed the SPCB to avoidable and possibly significant risk."

I argue that that risk became loss.

The Auditor General went on to itemise particular deficiencies and said that insufficient financial information was obtained about Flour City and that a detailed financial appraisal of the company was lacking.

I have with me the pre-qualification questionnaire, which all prospective tenderers should have completed before they were accepted as eligible to tender. Did Flour City complete and submit such a document? If so, what information was given in response to the question that asks prospective tenderers to state what previous

contracts they have obtained. I have been informed that no references were obtained from Flour City suppliers, customers or bankers. I believe that that is tantamount to negligence.

I discovered that in September 2000 a bad debt judgment for £1,017 had been found against Flour City in a Basildon court. I got that information by paying £4.50. Subsequently, in a letter of 12 July 2002 from the registry of county court judgments, I found that the information on Flour City's bad debt was available in September 2000. Given that the contract was not awarded to Flour City until the end of January 2001 and that the bad-debt information was available at that time, why did not the Holyrood construction managers get that information before deciding to award the contract?

Concerns about the parent company—Flour City International—were not explored, but company accounts dated 31 October 1999 show that the parent company had gone from being in profit to making a loss. Those accounts also show an unexplained share transaction in which the company paid out \$1.5 million to some shareholders. It is unusual for shareholders to get money from a company when, according to its accounts, it is undergoing serious financial difficulties.

I do not have time to tell the rest of the story today. However, it is important that we recover every pound that we can, because £3.8 million is a lot of money. It could, should and—if I have anything to do with it—will be recovered for the Scottish taxpayer so that perhaps, at last, people will be able to see that something concrete is being done to deal with the fiasco of the Holyrood project.

10:50

Mary Scanlon (Highlands and Islands) (Con):

I want to make a quick point about Nicola Sturgeon's amendment. I have said this already, but the amendment is more about political opportunism than political judgment. When we have a cross-party committee that has worked rigorously over three years to examine the problems of hepatitis C sufferers, it is discourteous for one member to break ranks and hijack the issue. That is especially the case when she knows perfectly well that if her amendment was agreed to, the payments could be clawed back through social security.

Shona Robison (North-East Scotland) (SNP): Will the member give way?

Mary Scanlon: No, I will not. I have heard enough from the SNP today.

There must be concern that although health spending in Scotland has been 25 per cent greater

than in England for the past 25 years, waiting lists and times in the past five years have increased and fewer people are being treated. However, instead of measuring outcomes, the Scottish Government still measures our health by the amount of money that is spent on it. The budget debate should be not only about headline figures, but about placing more emphasis on best value for taxpayers' money and on the effectiveness of spending.

As a member of the Health and Community Care Committee, I assisted with the passage of the Community Care and Health (Scotland) Act 2002. The committee recommended a single budget for care in the community and it recommended, in particular, free personal care. I lodged amendments at the appropriate times whose purpose was to avoid buck-passing between the NHS and local councils, but the amendments were defeated. Their basis was the Sutherland commission's findings that £750 million that had been earmarked for care of the elderly throughout the United Kingdom had gone into a black hole at local council level and had been diverted to other budgets. Malcolm Chisholm's own care development group discovered that £63 million that had been earmarked for care of the elderly was also diverted to other council budgets. Six months into the implementation of free personal care, there is neither the means nor the intention to monitor local government spending on free personal and nursing care, which would ensure that those who are assessed as eligible for such care get it.

I want to draw Parliament's attention to three written answers that I received last week from Frank McAveety. The first one confirms that

"Anyone assessed as needing personal or nursing care will receive it."

My second question was about measuring unmet need for home care, and the answer was:

"The Executive does not measure unmet need."

My third question was to ask about the waiting lists for home and residential care, to which Frank McAveety answered:

"The information requested is not held centrally."—
[*Official Report, Written Answers*, 9 December 2002; p 2477.]

It is hardly surprising that 2,920 beds are still blocked in the NHS or that waiting lists are rising. We are currently debating the Mental Health (Scotland) Bill, which has two separate sections for NHS services and local government services. That represents total demarcation, and it is already clear that the commitment to supporting in the community people who have mental illnesses will not be achieved unless councils become accountable for their spending of the community care pound.

I raise those two issues because, last week alone, three people came separately to my surgeries to discuss them. One stated that their elderly parent was on a waiting list for free personal care, while another's parent had been assessed months ago for free personal care but was still in Raigmore hospital. The third case was a lady who had found a place for her mother in a private care home in Nairn, but was told by the social work department that her mother's personal care would not be funded because she had taken her mother out of hospital and had jumped the list. On top of that is Highland Council's proposal to rewrite our act of Parliament by changing the eligibility criteria for personal care. I am thankful that the council's social work convener was voted down by many decent-minded councillors, so the proposal was not proceeded with.

I mention those cases because successful implementation of acts that are passed by Parliament depends on the co-operation and commitment of local councils, but we have no means of openly and transparently holding them to account for their spending. However, when people complain that they cannot access free personal care or mental health services in the community, it will be Parliament and the Government who are blamed, not local authorities.

If we want successful implementation of policies and acts of Parliament, ministers need to ensure that local councils accept responsibility and accountability for spending and that they are open and transparent, as members of the Parliament and, increasingly, the civil service have accepted they must be. We can pass any act of Parliament and be as well-meaning as we like, but unless we can hold councils accountable for care in the community, we will not succeed with free personal care and mental health services.

10:56

John Farquhar Munro (Ross, Skye and Inverness West) (LD): I welcome the opportunity to take part in today's debate. Mary Scanlon intervened on the minister to suggest that we should get rid of Skye bridge tolls by 2009. We are more optimistic than that; I assure her that we will attempt to get rid of the tolls long before 2009.

I was pleased to see that the Finance Committee had the good sense to visit the island of Skye recently. I know that the committee was royally entertained and had informal discussions with many people in the community. The committee took evidence from many local groups, which highlighted their concerns and gave their views about national spending priorities and their effect on the economic viability of island communities such as Skye. The comments were wide ranging.

I was pleased to see that workshops were organised to give organisations an opportunity to give evidence. Almost all sections of commerce and business activity on the island were represented, including education, health services and the fishing, crofting and voluntary sectors. As members will understand, all those sectors make tremendous contributions to the economic well-being of any rural community.

I do not think that any member will be surprised to hear that one of the main topics of the evidence sessions was the high tolls on the Skye bridge, which—as was made clear at the meeting—are having a detrimental effect on the local economy. The tolls impinge on every aspect of island life, as well as on the neighbouring mainland community. Highland Council previously commissioned a study on the effect of the tolls on the community; its report determined that the tolls extract between £2.5 million and £3 million per annum from the local economy. If that money was invested or retained in Skye and Lochalsh, it would have the potential to create about 250 to 300 local jobs, which would be a very welcome boost to the local economy.

Mr Davidson: Will the member give way?

John Farquhar Munro: I will. I am not like the member's colleague Mary Scanlon, who said that she would not.

Mr Davidson: Will the member give the Parliament an indication of the cost of the ferry compared with the cost of bridge tolls?

John Farquhar Munro: It was always the case that the ferry was a local service that had to be paid for by the people who used it. The same concept was never applied to the bridge. The people who protested against the bridge tolls argued that, because the bridge is part of the highway, it should be free to the travelling public. However, the Government of the day decreed that that was not to be so and, instead of imposing a reasonable toll as most people expected it would, it imposed a toll that was—and still is—extortionate to say the least.

On tolls, we have heard only today that VAT is to be charged on existing road, bridge and tunnel tolls. I am not yet sure whether the level will be 5 per cent or 17.5 per cent; however, it represents an added charge. I am glad to say that the Executive has announced this morning that the travelling public will not have to pay VAT; that is good news indeed. I understand that, because the Parliament took the welcome decision of freezing the Skye bridge tolls, the Treasury will absorb that VAT charge. However, an interesting question for Chancellor of the Exchequer Gordon Brown is whether the VAT that will be extracted from Scotland and which will go to the Westminster

Treasury will be put back into the Scottish economy.

The decision to impose VAT on tolls also raises an interesting legal question about the protesters who have been given criminal convictions for refusing to pay what was considered at the time to be a tax. Now that the bridge tolls are deemed to be payment for a service, rather than a tax, they are subject to VAT. What will happen to the poor protesters who were given criminal convictions? I have no doubt that they will be lining up at the toll-gates today as they travel to Dingwall to make representations to the procurator fiscal. It will be interesting to find out who will compensate those poor individuals.

I welcome much of the budget process and commend the Finance Committee for its commitment to the Scottish economy. However, I have always been concerned that our rural communities receive very limited resources, so I ask that more consideration be given to ensuring that initiatives in those communities get a bigger or more appropriate slice of the cake.

11:03

Trish Godman (West Renfrewshire) (Lab): I take this opportunity to thank the members and the clerking staff of the Local Government Committee for their hard work. I also thank Ken McKay, who acted as our adviser on the budget process. I should also thank the Finance Committee and welcome Tom McCabe to his new post.

The Local Government Committee's stage 1 report on the budget process recommended that the Scottish Executive should address the implications for councils of the increase in employers' national insurance contributions. The Executive listened to the committee and, after consultation with the Convention of Scottish Local Authorities and before the committee's second report was published, the matter was resolved satisfactorily by the Executive's funding of the full amount. We also recommended that, when distributing additional health resources that would be accrued from the increase, the Executive should have regard to the contribution that local authorities make to the health of the nation.

The Local Government Committee welcomed the flexibility that the proposed prudential framework for capital investment will give councils. However, we were clear that the new arrangements had to be matched by adequate levels of revenue funding in order to make inroads into the backlog of capital investment.

The local government organisations felt that there was a need for a more open and constructive relationship between the Scottish

Executive and local government in relation to the determination of councils' spending and funding needs. Other members have raised the same point this morning. On the other hand, ministers assured the Local Government Committee that the Executive shares a common agenda with local government. As a result, it appears that we need more transparent joint planning at an early stage.

The committee was very concerned that even after three years members were unable to scrutinise the local government budget in any meaningful way—the same applies to the Parliament's ability to do so. A number of steps need to be taken if we are to make the budget process more effective. For a start, there is no sense in considering proposed levels of funding in a vacuum, with one large figure for revenue and another large figure for capital. The committee invited the Executive to produce, perhaps in its annual expenditure report, information not only on funding but on spending levels and, if possible, outcomes. Moreover, we feel that the Finance Committee should review the whole process with a view to linking parliamentary scrutiny to spending reviews instead of annual budgets.

During questioning, the minister said that he believes that he had a constructive relationship with COSLA. Although Councillor Pentland, who is COSLA's finance spokesperson, agreed that such a relationship existed, he wanted COSLA and the Executive to have a partnership. The Local Government Committee is clear that it has no wish to undermine the principle that councils should be given as much discretion as possible to determine their spending priorities—which brings us to the question of ring fencing. I agree with most of Mary Scanlon's comments on ring fencing and, although I am not sure that we should go down the road of ring fencing, we should perhaps consider outcomes. Mary is absolutely right to say that there is no point in agreeing to good policies or legislation if they are not implemented as they should be.

Until we have more information that allows us to put funding levels in some context, our task will be well nigh impossible. The committee and the Parliament must be given much fuller information about the Executive assumptions that underlie the budget figures.

On revenue funding, the Local Government Committee again received conflicting evidence from the Executive and COSLA. For example, the minister totally rejected COSLA's claim that there would be underfunding by £440 million over the full three years of the settlement. Faced with those arguments and lacking the information with which to make its own assessment, the committee was not in a position to propose any change in the level of aggregate external finance—a decision

that was honest, but disappointing. We share the minister's hope, which was expressed to me in a letter dated 4 November, that in future years the factors and assumptions that underlie the proposed local government budget will be made clear when the budget is first presented to Parliament.

As far as capital funding is concerned, the Local Government Committee was very supportive of the proposed prudential framework. There will be a significant increase in capital investment through the use of public-private partnerships, although I am pleased by the fact that PPP is not the only game in town and by Andy Kerr's statements on a two-tier work force. However, we remain concerned about the backlog of investment in other local authority services. For example, if Sylvia Jackson were here, she would highlight the issue of roads and bridges; indeed, Bristow Muldoon has already raised that matter.

The Local Government Committee has several continuing concerns. First, we are concerned about the degree to which local government organisations and the Executive disagree over the adequacy of the local government budget. That disagreement has been apparent since the first day. Secondly, we are concerned that attention has focused on year-on-year increases rather than on baseline provision. For example, debate has centred on the £586 million increase in budget instead of on what we are doing with the remaining £6.751 billion. Furthermore, lack of information about the budget from the Executive has made it impossible to express a view on the merits or otherwise of the case. It is to be hoped that the Executive will listen to and act on those constructive criticisms and that parliamentary scrutiny of the block allocations to local government and health will be significantly improved.

11:09

Brian Adam (North-East Scotland) (SNP): I echo the remarks that have been made by Trish Godman and Margaret Smith about their difficulties in being able to propose detailed, constructive amendments that reflect their committees' views. Perhaps members of the governing parties will reflect on those remarks before they indulge in their standard annual criticism of the Opposition's approach to the debate. It is difficult to come up with detailed alternative proposals and, as a consequence, Nicola Sturgeon's proposal is worthy of praise and support. She has come up with a specific proposal within the rather narrow strictures of the Public Finance and Accountability (Scotland) Act 2000 and the zero-sum base of the budget.

The Deputy Minister for Finance and Public Services has adopted an interesting position. He

seems to be deputy minister for all Administrations and all seasons. I am delighted that at least one member of the Government has managed to survive all the reshuffles so far. His presence today is most welcome, in the absence of the Cabinet minister with responsibility for finance. This is the second major financial debate that the Minister for Finance and Public Services has dodged. I do not know why, but perhaps he is incapable of answering questions or he does not think the debate important enough for him to grace the chamber with his presence. Perhaps he has such confidence in Mr Peacock that he is more than willing to allow him to deal with the debate.

Mr Peacock dodged the question about cumulative accounting, having attempted to defend it in Skye. He failed to make any commitment to put the matter to one side and never to use cumulative accounting again. He will have yet another opportunity to make that commitment when he sums up on behalf of the Executive. I invite him so to do, otherwise the successor Finance Committee is likely to say the same thing to whoever occupies the minister's post after the election.

The Parliament gave the Finance Committee the responsibility of scrutinising the Holyrood project and it has been a difficult job. We receive quarterly reports from the Scottish Parliamentary Corporate Body and the Parliament, in its wisdom, set up the Holyrood progress group to try to make things work. However, the fundamental problem was that the method by which the building work was procured was never going to allow successful scrutiny by a public body at such a great distance.

Between now and the next time that we hear from the SPCB, I hope that the Finance Committee will invite the management agents of the body to give an account of the appointment of a company with rather dubious financial antecedents—according to the information that was provided to us—and to explain why that company was allowed to proceed. It would be most useful to ask the management company directly why we cannot get any closer to a firm price and a timetable for completion of the project. It is interesting that we were advised, in responses to questions to the SPCB earlier this week, that the Treasury, which gives advice on such matters, no longer recommends the procurement method in question. I hope that it will give the same advice on private finance initiatives and public-private partnerships in the near future, because those methods also have somewhat dubious value.

The general public will find it as difficult as MSPs find it to get at the detail of the budget. The public have significant interest in the ever-increasing cost of the new Parliament building and in the fact that we do not appear to be able to give a firm deadline

for its completion. I look forward to having the opportunity to hold to account the company that manages the project on our behalf.

I suggest that the remarks that were made by Mr McCabe—the former Minister for Parliament—about ministers' responsibility for the new building were inappropriate. We have failed to hold the Executive to account for its responsibilities, as the Executive must find the money for the project. I hope that we will resolve that matter soon.

11:16

Mr Brian Monteith (Mid Scotland and Fife) (Con): I apologise for not being present to hear the convener's opening speech, which I am sure was robust. I look forward to Mr McCabe's convenership of such an important committee.

The regional disparities in the education budget must be examined in the future, particularly the difference in Executive moneys for schools. The Association of Head Teachers in Scotland commented on the differences in levels of administration and bureaucracy between councils:

"In a national system of state education, it may be imagined, and even expected, that pupils are provided for in an equal way, but this is clearly not the case. Pupils straddling the 'county line' would be better off turning right in the morning, rather than left (or perhaps vice versa).

The fact that such inequality of funding exists is clear to school managers across Scotland and is a source of on-going frustration. The sincerest principles and best founded practices of Devolved School Management are being increasingly compromised by the uncertainties and inequities of provision".

For example, Bannerman High School in Glasgow, with a school roll of 1,399, has spending per pupil of £2,720. Kirkcaldy High School, with a roll of 1,401—only two more pupils—has spending per pupil of £3,330, which is some £610 more per pupil. Rural areas are similarly affected. Balfron High School, with a roll of 881 pupils, has spending per head of £3,966, while Kinross High School, with a roll of 880, has spending per head of £3,267, which is some £699 less than Balfron High School.

In a study by the Association of Head Teachers in Scotland, it was found that because of the differing policies of council education directors, the budgets for similarly sized schools can vary by as much as £340,000. The effect of that variation can be found in numbers of teachers. Different staffing levels per 1,000 pupils can result in some schools having 12 or 13 more teachers.

The total spending on schools can be calculated by adding local authority and Executive spending on education and stripping out the non-school expenditure. That figure has increased from £2.95 billion to £3.32 billion—an increase of 8 per cent.

For Bristow Muldoon's purposes, I tell him that I support that increase. However, if we examine the primary and secondary budgeted school running costs, which were posted on the Executive's website—although the figures from last year have only just been updated—we find that those figures have increased by 6 per cent. There is a 2 per cent difference between the money that was being given and the money that was actually being spent in schools. Despite the increase in spending, there was therefore a fall in the budgets for schools. Not only are the disparities between schools real and damaging, but the amount of money that is being retained by local authorities is actually growing. I hope that that is of concern to the Executive and to members of all parties. After all, if education spending is to increase, I am sure that we want the money to reach the classroom.

The way round that difficulty is for a greater proportion of funding to go directly to schools. The chancellor thinks that that method of funding is good enough for English schools, but our ministers have so far not applied it in Scotland. As the situation is getting worse, I ask the minister and the Finance Committee to examine those problems in the coming year and to establish whether the problem is the formula used by councils, the formula used by the Executive or both, so that we can remove that injustice from our schools.

11:21

Karen Gillon (Clydesdale) (Lab): Having been involved in the budget process for a number of years, I think that the information that we are receiving is getting better, but it is still not good enough. It certainly does not allow for sufficient meaningful scrutiny by committees, and I concur with the points that were made by my colleagues Trish Godman and Margaret Smith. If the process is to be meaningful and worth while, we need to adjust the timetable to allow level 3 figures to be available to the committees. Without those figures, we cannot have the detailed scrutiny that the committees would like to take part in. We would clearly be able to gauge what was happening by looking more closely at those figures.

I agree with some of Brian Monteith's points. We need greater transparency in the budget process, not just in the Executive but in local government and in the health service, so that we can monitor where the finances that are being committed by the Executive and by this Parliament are going and how they are being spent. There is an expectation, particularly when announcements are made in the chamber, that the money will be spent on what it was announced for. When that does not appear to happen back in the constituencies, people begin to ask questions of us. If we do not

have the transparency that is required to monitor the process, we cannot give people the answers that they are looking for. We must continue to look at that.

I want to mention a couple of points that the Education, Culture and Sport Committee made in its contribution to the budget process. The first point relates to the budgets for agencies such as Historic Scotland. We must consider how we continue to monitor those budgets, because the underspends that have occurred in the grants budget in the past year, and which are forecast for this year, give the committee some concern. I hope that the Executive will ensure that that situation is kept under review.

Secondly, the Minister for Tourism, Culture and Sport is aware of the committee's concern about baseline funding of the arts. Although the minister has indicated that there are still on-going issues, it is the committee's view that there is a need for a fundamental review of arts funding in Scotland—how that funding takes place, where the money goes and how the arts are supported in a meaningful way. I hope that, through his offices and with the minister responsible for the arts, the Deputy Minister for Finance and Public Services will continue to hold discussions with all the agencies, so that we can move forward positively and productively for the arts in Scotland.

Thirdly, the committee very much welcomes the additional funding that has been given to sure start, because it has been recognised that early years intervention has positive consequences for children in the later years of their schooling.

My final point is on McCrone funding. Some local authorities have expressed concern that their funding package for McCrone has not been sufficient to meet their needs, while others have said that they can meet the McCrone provisions and have some money left over. I return again to the issue of transparency. The Minister for Education and Young People is aware of those concerns and discussions are continuing. I thought that it would be useful to raise those points in the chamber, but I do not intend to say more on that.

We welcome the opportunity to take part in the budget process, but I reiterate my point that, if our involvement is to be meaningful, we must have level 3 figures before we start the process.

11:25

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): The Finance Committee paid a visit to Skye, which was extremely well received. The number of people who came to meet, listen to and engage with the committee was very gratifying indeed. We heard the widest range of evidence. None of us was surprised to hear John Farquhar

Munro talking about the Skye bridge tolls, but many other issues were covered. I want to flag up two of those issues in particular, which were of great concern at grass-roots level in Skye and which also apply to the north of Scotland in general.

The first of those issues, which has been touched on already, is roads. There is no doubt in my mind, and in the mind of every other right-thinking Highlander, that the condition of the non-trunk roads in the Highlands is gradually deteriorating. That could well be in spite of the best intentions of the Scottish Executive in channelling funds into grant-aided expenditure. I shall return to that point in a minute or two.

The second issue is one that I have raised before in the Parliament, and I make no apology for doing so again; it is the issue of less favoured areas. Despite the Scottish Executive upping the amount of money that is put into that form of agricultural subsidy, there is unfortunately a statistic that dictates that the crofters in some of the most marginal parts of the Highlands, such as Assynt in my part of the world, actually receive less grant than they did in the past.

Bruce Crawford (Mid Scotland and Fife) (SNP): Does Jamie Stone agree that we need to look not only at LFAs but at the rural stewardship scheme to examine the balance that has been achieved between spending in lowland Scotland and spending in upland Scotland, where most of the LFA areas lie? Does he share my view that, in that way, we can start to make a real difference?

Mr Stone: I do not contradict anything that Bruce Crawford says. I have to be quite honest and say that I have concentrated on LFAs because that is of particular interest in my constituency.

In striking the balance, it is important to get things right. Some of the most marginal crofts are losing up to £1,000 per croft. Where there is no other form of livelihood, I am afraid that that will discourage people from that way of life, which will fundamentally undermine a particularly fragile part of Scotland. That is happening despite the fact that more money is going in.

Peter Peacock, Alasdair Morgan, Tom McCabe and I have been meeting to discuss the matter. The deputy minister put it rather nicely when he said that, although there is cross-cutting and joined-up thinking at the level of the First Minister and the Minister for Finance and Public Services, when the cash is fired down the tubes—the silos, as Peter Peacock called them—outcomes are not always what we might wish. That has been referred to by members all round the chamber.

In responding to the Finance Committee, Peter Peacock was beginning to explore the possibility

of going in for community planning as a way of measuring outcomes. Quite how one would do that for 32 local authority areas, I do not think any of us knows yet. However, as a mechanism for the Executive to see whether we are achieving our objectives, it may be possible. The minister might care to comment further at this stage. If so, that is well and good. If not, because more consideration must be given to the proposal, I will understand that.

The one way out of the problem in my part of the world—on the roads front and on the LFA front—is to get back into European funding. The past is the past in terms of what happened to objective 1 funding for the Highlands, but in the years to come there will be other opportunities to get in there again. I urge and exhort the Executive and all right-thinking people to make the best possible case that we can for the Highlands, so that we get as much money as we can. I tell members from other parts of Scotland that that will also help budgets and increase the overall total, taking less money from their areas and giving more money to my crofters.

11:29

Shona Robison (North-East Scotland) (SNP): I commend Nicola Sturgeon for her well-thought-out proposal for a solution to one of the greatest injustices that the Parliament will ever be faced with—people infected, through no fault of their own, with hepatitis C contracted from contaminated blood and blood products received through the health service.

Nicola Sturgeon has had a long-term interest in that issue and feels strongly about it. I say to Mary Scanlon and Margaret Smith that it does not matter who brings forward a good idea or how an idea is brought about; whether an idea is good or not is more important. The proposal is good for hepatitis C sufferers. Yesterday, I spoke on the phone to a hepatitis C sufferer who thought that a debate would be good, as it would provide another opportunity to raise the issue and possibly find a solution.

Janis Hughes (Glasgow Rutherglen) (Lab): I do not think that any member is questioning any other member's commitment to any cause, least of all hepatitis C. However, the point that has been made is that it is discourteous to other members of the Health and Community Care Committee to take the matter to another committee without first discussing that with members of the Health and Community Care Committee.

Shona Robison: What is best for hepatitis C sufferers is more important and must come first and foremost, before any perception of what parliamentary protocol is. A result for hepatitis C

sufferers is far more important than the member's or anyone else's perception of what parliamentary protocol is.

Mr Duncan McNeil (Greenock and Inverclyde) (Lab): Is the amendment not sheer opportunism by Nicola Sturgeon? Committee members have made that point many times this morning.

Shona Robison: If the member went out and spoke to hepatitis C sufferers, which I assume that he has not done—[*Interruption.*]

The Deputy Presiding Officer (Mr Murray Tosh): Order.

Shona Robison: I hear the member interrupting—there should be one singer, one song. If the member spoke to hepatitis C sufferers, they would tell him that it is good that today's debate is happening, as it gives another opportunity to raise the issue and find a possible solution. If hepatitis C sufferers think that that is the case, that it is more important than what the member or anybody else thinks about parliamentary protocol or procedure. We should all bear that in mind.

I pay tribute to the expert group under Lord Ross. Its sterling work has provided the Health and Community Care Committee with a huge opportunity to reach a solution in respect of hepatitis C sufferers. It has provided a cast-iron case. Despite the fact that the group was appointed and given its remit by the Minister for Health and Community Care, its recommendation is clear. It is a little disappointing and somewhat disturbing that its judgment has been ignored by the minister. Experts who know about the subject have been asked for advice. Given that the Health and Community Care Committee has given a clear view on financial assistance and that the expert group has said that such assistance should be given, can the committee and the expert group be wrong and the minister right? I do not think so.

Karen Gillon: I welcome the SNP's conversion to accepting expert groups' recommendations. Is the member saying that whenever the Parliament sets up an expert group and that group makes recommendations, the SNP will always support those recommendations?

Shona Robison: In the main, I would support such recommendations and, in the main, the SNP has done so. I wonder whether the member has an example of our not doing so.

Iain Smith *rose*—

Shona Robison: For example, unlike the Liberal Democrats, we supported the Cubie recommendations. The Liberal Democrats should have supported that expert group's recommendations. I want to move on, as I am already over my time.

Nicola Sturgeon's amendment is a practical and workable solution. It has been pointed out that, last year, the capital budget underspend was £111 million and it is possible to release those resources without any adverse effect on capital or revenue spend.

Some problems that have been identified are problems only if they are made into problems. The benefit clawback, for example, is a problem only if Westminster ministers decide to make it a problem. Of course, the precedent exists in the Macfarlane Trust for benefits to be disregarded. It would be a travesty of justice if Westminster ministers stood in the way of hepatitis C sufferers in Scotland getting financial assistance should the Scottish Parliament support such assistance.

Similarly, the issue of no-fault compensation does not arise. Lord Ross clearly said that giving financial assistance to hepatitis C sufferers sets no more of a dangerous precedent than that established under the Macfarlane Trust.

There are no insurmountable problems. Where there is a will, there is a way. Today, I hope that the Parliament will have the political will to find a way of giving the vital assistance that is required by hepatitis C sufferers. That can be done if members support Nicola Sturgeon's amendment.

11:36

Lord James Douglas-Hamilton (Lothians)

(Con): I regret that I did not hear what the convener of the Finance Committee said, as I had meetings earlier this morning. However, I will concentrate on the provision for justice. We want the strongest possible priority to be given to law and order, the rule of law and the interests of justice. In practice, that will mean increased support for the justice budget.

I say that for good reasons. In "Building a Better Scotland", crime is identified as one of the five priorities for action. However, the justice budget is set to decrease as a share of the Executive's total managed expenditure from 3.54 per cent in 2002-03 to 3.32 per cent in 2005-06.

I draw the minister's attention to the recommendations of the justice committees at stage 1. They pointed out that justice should be given a larger share of the available spending, which would be consistent with crime being one of the Executive's five priority areas for action. The two committees also recommended increased provision for the prison service for 2004-05 and 2005-06 to assist with modernisation and for all secure accommodation to be brought under the justice department and to be overseen by it.

Police numbers may be marginally higher than in 1997 but, according to "Narrowing the Gap:

Police visibility and public reassurance—Managing public expectation and demand”, at any one time only 138 police officers are walking Scotland’s streets. Although the Executive has piled extra responsibilities on to the police, there is no indication that it has any genuine intention to provide the necessary increases in strength. Indeed, according to “Building a Better Scotland”, Labour and the Liberals intend to focus resources only on

“maintaining the capacity of the police”.

We want to do a great deal better than that.

I want to turn to funding for the courts, the administration of which is so overloaded that it has given rise to Lord Bonyon’s review of the High Court system. He made the controversial recommendation that the 110-day rule should be amended. The Crown Office should be given the resources to make certain that deadlines are not missed. If the prosecution and the court service had been given the necessary resources, calls for the abolition of the 110-day rule might never have been made. Through more appropriate provision, every effort should be made to remove the backlog of cases that are before the High Court and sheriff courts.

To coincide with the BBC’s crime day in September, a survey was taken of the attitudes of more than 600 adults to crime and the police. The top choice that would make people feel safer was more police on the streets. More closed-circuit television cameras came second on the list.

The blunt reality is that the number of recorded crimes soared between 1997 and 2001. Drug-related crimes increased by 23 per cent, non-sexual crimes of violence increased by 24 per cent and fire raising and vandalism increased by 17 per cent.

We need more police officers to be visible within communities and they should be backed up by a court system with sufficient resources to bring cases to justice within a reasonable time scale. There must also be enough resources to ensure that the courts dispose of criminals appropriately, that the prison service rehabilitates them, and that the youth justice system provides outcomes that will discourage and prevent young offenders from re-offending. In short, we want more police and fiscals, and more resources for the courts and our justice system. We will go on campaigning for a better deal for people until we get it. I emphasise to the minister that those recommendations come not only from me, but from the justice committees. We call for strong policies on crime. Our purpose is to reclaim the streets for the law-abiding majority by tackling all ends of the justice system.

The Deputy Presiding Officer: We come now to closing speeches. The normal running order

has been disrupted slightly by the impact of the amendment and counter-amendment. I call first Keith Harding, who has six minutes.

11:40

Mr Keith Harding (Mid Scotland and Fife) (Con): The debate has been interesting and informative. However, I want to concentrate on and highlight the concerns of the Local Government Committee when it considered stage 2 of the 2003-04 budget process. Like Trish Godman, the convener of the Local Government Committee, I am pleased that the Executive took on board the committee’s recommendation that, when the Executive determined the settlement for local government, it should address the implication for councils of the increase in employers’ national insurance contributions. That increase was fully funded. The move to a prudential framework for capital investment will give councils more flexibility, but the framework will enable councils to make significant inroads into the backlog of capital investment only if it is matched by adequate levels of revenue funding. I ask the minister to address that issue in summing up.

One area of great concern to councils that has not been addressed is how the Executive presents the local government settlement. The minister proudly announced a £586 million—or 8.68 per cent—increase in aggregate external finance over the 2002-03 figures and stated that, in his view, it was a “fair but challenging settlement.” Then councils had to raise council tax by more than double the rate of inflation and make cuts in front-line services. That does not add up or make sense for the electorate as they struggle to pay more in council tax while getting less in return.

The Executive must be more honest and transparent and break down the increase to show what new additional moneys are being allocated, rather than the mainstream Executive priorities from previous years and the funding for new burdens imposed from the centre. COSLA believes that once that so-called non-discretionary expenditure is stripped away, the year-on-year increase is only 2.5 per cent and core services are being underfunded by £440 million over the full three years of the 2002 spending review. The minister rejected that view, but it appears to be borne out by councils’ actions. Why do councils have to cut services and increase council tax, if the settlement is as generous as claimed?

Trish Godman described the Local Government Committee’s inability, because of a lack of information from the Executive, to come to any conclusion on the funding level. Karen Gillon, the convener of the Education, Culture and Sport Committee, supported that view. Karen Gillon has reacted to mention of her name, but I inform her

that it is all right—I was not being rude to her. Tom McCabe, whom I welcome to his new post, expressed concerns regarding the education budget and triple accounting. Margaret Smith, the convener of the Health and Community Care Committee, also pointed out the difficulties in identifying true new moneys in the health budget. I am pleased that the Finance Committee will pursue the issue of the lack of information with the Executive. David Davidson and others also raised that issue, but the minister did not mention the issue in his opening address. It would be interesting if he gave his views, instead of continuing to skirt around a serious concern that is continually raised but consistently ignored.

I commend the Finance Committee for its comprehensive report and I look forward to the Executive responding positively to its recommendations, particularly in relation to cumulative accounting and the provision of better level 3 spending details at an early time in the budget process.

11:45

Iain Smith (North-East Fife) (LD): I must disagree with David Davidson's comment that three hours is too long for the debate, because the debate is about £23 billion of public spending of taxpayers' money on public services. Surely the Parliament should be giving that matter proper attention. The debate seems too long to the Opposition because it never proposes any alternative ideas for the budget. The debate is not about the budget process, but about the draft budget—that is what we are dealing with.

Mr Davidson *rose*—

Iain Smith: I will not give way on that particular point.

It is disappointing that this last opportunity before the last budget bill prior to the election—

Mr Harding: The Finance Committee report refers to the "Budget Process".

Iain Smith: No, it refers not to the budget process, but to stage 2 of the budget process, which, I think Mr Harding will find, is the draft budget. We are debating the last draft budget before the election, but the Opposition parties will still not tell the Scottish Parliament or, more important, the Scottish electorate what they would do differently. That is a disgrace.

Mr Davidson: I wonder whether we will now hear from Mr Smith the layout of the Liberal Democrats' policy, because they apparently consider themselves a separate party from Labour.

Iain Smith: We are part of the Executive that is proposing this budget. We will, of course, be standing in the election as a separate party. If our manifesto has different policies that require budgeting, we will explain those changes at that time. The Opposition has not proposed a single alternative budget proposal—apart from Nicola Sturgeon's one—for the past three and a half years. That is appalling, and if the electorate will bear that in mind—

Nicola Sturgeon *rose*—

Iain Smith: I am sorry, but I need to make some progress.

The Conservative's basic policy, of course, is to spend more money on roads but at the same time cut money on taxes. They will not say where they would find the money to spend on roads or where they would cut public services, such as schools and hospitals, in order to fund their proposed tax cuts. I will return to the SNP later, when summing up on the amendments.

On the Finance Committee report, I cannot add much to what Trish Godman said in relation to the local government budget. The Finance Committee's report perhaps slightly misinterpreted the points that the Local Government Committee was trying to make. Paragraph 33 of the report states:

"The Executive's assumption of how much should be spent on key services should be set out in the budget".

What we are looking for is a clear definition of how the Executive builds up its priorities and how it determines its budgets. We want to know the Executive's assumptions about the expected outputs of local government and the health service from those budgets. It is not for the Executive to determine how that money is spent, but for local government to say transparently, "We have been given money for this service, but we think that the local priorities"—which Brian Monteith seems to think are not important—"are actually something slightly different and we will spend the money differently." If we had more information from the Executive, then at least the public, the Local Government Committee and the Parliament would be able to judge whether the Executive or local government was right. It is important that we get that sorted out in future.

I will now consider the SNP. Brian Adam said that it was difficult to come up with amendments. Well, it certainly appears to be difficult for the SNP to come up with amendments, because it never does so. However, it does seem perfectly capable of coming up with spending commitment after spending commitment without once telling us how it will pay for them. In the past month alone there have been about eight or nine new SNP spending commitments. I will not talk about the millions that

the SNP has committed over the years. For example, on 12 December, the SNP commitment was to additional social workers; on 11 December, it was to more pay for nurses; on 10 December, it was to more money for Inverness airport; and on 9 December, it was to more police. That was an expensive time because there was also a commitment to smaller class sizes and more money for children's hearings on 9 December. On 3 December, the commitment was to more pay for dentists. However, not once has the SNP indicated how it would pay for any of those commitments.

Nicola Sturgeon: I apologise because I cannot remember the exact date, but I seem to recall that a couple of months ago the Liberal Democrats published a pre-manifesto document. Can Iain Smith tell us what was in that document and whether anything in it would require a change in the Executive's budget plans? If so, why are there no Liberal Democrat amendments to the motion that we are debating?

Iain Smith: I would love to read the Liberal Democrats' priorities for government on to the record during the debate, but I do not think that the Presiding Officer will give me the time to do so. I will be happy to do so at some future date, if the Presiding Officer will give me a commitment that I can do so.

The Deputy Presiding Officer: If you can do it in a minute and a half, I do not mind.

Iain Smith: It takes a bit longer.

The SNP, rather than telling us how it would pay for its commitments, is promising more tax cuts, which is rather strange. The SNP's budgets do not add up.

I was interested in Shona Robison's comments about expert groups. I seem to recollect that the Cubie committee wanted a £3,500 graduate endowment. We said that that was far too much and that the figure should be cut to £2,000. I presume that the SNP still supports the Cubie proposal of £3,500.

I also do not recollect the SNP ever supporting the recommendations of the expert group called the Advisory Committee on Releases to the Environment. In fact, it criticised that group at all times. It seems that expert groups are acceptable only when they do what the SNP wants them to do, not when they come up with something that the SNP does not like. We are the politicians and we make decisions based on the advice of the expert groups. Running the country is the job of politicians, not expert groups.

It is typical of the SNP that it has focused on only a small part of the budget. The party has ignored 99.99 per cent of the budget, choosing to

examine £30 million out of £23 billion. As usual, the party is jumping on various bandwagons, looking for cheap headlines. Shona Robison's claim that the only people who matter are sufferers of hepatitis C is a nonsense. This budget is about everybody in this country—it is about our hospitals, the police, the fire service and other services.

The SNP says that it has given details of how its proposals would be paid for but, in fact, it has said that it will make cuts in one budget line without saying what the implications of that reduction would be. It would mean that there was £20 million less to invest in capital in our hospitals. Which hospital will bear the brunt of that cut? I hope that it is not the one in St Andrews. There would be £25 million less for our local authorities to spend on capital projects. Which schools would not be modernised? There would be £6 million less to spend on our transport infrastructure. Which road improvements would not be carried out? The ones on the Mallaig road, which the SNP has called for? Which rail projects would not be undertaken? The Borders rail link and the Glasgow and Edinburgh airport links, which the SNP has also called for? The SNP does not tell us that, nor does it tell us what would be hit worst by the £30 million that would be cut from the water investment plans. Which water treatment plant outside Glasgow might have to be closed? Nor does the SNP talk about the £2 million cuts in the police service budget, the £1.5 million cuts in the fire service budget, the £2 million cuts in the prison service budget or the £2 million cuts in the further education colleges budget. The SNP only makes promise after promise without telling us how they will be paid for.

11:52

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): The Finance Committee debate always occurs at the climactic parliamentary meeting of the year. On this occasion—rather unexpectedly, otherwise we would have a higher attendance rate—we have the bonus of two speeches from Peter Peacock. Earlier, Peter Peacock referred to the total lack of visitors in the gallery, but I see that since then, in mathematical terms at least, the number has infinitely increased to two.

Unusually, the nation's press was interested in the Finance Committee's report. It was interesting to see the spins that were put on the report by various newspapers. Predictably, *The Scotsman* went with the cumulative accounting story and gave its story the headline:

"Ministers told to end budget figures spin".

The *Daily Mail* managed to get another spin on that story, focusing on the fact that Tom McCabe

is the convener of the committee and giving its story the headline:

"Sacked minister attacks Executive".

That was a good headline, I thought.

I will now deal with some of the committee's recommendations. Although the visit to Skye was not quite the junket that John Farquhar Munro made it out to be, we were struck by the fact, to which the report alludes, that there has been only an 8 per cent growth in traffic over the bridge since it opened. Most of us thought that such a huge improvement in the transport infrastructure of the area would have brought with it a much greater growth in traffic. That needs to be investigated. Regardless of that, however, the bridge remains the biggest single issue among businesses and people whom we talked to on the island.

On the recommendations that the committee makes with regard to the Holyrood project, I hope that when that building is ready—and I hope that it is a building of which generations of Scots can be proud—we will open it with a simple and dignified ceremony. We do not need what would be portrayed by the media as a junket.

The committee was concerned about the building itself. At our meeting earlier this week, several members expressed the view that, while most projects seem to get more certain with regard to time and cost as they near their end, the exact opposite situation is developing in relation to Holyrood. It is no wonder that there is significant disenchantment among the public, to the detriment of the Scottish Parliament rather than those who landed us with this project.

The recommendation that the Executive assure businesses that their rates bills will not rise above inflation was made because of the projections in the budget that non-domestic rates income would increase substantially over the three-year period of the budget. The minister gave us a complex explanation about how, as all appeals were turned down, more money would come in as the back payments were made. However, there was also the usual ministerial explanation about why Scottish businesses were not being disadvantaged by the fact that our uniform business rate is higher. The explanation that we are given, of course, is that our rateable values are lower than English ones, so the outcome is the same. That assumes, however, that the basis of valuation is the same north and south of the border, but there are certain cases where that is not so. For example, in relation to pubs, petrol stations and so on, turnover, not assessed rental, is the basis for rateable value. Given that the turnover of comparable businesses will be the same on both sides of the border—or higher in Scotland, in the case of petrol stations, as the price of petrol is

often higher in some parts of Scotland—rate payments will be higher north of the border. I would also point out that, because of the different basis of valuation, one or two-star hotels that are too highly valued to benefit from the Government discount to those with a small rateable value will have to pay higher rates than similar establishments in England. Tony McRitchie, who is a caterer and hotel keeper and a spokesman for the Royal Institute of Chartered Surveyors, says:

"Currently, it is my estimate that such hotels, as a result of the separate Scottish valuation scheme, produce values 10% to 15% higher than for equivalent hotels in England and Wales."

Such hotels are paying much more than equivalent businesses south of the border because they have a higher rateable value and a higher uniform business rate. The minister must examine those discrepancies and say what he is going to do about the problem.

On the matter of cumulative accounting, the minister may well be mathematically correct—in fact, I am sure that he is—but those figures are used for one purpose alone: to make the Executive appear better. They are mathematically correct but presentationally dishonest. It is the unanimous view of the committee that cumulative accounting should stop. It is not a party-political matter. The minister should at last do the decent thing and give way on the matter.

On the increases in expenditure, the committee has welcomed the growth in the Scottish budget. However, we stress that we need value for money. In that context, it is what we get out of the budget and whether the targets that are set are met that is important, rather than the total amount of money. It is disappointing, therefore, that quite a few of the targets in the budget are vague and unquantifiable. For example, the first target under objective 1 of the transport section is to

"Reduce the time taken to undertake trunk road journeys on congested/heavily trafficked sections of the network by 2006."

What does that mean? By how much will the times be reduced? I lodged a question to ask what statistics would form the basis for an assessment of whether that target was being met, but the reply informed me that no statistics that directly cover journey times are available and that data collection will commence in the spring or summer of 2003. That means that we have a target, but no statistics to measure it with and that, when we decide what the statistics should be, we will not start collecting them until the summer of next year. In future, those statistics might give us a good basis on which to set a target, but we should not now set targets that cannot be validated.

Jamie Stone mentioned less favoured areas, so I will give another example. Target 8 for the

environment and rural affairs department is to

"Encourage more sustainable agricultural activity on 13,500 farm businesses in Scotland's remote hills by 2006."

Again, I lodged a question with a view to finding out what that means and how it would be decided that the target of encouraging more sustainable agricultural activity had been met. Effectively, the answer says, "Well, we are paying support to 13,500 farms. That must be encouraging activity." That is to confuse the means with the end. The Executive cannot prove that that target is being met either. We have many unmeasurable targets. The budget is getting better, but we still need much more definition on some of the targets.

I welcome Nicola Sturgeon's amendment. It is important that we establish the principle that we are engaged in a budget process in which individual members, not acting on party advantage, can try to amend the budget constructively. If that develops in future years, that will be good.

To call the process a budget process is a misnomer. As Mr Peacock knows, it is not even half a budget process. We deal with virtually none of Scotland's income, except for non-domestic rates, and only a proportion of its expenditure. We deal with nothing that has to do with social security, for example. Until we have all the levers of Scotland's budget in our hands, we will never realise Scotland's potential.

The Deputy Presiding Officer: I now call on Peter Peacock to resume his innings on behalf of the Executive.

12:01

Peter Peacock: I will make no comment about the number of runs that I have scored in my career as a cricketer.

The Deputy Presiding Officer: They have all been no-balls and wides.

Peter Peacock: Thanks, umpire.

I will pick up on various points that were made during the debate. Trish Godman, Mary Scanlon, Tom McCabe, Karen Gillon and other members made a number of points about the nature of the block allocations that we make to the health service and to local government. At the heart of that matter is something that we have yet to reconcile as a new set of democratic institutions in Scotland: the relationship between the centre, which is the Scottish Government, and our local delivery agents—democratically elected local authorities and the health service.

We constantly try to illuminate the funding that goes to those sectors. We have undertaken to

give the Local Government Committee more information about the assumptions that underlie the budgetary decisions in the way that Iain Smith described. In turn, we will give that information to the Finance Committee.

Because of the concerns that some people have expressed and because of our concerns about the issues that have been raised, we are also moving to construct better outcome agreements with our partners to ensure that we work towards shared targets. That is why we are increasing the Accounts Commission of Scotland's powers on local government, why we are doing better auditing throughout the system and why inspection systems are more robust than in the past on local authority works and certain aspects of local authority work.

However, we must reconcile that with the fact, which we must continue to recognise, that we must give local discretion to allow decisions to be exercised in tune with the needs of those communities. We must continue to work at those relationships over time. Nonetheless, I hope that we are making progress on that.

Trish Godman also raised points on local government input into the budget process. I am glad to say that, this year, we have substantially revised the way in which we involve local government in the spending review. A series of meetings between local government representatives and ministers took place to help inform our discussions of how the spending review could move forward. We plan to continue and strengthen that partnership over time.

Lord James Douglas-Hamilton made some points about the justice budget. There is a point of principle in what he said with which I cannot agree. He said that, unless, each year, we increase the budget for any part of the Executive's activity by more than the average, we are not regarding that part of our activity as a priority. That cannot be correct in principle.

I will take the police service as an example. As Lord James indicated when he spoke, we have record numbers of police in Scotland. The fact that we maintain those record numbers of police and try to make progress will create a statistical effect that means that, in percentage terms, that budget will not rise as high as other parts of the budget, such as health, in which we are crying out to grow the budget. That does not mean that policing is any less of a priority. We are securing that priority into the future. Also in the justice service, we have substantially increased the resources that are going into the Crown Office to address the problems that have been identified for us.

David Davidson made some spurious points about broadband and a number of other points

about the budget report. I wonder whether he has read the budget. Apart from other initiatives that we are taking, only two weeks ago Iain Gray announced significant new investment in broadband infrastructure in Scotland to try to stimulate that marketplace. The pathfinder projects in the Highlands and Islands—and in the south of Scotland—are also trying to make progress on broadband.

On the Skye bridge, I am glad that John Farquhar Munro acknowledged that the Executive will ensure that Skye bridge users will not have to pay higher tolls as a result of the European judgment on the application of value-added tax to tolls. Alasdair Morgan and others mentioned growth. Skye is one of the most successful communities in the Highlands and Islands. The population of Skye has grown for, I think, the fourth decade in a row. The bridge has not been an impediment to the economy of Skye. Skye has prospered while other parts of the Highlands and Islands have struggled.

I have some sympathy with Alasdair Morgan's points on targets. I am glad that he acknowledged that we have made substantial progress on that. We have made very significant progress in defining targets. However, in some areas—Alasdair Morgan touched on a number of them in his astute analysis—we must go still further in trying to establish better targets and better monitoring. That is in the Executive's interest as much as it is in the Parliament's interest. We plan to make progress on that.

Mary Scanlon: I still do not get the feeling that the minister will do something positive to monitor and audit local authority spending, particularly on free personal care and mental health services. The Executive has allocated £79 million to tackle delayed discharge over four years. However, in a parliamentary answer, Frank McAveety says:

"It is not possible to extract from total discharge numbers those discharges funded directly"

from the £79 million. The Executive is not making an effort to hold local government accountable for implementation and spending.

Peter Peacock: We are trying seriously to work and move forward with local government. That is why I referred to agreeing joint outcome statements about what we are trying to achieve with local government, but leaving the methods of achieving those outcomes much more freely available to local authorities to make choices to suit their local circumstances.

We must remember that local councillors are democratically elected and are accountable for their actions at that local level. We must find a balance between the rights of the centre—the Parliament and the Executive—to expect certain

things and the local flexibilities that are required. We still have work to do on that, but we are trying to work our way through it.

Jamie Stone raised questions about European funding for the Highlands and Islands and in Scotland more widely. He can be assured that, as we move forward in a greatly changed landscape in Europe, we will continue to fight hard Scotland's corner on funding and that, within Scotland, we will also fight the Highlands and Islands' corner.

Mr Stone: I accept and welcome what the minister has just said. Would that include co-ordinating work with the Highland Council, other relevant local authorities and the Scottish Enterprise network?

Peter Peacock: Absolutely. In fact, I had meetings with those organisations in the past week about those issues.

I was intrigued that Alasdair Morgan invited us from the Scottish National Party front bench to follow English valuation practices. That is a helpful precedent for the SNP to follow. A huge effort goes into harmonising valuation north and south of the border and has done for many years. That continues to progress and helps to find a level playing field.

Alasdair Morgan: I agree. However, the more that the Executive tries to harmonise valuation north and south of the border, the sillier it is to have a different uniform business rate north of the border.

Peter Peacock: I do not agree with that. The point is that we seek harmonisation in valuation practices north and south of the border. Alasdair Morgan himself described why rates north and south of the border cost the same when we multiply the poundage by the valuation. That is the critical point.

Nicola Sturgeon, Fergus Ewing, Mary Scanlon, Shona Robison, Janis Hughes and others made points on hepatitis C. The Finance Committee considered the issues carefully and rejected Nicola Sturgeon's suggestion for good reasons. Those reasons have not changed during the past two weeks.

There is no painless way of finding additional funding for the scheme. Nicola Sturgeon suggested reducing the departmental expenditure limits capital budget by 2 per cent in the three years from 2003-04 to 2005-06 to find an additional £89 million. There is no single DEL capital budget from which we can take that money. Instead, there are capital budgets for transport, health, education and all the other portfolios in the Executive.

Brian Adam rose—

Peter Peacock: I will not give way; I must make progress.

To reduce all those capital budgets would mean spending less on hospitals, roads, schools and other projects. We have capital budgets for a reason. We must accept that reducing those budgets by 2 per cent would affect the improvements that we want to make to our schools, hospitals and roads. Nowhere does Nicola Sturgeon set out which of those budgets should be cut.

Which are the planned roads, hospitals and schools that will be removed from the programme? In which constituencies and communities will that happen? Nicola Sturgeon has tried to make a virtue of the fact that she does not seek to take the money from the health budget; it therefore has to come from somewhere else. Will it mean less spending on secure accommodation, on which her colleague Roseanna Cunningham asked a few weeks ago that more money be spent? Will it come from recycling, for which her colleague Bruce Crawford asked for more money last week? Will it come from flood prevention, for which Margaret Ewing asked for more money? Those are the real choices of Government. Nowhere is there an indication of where those moneys will come from.

Nicola Sturgeon: If the minister does not think that my proposal is supportable, can he tell us from where in the budget he would suggest taking the money, bearing in mind that although his colleague the Minister for Health and Community Care does not accept in full the recommendations of the expert group, he has said that he will compensate some sufferers? From where will the Executive take the money?

Peter Peacock: Nicola Sturgeon will get the answer to the generality of that point as I move forward in what I have to say.

It is not only a question of the cash. Other issues surround the creation of any ex gratia compensation scheme. We want to avoid a position where we provide financial support that leads to social security payments—as members have commented on—being withdrawn or reduced. There is no point in sufferers receiving more money from the Executive if they simultaneously receive less money in benefits as a result of our changes. In addition, as the Finance Committee acknowledges, the recent report on hepatitis C raises issues of no-fault compensation; those need to be resolved. We hope to make progress on those issues so that we can get on with the task of helping the people who need support the most. That aim is shared by all members of the Parliament.

I am over time, Presiding Officer, so I will conclude.

The Deputy Presiding Officer: The minister has taken a lot of interventions, so if he has more to say, he can continue.

Peter Peacock: I am more than happy to keep going because I would like to say a few things.

The Deputy Presiding Officer: We have a couple of minutes in hand.

Peter Peacock: In that case I will turn my attention—

Mr Davidson: Will Peter Peacock give way?

Peter Peacock: No. I will not take any more interventions.

I will now discuss the rest of what the SNP has not said on this occasion. It has taken a remarkable period of time for the SNP to discover that it can move changes to the Scottish budget, yet it has chosen to do so in only one case. What happened to all the other matters that we have been hearing promises about over recent weeks? The report that we are discussing deals with not only the coming financial year, but a three-year time horizon—almost the whole life of the coming Parliament—yet there is not a single proposal to deal with all the SNP's budget promises. Where is the amendment from the SNP to provide the cash to meet John Swinney's £450 million commitment to dual the A9? It is not here. Where is the amendment to give local government the £411 million that Tricia Marwick promised two weeks ago? It is not here. Where is the amendment to provide the extra cash that Mike Russell wants to go into the McCrone settlement? It is not here. Where is the amendment to provide the extra money for roads that Alasdair Morgan called for on 4 March? It is not here. Where is the amendment to provide the extra road bypasses that Margaret Ewing asked for a few weeks ago? It is not here.

Shona Robison: Will Peter Peacock give way?

Peter Peacock: No. I will not give way.

Where is the amendment to give the extra money to universities that Andrew Wilson called for in January past? It is not here either. Where is the amendment to give nurses even more money, which Nicola Sturgeon asked for in August? It is not here either.

There are no proposals to back up the empty promises that the SNP distribute all over Scotland week in and week out. There is no substance to support the SNP's rhetoric. Those are the actions of an irresponsible and reckless Opposition, which is prepared to promise anything to buy a few votes in the coming election, but is unprepared to use the powers, practices and processes that this Parliament has to make the practical changes that it claims that it wants.

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): Will Peter Peacock give way?

The Deputy Presiding Officer: No.

Peter Peacock: It is no wonder that the Scottish people do not trust the SNP and it is no wonder that they will not trust the SNP in future.

12:14

Elaine Thomson (Aberdeen North) (Lab): The debate brings us to the end of stage 2 of this year's budget process. It has been an interesting morning. Thoughtful contributions have been made by many members—even those who were out late last night.

This is the third full year of the complete budget cycle. The cycle continues to grow and develop for the benefit of the people of Scotland. Although further progress is required on some aspects of the budget process, we should not lose sight of the significant difference in both the quality and quantity of financial data that are now available in Scotland. An increasing range of people, both inside and outside the Parliament, are taking part in the budget process. The minister referred to what the Scottish Executive is doing in respect of public consultations and discussions with COSLA. Each individual committee and the Finance Committee also speak to many more people. All those who have taken part in stage 2 of the budget process should be commended.

I welcome Tom McCabe to his post as the new Finance Committee convener and I wish Des McNulty, who oversaw the earlier part of this year's budget process, success in his new ministerial role. The adviser to the Finance Committee, Professor Arthur Midwinter, has continued to help and advise us effectively, for which we are grateful. I thank the clerks to the Finance Committee and members of the Scottish Parliament information centre, who are crucial to the success of the budget process.

As members have mentioned, the committee went to Skye this year. I am pleased to hear from John Farquhar Munro and Jamie Stone that the workshops at which we spoke to local people about important issues and the visit generally were well received by the people of Skye. Such visits continue to be a positive move. It is clear that the Skye bridge is a major issue, so I am pleased to hear the minister's comments on freezing tolls and on the success of Skye's economy.

This year, we had the welcome addition of funds from the 2002 spending review, which has resulted in unprecedented growth in the Scottish budget. The draft budget shows that, by 2005-06, the budget will have increased by 14.4 per cent in real terms, which will allow around £1 billion of

extra expenditure in each year of the three-year plan. I reiterate the statement in the Finance Committee's report that that measure will result in the highest sustained real growth in the Scottish budget since 1975. The report recognises and welcomes the significant growth in the coming three-year period.

Various members mentioned what that growth will mean for individual areas. Bristow Muldoon mentioned the extra investment in transport—22 new trains were announced this week—and Karen Gillon referred to the extra funding for the sure start programme, which will give Scottish children a better start in life. The committee is concerned that the extra resources should be used effectively and that value for money should be sought. I welcome the minister's assurance that best value will always be sought in spending decisions.

Members have mentioned the Executive's cumulative accounting in the presentation of the budget increases, which, the committee feels, can be misleading. However, the committee welcomes the progress that has been made on the presentation of the budget documents. As the Finance Committee and the subject committees have recognised, that significant improvement helps to facilitate scrutiny. I note Karen Gillon's comments on timetabling issues and the level of detail that is available at different stages. Other members have mentioned the fact that we require further development on inputs and outputs and relating objectives.

The minister mentioned the technical notes, which have been made available for the first time and which broaden and deepen the available information. When, as in this year, there is lots of new spending, the committee would like to be able to distinguish between baseline spending and new spending. I welcome the minister's commitment to work closely with the committee to develop that process.

Cross-cutting issues are increasingly important. The budget is laid out on a departmental basis, but as various members have mentioned, a cross-cutting approach might provide more information. Jamie Stone made that point in relation to rural issues. The point has been recognised and, for the first time, the Executive has published cross-cutting reports, such as "Closing the Opportunity Gap: Scottish Budget for 2003-2006". We look forward to that approach being developed in future.

This year, around £175 million has been distributed through EYF: £78 million has gone to the Scottish Executive's key priorities of health, education, crime, transport and jobs; and a further £95 million has gone to local authorities for developments in the local environment and for children. The committee welcomes the

improvements in EYF presentation, but we would like more clarity about which moneys are available for reallocation. It should be possible to see clearly money that has been allocated for projects which is not being used immediately but which will be used later, and money that is completely available because the expenditure that was originally planned is no longer required.

The Equal Opportunities Committee continues to experience frustration with the budget process. There is a clear desire among all members to see progress on equal opportunities. It is suggested that further discussions between the Equal Opportunities Committee and the Scottish Executive should take place so that a working definition of gender-based analysis can be agreed and can be used by the Finance Committee and others. It would also be useful if a report was produced on equal opportunities, which would perhaps be similar to some of the cross-cutting reports.

Recommendations have been made by committees and individuals, and the Finance Committee has welcomed the first proposal for budget reallocation from an individual MSP. However, the committee has made it clear that we cannot progress Nicola Sturgeon's proposal. I am glad that Ms Sturgeon recognises the Finance Committee's concerns about her proposal, and I note the comments of the Health and Community Care Committee and the work that it is carrying out.

The justice committees felt some unhappiness about their share of the budget, given the fact that tackling crime is one of the Executive's priorities. I note the minister's comments on that area and the fact that extra resources are now going to the police and the Crown Office.

Margaret Smith and Trish Godman raised issues of concern to the Health and Community Care Committee and the Local Government Committee. Both committees are scrutinising the budgets of large organisations that get block grants, and there are still difficulties in understanding what happens to the money. Further discussions need to go ahead to make the process a bit more transparent. Nonetheless, Trish Godman highlighted one of the successes of the current budget process: the Local Government Committee raised concerns about the increase in the level of national insurance for local government and the matter was dealt with positively by the Executive. I note the minister's comments on that issue and look forward to hearing what the committees have to say on that in future years.

Several members have discussed the issues surrounding the Holyrood building and the SPCB budget. Members of the SPCB appeared before the Finance Committee again earlier this week, as

we were not happy with some of their remarks at an earlier appearance before the committee. The committee is unhappy with the degree of uncertainty that continues to exist around the cost and the completion date of the Parliament building, and we look forward to receiving more up-to-date information from the SPCB in January.

Mr Davidson: I wonder whether the member shares the disappointment of the rest of the Finance Committee that the minister has failed to give us an assurance about cumulative accounting. That is the one aspect of the report that she seems to have skipped over. Does she share our concerns?

Elaine Thomson: I think that I touched on cumulative accounting earlier, and the matter has been discussed fully this morning. I am sure that we will continue to discuss the best methods of presenting financial figures over time.

Despite having reservations in certain areas, the Finance Committee recognises and welcomes the fact that the budget represents sustained growth in public services, which will impact positively on lives throughout Scotland. We also welcome the fact that the opportunities to scrutinise the Scottish budget will continue to grow, to the benefit of democracy and good governance.

I commend the report to Parliament.

Standing Orders (Changes)

The Deputy Presiding Officer (Mr Murray Tosh): The next item of business is consideration of motion S1M-3716, in the name of Murray Tosh, on the Procedures Committee's fourth, fifth, sixth and seventh reports, on changes to the standing orders.

12:25

Mr Kenneth Macintosh (Eastwood) (Lab): Motion S1M-3716 seeks the Parliament's approval for a number of changes to standing orders that are proposed in the Procedures Committee's fourth, fifth, sixth and seventh reports of 2002. If approved, the changes will come into force on 6 January 2003.

On 10 October, the Parliament agreed to the recommendation in our fourth report of 2002 for a change to standing orders in relation to the Scottish parliamentary standards commissioner. We now seek the Parliament's approval for the other recommendations in that report on private legislation, temporary conveners and the journal of the Scottish Parliament.

As well as constituting a tidying exercise, the private legislation changes clarify the deadline for lodging objections and make it clear that no further fee is payable for reintroduced private bills.

The proposed temporary convener changes will result in committees being able to appoint a temporary convener if both convener and deputy convener are unavailable, for which standing orders do not provide at the moment.

The journal of the Parliament is the Parliament's authoritative record. The changes to standing orders seek to clarify that it should contain the dates of publication of committee reports, the details of each bill that is introduced and the minutes of meetings of the Parliament.

The Procedures Committee's fifth report of 2002 recommends that the conveners group should be constituted formally in standing orders, following recommendations from the conveners liaison group and the Parliamentary Bureau. The conveners liaison group has met informally since 1999. The Procedures Committee recommends the formalisation of the group and its functions in standing orders.

The first three recommendations in the committee's sixth report relate to answering written parliamentary questions.

The first recommendation seeks to help to streamline the work of the Executive and the chamber desk. It will enable full account to be taken of the reduction in the number of working

days available for the processing of answers to parliamentary questions that arises from public holidays and days when the office of the clerk is closed. Instead of 14 days, the Executive will have 10 working days or, to use a more accurate expression, counting days—days when the office of the clerk is open—in which to lodge an answer to a written question. As the change will not lengthen the period for answering questions, it will not disadvantage members.

The second recommendation seeks to reduce the potential for holding answers, by extending the period for lodging written questions immediately before recesses of four or more days from one week to two weeks. At present, the deadline for answering written questions that are lodged in the second week before the summer recess falls in the first week of the parliamentary recess, when many Executive staff are on leave. That can lead to more holding answers. We hope that the proposed measure will help to avoid that.

The third recommendation seeks to clarify that junior Scottish ministers should be permitted to answer written questions.

The fourth recommendation in the committee's sixth report relates to the language in which public petitions are submitted. Following a report by parliamentary officials and the endorsement of the Presiding Officer, the Scottish Parliamentary Corporate Body and the Public Petitions Committee, we recommend that the Parliament should accept public petitions in any language and that appropriate arrangements should be made for translation.

Finally, the recommendations of the committee's seventh report of 2002 relate to the remit of the Audit Committee. They seek a change that will allow the Audit Committee to consider any report that the Auditor General for Scotland makes to the Parliament.

Although each individual change is small, the committee believes that the changes will result in distinct improvements to procedures in those areas of parliamentary business to which they apply.

I move,

That the Parliament approves the recommendations (a) for changes to the Standing Orders of the Scottish Parliament concerning Private Legislation, Temporary Conveners and the Journal of the Scottish Parliament contained in the Procedures Committee's 4th Report 2002, *Changes to Standing Orders concerning the Scottish Parliamentary Standards Commissioner, European Committee remit, Private Legislation, Temporary Conveners and the Journal of the Scottish Parliament* (SP Paper 665), (b) of the Procedures Committee's 5th Report 2002, *Constituting the Conveners' Group* (SP Paper 682), (c) of the Procedures Committee's 6th Report 2002, *Changes to Standing Orders concerning Written Parliamentary Questions and the Languages of Public*

Petitions (SP Paper 693) and (d) of the Procedures Committee's 7th Report 2002, *A Change to Standing Orders concerning the remit of the Audit Committee* (SP Paper 692) and agrees that those amendments to the Standing Orders should come into force on 6 January 2003.

12:28

The Deputy Minister for Parliamentary Business (Euan Robson): The Executive welcomes and endorses the recommended changes to standing orders that are outlined in the Procedures Committee's fourth, fifth, sixth and seventh reports of 2002.

The suggested changes, some of which were initially proposed by the Executive, will assist in making more effective and efficient the discharge of parliamentary business. I want to place on record the Executive's acknowledgement of the committee's careful consideration of the issues.

The Deputy Presiding Officer: The question on motion S1M-3716 will be put at decision time.

12:28

Meeting suspended until 14:30.

14:30

On resuming—

Question Time

SCOTTISH EXECUTIVE

National Health Service (Pay and Conditions)

1. Bristow Muldoon (Livingston) (Lab): To ask the Scottish Executive what action is being taken to improve the pay and conditions of NHS staff. (S1O-6160)

The Minister for Health and Community Care (Malcolm Chisholm): All NHS Scotland staff have received above-inflation increases in each of the past four years, with the highest awards targeted at the lowest paid. A new contract for doctors in training has been implemented and we are working with the British Medical Association to take forward the new consultant contract. Talks on a new pay system for all non-medical national health service staff throughout the United Kingdom have also been concluded and the Executive is fully involved in UK talks on a new general medical service contract for general practitioners.

Bristow Muldoon: Discussions have been taking place on improving the pay and conditions of the poorest-paid staff in the NHS. Does the minister believe that it will be possible for that improvement to be achieved earlier than the target date of October 2004? Does he agree that Labour's commitment to improving the pay of the poorest-paid staff in the NHS represents its commitment to improving the pay and the lives of many of the poorest-paid workers in the country?

Malcolm Chisholm: We have a particular commitment to increasing the lowest levels of pay in the health service. While the agenda for change should, in general, start in 2004—although it will be subject to the agreement of the unions following a ballot—we are keen to start the new minimum wage before that. That, too, will require the support and approval of the unions, but if they agree to it—the next key meeting is in January—that crucial step can be taken without further delay.

Nicola Sturgeon (Glasgow) (SNP): Does the minister agree that Audit Scotland's finding that a third of hospital wards have too few nurses is the strongest evidence yet in support of an immediate and substantial pay increase for nurses? Such an increase would reward them for what they do and give Scotland a competitive edge in the recruitment market. Will he join me in supporting a minimum across-the-board rise of 11 per cent for all nurses in Scotland, not over two or three years, but in one year?

Malcolm Chisholm: I am certainly committed to increasing the pay of nurses, which is exactly what has been proposed under the agenda for change. Recently, I heard one nursing leader praise the agenda for change and its emphasis on rewarding skills and new ways of working in particular. Substantial increases are on offer for nurses if they accept the agenda for change proposals, such as an increase of 6 per cent for a nurse who is starting out. If we compare the agenda for change proposals for a nurse at the end of his or her first year with what she or he gets now, the increase is of almost 9 per cent over and above the annual rate of inflation. It is up to individual nurses to decide whether they wish to accept that substantial offer. I believe that that is the best way forward, and I note that the majority of nurses, as represented by their unions, support a continuing UK agenda for pay. That is exactly what the agenda for change delivers.

Mary Scanlon (Highlands and Islands) (Con): Given the development of managed clinical networks in the NHS, will the staff employed in them be able to negotiate pay and conditions that are different and separate from those of existing NHS staff?

Malcolm Chisholm: Staff in managed clinical networks will still be employed by a board or trust. They may now be appointed to a managed clinical network, which is a significant change, but their terms and conditions will be similar to those of other staff in the health service. I think that that is right and proper.

Industrial Fishing (North Sea)

2. Mr Andrew Welsh (Angus) (SNP): To ask the Scottish Executive what measures it would like to see taken to reduce industrial fishing in the North sea. (S10-6161)

The Deputy Minister for Environment and Rural Development (Allan Wilson): We consider lowering the total allowable catches for sand eel and Norway pout to be the most desirable and effective means of reducing those fisheries. We will continue to argue for such reductions at this week's agriculture and fisheries council.

Mr Welsh: Once again, we will have to check that against delivery. Is the minister aware that the Government's figures show that tens of thousands of tonnes of white fish are being caught each year as a bycatch of industrial fishing? Does he accept that any plan that maximises the cuts and closures for Scottish fishermen while minimising the cuts and closures for industrial fishing would be a betrayal of the Scottish fishing industry?

It is quite clear that new Labour cares only about—

The Deputy Presiding Officer (Mr George Reid): You must ask a question.

Mr Welsh: New Labour cares only—

The Deputy Presiding Officer: Question.

Mr Welsh: New Labour cares only about the central belt, while it abandons—

The Deputy Presiding Officer: Question.

Mr Welsh: It abandons the rural areas and leaves its Liberal lapdogs to do its dirty work in Europe.

Allan Wilson: I assure the member and the chamber that new Labour and the Executive have no intention of betraying the Scottish fishing industry.

We share Andrew Welsh's concern about the scale of industrial fishing, especially at a time when other fisheries that take cod are facing such draconian quota reductions. However, we must be clear about the level of cod bycatch in other fisheries. The Commission maintains that cod bycatch in the nephrops fishery is significant. It is important that we do not shoot ourselves in the foot by adopting too dogmatic a line—which the member may be suggesting—on that issue.

Mr Jamie McGrigor (Highlands and Islands) (Con): Does the minister agree that cuts in industrial fishing should be the same as those that are offered to the Scottish white-fish industry—total closure or a cut in quota of at least 80 per cent? Does he also agree that it is ridiculous, given all the conservation measures that the Scottish fleet has taken, that people who pursue industrial fishing can do so with mesh sizes that are no bigger than those of fish-net stockings?

Allan Wilson: I will not get into fish nets, if members do not mind—I keep that for Saturday nights.

However, this is a serious matter. Over the past few weeks, both Ross Finnie and Elliot Morley have had wide-ranging discussions with the Danish presidency, the Commission and other member states. The relevant parties are aware of our concerns about industrial fishing. However, we must be careful about using arguments about cod bycatch that could be applied equally to our nephrops fishery, for example.

Wildlife (Smuggling)

3. Nora Radcliffe (Gordon) (LD): To ask the Scottish Executive what action it will take to tackle the smuggling of wildlife through Scottish ports. (S10-6145)

The Deputy Minister for Environment and Rural Development (Allan Wilson): Controls on the smuggling of wildlife through Scottish ports are

a reserved matter for HM Customs and Excise.

Nora Radcliffe: TRAFFIC, the wildlife trade monitoring network, recommends better sharing of data, intelligence and best practice across the European Union by statutory and other bodies, including non-governmental organisations. Will the minister and his officers consider how Scotland can contribute positively to that effort?

Allan Wilson: Yes. The Scottish Executive will contribute to a review by the Department for Environment, Food and Rural Affairs that will commence early next year on the control of trade in endangered species. That will set out powers, offences and penalties for breaches of the legislation that controls the trade in protected wildlife species within and without the UK. The review may consider extending sentences from two to five years, but it will also consider other proposals to introduce measures to protect endangered species against this abhorrent trade.

The Deputy Presiding Officer: Question 4 has been withdrawn.

Bereavement Counselling (Children)

5. Scott Barrie (Dunfermline West) (Lab): To ask the Scottish Executive what resources it currently makes available to support bereavement counselling services for children. (S10-6128)

The Deputy Minister for Health and Community Care (Mrs Mary Mulligan): The Executive recognises the need for bereavement counselling for children who lose their parents. We provide grants to two voluntary bodies that offer bereavement counselling for families.

Scott Barrie: I am sure that the minister will agree that bereavement counselling services are required by children who have lost siblings as well as by children who have lost parents. Will she look sympathetically on requests from local voluntary organisations to develop and sustain such services in partnership with statutory health and local government providers?

Mrs Mulligan: The Executive's response to the Bristol inquiry was to consider the range of bereavement counselling services that are offered. I am more than happy to ensure that we consider the needs of children who lose siblings as well as the needs of children who lose parents.

The Deputy Presiding Officer: Question 6 has been withdrawn.

School Education (National Priorities)

7. Mr John Home Robertson (East Lothian) (Lab): To ask the Scottish Executive what progress is being made in delivering the national priorities in school education. (S10-6156)

The Deputy Minister for Education and Young People (Nicol Stephen): Local authorities' first reports on progress are due to be published by the end of January 2003.

Mr Home Robertson: Teachers and families throughout East Lothian are delighted with the public-private partnership package for investment in all six secondary schools in my constituency and seek big improvements in those schools.

Specifically on primary education, will the minister give us a report on the contribution that classroom assistants make to the achievement of higher standards in primary classes?

Nicol Stephen: As part of the national teaching agreement for the 21st century, we agreed to expand significantly the number of additional staff working in our schools. It is important to emphasise the success of the classroom assistant scheme, which has been monitored and reported on. As part of the agreement, we plan to deliver 3,500 staff to Scotland's schools, some of whom will be classroom assistants. On our targets and progress made, the scheme has been extremely successful. It proves that additional staff in our schools can help to relieve the burden of bureaucracy on our teachers, leaving them to get on with what they are best at—the teaching and development of young people in Scotland.

Sport (International Events)

8. Dennis Canavan (Falkirk West): To ask the Scottish Executive what efforts it is making to attract major international sporting events. (S10-6154)

The Minister for Tourism, Culture and Sport (Mike Watson): On 29 November, the First Minister announced the establishment of a new body called EventScotland, which will be used to take forward our strategy in attracting as many major events as possible to Scotland, whether cultural or sporting events, major conferences or exhibitions.

Dennis Canavan: What lessons have been learned from our failed bid for Euro 2008 that might help us to launch a successful bid for future events, such as the Commonwealth games and the Union of European Football Associations cup final? In view of the fact that the behaviour and reputation of football fans might influence future decisions, will the minister support the call by Julie Morgan, the Labour MP for Cardiff North, for an inquiry to establish what exactly happened on the flight last week from Santiago, which landed in Cardiff rather than in Glasgow?

Mike Watson: We learned a number of lessons about the planning to be undertaken in such a bidding process. We had a good bid team, which worked closely on behalf of what I have to say was

a very strong bid. There are certainly lessons to be learned about the way in which we pitch bids and the extent to which we argue them. We will take forward those lessons for aspects of any future events strategy.

On the final question, any inquiry would be a matter for the Civil Aviation Authority. It is instructive that, as far as I am aware, South Wales police have not brought charges against any of the Celtic fans who were removed from the plane. That might well be a strong message.

Dr Richard Simpson (Ochil) (Lab): Will the minister join me in congratulating the organising committee in Stirling that has just obtained next year's world medical and health games, which will attract 2,500 delegates and £2.6 million to the Stirling area? Will he ask the major events team to talk to the organisers to ensure that appropriate sponsorship is achieved and that the games can come to Scotland?

Mike Watson: It is important that we recognise our reputation for attracting events to Scotland. Just last week, Glasgow was named the European city of sport for 2003, which is a reflection of that reputation. As far as Stirling is concerned, I think that Richard Simpson's point refers to an event outwith the influence of EventScotland, which is not due to be established until the spring of next year. However, I am certainly happy to meet him to discuss aspects of the bid and to see whether we can be of assistance.

Mr Brian Monteith (Mid Scotland and Fife) (Con): The minister might be aware of an international youth football tournament held in Northern Ireland called the Milk cup, which brings not only football teams but many parents and people who spend money to the area. Is he willing to consider not just attracting international events to Scotland, but how events might be set up for the benefit of youth football in Scotland in conjunction with EventScotland?

Mike Watson: I am aware of the Milk cup, which is held in Coleraine every year and is successful in attracting teams from throughout the world. I would like a similar event in Scotland. Last week, in the aftermath of the Euro 2008 bid, the First Minister and I made it clear that we would ensure a legacy for youth sport—particularly youth football—in Scotland. A youth football review is being undertaken by the Scottish Football Association and will report next year. I want to ensure that we learn the lessons from that review first, but the Milk cup is the sort of event that I envisage emerging from the strategy that we develop for youth football in Scotland.

Tommy Sheridan (Glasgow) (SSP): Does the minister agree that, in recognition of Glasgow's award as European city of sport, the Executive

should now take an early decision on the siting of the planned new national indoor stadium for sport and football, which should be in Glasgow?

Mike Watson: A number of considerations have to be taken into account, but I can say that we expect that a decision will be made fairly soon. Obviously, Glasgow's strengths are well known and have been accentuated by last week's award, but other factors must be considered. We will make an announcement as soon as we can.

Renewable Energy

9. John Farquhar Munro (Ross, Skye and Inverness West) (LD): To ask the Scottish Executive what representations have been made to Her Majesty's Government on the need for national grid upgrading in the Highlands to increase capacity for renewable energy. (S10-6129)

The Deputy Minister for Environment and Rural Development (Allan Wilson): We are committed to working with the UK Government, the regulator and the industry itself to ensure that the grid is developed and operated efficiently so as to ensure that our renewables potential can be fully realised.

John Farquhar Munro: The minister will be aware that we are competing with many other countries to gain a crucial lead in the development of wave and tidal energy. Failure to upgrade the grid as a matter of urgency could prevent Scotland from taking the lead in developing the required manufacturing support base, which has been estimated as being worth up to 800 jobs in the Highlands and Islands alone. Will he press the UK Government to ensure that our position as a leader in wave and tidal energy technology is not lost due to inaction on grid renewal?

Allan Wilson: I am aware of the member's points. I shall make representations; indeed, I met the UK energy minister only last week to discuss those very matters. We are represented on the Great Britain transmission issues working group, which was established by the Department of Trade and Industry to examine, among other issues, the interrelationship between potential renewables production and the geographic distribution of generating supply capacity. The working group is due to report shortly and I fully expect that it will have good news for Scotland.

Bruce Crawford (Mid Scotland and Fife) (SNP): What submissions has the Executive made to the Office of Gas and Electricity Markets on the proposals for British electricity trading and transmission arrangements? Is the minister aware that the proposals will have a material impact on the potential upgrade and on the opportunities for Scotland to meet its full potential? Does he share

the view that, if the entire UK is to gain from Scotland's massive renewables potential, all the UK's electricity consumers should share the cost of meeting that potential?

Allan Wilson: I am aware of those proposals and we met Ofgem comparatively recently. The issues may have come across Bruce Crawford's desk, but the UK energy minister has had ongoing discussions on them with Ofgem over a long period. In that context, I am pleased to be able to announce to the Parliament that Ofgem has accepted our argument that we require a fair charging and investment regime across the UK.

If I may say so, the real danger comes from the nationalists' policy, which would disrupt the UK market in energy supply as it seeks to divorce us from the biggest market for renewable energy production, which is the rest of the UK.

John Scott (Ayr) (Con): Can the minister inform the Parliament about the development of the west-coast subsea interconnector? Does he accept that his renewable energy targets for wind power cannot be met unless grid capacity is significantly increased in the west of Scotland to harvest renewable energy?

Allan Wilson: As he is a Tory—I think that John Scott is still a Tory—I am sure that the member will agree that investment in the grid is a matter for the grid owners, who are Scottish and Southern Energy and Scottish Power. It is proper that that should be the case. Those matters have been the focus of the discussions with Ofgem that I mentioned. The subsea interconnector will be the subject of the report to which I referred earlier, which will look at the geographic relationship between production and transmission throughout the grid.

Air Traffic Control

10. Phil Gallie (South of Scotland) (Con): To ask the Scottish Executive what the economic implications will be of the decision to create a single sky European air traffic control system. (S10-6127)

The Minister for Enterprise, Transport and Lifelong Learning (Iain Gray): The Scottish Executive supports the United Kingdom Government's commitment to the single sky proposals. The potential for reduced delays and airport congestion should lead to a positive economic impact.

Phil Gallie: The minister is aware of the intention to build a new air traffic control centre at Prestwick. Surely that is very important to the well-being of Scotland's economy and air passenger traffic. What implications might there be for the new air traffic control centre at Prestwick? I remind the minister that construction at Prestwick has been frozen for well over a year.

Iain Gray: There are certainly no negative implications for the proposed centre at Prestwick. The growth and development of air services imply that there will be a need for more air traffic control staff than at present. Of course, it is well known that there has been a delay in the construction of the new Scottish centre at Prestwick and that has followed on from the downturn in air traffic after 11 September 2001. The position is kept under review.

Sectarianism

11. Michael Russell (South of Scotland) (SNP): To ask the Scottish Executive what evidence it has on the effect of Roman Catholic schools on sectarian behaviour by adults. (S10-6130)

The Minister for Education and Young People (Cathy Jamieson): We are not aware of any evidence of a causal link between Roman Catholic schools and sectarian behaviour by adults.

Michael Russell: May I then suggest to the minister that, in those circumstances, she should tell the First Minister, who is sitting next to her, that he would be wise not to seek a cheap headline in the Sunday newspapers by suggesting such a link? He would also be wise to ensure that the debate on the future of education in Scotland is not conducted in those terms.

Cathy Jamieson: Of course, Mr Russell has never sought a headline.

I am at one with the First Minister when I say that I believe that there is value in a Catholic education. The examples that have been given of shared campuses—for example Annbank and St Ann's Roman Catholic primary in my constituency, and Pirniehall and St David's Roman Catholic primary, where I recently opened the new school—give a positive example of how we can work together.

Children and schools are not the root cause of sectarianism, which is caused by the outdated behaviour of adults.

Donald Gorrie (Central Scotland) (LD): The Executive set up an all-party working group to examine aspects of sectarian behaviour and the group produced a lot of very sensible recommendations. Will the minister and her colleagues consider pushing ahead with those recommendations that have wide support while they wait for the results of consultation on further steps, and not halting the sensible measures that they could take quickly?

Cathy Jamieson: The short answer is that we will. I will, of course, work with my colleagues in education and with young people. We are keen to ensure that we promote an education system that

promotes fairness and tolerance of the variety of cultures in Scotland. We will continue to do that.

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): Does the minister accept that her repeated words on denominational schools—Catholic, Jewish and Episcopalian—will receive a warm welcome, as did the comments that the First Minister made earlier in the year? Such schools make a valuable contribution to a diverse education system and, we hope, to a diverse and tolerant Scotland. Will the minister consider the many examples of good working between denominational and non-denominational schools such as Turnbull High School, Thomas Muir High School and Bishopbriggs High School and their feeder primaries? Will she consider how such instances of good practice might be supported and promoted throughout the country?

Cathy Jamieson: I am always keen to hear about examples of good practice and I am aware that much good practice in Scottish schools is unrecognised. I would be delighted to hear more about the examples that Brian Fitzpatrick has mentioned.

Murdo Fraser (Mid Scotland and Fife) (Con): The minister is aware that there is some concern in the Roman Catholic community about shared campuses. Will she assure us that there will be no move to introduce shared campuses unless they have the full support of the parents of children at both schools involved?

Cathy Jamieson: The member is aware that that is primarily a matter for the local authorities. I am aware that, in some instances, consultation is currently taking place. In my first-hand experience of some of the benefits of shared campuses, I am sure that some of the fears of parents can be overcome. I have offered to meet the Catholic Education Commission in the new year to discuss some of those issues.

Fisheries Council

12. Iain Smith (North-East Fife) (LD): To ask the Scottish Executive whether it will report on the outcome of the latest European Union fisheries council meeting. (S1O-6148)

The Deputy Minister for Environment and Rural Development (Allan Wilson): A report on the November agriculture and fisheries council was set out in the answer to question S1W-32268. The December agriculture and fisheries council is currently in session and we will provide a report on that in due course.

Iain Smith: I am sure that the minister will join the Liberal members in giving full backing to Ross Finnie for his sterling efforts in Brussels on behalf of our fishermen. Does the minister agree that it is essential that the council reaches an agreement

that secures a realistic quota and fishing opportunities for our white-fish fleet and a regular and stable supply of white fish for fish merchants and fish processors, including the 70 fish vans that operate out of the east neuk of Fife? Does he agree that it is important that the traditional nephrops fishermen are protected from the threat of white-fish boats being displaced into the nephrops fishery?

Allan Wilson: I am sure that members will join me in wishing Ross Finnie all the best in the negotiations. The reality is that, unless stocks are protected, they might collapse and, as a consequence, the industry and communities that are dependent on the fishing effort would be severely handicapped. Failure to agree, or arguing for delay, might result in the Commission taking emergency measures, which we all wish to avoid. Mr Finnie and his officials are at the fisheries council and are seeking to agree alternative, more balanced approaches, which, as we all know, will be extremely difficult to achieve.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Does the minister agree that the Commission proposals to restrict days at sea would offer not a deal but a death warrant to Scotland's proud and viable fishing industry? Is the minister aware that the French minister who is involved in the negotiations has assured his fishermen that, if necessary, President Chirac will intervene for the fishermen as he did for French farmers? Will the Prime Minister of this allegedly United Kingdom do a Chirac or do a runner?

Allan Wilson: As the First Minister said last week, the Prime Minister is on record as supporting the efforts of the Scottish Executive and the United Kingdom minister to protect the Scottish fishing industry.

On the member's substantive point, the proposals to which he refers are an opening negotiating position and are definitely not acceptable. I assure the member that, as of 2 o'clock this afternoon, nothing had been decided. Tough negotiations are taking place and we are aware of the substantial impact that the effort-reduction proposals would have. I repeat that there is no easy solution. The alternative is likely to be that the Commission would implement a moratorium on fishing, which all members wish to avoid.

Mr Jamie McGrigor (Highlands and Islands) (Con): Does the minister believe that the announcement of the news will be a wake or just an autopsy for the Scottish fishing industry? Will he ask Herr Fischler who will benefit from the destruction of Scottish fishing jobs?

Allan Wilson: It is not in the interests of the fishermen or of the Executive to speculate on the

outcome of the negotiations when they are on-going. I will not be drawn on such hypothetical questions.

Civil Service Jobs (Dispersal)

13. Irene Oldfather (Cunninghame South) (Lab): To ask the Scottish Executive what progress is being made with the dispersal of civil service jobs and whether its timetable for such dispersal is being met. (S1O-6150)

The Minister for Finance and Public Services (Mr Andy Kerr): We have made good progress on job relocation and dispersal. Around 650 jobs have been located outwith Edinburgh as a direct result of the policy. In addition, around 3,600 further posts are covered by current or planned reviews. Decisions on the outstanding reviews are expected before the end of the financial year.

Irene Oldfather: The minister will be aware that my constituency lost out narrowly to Galashiels over the Scottish Public Pensions Agency jobs. Will he give an assurance that areas that have above-average levels of unemployment, such as my constituency, will be a priority in the Executive's future programme?

Mr Kerr: I am aware of that case and of the member's interest in the matter—she has raised a number of questions on it in the chamber and in writing.

The criteria that we apply in conducting the reviews are cost, operational effectiveness, social, economic and environmental considerations and the position of staff. I hope that many areas of Scotland, including rural and urban areas and areas such as the member's—which is a mixture of the two—will benefit from relocations in the future. However, decisions are based on individual circumstances. As I said, we look forward to announcing the decisions in due course.

Carers (Support)

14. Mrs Margaret Smith (Edinburgh West) (LD): To ask the Scottish Executive what plans it has to increase support for carers. (S1O-6137)

The Deputy Minister for Health and Community Care (Mr Frank McAveety): Between the introduction of our carers strategy in 1999 and the end of the current spending review in 2006, we will have provided an additional £75 million to local authorities to support carers. We are also implementing a range of other health and social care policies that benefit carers.

Mrs Smith: I welcome the minister's response. We all welcome the carers strategy. We are all aware that the value of the care that carers give has been estimated at about £5 billion a year, so there is a long way to go. Recently, the Scottish

household survey and the Scottish community care statistics showed a rise of about 7 per cent in the number of carers. Does the Executive plan to revisit the level of support services and respite provision for carers, particularly given the increased figure?

Mr McAveety: The member raises a critical developing issue for the carers strategy throughout Scotland. We would be happy to enter dialogue to address those concerns. As I said, the spending review continues the welcome development of the carers strategy, which we announced a couple of years back. Since then, we have introduced free personal care for the elderly, which combines with the developing joint future agenda.

The totality of those initiatives will address some of the concerns that have been expressed, but our door is always open to discussion with carers and their representatives to find effective ways of delivering for a much-undervalued sector of our community that makes a significant contribution up and down the country.

The Deputy Presiding Officer: Question 15 has been withdrawn.

Intermediate Technology Institutes

16. Elaine Thomson (Aberdeen North) (Lab): To ask the Scottish Executive what role the new intermediate technology institutes will have in encouraging new businesses and high-quality jobs. (S1O-6140)

The Minister for Enterprise, Transport and Lifelong Learning (Iain Gray): Intermediate technology institutes will operate in key market areas—energy, life sciences and communication technology and digital media—in which Scotland has potential competitive advantage. The institutes will support an increase in business research and development, develop Scotland as a world-renowned centre of expertise and substantially increase the number of high-growth technology companies in Scotland.

Elaine Thomson: All in Aberdeen and the north-east are delighted that the new energy institute will be located in Aberdeen and will benefit from being close to the oil and gas industry there. The institute will also be able to build on the emerging work on renewables. Will the minister assure me that small and medium-sized companies will have equity of access with big companies to research from the new institute?

Iain Gray: The purpose of the ITIs is to commission at the pre-competitive stage research that would not otherwise be undertaken. The ITIs will own the intellectual property that is generated and will aim to commercialise that. Depending on the innovation, I guess that some of that research

will be best commercialised in the small and medium-sized enterprise sector and some will be best in the bigger sector. It is expected that small spin-out businesses will be created. I look forward to that happening in Aberdeen.

Alex Neil (Central Scotland) (SNP): I welcome the institutes' establishment, but I ask the minister to examine the competitor institutes in other countries, such as Singapore and Sweden, and the budgets that are allocated to them, which are more substantial than the budgets for the Scottish institutes. I realise that it is early days, but will the minister monitor the situation and benchmark the institutes' performance and budgets against their competitor institutes in other countries?

Iain Gray: When the ITIs were developed, institutes in places such as Sweden, Singapore, Taiwan and Canada were examined. The ITIs are based on a model that has proven successful elsewhere. The budget for the three ITIs is £450 million over 10 years. It is always nice to do more and for budgets to be bigger, but the key point to recognise is that that is a massive catalytic intervention to transform Scotland's economy. We will continue to benchmark that and watch how it performs over the years.

Mr David Davidson (North-East Scotland) (Con): Will university research funding be impaired by the money for the institutes, or will university departments have a method for linking directly into the ITIs?

Iain Gray: The facts are completely the reverse. The funding under discussion is a further source of funding for research within the university sector. The ITIs will commission research in the university sector that would not take place otherwise. That research will be over and above our expectation for our universities to continue to punch well above their weight in attracting the competitive research funds that are available on a UK basis.

As always, there is a catch. In order to bid for research contracts from the ITIs, our academic institutions will need to have the infrastructure in place to support the research. An additional £10 million of recurrent funding has been included in the comprehensive spending review from the 2005-06 period to support universities to do exactly that.

The Deputy Presiding Officer: Question 17 is in the name of Mr George Lyon. As Mr Lyon is not present, I will pass to question 18.

Audiology Services (Funding)

18. Sarah Boyack (Edinburgh Central) (Lab): To ask the Scottish Executive whether it will allocate sufficient ring-fenced funding to modernise audiology services. (S10-6132)

The Deputy Minister for Health and Community Care (Mrs Mary Mulligan): We received the final report of the review of audiology services last month. The report is currently under consideration. When the review is complete, the Executive will have a clearer view of whether additional resources will be needed to deliver the service further.

Sarah Boyack: Is the minister aware that not all the money that the Executive allocated previously for audiology services has been put to that use by all trusts? Will she consider ring fencing the money in the future so that members can be assured, when we tell our constituents that the Executive is prioritising audiology services for people who desperately need them, that the money will be allocated to those services by each health board across Scotland?

Mrs Mulligan: In April of this year, I announced an additional £750,000 specifically for audiology services. I would be very interested to hear from Sarah Boyack if she has evidence that that money has not been spent in that way. We are aware of difficulties in audiology services and I want to pursue any concerns that she may have.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Is the minister aware that in Grampian the share of the audiology money has been allocated for training purposes? When will those of my constituents who need digital hearing aids benefit from such aids being issued under the national health service in Scotland?

Mrs Mulligan: Mr Rumbles asked two questions. We did not say how the money that was allocated last April should be spent within audiology services. I suggest that training is a legitimate way of spending the money. I know that members are receiving postcards on the issue and I want to assure everyone in the chamber that digital hearing aids are made available to all those for whom digital aids are the most applicable hearing aid. Not everybody benefits from digital hearing aids and we need to continue to respond to the needs of the individual.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): Does the minister recognise that the differing practices in health board areas throughout Scotland have created a problem in audiology services? Will she commission an audit of all health boards to examine how they are spending the money that the Executive has made available? It is clear that the money has not been spent as intended.

Mrs Mulligan: I am very aware of the interest that Cathie Craigie takes in the subject. She is the convener of the cross-party group on deafness and she has a great deal of information on the subject. The review that we are considering will

give us examples of where there may be gaps in the service at the moment. We will seek to address those gaps.

Ms Margo MacDonald (Lothians) (SNP): Cathie Craigie's suggestion is the most sensible route to follow. I ask the minister to remember that she recognises that not everyone needs the best-quality digital hearing aid. Some people need only traditional hearing aids, but I know of instances in which people cannot be supplied with either type of hearing aid. Will the minister take up that point?

Mrs Mulligan: My concern has always been that the debate has concentrated on digital hearing aids. Margo MacDonald said, rightly, that not everybody needs that type of equipment. I am very concerned that we provide the staff to ensure that people are assessed properly and are supported in using their hearing aids. We also need to have the equipment and facilities to assess people properly. All those issues will be included in the review that we are considering at the moment.

First Minister's Question Time

15:10

Secretary of State for Scotland (Meetings)

1. Mr John Swinney (North Tayside) (SNP): To ask the First Minister when he next plans to meet the Secretary of State for Scotland and what issues he intends to discuss. (S1F-2368)

The First Minister (Mr Jack McConnell): I meet the secretary of state regularly and we discuss a range of issues.

Mr Swinney: At a time when thousands of families are concerned about their future, will the First Minister give Parliament an update on the current European Union fishery negotiations?

The First Minister: As Mr Swinney will be aware, Ross Finnie and Elliot Morley are involved in detailed negotiations today at a bilateral level with other colleagues and the European Commission and tonight at meetings of the fisheries council. They continue to argue strongly the case for Scotland's fishing industry.

Mr Swinney: Two weeks ago, I argued for the commonsense position that negotiations should take place under the new regime that is coming into force rather than under the old and failed regime—that argument certainly seems to have been accepted by many European countries—and that we should resist panic measures that do long-term damage for supposed short-term gain. Does the First Minister agree that any proposal to limit days at sea can be described only as a panic measure and would be just as economically ruinous and politically unacceptable as the cuts that were originally proposed?

The First Minister: The proposal that days at sea should be limited to the equivalent of seven a month has been under discussion since Monday. That proposal is unacceptable and Mr Finnie and Mr Morley are trying to change it—I wish them well in that task. However, they are far more likely to be successful if Richard Lochhead's behaviour in Brussels this week—which is what is really politically unacceptable—is a bit more in keeping with his position as a parliamentary spokesperson for the main Opposition party. I have a selection of press releases from Richard Lochhead in Brussels. Instead of doing what Tony Blair and I have been doing, which is underlining the case that Ross Finnie and Elliot Morley are putting this week, he has been undermining the case for Scotland. He is attacking not only the individuals who are leading our negotiations, but their strategy. By doing that, he is helping the opposition. That is unacceptable and Mr Swinney should tell him to come back home.

Mr Swinney: All that I can tell the First Minister to do is explain that message to the fishing communities of Scotland, which want someone to speak strongly for the Scottish fishing industry.

My question to the First Minister was about a compromise on days at sea, which is an important issue. Will he rule out a compromise on days at sea? He said that seven days at sea a month is unacceptable, but what does he consider acceptable? If he cannot rule out a compromise on days at sea, how can Parliament be assured that the Scottish Executive and the United Kingdom Government are doing everything that they can to save the Scottish fishing industry? Can the First Minister say with confidence that, when Parliament reconvenes after Christmas, he will not stand in the chamber to defend a deal that has ruined the economic prospects of countless families in Scotland?

The First Minister: There is an issue about the way in which we conduct ourselves and win in international negotiations. The reality is—*[Interruption.]* It may be difficult for those who want simply to undermine the case to listen, but it would be better if they did. In international negotiations, we have not only to be realistic about our prospects, but to argue as strongly as possible for Scotland. That is exactly what we have been doing for weeks on end. In doing that, we have received support from the majority of members of all parties and we have had the courtesy to keep people such as the Opposition spokesperson for fisheries involved and informed about the strategy that we are following.

At every stage in the process, we have secured the support of the British Government, including, at the highest level, the Prime Minister in discussions with the President of the European Commission and other European leaders. That will happen again if it has to.

We have to be honest. Of course there will be changes in the North sea fisheries, but we have to ensure that, in the final decisions that are made, the unacceptable closure or anything getting close to closure of the North sea fishery does not happen tonight or tomorrow. That is our objective and I believe that Ross Finnie and Elliot Morley can meet it. However, the Parliament needs to unite behind them instead of undermining them.

Mr Swinney: There is no way that I would ask the First Minister to reveal to Parliament the UK Government's negotiating position. However, I want him to stop hiding behind vague terms and promises and tell Parliament what his bottom line is. What would he refuse to concede to defend the Scottish fishing industry?

The First Minister: I have only one thing to say to that. I am very glad that today we have

someone in Brussels who is not announcing his negotiating position to the world before he goes into the negotiations. We do not have Mr Swinney; instead, we have Ross Finnie and Elliot Morley, who are battling for Scotland and the Scottish fishing industry and who intend to win.

Cabinet (Meetings)

2. David McLetchie (Lothians) (Con): To ask the First Minister what issues will be discussed at the next meeting of the Scottish Executive's Cabinet. (S1F-2364)

The First Minister (Mr Jack McConnell): I am afraid that the agenda for the next meeting of Cabinet has not yet been agreed.

David McLetchie: May I suggest that, as a starting point, the First Minister remind the Cabinet of the words of one of his predecessors, the late Donald Dewar? Donald Dewar said that the success of the Parliament will depend not on having 129 MSPs but

"on its ability to deliver"

and

"to respond to Scottish public opinion".—*[Official Report, House of Commons, 11 November 1998; Vol 319, c 386.]*

How true those words were.

This week, the Executive awarded itself a 92 per cent pass mark in a paper that it marked itself. However, on the same day, an independent survey carried out by the Electoral Commission found that public confidence in the Administration's ability to improve our health and education services has slumped over the past five years. Given that state of affairs, does the First Minister agree that we need to cut the Parliament and the Government in Scotland down to size and focus them properly on reforming our public services?

The First Minister: No, I do not agree with Mr McLetchie. The worst thing that the Parliament could do is spend the next four years arguing about politicians, sizes and structures instead of dealing with the key issues that face Scotland, such as improving our transport system, tackling crime, improving standards in our health and education systems and growing the Scottish economy. It is time that the Parliament concentrated on those fundamental priorities instead of on politicians.

David McLetchie: The First Minister is concentrating on politicians, because his party wants to change the Scotland Act 1998. We simply want to implement what was arranged and agreed in the first place.

As for the priorities that the First Minister has outlined for his Administration, the Executive's

report card actually shows a catalogue of broken promises. The Executive promised to improve our schools, yet half our children cannot read, write or add up properly at the age of 14. [MEMBERS: "Half?"] That is what the attainment survey shows. Although the Executive promised to improve our hospitals, thousands of people are waiting longer for treatment. Although it promised to tackle crime, violent crime in Scotland is on the up.

The Executive has been successful in a few cases, however. It has successfully poured tens of millions of pounds into a hole in the ground at Holyrood and it has successfully persuaded Helen Liddell to fiddle with the Scotland Act 1998 to suit its own selfish interests. Is that the First Minister's idea of how to regain the Scottish people's trust and confidence in his Administration and the Parliament?

The First Minister: It is not easy to restore public confidence when all political parties do not accept their share of the Parliament's responsibilities or their share of the responsibility for the Parliament's decisions. Mr McLetchie and his party could learn a lesson from that.

As was confirmed again yesterday, Scotland has the lowest unemployment rate for 25 years, the highest rates of employment for almost 40 years, record numbers of police officers, record levels of detection of crime, higher standards in reading and writing than we have had for years and greater investment in transport than we have had for a generation. As far as investment, reform and improving the standards of our public services are concerned, Scotland is getting better. However, all that we have heard in the chamber from the two Opposition parties all year is negative comment after negative comment about Scotland. I wish both of them would cheer up for Christmas.

ScotRail (Subsidy)

3. Pauline McNeill (Glasgow Kelvin) (Lab): To ask the First Minister whether a reduction in the level of subsidy to rail operators by the Strategic Rail Authority would have an impact on the ScotRail franchise. (S1F-2371)

The First Minister (Mr Jack McConnell): No. The funding of the current ScotRail franchise and the next franchise are matters wholly for the Scottish Executive and the Parliament.

Pauline McNeill: I thank the First Minister for clearing up that matter, which was in the news earlier. Does he view the welcome announcement this week of 22 new trains as the answer to overcrowding? Will he give me firm assurances that, with the new rail franchise, passengers will come first and that my constituents and indeed the Scottish public generally will no longer have to endure their journeys to work standing all the way on overcrowded trains that leave late?

The First Minister: As the Minister for Enterprise, Transport and Lifelong Learning made clear this week, we are not prepared to let those standards continue. We want radical improvements, not only in the rail network and services in Scotland, but in other modes of transport. We are not prepared to wait until the next rail franchise before we see those improvements. That is why those 22 new trains for Scotland will start operating next autumn. We will have new trains and improvements throughout the network to ensure that rail commuters in all parts of Scotland benefit from the investment over the next few years. That is good news for Scotland; it is good news just before Christmas and it should be welcomed by members throughout the chamber.

Mr Kenny MacAskill (Lothians) (SNP): Will the First Minister confirm that the costs of the Waverley station redevelopment, as a major infrastructure project, will be met by the Strategic Rail Authority and not by the Scottish Executive through the ScotRail franchise or from the block grant?

The First Minister: We continue to have discussions with the Strategic Rail Authority and with the City of Edinburgh Council about that matter.

Phil Gallie (South of Scotland) (Con): What effect on rail operators and the wider Scottish economy would a call-up of territorial and regular soldiers have if our depleted armed forces have to be supplemented in the near future?

The First Minister: I do not believe that ScotRail has put in place any specific proposals for that eventuality at this time.

Schoolchildren (Filming)

4. Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): To ask the First Minister whether the Scottish Executive supports the issuing of guidelines on the filming of schoolchildren. (S1F-2374)

The First Minister (Mr Jack McConnell): Following the report of the child protection working group in November, we will be issuing updated guidance on the protection of children from abuse early in the new year. It is important that education authorities and schools strike the right balance between recognising the rights of adults and children, particularly in encouraging the involvement of parents in their children's schools, and dealing with the few people in society who pose a threat to children.

Ian Jenkins: Does the First Minister welcome, as I do, the fact that some proportion, balance and common sense have been brought to the issue this week? Does he agree that, although there are

genuine issues about privacy and child protection, we must do everything that we can to ensure that the happiness and pleasure involved in bringing up and working with children should not be blighted by a vision of the world that sees bogeymen and potential abusers around every corner?

The First Minister: It is clear to us all that there are a few individuals in our society—primarily adults—who will go to any length to abuse and exploit children in many different ways. Those adults need to be tackled to ensure that we have the protections in place to secure the sort of lifestyle that we believe our children need and deserve. We also need to ensure that parents, family friends, schoolteachers and people who work in the school environment can not only enjoy that experience, but participate whole-heartedly in it. That is why we will support a balanced approach that requires the good judgment of a good head teacher and a sensible approach from education authorities working with the Executive.

Bain Review

5. Tricia Marwick (Mid Scotland and Fife) (SNP): To ask the First Minister what input the Scottish Executive has had to the Bain review of the fire service. (S1F-2362)

The First Minister (Mr Jack McConnell): We welcome the publication of Sir George Bain's independent review of the fire service. Ministers met Sir George and his team last month and submitted written evidence to the review team. In our consultation paper, which we published earlier this year, we considered repealing section 19 of the Fire Services Act 1947 to assist with the reforms to improve services locally. Today I can confirm that, in line with one of the recommendations of the Bain report, we will be looking for an early legislative opportunity to repeal section 19 and related provisions in Scotland.

Tricia Marwick: Will the First Minister arrange to have sent to the Scottish Parliament information centre a copy of the written evidence that the Scottish Executive submitted to the Bain report? Does he agree with the view expressed by Jim Wallace in the consultation paper earlier this year that the Scottish Executive will develop a distinctive fire service in Scotland and that the number of fire brigades in Scotland should remain the same? Will he explain why the Bain report recommends a UK policy-making body led by the Deputy Prime Minister and will he say whether he agrees with that recommendation? Will the First Minister guarantee that any operational and policy decisions about the fire service in Scotland will be made by this Parliament and not by the UK Government?

The First Minister: That process would be helped quite considerably if the Opposition spokesperson on the fire dispute was consistent from one month to the next. On modernising the fire service, Tricia Marwick said in an interview on 12 November:

"Let's get the pay dispute solved first and then let's talk about the so called modernising agenda after that."

Just 15 days later, she said:

"We need to look to the employers and we need to look to the FBU and we need to get them round the table to get some settlement to it. Yes, that includes money. Yes, that includes modernisation."

We need a consistent approach from Opposition members if we are ever to get close to answering their questions. Tricia Marwick also said in her question—[MEMBERS: "Answer the question."] I am just coming to the question. Her question was about—[*Interruption.*] I would not make too much noise; members should hear the answer. The question, I believe, was about the importance of our not being part of the UK framework and having our own Scottish decisions. Unfortunately, Tricia Marwick also said in the interview on 27 November:

"it would be wholly wrong of me to suggest that there should be a separate negotiating in Scotland and that is clearly not what I am saying. The Fire Brigades union and employers have entered into a UK negotiation agreement. It will be settled at a UK level".

Lord James Douglas-Hamilton (Lothians) (Con): Will the First Minister tell the Parliament whether a no-strike agreement will be considered during the negotiations?

The First Minister: I do not think that that matter is on the agenda at this time.

Argyll and Clyde NHS Board

6. Mr Duncan McNeil (Greenock and Inverclyde) (Lab): To ask the First Minister what steps the Scottish Executive will take to help Argyll and Clyde NHS Board to build on the findings of the support team report into the effectiveness of the board's health systems. (S1F-2367)

The First Minister (Mr Jack McConnell): We have assisted the board in making key personnel changes and in bringing in its new interim management team. I congratulate Malcolm Chisholm on his key role in ensuring that the patients of Argyll and Clyde are properly looked after. We will continue to provide support as the board moves forward to address the issues that face it for the benefit of patients, the public and NHS staff.

Mr McNeil: I welcome the First Minister's reassurance that the Executive will support the swift and decisive action that is necessary. Does he agree that, despite our problems in Argyll and

Clyde, we have a considerable strength in our committed medical and ancillary staff, who have continued to deliver under difficult circumstances? Will he confirm that appropriate support will be available to ensure that the current financial difficulties are not allowed to affect patient services in areas such as Greenock and Inverclyde, which already have a poor health record?

The First Minister: I can certainly confirm that our fundamental approach will be to put the patients of Argyll and Clyde first. That has been the key motivating factor behind the actions that have been taken locally and nationally over recent weeks. It is vital that services in Argyll and Clyde rise up to the proper level and that the funding of Argyll and Clyde NHS Board does not get into the sort of chaotic state that could damage those services in the longer term. We will ensure that the patients in Argyll and Clyde come first. We recognise as a key part of that that the NHS staff in Argyll and Clyde have been going through a period of uncertainty recently and that they, too, need the stability that improved management can provide. We will support Argyll and Clyde in seeking to achieve that objective.

Miss Annabel Goldie (West of Scotland) (Con): The support team indicated a shameful and shambolic state of affairs in the Argyll and Clyde NHS Board area—one projection is a £30 million deficit for the forthcoming year. Will the First Minister indicate whether any reliance can now be placed on the Scottish Executive's estimated deficits for Scotland's acute hospital trusts? In reply to a parliamentary question, Mr Chisholm said that, as of 30 September 2002, the projected overall deficit for Scotland was £14.2 million and the deficit for Argyll and Clyde acute services was £3.6 million. Should the figure for Argyll and Clyde be reviewed? What reliance can we place on the minister's answer in respect of the rest of Scotland?

The First Minister: The member knows that we obviously want to minimise as much as possible the projected deficit by the end of the financial year. The figures are kept under constant review and will change as we get closer to the end of the financial year. There has been a particular problem in Argyll and Clyde, which Audit Scotland highlighted some time ago. That is one reason why we have been keen to improve management there and secure a management framework that will deliver not just improved services in the future, but improved services within the agreed budget.

Jackie Baillie (Dumbarton) (Lab): I welcome Malcolm Chisholm's decisive action in Argyll and Clyde. What is the time scale for establishing a single NHS system in Argyll and Clyde? What

involvement will stakeholders have in shaping the future of the service?

The First Minister: We expect proposals for a single unified system in Argyll and Clyde within six months. The proposals will be an important move towards a better and more efficient management structure in the Argyll and Clyde area. A unified system might be the right option for that area, but it is important that such a unified structure devolves authority and managerial responsibility to hospitals, general practices and others who run the front-line services. That would not be a centralising method of running the health service. I welcome Jackie Baillie's support for the tough action that has been taken to look after the patients whom she represents—I wish that Duncan Hamilton had been as positive on behalf of the SNP.

Michael Russell (South of Scotland) (SNP): On a point of order, Presiding Officer. During 20 minutes of First Minister's question time, the First Minister referred three times, including once at length, to quotations from SNP members. I believe that the standing orders say that questions and answers must relate to matters for which the First Minister is responsible. As he is not responsible for what SNP members have said, will the Presiding Officers advise the First Minister to remain in order during First Minister's question time and answer questions?

The Deputy Presiding Officer (Mr George Reid): That is a byzantine question, Mr Russell. I cannot be responsible for the First Minister's answers. We will move to the next item of business.

Agricultural Holdings (Scotland) Bill: Stage 1

The Deputy Presiding Officer (Mr Murray Tosh): The next item of business is a debate on motion S1M-3396, in the name of Ross Finnie, on the Agricultural Holdings (Scotland) Bill, and on one amendment to that motion.

15:33

The Deputy Minister for Environment and Rural Development (Allan Wilson): I am pleased to open the debate. I have a sore throat, but will continue my Satchmo impersonation.

This is the first opportunity for the Parliament to discuss the Agricultural Holdings (Scotland) Bill. The Executive is committed to a mixed system, with a healthy tenanted sector performing an important and distinctive role alongside the owner-occupied sector. The bill aims to revitalise the tenanted sector for the benefit of our agriculture industry and rural Scotland as a whole. In doing so, it reforms current legislation, which essentially dates from the immediate post-war period and is recognised by tenants and landlords alike as being badly in need of updating.

The strength and breadth of support for the bill cannot be overstated, but are probably too easily forgotten, because attention has focused on one element of the bill, which is the tenant's right to buy. That is certainly an important element of the bill, but for the industry as a whole, other features that will introduce new tenancy options, extended rights for tenants and simpler and cheaper dispute resolution arrangements are even more important.

I read with interest the evidence on the bill that was presented to the Rural Development Committee and I am delighted that the committee endorsed the bill's objectives. The committee also made several recommendations. In the limited time available to me, I will focus on the committee's recommendations and will perhaps respond to other points in summary as they arise.

The bill will introduce new tenancy options that will exist alongside current types of tenancy. The short limited duration tenancy will have a maximum life of five years, and the limited duration tenancy will have a minimum term of 15 years. The new options will provide tenants with strong security of tenure throughout an agreed term and will give landlords the means to reclaim the land at the end of the term.

We also welcome the committee's broad expression of support for the bill's diversification proposals. The committee expressed concern about the fact that a landlord's grounds for objecting to a tenant's proposal to diversify might

not strike the right balance between the respective rights of landlord and tenant. The important point is that section 35(9) sets out a landlord's grounds for objecting to a proposed diversification, but will not give the landlord the power to block a tenant's proposal, and no landlord will be able to withhold consent unreasonably. The grounds for objection have to be broad to remain relevant against a wide range of potential non-agricultural uses, particularly as the bill deliberately does not constrain the types of non-agricultural activity into which a tenant will be able to enter. If a landlord objects to a tenant's proposal, we intend to make it clear that the tenant will be able to ask the Scottish Land Court to approve the proposal nevertheless.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Is it not the case that any landowner who objected could put in a written objection under section 35(9)(iii)? That was the committee's point. The description is wide so they could object almost automatically.

Allan Wilson: Yes. The bill now includes provisions that allow the landlord to grant consent subject to conditions. We intend to make it clear in the bill that the Land Court will be able to strike out, modify or insert conditions, which will be an important way of ensuring that restrictions on a tenant's freedom to diversify will be proportionate to a landlord's reasonable grounds for objection. I am sure that we will be able to come to an agreement with the committee on that particular point.

As members will know, our most recent consultation on the draft bill revealed many tenant farmers' dissatisfaction with the operation of the Agricultural Holdings (Scotland) Act 1991. In giving evidence to the Rural Development Committee, Mr Finnie acknowledged those concerns and said that we were considering ways of dealing with them. The first concern relates to the practice whereby landlords ask tenants to conclude an agreement that quickly writes down the amount of compensation the tenant is entitled to at waygo for the value of improvements made by the tenant to the farm. I can confirm that we intend to lodge amendments at stage 2 that will prohibit landlords and tenants from concluding write-down agreements in future, in relation to both existing and new leases. We continue to consider whether and how action might be taken in relation to current write-down agreements, but potentially complex legal issues would need to be overcome.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I fully accept that the issues are complex, but does the minister agree that the mischief to be corrected relates to past agreements? Will he advise whether the

amendments he will propose will have retroactive effect? If they will not, I believe that we will not address the problem that he has correctly identified.

Allan Wilson: I understand Mr Ewing's point but, to a certain extent, he answered it himself when he referred to complex legal issues. I suspect that those are, indeed, the issues that will concentrate our minds at stage 2.

Tenants have complained about landlords who have demanded that they enter into post-lease agreements that transfer responsibility for renewing fixed equipment from landlord to tenant. As with write-down agreements, we propose to render as void any post-lease agreement entered into in future that purports to transfer responsibility for renewals, and we are considering how we might allow tenants to revoke existing agreements.

We are also considering sympathetically further issues surrounding the correlation between rental values and the profitability of farms.

John Scott (Ayr) (Con): Does the minister accept that the Agricultural Holdings (Scotland) Bill is likely to lead to a reduction in the value of land in Scotland? As that value currently underpins the borrowings of the Scottish agricultural sector, does he accept that the bill will lead to increased hardship for Scottish farmers, particularly owner-occupiers?

Allan Wilson: No. I will come to the issue of blight when I come to the absolute right to buy, which is supported by some but not by others.

I have been struck by the enthusiasm of the industry to find solutions to the issues. Bodies representing tenants, landowners and other interests have worked together in an effort to resolve the outstanding issues quickly. We are liaising closely with the industry and will continue to do so. I recognise that, if Parliament approves the principles of the bill, we will need to move fast, because time is not on our side. However, the bill has been built on consensus and I would like that to continue with regard to the outstanding issues.

That brings me to the aspect of the bill that has attracted most interest: the pre-emptive right to buy, which is a right for tenants under the Agricultural Holdings (Scotland) Act 1991 to buy the farm they rent when it is offered for sale. I am pleased that the majority of the committee stated its support in principle for a pre-emptive right to buy.

The right to buy in the bill operates whenever a landowner wants to sell the land. It provides a guaranteed right for the tenant to buy the land at market value. In effect, that gives a statutory basis to a procedure from which the tenant and the landlord both benefit. It is usually cheaper for a

tenant to buy the farm that they rent than an equivalent farm elsewhere, while landlords can usually expect to receive a higher price by selling land to a sitting tenant than to a third party. However, at present, some landlords not only sell land to a third party without giving the tenant the opportunity to bid, but sometimes do not even alert tenants to the change of landlord. That is why it is important that we create a statutory pre-emptive right to buy. That will mean that it will no longer be possible for land to be sold over the head of the tenant. Everybody should welcome that.

Crucially, the right-to-buy provisions in the bill are entirely consistent with our aim that the bill should revitalise the tenanted sector in Scotland. The bill extends tenants' rights but does so in a way that does not prejudice the legitimate rights of landlords. We have provided a right that tenants want and which the Scottish Landowners Federation has stated that landlords can live with.

There is, of course, a body of opinion that believes that tenants should have an absolute right to buy, which they could exercise against the will of the landlord. Regardless of the way in which an absolute right to buy was introduced, it would undermine our efforts to revitalise the tenanted sector in Scotland. *[Applause.]* I thank the Conservative members for that applause, even if it came from strange quarters.

Those of us with a brain in the chamber can see that those who advocate an absolute right to buy and suggest that it should apply only to tenants with tenancies under the 1991 act have completely failed to explain why they believe that an absolute right to buy would be right for those tenants but would not be justifiable for other tenants. Tenants who would not share the right to buy would, I am sure, be interested to know why the distinction was appropriate. So, too, would landlords, who would not let land if there were a risk that they would be unable to reclaim the land at the end of the lease. That is why the introduction of an absolute right to buy, even if only for tenants under 1991 act tenancies, is likely to affect the availability of agricultural land for let. Indeed, it could depress confidence in letting in other non-agricultural commercial sectors, too. I would argue that it has implications across the commercial sector and in retail and other areas.

Murdo Fraser (Mid Scotland and Fife) (Con): Will the minister give way?

Allan Wilson: I would like to, but I am out of time.

I have much more to say, but I will say it in my closing speech. The bill is fundamentally about much more than the tenant's right to buy. It contains several important elements that work together to stimulate the tenanted sector. I have

attempted to outline a few of those in the time that is available to me. The Executive will be happy to consider other points at stage 2. I look forward to that process.

I move,

That the Parliament agrees to the general principles of the Agricultural Holdings (Scotland) Bill.

15:45

Alex Fergusson (South of Scotland) (Con): While sympathising with the minister's hoarse voice, I must congratulate him on what I assume was an excellent rendition at the karaoke at last night's Labour party party.

I draw members' attention to my entry in the register of interests: I am the owner of a farm that is run by a partnership in which I am the limited partner. Some would say that I am very limited.

In January 1999, the land reform policy group suggested, among other things, that agricultural holdings legislation should be amended to provide more flexible tenancy arrangements, to permit more farm tenants to diversify, to allow tenants to plant woodland, to encourage tenants to indulge in good conservation practice, to provide greater protection for tenants, to strengthen a tenant's right to compensation, and to simplify and reduce the cost of dispute resolution. Accordingly, the bill tries to do that and, as the minister said, seeks to reinvigorate the tenanted sector.

The Conservatives endorse those aims wholeheartedly. We agree entirely that, in some cases, there is room for considerable improvement in the relationship between lessor and lessee, but we strongly dispute that that relationship has turned sour at every instance, across the board, as some would argue. We must consider the bill in the realisation that the vast majority of landlord-tenant relationships are perfectly healthy and productive. I refer members to a letter that they received just a week ago from five tenants on five different estates. That letter says clearly:

"as tenant farmers, we have benefited from the innovative enterprise of different estates. It is often not acknowledged just how much of the infrastructure of every farm on an estate has been provided by the landlord".

Likewise, we should acknowledge that the majority of tenanted landholdings are not owned by the big estates that attract so much publicity, but are often single units and are sometimes owned by the widow of a former farmer or by a former farmer who has chosen to retire. There is a vast range in the size of ownership and of tenancy throughout Scotland. We would do well to realise that as we consider the bill's general principles.

In the light of that, and bearing in mind the bill's intentions to reinvigorate the sector, we very much

welcome the provision for the new limited duration tenancies and the provisions that address diversification, compensation and dispute resolution. We look forward to scrutinising the amendments that the minister has promised to lodge on those issues at stage 2. We particularly welcome those provisions because, as the minister said, they have been brought about largely by agreement among all the relevant stakeholders. Essentially, they are the product of consensus. That is exactly as the situation should be on issues such as land reform.

The problem arises when the Executive departs from the agreed stakeholder concerns and embraces antagonism, as it has done by introducing at a relatively late stage in the proceedings the section that will give secure tenants under the 1991 act a pre-emptive right to buy. The Executive did that in spite of the fact that Ross Finnie said in the Parliament in May 2000:

"We are trying to move towards a situation of greater diversity, in which more leases will be offered. Neither the consultative group that existed before we took office nor that which was set up afterwards proved that instituting a tenant's right to buy would do anything other than dry up a limited supply. We were not persuaded that that was consistent with our aim of getting new tenants."—[*Official Report*, 17 May 2000; Vol 6, c 695.]

Fergus Ewing: As Alex Fergusson opposes the pre-emptive right to buy, does he also oppose the rights of pre-emption that feudal superiors hold and have held for centuries?

Alex Fergusson: That is a matter of legal contract. As a lawyer, Fergus Ewing should certainly know that.

The sentiments that Ross Finnie expressed in May 2000 were right then and they are equally correct now. The available land has already dried up.

Allan Wilson: Does Alex Fergusson accept that the introduction of the pre-emptive right to buy is beneficial if landlord and tenant are willing to participate, because the right benefits both in securing a suitable market value?

Alex Fergusson: I fully support such sales where there is a willing buyer and a willing seller, but why on earth do we need legislation for that? As I said, available land is already starting to dry up. In the past five years, an average of two farms a month have been available for rent in *The Scottish Farmer* magazine. Since last May, there has been none. The only reason for that is the justifiable fear that a pre-emptive right to buy may be extended to all tenancies at the whim of a future minister. Worse, the right to buy might be turned into an absolute right to buy.

Fergus Ewing: Oh, come on.

Alex Fergusson: It is true. Such an absolute right to buy is a right to expropriation—a right that will ensure that even the new tenancies that the bill envisages never even get off the ground.

I was recently contacted by a farmer who had tried to rent six neighbouring fields from three willing neighbours in order to maintain a sustainable number of sheep under the organic aid scheme. None of the neighbours was willing to enter into any arrangements other than a short-term grazing lease, because of their fears over the right to buy. At least St Paul had a heavenly experience before his biblical U-turn; the only experience that the minister seems to have had before his own volte-face was intensive lobbying from George Lyon—an experience that I would describe as anything but heavenly.

Not one stakeholder group that gave evidence to the Rural Development Committee wanted an absolute right to buy, other than the Scottish Tenant Farmers Action Group, which does not even speak for the majority of Scotland's tenants.

One columnist recently stated:

"there is evidence that a Bill designed to stimulate the tenanted sector is in danger of killing it. That would be a notable triumph for the Parliament, would it not".

The damage has already begun, and the very good parts of the bill have been hidden behind the disastrous smokescreen of the right to buy. We know that that right will have the opposite effect to that which the minister seeks to achieve. For that reason—and that reason alone—we are unable to give the bill the whole-hearted support that it should have deserved.

I move amendment S1M-3396.1, to insert at end:

"but, in doing so, regrets that the provision in the bill of a right to buy for some tenants has already led to a significant reduction in the amount of land let under medium- and long-term arrangements, and believes that the enactment of such a provision will minimise land available for rent, including holdings under the new tenancies proposed in the bill, confining tenancies to those of a very short-term nature with a resultant negative impact on the management of the tenanted sector."

15:51

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I start by thanking the clerks, in particular Mark Brough, for the excellent work that they did in helping the Rural Development Committee produce its stage 1 report.

I emphasise that 98 per cent of the committee's conclusions were arrived at by consensus. The committee spent a great deal of time and effort working on the parts of the bill that are not the subject of any great controversy. We all welcome the introduction of new vehicles that will allow

leases to be entered into and we are all aware that the purposes of the Agricultural Holdings (Scotland) Act 1991 were circumvented to an extent by—I have to say this—smart lawyers.

I also note that the percentage of farmers who are tenants decreased from 32.5 per cent in 1982 to 16.6 per cent in 2001; over 20 years, the percentage of farmers who are tenants halved. If that is not an indictment of the current system, I do not know what is. It is difficult to see how anything could be worse than the current system from the point of view of creating new land for leasing.

I will quote the words of some farmers, and I note the work of the Scottish Tenant Farmers Action Group, which I think has done a brave and good job. I also commend the efforts of the other leading players, whose submissions have been extremely helpful.

Stuart Black, a farmer in Strathspey, said:

"I see the value of a right to buy in terms of the effect it would have on my position as a tenant. I would love to be able to go along to the estate as an equal partner, and I think that a right to buy would have a radical effect on the way in which individual tenants were regarded and treated by the estate."

Donald Gibbon of Middleton, Fintray, said:

"There has been no significant investment by the estate in farm infrastructure for over a decade, and it upsets me to see the way the place is suffering. The new generation of landlord has little common interest with the likes of me, and a right to buy would give me the chance to stand on my own feet and run the place properly. We could develop the engineering business to its full potential, and investigate some other ideas for diversification that I have in mind."

Stewart Jamieson said:

"Since I took over the farm from my father in 1975 we have invested over £290,000 in this farm while the estate's contribution has been a mere £40,000 ... When I retire I will get almost no recompense for this. All of the value that we have created will revert to the estate".

A farmer in Sutherland said:

"Our landlord, Sutherland Estates, owns a huge part of Sutherland including much of the land around Brora and Golspie. Throughout this area there is a shortage of land for housing and business development, and the local economy is strangled by this monopolistic system of land tenure. It's a tragedy really. So much enterprise and opportunity stifled when our communities should be retaining their people and encouraging new blood in."

I have quoted the words of a few farmers; I could quote many more. The points that I wish to draw from those comments are as follows. First, we do not imagine that every landlord is a bad landlord—quite the contrary. I know that people such as Jamie Williamson in my constituency do their utmost to promote diversification and new opportunities. I know that because I have visited his farm—I hope that I understand what he is doing. However, I am afraid that many landlords have the motto "let it and forget it" and that their

concern is that they get the rental cheque once a year. I have spoken to many farmers in my constituency who could tell many a tale. However, many of them do not speak out. Perhaps that is why the situation has not been sorted out before now.

Once we begin to scrutinise the detail of the bill at stage 2, we will have to consider some serious issues relating to the right to buy. The proponents of the principle of the right to buy must take serious issues seriously, and we will do that. However, the quotations from farmers and communities that I have read out make the case strongly that there is considerable public interest in having a right to buy, whether pre-emptive or absolute.

Issues such as sporting rights are important. We must ensure that those rights continue to be exercised and I think that that can be achieved. Compensation at waygo, post-lease agreements and writing-down agreements must all be dealt with and must apply to existing tenants. We must also consider the value of land. Since 1995, farm incomes have fallen by 60 per cent, while average levels of rent have increased by 30 per cent. That does not seem to indicate that the market and rental levels correspond to farm viability. The rent determination procedures must reflect economic viability.

I know that the minister, his civil servants and the various parties have done a great deal of work, including during this week, for which I commend them. We all want to get a better deal for the tenant; that is my principal aim and if we achieve it there will be more economic development and opportunities in the countryside, which we all want. For that reason, we must take the issue very seriously.

In a speech in September 1998 that he made in reference to tenants' responses to a consultation on land reform, the late Donald Dewar said:

"The words stifling and stultifying occur again and again in these case histories. These are not people looking for an easy life—quite the reverse. These are people keen to make the best of the opportunities that should be available to them—keen to build a better life for themselves and their families and communities, but held in check by the action or often, inaction, of external powers."

I hope that we can all subscribe to the aims that the former First Minister set out, and that at stage 2 we will be able to consider seriously the issues that members of the Rural Development Committee, who have grasped this task, and other members who have an interest, understand and care deeply about. We must ensure that we do not create turbulence or turmoil in order to avoid the Armageddon that some people are predicting in an exaggerated and somewhat extreme fashion. A way ahead can be found and I look forward to working to achieve our objectives at stage 2.

I support the Executive motion.

15:58

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): The Liberal Democrats recognise that there is broad support across all sectors of the agriculture industry for the proposals that are contained in the bill.

In its stage 1 report, the Rural Development Committee said that it

"shares the hope that the Bill will contribute to a revitalisation of the let land market, increased investment in agriculture and the wider rural economy",

as was outlined by the minister. In 1999, the Liberal Democrats' manifesto for the Scottish Parliament elections stated that the party would

"Introduce term tenancies of a minimum of 15 years to replace landlord/tenant partnership agreements",

and that it would legislate to

"Give tenants a right of pre-emption if the holding is placed on the market."

Both those commitments are met in the bill.

It is clear that the reforms are essential because previous efforts to reform the system have not succeeded in increasing the availability of tenancies or in encouraging the diversity that is needed on our farms. The last attempted reform, by a Conservative Administration in 1991, failed because mechanisms were found to circumvent the intended security of tenure. In its report, the Rural Development Committee recommends to the Scottish Executive that it ensure that the new reforms are not similarly frustrated.

I turn to the point that the minister made about section 35(9) and the Rural Development Committee's feeling that it might not strike the right balance between landlords' rights and tenants' opportunities. Section 35(9) states:

"The landlord may object to the notice of diversification if ... the landlord reasonably considers that the intended use of the land for a non-agricultural purpose ... would ... be detrimental to the sound management of the estate".

If I were a landlord, I would consider that to be a catch-all and I would automatically issue an objection to anything that I did not consider to be effective use of the land. That is what the committee was trying to say, so perhaps section 39 could be tightened up a little bit.

I turn to the element of the bill that deals with a tenant's right to buy land. It must be wrong for a landlord to be able to sell a farm over the head of a sitting tenant. The committee received compelling evidence of that from Stuart Black, who told us that his property

"was finally sold some months later, the only notification we received, and only goodbye, was a legal notice to pay

future rents to Salingor Holdings, incorporated in the Bahamas, the new owners are a French/Belgian family”.

Under the bill, that farmer would have an opportunity to purchase his farm when it came up for sale. Another tenant farmer—Mr Mann—told us that his property had had six different owners in his time. The bill is designed to help such farmers.

The right of pre-emption that is contained in the bill is a real step forward and it is a win-win proposal—I cannot understand why the Tories oppose it. The tenant will gain by having first refusal on the property that he farms and the landowner will gain by selling to a sitting tenant, thus increasing at a stroke the value that he would otherwise gain from selling the farm on the open market while it had a sitting tenant.

Stewart Stevenson (Banff and Buchan) (SNP): I thank the member for giving way. He is clearly an enthusiast of the bill, which I very much welcome. Will he explain why he voted against the committee's report when his Liberal colleague John Farquhar Munro and the Labour and SNP members found it perfectly possible to recommend it to Parliament?

Mr Rumbles: Stewart Stevenson has raised the issue, so I will explain. Fergus Ewing said that 95 per cent of the report had general agreement—indeed it did. On 26 November we had completed the report, apart from topping and tailing it. What happened? On 3 December we went back and at the request of SNP members, we inserted a paragraph about the absolute right to buy, which I could not support, because it was against what I believe in and against the principles of the bill. I did what I did so that my objection would be recorded in the *Official Report* of the meeting.

The only people to oppose the reform in committee and again here in the chamber are the Conservatives who, true to form, seem to be content simply to oppose reform for the sake of it. Some 74 per cent of landowners who responded to the National Farmers Union of Scotland survey that was published in February supported the pre-emptive right to buy. Why? They supported it because it is so obviously in everybody's interests.

I turn to the issue that dominated the deliberations of the Rural Development Committee, even though that issue is not covered in the bill. I refer, of course, to the proposals to demand compulsory sale and transfer of farm property from one private individual to another. Throughout the evidence-gathering sessions I asked witnesses continually whether they could identify the specific public interest in transferring property in such a manner, but none could do so. We came close only when Andy Wightman agreed with the proposition that it did not matter whether there were a few injustices to individuals should

the greater good prevail. I am sorry, but I cannot disagree more. I see no justification whatever for the state's demanding the compulsory sale of property by one individual to another when no public interest is at stake. If there is a public-interest argument, compulsory purchase powers are already available to the state. It seems to me that, unlike in relation to the community right to buy, under which ministers must be assured that there is a public interest argument to sustain a proposal, the proponents of the argument have failed to support their case.

In conclusion, there is much to commend in the bill. The proposals in the bill, such as the new short limited duration tenancies and the limited duration tenancies, the pre-emptive right to buy, the diversification provisions and the dispute resolution procedures are worthy of our support. I urge colleagues to support the motion and to reject the negative and destructive Tory amendment.

16:04

Rhoda Grant (Highlands and Islands) (Lab): Perhaps you could tell me how long I have, Presiding Officer.

The Deputy Presiding Officer: You will have to keep quite tightly to four minutes.

Rhoda Grant: Thank you.

I am pleased that the vast majority of the bill is not controversial and that many organisations are signing up to the new form of tenancies that will be created and to the added opportunities for diversification that the bill will provide. The general principles of the bill are to be welcomed. However, amendments will be required at stage 2 to ensure that the bill's aims can be fulfilled.

The most contentious issue, which has not been included in the bill, is the absolute right to buy. The bill provides for a pre-emptive right to buy, but in truth the pre-emptive right to buy will not make a huge difference to current land-ownership patterns in Scotland. Needless to say, tenant farmers look with envy at their crofting neighbours. However, the plea for an absolute right to buy is not based only on envy; it is sought for practical reasons.

Alex Johnstone (North-East Scotland) (Con): Will the member accept an intervention?

Rhoda Grant: I honestly do not have time, because I have a lot to say.

Some landowners, many of whom are now rushing into dialogue with tenant farmers, have used every trick in the book to ensure that the rights of tenants are flouted. Secure tenancies place obligations on landlords to maintain farms and farmhouses, but many landlords have refused

to do that. They either end up in arbitration or leave the tenant to carry out the work. If the tenant does not get permission for an investment, the tenant forgoes any compensation for that investment on leaving the farm. If the tenant asks for permission, landowners insist that the value of the investment be written down over a number of years in a write-down agreement, which ensures that the tenant again forgoes the right to compensation.

I welcome the minister's assurance that that loophole will be closed to ensure that landowners cannot have write-down agreements. However, will landowners be prevented from withholding permission for investment? How can we ensure that landowners will compensate tenants if they say that they are cash poor at the time when the tenant gives up the farm?

If we had an absolute right to buy, tenants who face difficulties could buy their farms. Compensation could be paid to the landowner at that time for loss of ownership and the tenant could raise money for investment to improve the farm, which would make farming more viable. However, we are told that the absolute right to buy would be against the European convention on human rights because it would mean the straight transfer of land from one owner to another without any greater community benefit. I want to argue against that assertion.

If secure tenants could buy their farms, they would be able to invest and have collateral against which they could raise money for investment. That would lead not only to more vibrant farming and more vibrant communities, but to the creation of jobs through diversification. Creating stable communities leads to support for local schools, services and businesses. That would be public gain.

If tenants could buy their farms, they would also have assets that they could sell on their retirement. At present, because of write-down agreements, farmers who give up their tenancies have no access to the investment that they made and which would allow them to give up the tenancy, which is also their home. That means that tenants remain on farms long after they should have retired, which causes a shortage of tenancies, prevents young people from taking on new tenancies and blocks rural development. That happens through no fault of the tenants, who are unable to release the investment in the farms. For that reason, it would be in the public interest to resolve the problem; the argument that such a policy would be in breach of the ECHR does not hold water. I could give many examples to illustrate those points, but I want to ask the minister to consider the issue seriously and to seek a resolution that leads to a vibrant farming industry.

16:08

Mr Duncan Hamilton (Highlands and Islands)

(SNP): As the first member to speak in this debate who is not a member of the Rural Development Committee, I commend the committee for its report. The report was honest in seeking agreement where that was possible and in reflecting some of the difficulties in what is a complex area.

As other members have said, vast parts of the bill have attracted cross-party agreement. There is crucial agreement about the problems surrounding tenancies and the need for diversity of ownership and land use. There is agreement about some of the bill's measures that will apply to new tenancies; those measures will allow the right balance between flexibility and the possibility of long-term investment, which is exactly what we want.

I want to draw attention to a couple of areas on which more work will definitely be required during the bill's future stages. The first area is the rental assessment. The Rural Development Committee's report makes the point that evidence was received that rent levels were driven more by the subsidy-attracting capacity of the land than by its overall profitability or farm income. That is a very interesting point from which to start. If we are now saying that it is in the nature of public subsidies that they potentially push private rents higher, that is an odd way of reflecting the public interest. I do not see who will benefit from such a system. If subsidies are the primary driver of rents, I suggest that more research and work is needed. Perhaps some of the stage 2 amendments and innovative ideas about forums can be acted on.

There is also the question of how to encourage the diversification that we are all keen to see. The Rural Development Committee was clear that substantial barriers to diversification exist. The phrase "non-agricultural use" and the threat of resumption of land on the back of that is something that the committee and the minister will want to tackle. Some sensible diversification is being unnecessarily blocked, which cannot be to the benefit of the rural economy.

How do we allow tenants to diversify? I note that a number of suggestions have been made, one of which is to use a prescribed list of allowable diversification—a mouthful at any time. I suggest that that is far too rigid a procedure. It seeks to dot all the i's and cross all the t's and to give to diversification an exact nature that is probably not appropriate. As I understand the procedure that is outlined in the bill, we will have a system whereby notification of any planned diversification can be given and there will be a right to object and appeal to the Scottish Land Court. That suggests that all the various players have an opportunity to have

their say and to test what is the best way forward. That is a fair balance and the bill is right in that regard.

There were controversial areas about which there was no agreement, particularly with regard to the right to buy. I support firmly the pre-emptive right to buy, which will impose a fair balance once a property is on the market. We should reflect on the fact that in the National Farmers Union of Scotland's survey of opinion—although some members doubted the result—82 per cent of NFUS members supported the pre-emptive right to buy including, importantly, 75 per cent of the landowners they asked. That is a useful statistic to have on public record because it shows that it is possible to build consensus on the issue. As Rhoda Grant suggested, in many cases all the bill will do is give a statutory basis to good practice, which is to be encouraged.

With regard to the absolute right to buy, the committee has acknowledged that however sympathetic many members might be to that right, the case for it is probably not proven. Substantial issues remain to be resolved about the reduction in confidence in letting land. There are questions about the ECHR and about public interest and there are questions about investment in land. That is not to say that the Rural Development Committee might not come to a consensus at a later stage in the bill's progress and resolve to support the absolute right to buy. As matters stand, we can support the principles at stage 1, but it is an absolute requirement at stage 2 that the committee come back to the Parliament with some answers to those very important questions.

16:13

Mr Jamie McGrigor (Highlands and Islands) (Con): Every form of flexibility must be used to keep the Scottish agricultural sector competitive. For that reason alone, I am pleased that the bill seeks to address landlord and tenant agreements by making them better for both parties. That would represent progress. It should be possible for those who have agricultural expertise to rent farms—professionalism has always been a strength of our agricultural industry.

It must also be possible for landlords and tenants to make agreements that are honoured by both sides. I see value in the proposed legislation on short limited duration and limited duration tenancies and there are certainly advantages in the diversification and dispute resolution proposals. Since the enactment of the first Agricultural Holdings (Scotland) Act 1883, arbitration has been the primary method of dispute resolution between landlords and tenants and, in recent years, the cost of arbitration has escalated while incomes have plummeted and been the subject of much criticism.

The bill seeks to diminish costs by taking prime jurisdiction away from the arbitrator and placing it in the hands of the Scottish Land Court. The bill seeks to give the Land Court much wider powers, including the ability to decide on whether a tenancy exists or has been terminated. That is a major improvement because, until now, that question had to be determined either in the Court of Session or a sheriff court, with a consequent multiplication of costs.

There is relief that the proposed legislation appears to recognise that limited partnerships have been in use for many years and that, in order to not disturb long-standing commercial expectations, section 42 of the bill will apply only to tenancies that are entered into after the commencement of the proposed act. If the new forms of tenancy meet the economic needs of the industry, limited partnerships will disappear anyway, which means that there will be more privacy for tenants in conducting their affairs and—from a landlord's point of view—they will know more precisely where they stand under one or other of the new statutory tenancies.

Those are the good points of what was originally intended in the consultation, but that has all been hijacked by the inclusion of the pre-emptive right to buy leading to demands for an absolute right to buy. To be frank, if that approach wins favour with Parliament, there is little point in spending a lot of time on the other aspects of the bill, because no one will let agricultural land. There is already evidence that new letting is not taking place, which is disastrous for the agricultural industry because tenancies are the first rung on the ladder for agricultural workers who rightly aspire to running their own farming businesses. It seems to me to be unfair that those workers should be denied fulfilment of their ambitions because of preferential treatment of one sector of the industry, namely those who have secure tenancies.

We must always remember that permanent security was introduced to encourage tenants to invest in farming improvements, in order that the UK could be self-sufficient in food. That was in the 1940s. It was a national strategic goal and was deemed to be in the public interest, but things have changed dramatically since then. There are food surpluses, and if we continue to import Black sea grain at £35 per tonne, no amount of production and investment facilities will enable our farmers to compete on price.

New investment must be made in marketing and diversification. Far from its being in the public interest, the absolute right to buy will simply increase fragmentation and reduce investment, and will possibly produce a situation similar to the one in Ireland, where arable land is £5,000 an acre, there is no land to let, and tenants are coming over here to try to get leases.

There are hundreds of agricultural workers who would give their eye teeth for a secure tenancy, but that will be denied them if an absolute right to buy goes ahead. Members should bear in mind the fact that secure tenants often pay less rent for their holding than the house alone would fetch on the open market; in fact, the house is often thrown in free. They enjoy the same security that we will have in Parliament, if we ever reach our new dome—sorry, I mean home—in Holyrood. Unfortunately, one can hardly say that that house was thrown in for free.

The Deputy Presiding Officer: Yes—thank you very much.

16:17

Dr Sylvia Jackson (Stirling) (Lab): Like Duncan Hamilton, I am pleased to speak in this debate although I am not a member of the Rural Development Committee. However, I have constituents who have secure tenancies, and they have been approaching me for some time about the right to buy.

I am an outsider to the Rural Development Committee, but I have read the evidence and the press reports. It strikes me that the Agricultural Holdings (Scotland) Bill has to be welcomed, if only because it raises a number of very important issues, three of which have been mentioned already: the compensation provisions, the rental determination, and the notice to quit. The National Farmers Union of Scotland briefing deals with those issues adequately, in particular the compensation issue.

There is a widespread feeling of discontent among tenant farmers about the compensation provisions in the Agricultural Holdings (Scotland) Act 1991. I welcome the fact that the minister said that he will examine those issues and return to them at stage 2. An issue that has been raised with me, and which Rhoda Grant mentioned, is the fact that tenants do not feel that they can invest in their farms, because they feel that the investment will not be recovered, which prevents them from selling. That is a big issue.

The crux of the matter is whether the pre-emptive right to buy should be extended to an absolute right to buy. A tremendous amount of evidence is gathering on both sides of the issue. The Scottish Tenant Farmers Action Group draws parallels with crofting rights, because individual crofters have an absolute right to buy, although I believe that ministers' discretion applies. Indeed, the group also points out that in England, under several acts, there are leaseholders with long leases who can purchase outright the property from the landlord.

As Duncan Hamilton said, big issues still have to be debated at stage 2. Another point is that the bill

is considered part of the land reform programme. The various bills must be consistent. As has been suggested, we must bear it in mind that the bills are really social reform bills.

The pre-emptive right to buy is expected to make not much difference for some secure tenants, but I accept that the situation will be helped if the system has more triggers. However, many of the arguments that have been made for having an absolute right to buy for secure tenants must be answered.

The ECHR considerations go against having an absolute right to buy. In his report, Sir Crispin Agnew says that they are not insurmountable, but I accept that they are big issues. The Conservatives talked about a reduction in land values and said that such a right would be bad for the industry and would immediately produce a major reduction in confidence. Those matters must be addressed, but they must be balanced by the arguments for such a right.

There is much in what Rhoda Grant said about regeneration. If it is the case that secure tenants want to buy their property or to diversify, that goes against what the Conservatives say about reducing confidence.

One hopeful sign is the meetings that are taking place between the Scottish Landowners Federation, the Scottish estates business group and the Scottish Tenant Farmers Action Group. Those meetings will be helpful for the future.

16:22

John Farquhar Munro (Ross, Skye and Inverness West) (LD): I imagine that all members who speak in the debate want the development of a framework for our agricultural communities that will enable them to survive and grow by encouraging new entrants into farming and sustaining existing tenants. How we achieve that aim is where some of us differ. When most of us consider the relationship between landlords and tenants, our sympathies lie predominantly with tenant farmers.

The bill contains much that is good—especially the creation of the new short limited duration tenancies and limited duration tenancies. They are badly needed to replace the scam of limited partnerships, which are no more than a Tory ploy to enable their landowning Conservative friends to rid themselves of their unwanted incumbent tenant farmers. I ask my Tory friends to confirm or deny that a large donation—£7,500—was made to the Tory party's funds by one of the biggest landowning estates in the Borders. I wonder why that was given.

Much in the bill must be toughened to protect tenant farmers' rights. I will consider the differences between farming tenants and housing

tenants. Could we imagine a social housing tenant paying to repair a leaking roof or to replace their windows? If they were forced to sign a post-lease agreement, as tenant farmers are, they would be responsible for all repairs. Post-lease agreements for tenant farmers should be done away with. What adds insult to injury is the fact that when tenants undertake improvements, many landowners insist on write-down agreements. They agree to set a devaluation period for the improvement, which often lasts only five years, after which the tenant's investment becomes wholly the landlord's asset.

That is why the bill must be tougher. Otherwise, the advantage will remain with the landowner. That is why I support heritable farming tenants winning an absolute right to buy. The argument that that would prevent the creation of new tenancies has no legs, because no new heritable tenancies have been created in the past 20 years. Such arguments are bogus.

Alex Fergusson: Will the member take a brief intervention?

John Farquhar Munro: I will, but I am running out of time.

Alex Fergusson: If what he says is the case, will the member tell the chamber why not one farm has been available for let since May this year?

John Farquhar Munro: I suppose that the landlords have a great interest in ensuring that their argument is supported. They can do that by not releasing land into the farming community. I repeat that those arguments are bogus.

As for the idea of a land grab, if landlords of secure heritable tenants have in effect lost the right to the use of their land, what landlords have not lost is the ability by mismanagement and neglect to undermine their tenants' businesses.

An absolute right to buy would finally give tenant farmers an escape from bad landlords. The Scottish Parliament has supported the right for social tenants to buy their property and the absolute right of crofters to purchase their crofts. It has voted for communities to be able to buy the land in which they have an interest and also for crofting communities to purchase their rivers. If only to be consistent, the Scottish Parliament must vote for farming tenants to have an absolute right to buy. Their case is just and it is worthy of the Parliament's support.

16:26

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): I remember asking a question of Ross Finnie after the statement that he made on agricultural tenancies in Glasgow in 2000. The fact that it has taken us three years to get this far says something about the complexity of the issue.

I welcome the short limited duration tenancies and limited duration tenancies. It is clear that we need to stimulate the tenanted sector. I want to touch on one or two matters other than the right to buy. The bill also has the objective of promoting more effective diversity in the rural economy, although it does not say so explicitly in the long title; it uses other words to do so.

I note the Rural Development Committee's concern about section 35(9). The committee is concerned that the landlord's right to object to a notice of diversification may shift the balance too far. I accept what the minister said, which was that the provision is a right to object and not the right unilaterally to block such a notice. However, I am concerned that the provision gives landlords the right to put a spoke in the wheel of the system.

I am also concerned about the effect of section 44(1) which, among other things, provides for compensation to landlords on the termination of tenancies where

"the value of the holding has been reduced by ... the carrying out of conservation activities".

I may have missed the evidence that would tell me what kind of conservation activities could reduce the value of the land, but if there are such beasts, we should reconsider our approach to encouraging conservation.

As a representative of one of the most afforested constituencies in the country, I share the concern that has been expressed about section 36, especially the reference to limited duration tenancies. Section 36 gives tenants the right to cut the timber that they have planted. Given the growing cycle of timber, unless some new kinds of tree are to be introduced into Scotland, that benefit would seem to be pretty illusory. Perhaps the minister will explain the thinking behind section 36.

I am very disappointed, although not surprised, by the Conservative members' approach to the bill. I am not referring to their approach to the absolute right to buy, as I recognise that that is a contentious issue on which strong views on both sides of the subject are to be expected. The two Tories on the Rural Development Committee voted against the pre-emptive right to buy for secure tenants and against the general principles of the bill. They even voted against section 47, which suggests extending the range of transfers that trigger the pre-emptive right to buy to ensure that mechanisms such as limited companies, trusts and companies registered abroad cannot be used to frustrate the policy intentions of the bill. John Farquhar Munro referred to that. By their actions, the Tory members of the Rural Development Committee have in effect said that they are happy for methods such as offshore

companies to be used to frustrate the modest provision of the bill for a pre-emptive right to buy for secure tenants.

This is not just about having a willing buyer and a willing seller; it is about having a seller who is willing to sell to the willing buyer who is the sitting tenant rather than somebody else. Many of the arguments against the absolute right to buy are totally spurious. The argument that no one will lease out anything for other than a few months because of the danger of the right to buy ignores the fact that there is a fundamental difference between a secure tenancy and a tenancy that is let for a limited duration.

The argument that if the Parliament passes this absolute right to buy it will go on to grant other kinds of absolute right to buy is the same argument that was used by the same people in respect of fox hunting. They said that if fox hunting were to be banned, fishing would be banned. It was just as wrong then as it is now.

Jamie McGrigor spoke about fragmentation. If he is against fragmentation, I presume that he will say that he is in favour of the ultimate consolidation, which is the nationalisation of all Scottish land into one big estate. What nonsense of an argument that is.

We need a vibrant tenanted sector. If we do not get the absolute right to buy, we need to put in place measures to remedy many of the injustices that exist at the moment.

16:30

Mr John Home Robertson (East Lothian) (Lab): I declare my peripheral interest in agriculture as a dormant partner in a family farming business.

The background to the bill is the fact that agricultural holdings legislation has been comprehensively overtaken by the device of limited partnership tenancies. We now have a diminishing number of secure hereditary farm tenancies and a limited number of insecure and unregulated partnership arrangements. That is all that is on offer, and there is not much of that.

I come at the question with the objective of opening up a proper career structure in agriculture. At present, there are just three ways into farming: patrimony, matrimony or lottery money. Far too many graduates from the Scottish Agricultural College and other institutions who do not have any of those advantages have not got the remotest chance of running their own farming businesses at any stage in their careers. That is a criminal waste of talent for rural Scotland. We have a fossilised land tenure system, with no way into the industry for bright, young land managers.

If we want to create business opportunities for new farmers, there are only two ways of doing it. The radical way, which I might prefer, would be to take a lot of land into public ownership and for the state to let farms through local community agencies. I have argued for that policy in the past but, whether we like it or not, there is no serious prospect of taking substantial areas of good farmland into community ownership in the foreseeable future. Bluntly, we will not take resources out of health and education for the acquisition of farms to let. That leaves us with the only other way of creating new opportunities for new entrants into agriculture, which is by persuading private landlords to let farms on fair terms. That is what the bill is all about.

I have probably made this clear already, but I should confess that I am instinctively hostile to the landowning fraternity. Not for nothing have I been described as a class traitor, and I have certainly not paid any attention to the interests of the Scottish Landowners Federation. However, I have listened carefully to the representations from tenant farmers in my constituency and elsewhere in Scotland, and one thing is crystal clear. The objective of increasing the availability of farms to let depends on the confidence of landowners. It seems that the risk, let alone the reality, of an absolute right to buy would put the kibosh on any prospect of achieving that confidence. That is the reality with which we must live, whether we like it or not.

At present, no farms are becoming available to let. The bill has evolved from a carefully balanced and exhaustively negotiated framework for new tenancies, and as such it might just work. I hope that it does.

The call for an absolute right to buy is a distraction. It has nothing to do with the objective of increasing opportunities for new tenant farmers. It would just increase the number of owner-occupied farms, which is fair enough, but would not address the important problem of the need to create opportunities for new tenants. Indeed, it could harm the prospect of creating new tenanted farms by wrecking the only prospect of increasing the availability of farms to let on fair terms.

On balance, I believe that we should support the bill as it stands, including the pre-emptive right to buy. That is abundantly fair and right. At this stage, we should resist calls for an absolute right to buy but, in doing so, give a good old Labour warning to the landowners of Scotland. If the bill fails to achieve an increase in the number of tenanted farms, the Parliament should return to the subject in the not-so-distant future to consider the case for community ownership of land to let.

16:34

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

I draw members' attention to my entry in the register of members' interests, which shows that I am a landowner, although neither a landlord nor a tenant as I am an owner-occupier. I am also a paid-up member of the National Farmers Union of Scotland and the Scottish Landowners Federation, although sometimes I begin to feel that I am keeping an expensive dog and doing all the barking myself.

The main test of this vital piece of legislation is what it does to the tenanted sector. I am prepared to admit that the bill is, by and large, necessary, welcome and long overdue. However, I have grave reservations, for many of the same reasons that John Home Robertson has just expressed.

We must apply the vital test of whether it is genuinely desirable to continue to run down the amount of land that is available for let. Indeed, Fergus Ewing ably made that point in his opening speech. We know that the amount of land available for let is decreasing, and I do not think that that is desirable. As John Home Robertson pointed out, the availability of new land is necessary if we are to have new entrants to the farming industry. However, we should not make land available through state intervention; after all, the mechanisms that would allow that to happen already exist.

The legislation threatens and undermines the confidence of people who are willing to let land. People have argued that we are talking simply about the pre-emptive right to purchase land under long-term tenancies. However, if the Parliament decides once to legislate retrospectively on previously existing tenancies, it could do so again. No member of the Parliament can say that it would not or could not. John Home Robertson suggested that if the bill does not succeed in its aims, we should revisit it in the near future. However, that could well be the future that John Home Robertson described in his speech.

As I have said, we are seriously undermining the confidence of the people who already let land or who, because of the bill's provisions, own land and are considering whether to let it. Such confidence is necessary to give the boost to the tenanted sector that the bill is capable of delivering.

In the short time that I have left, I want to make a couple of points that I would have raised if I had been allowed to intervene earlier. Rhoda Grant expressed some extraordinary ideas that were given lip service by one or two other members. It is easy for someone to make comparisons with crofting communities if they have gained their experience in the crofting counties. However, that experience of crofting is not shared by the vast

majority of Scotland. Although such comparisons might be relevant in the Highlands, I do not believe that they are relevant across the lowlands of Scotland, where a genuinely competitive market in let land is essential to ensure that those who can farm effectively and efficiently will be able to take on and maintain tenancies when the bill is enacted.

It must also be said that, when she was listing the advantages of a tenant becoming an owner-occupier, Rhoda Grant missed one enormous point: the millstone of debt. People who become owner-occupiers have to find the money somewhere. Banks will be the main source of that money and at the moment not many banks are willing to get involved in such schemes. Furthermore, those who are able to borrow money to become owner-occupiers will not have the confidence that she suggested they will have, because they will have to manage that debt.

Presiding Officer, there is much more that could be said about the bill. Indeed, much more will be said about it before we complete our stage 2 consideration.

The Deputy Presiding Officer: But not by you, please.

Alex Johnstone: No, not by me.

16:38

Mr Rumbles: The debate has focused on the right to buy and, in particular, the pre-emptive right to buy. It seems that the Conservatives are the only people to have opposed that reform in committee and again in the chamber today. True to form, they seem content to oppose reform for opposition's sake. They have become so out of touch, even with the people who used to support them, that they must get a reality check. We have already heard that 74 per cent of landowners who responded to the NFUS survey that was published in February supported the pre-emptive right to buy. They did so because it is so obviously in everyone's interest.

Murdo Fraser: Will the member give way?

Mr Rumbles: No. The member will have his own say in a moment.

It seems to me that Alex Fergusson does not oppose the pre-emptive right to buy on principle. If he did, he would also have opposed the feudal superior's pre-emptive right to buy. He cannot see the relationship between a feudal superior's pre-emptive right to buy and a tenanted farmer's right to buy.

Jamie McGrigor highlighted the importance of the Land Court in the new tenancy agreements. However, he gave the game away about the

Conservative position. The Conservatives oppose the pre-emptive right to buy, not because they disagree with it—they do not—but because it will lead to an absolute right to buy. The Tory position is basically dishonest. It is not a position of principle. They want a win-win situation for tenant and landlord.

Sylvia Jackson said that much evidence was gathering on both sides of the equation about the absolute right to buy. She said many sensible things, but I cannot agree on that one point. I have repeatedly asked witnesses in evidence sessions to provide specific examples of where it would be in the public interest to go down that route, and they could not, apart from the Scottish Tenant Farmers Action Group and Andy Wightman.

I respect the views of my friend and colleague John Farquhar Munro—he has a long-standing commitment to the absolute right to buy, as does my friend and colleague George Lyon. *[Interruption.]* Quiet, folks.

John Farquhar Munro talked about social tenants' right to buy from the state. That is not the same as the state forcing the sale of the private property of an individual owner to another individual against the will of the former.

Murdo Fraser: If Mr Rumbles believes that, in a liberal democracy, the state should not force an individual to sell his land to another individual, why does he not apply that logic to the pre-emptive right to buy?

Mr Rumbles: It is obvious that Murdo Fraser has not been following the argument. The landlord wishes to sell his land—that is the fundamental difference between the pre-emptive right to buy and the so-called absolute right to buy. The Tories have lost the plot completely. Even Robert Balfour, the convener of the Scottish Landowners Federation, is quite happy about the pre-emptive right to buy.

Murdo Fraser: No he is not.

Mr Rumbles: He is.

It is obvious from the views expressed by SNP members in committee that they might lodge amendments at stage 2 to create an absolute right to buy. Alasdair Morgan's contribution was interesting. I hope that SNP members have listened to the debate and that they do not risk throwing the baby out with the bath water—that they do not proceed down the route of an absolute right to buy. There are many things in the bill that we all agree on. We all agree with 95 per cent of it and it would be useful if the SNP did not lodge such amendments at stage 2.

16:43

Stewart Stevenson (Banff and Buchan) (SNP): I draw to members' attention the fact that I have recently acquired a 3-acre field from which I derive no revenue, but upon which another farmer has some sheep.

We must commend the Executive and all those who participated in the consultation process because they have formed a partnership of what we expected to be diverse interests, coming together in the SLF and the NFUS to agree proposals.

Unanimity was not achieved at the outset and the Scottish Tenant Farmers Action Group strongly believed that there was a case for an absolute right to buy. We welcome the discussions that have been taking place between that group and the NFUS with the aim of broadening the consensus and extending the provisions of the bill to meet many of the legitimate concerns that the Scottish Tenant Farmers Action Group brought to the committee and to the wider public.

To address Mike Rumbles's point, the paragraph that the SNP was happy to support, along with Labour members and John Farquhar Munro, is essentially a warning that if we cannot address those concerns in an adequate way, we simply must consider other options. I am relatively confident, however, that the minister has heard many of the arguments—I see him nodding—and we await with interest the amendment that he will lodge.

Alex Fergusson: If that paragraph in the report is just a warning, why has the SNP rural affairs spokesman gone public with the fact that he will lodge an amendment at stage 2 to introduce an absolute right to buy?

Stewart Stevenson: It is interesting to note from listening to John Farquhar Munro, Rhoda Grant and John Home Robertson that the members on those benches do not have anything to do. The Tories are, as usual, isolated from the core of the argument and from the real needs of tenant farmers and farm owners throughout Scotland.

In his opening remarks, Fergus Ewing highlighted the point made on page 2 of the report—that the long-term reduction in the number of tenant farmers across Scotland is at the absolute core of the argument. The 1991 act, which was introduced by the Tories—without safeguards, so that its purpose could be avoided by a series of manoeuvres—is the problem that we are addressing today. That is perhaps one of the reasons why the Tories find themselves uncomfortable with the measure—it is addressing their previous failure. Paragraph 14 in the committee report highlights that matter.

On avoidance, we must look at what the committee has said in paragraph 17. I hope that the Executive has listened carefully to the arguments and evidence that have been brought forward and that amendments will be lodged to ensure that we have a robust way of dealing with any emerging avoidance tactics that may follow.

On diversification, the committee pointed in paragraphs 26 and 29 to the difficulties that there might be in limited partners and general partners having to agree jointly on certain matters. I hope that that matter will be addressed.

I remain somewhat unclear as to why Mike Rumbles could not support the report. However, I welcome his support for what is actually proposed in the bill. As paragraph 53 says, it is important that we consider an amendment to allow tenants in all tenancies a statutory right to notification of an intention to sell land, even if they do not have a pre-emptive right to buy. That would be of value, and it would be vindictive to oppose such a proposal, were it to be brought forward.

We must consider the Tories' amendment and recognise that they remain—on this issue as on so many others—out of touch with mainstream Scottish opinion. They are even cleaved, for the first time, from the SLF. We need a strong tenanted sector. The bill can, and must, help us to achieve that. I particularly look forward to John Farquhar Munro's amendments on an absolute right to buy. They will make interesting reading.

16:48

Murdo Fraser (Mid Scotland and Fife) (Con):

Unlike other members, I have no formal interests to declare, but in my legal practice I did some work on agricultural holdings. Indeed, I am one of the wicked lawyers referred to in the debate who set about circumventing the 1991 act with limited partnership agreements. I say to John Farquhar Munro that limited partnership agreements came in because the 1991 act still allowed security of tenure. If we did not have limited partnership agreements, we would not have land let at all under any circumstances. That is the important point.

As far as the bill is concerned, it is a piece of legislation that is overdue to modernise the law on agricultural holdings. There was consensus between the NFUS and the SLF, and many of the measures in the bill, such as the limited duration tenancies and the improved dispute resolution measures, were warmly welcomed. Sadly, the bill has been wrecked by the introduction of a tenants' right to buy. We have to wonder why there was a U-turn on the part of the Executive. As my colleague Alex Fergusson told the chamber, Ross Finnie set out in a ministerial statement on 17 May

2000 the Executive's opposition to a tenants' right to buy, which he said would not

"do anything other than dry up a limited supply",

and that that would not be

"consistent with our aim of getting new tenants."—[*Official Report*, 17 May 2000; Vol 6, c 695.]

We have to ask why there has been a change of heart on the part of the Executive. Could it perhaps have something to do with lobbying by George Lyon, who I see has ensured his diplomatic absence from the chamber this afternoon and who stands to benefit personally from the bill? It is interesting that, despite what Mr Rumbles said, the Liberals are all over the place with the bill. What is the Liberals' position? All Liberal members who have contributed to the debate have taken a different position.

As the minister said, evidence to the committee suggests that most landowning interests do not have a problem with the pre-emptive right to buy in itself. I say to Mike Rumbles that the right to buy is not a problem in itself, but its introduction opens the door to an absolute right to buy—that is what the committee saw. The committee's evidence makes it clear that the threat of the absolute right to buy is causing huge concern to the agricultural community throughout Scotland. In the debate, we have heard that land agents are trying to terminate all leasing agreements, as they fear that the door has been opened to an absolute right to buy.

Mr Rumbles: I made that point, too. Robert Balfour of the SLF stated:

"We are not attacking the pre-emptive right to buy".

Why are the Conservatives so opposed to it?

Murdo Fraser: That should be perfectly clear to Mr Rumbles. We oppose it for the same reason that he has opposed the absolute right to buy: in a liberal democracy, it should not be the right of the state to tell a person to sell their property to another person. More seriously, it opens the door to an absolute right to buy and we have seen the damage that that has already done to the tenanted sector. If the intention of the bill is to rejuvenate the tenanted sector, it will not do that.

All the evidence on the ground is that an absolute right to buy would be a disaster for the tenanted sector. Far from expanding that sector, which was the bill's intention, it would further restrict the supply of land that is available to tenants, and the farming industry would be deprived of new entrants. That would be a disaster.

The minister could do one thing to help the situation—he could state here and now, on behalf of the Executive that, if the bill is amended at stage 2 to include an absolute right to buy, the

Executive will drop it and not pursue it. If the minister did that, he would at least provide some assurance to landlords and tenants alike. In his response, I invite the minister to address that.

I am truly sorry that what should have been a sensible piece of reforming legislation has been wrecked by the minister for political purposes. The bill will further damage the fragile economy of rural Scotland. For that reason, the Parliament should support the amendment in the name of Alex Fergusson and ensure that there is a sensible bill that will achieve the stated aim of rejuvenating the tenanted sector.

16:52

Allan Wilson: Unfortunately, today's debate has been short, but it has nonetheless been passionate. That passion is a reflection of and tribute to the importance of the Agricultural Holdings (Scotland) Bill to the people of Scotland and to the people of rural Scotland in particular.

The bill is the culmination of an historic process. It has brought together all sides of the industry to agree on new tenancy arrangements after decades of recognition that the Agricultural Holdings (Scotland) Act 1949 tenancies are anachronistic, stifle the sector and have been avoided and evaded to the detriment largely of tenants. It is important that equilibrium in the relationship between tenant and landlord is restored.

I will start with a theme with which I suspect I will continue. I agree with Stewart Stevenson and other members that a successful tenanted sector can perform a key role in supporting our overall vision for rural Scotland. That vision involves a prosperous farming industry that can help to sustain our rural communities and protect our environment. Success is dependent on the industry embracing change and new opportunities. A successful tenanted sector can provide much of the flexibility that is required for change and can also play a major role in attracting new blood and new ideas into agriculture.

I say to Alex Fergusson that there are indications that there is genuine interest among landowners in offering the new tenancies. Where existing tenancies are ending, I suggest that many landowners want to offer the new tenancies as soon as possible.

I agree with Alasdair Morgan, whose reference to Glasgow was apposite. Devolution created the atmosphere that permitted a new consensus on how necessary change should be moulded to fit the industry for the 21st century and the long-term challenges that it faces. The bill was created from that devolutionary mould. I hope that members, particularly the Tories, understand how important the bill is to rural Scotland.

Attention has inevitably been diverted to the question of what kind of right to buy a tenant should have under the 1991 act, but the importance of the rest of the bill should not be subjugated to that consideration. I agree with Murdo Fraser that landlords must feel able to let land with confidence. Tenants, too, require the confidence that security of tenure brings, if they are to turn ideas into practice and invest in their businesses. As Rhoda Grant said, the bill will provide for compensation to the tenant. I inform Rhoda Grant and Stewart Stevenson that we are considering how to ensure that that cannot be contracted out from write-down arrangements.

Fergus Ewing: I thought that the minister would appreciate a bit of a break because of his throat.

I refer the minister to recommendation 39 from the Rural Development Committee's report, which perhaps has not been specifically addressed:

"The Committee recommends that the Scottish Executive should examine the recommendation made by the NFU Scotland that the termination of a secure heritable tenancy (for example, by conversion to an LDT under section 2 of the Bill) should attract statutory compensation."

That would perhaps allow the new entrants that some of us would like to see, as well as giving a tenant farmer proper compensation.

Allan Wilson: I think that I referred to that matter in my opening address and we will obviously consider it in detail at stage 2. I look forward to that debate. I will come later in my speech to the issue of compensation more generally.

To work effectively, the tenanted sector requires trust between tenant and landlord. The amendment to the motion acknowledges that. However, I dispute the assertion that a pre-emptive right to buy, as provided for in the bill, will undermine such confidence. After all, the pre-emptive right to buy builds on what is already usual practice, whereby a landlord offers to sell a farm to a sitting tenant because to do so is to the financial advantage of both. The right to buy will be exercised when a landlord is willing to sell and a tenant is willing to pay market value for the land. I believe that landlords, their advisers and their representative bodies, who understand our provisions—unlike the Conservatives—know that to be true. Therefore, I call on members to reject the amendment.

Murdo Fraser: Will the minister address the particular point that I put to him earlier? If the Rural Development Committee amends the bill at stage 2 by including in it an absolute right to buy, what would the Executive's response be to that?

Allan Wilson: I will come to Mr Fraser's point directly.

I accept that landlords are concerned about the risk that they might in future be compelled to sell

land against their will. I have explained why we believe that an absolute right to buy would harm our efforts to stimulate farm tenancies. We also believe that an absolute right to buy would not achieve its desired purpose. I fully understand why the Scottish Tenant Farmers Action Group is concerned about the plight of tenants under the 1991 act who cannot afford to retire or buy a farm on the market or who have encountered difficulties in their relationship with their landlords. We have made it clear that we are sensitive to those concerns, but the only tenants who could afford to exercise an absolute right to buy at market value would be those who could afford to buy a farm on the open market. I think that Murdo Fraser made that point. To any tenant facing financial hardship, an absolute right to buy would be useless and superfluous. *[Interruption.]*

The Deputy Presiding Officer: Order. I am reluctant to interrupt the minister, but clearly he is toiling with his sore throat. We have a couple of minutes to go and I would be grateful if members could keep the noise down so that we can conclude the business.

Members: Hear, hear.

Allan Wilson: I think that they are all demob happy, Presiding Officer.

The Deputy Presiding Officer: I think that they probably are.

Allan Wilson: Anyway, where were we?

We are grateful to Sylvia Jackson and Alasdair Morgan for their interventions. Members need to consider the possible expense of introducing an absolute right to buy. We believe that it could blight agricultural land values because the price that a potential purchaser would pay for the land if their freedom to own, use and manage that land were inhibited by such a right would be lower than they would be willing to pay for the same land at the moment. We believe that those losses could run into scores of millions or hundreds of millions of pounds. The potential loss arising from each reduction of 1 per cent of the marriage value of holdings with traditional tenants under the 1991 act could be in the region of £20 million. All members should bear that in mind.

Unusually for me, I will end on a note of consensus with the nationalists.

The First Minister (Mr Jack McConnell): Careful.

Allan Wilson: It is all right, I will not go too far.

I cannot for the life of me understand the Conservative opposition to the pre-emptive right to buy. It is not for me to offer advice to the Conservative party on how to achieve electoral success—*[Members: "Go on."]*

I will, in that case. If the Conservatives find that they are in a hole, they should stop digging. They have again isolated themselves from the broad spectrum of political opinion in this country, which supports the pre-emptive right to buy that we intend to introduce.

I have referred to the main points raised by the committee, but I am aware that there is a range of other issues in the report that we will need to consider further at stage 2, and I look forward to that.

I am fully committed to taking the bill through the Parliament and I therefore urge members to support the general principles of the Agricultural Holdings (Scotland) Bill.

Parliamentary Bureau Motions

17:01

The Deputy Presiding Officer (Mr Murray Tosh): The next item of business is consideration of three Parliamentary Bureau motions. I ask Euan Robson to move motions S1M-3720 and S1M-3721, on the approval of statutory instruments, and S1M-3722, on the designation of a lead committee.

Motions moved,

That the Parliament agrees that the draft Proceeds of Crime Act 2002 (Cash Searches: Constables in Scotland: Code of Practice) Order 2002 be approved.

That the Parliament agrees that the draft Scottish Local Government Elections Regulations 2002 be approved.

That the Parliament agrees that the Justice 2 Committee be designated as lead committee in consideration of the draft Extended Sentences for Violent Offenders (Scotland) Order 2003.—[*Euan Robson.*]

Decision Time

The Deputy Presiding Officer (Mr Murray Tosh): We come now to decision time. The first question is, that amendment S1M-3708.1.1, in the name of Margaret Smith, which seeks to amend amendment S1M-3708.1, in the name of Nicola Sturgeon, on stage 2 of the 2002-03 budget process, be agreed to. Are we agreed?

Members: No.

The Deputy Presiding Officer: There will be a division.

For

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Elder, Dorothy-Grace (Glasgow) (Ind)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (South of Scotland) (Con)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 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)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Ms Margo (Lothians) (SNP)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGregor, Mr Jamie (Highlands and Islands) (Con)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeish, Henry (Central Fife) (Lab)
 McLetchie, David (Lothians) (Con)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)

Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 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)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Wallace, Ben (North-East Scotland) (Con)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Young, John (West of Scotland) (Con)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (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)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Ullrich, Kay (West of Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)

The Presiding Officer: The result of the division is: For 79, Against 25, Abstentions 0.

Amendment to the amendment agreed to.

The Deputy Presiding Officer: The next question is, that amendment S1M-3708.1, in the name of Nicola Sturgeon, as amended, which seeks to amend motion S1M-3708, in the name of Mr Tom McCabe, on stage 2 of the budget process, be agreed to.

Amendment, as amended, agreed to.

The Deputy Presiding Officer: The next question is, that motion S1M-3708, in the name of Mr Tom McCabe, on behalf of the Finance Committee, as amended, be agreed to.

Motion, as amended, agreed to.

Resolved,

That the Parliament notes the 7th Report 2002 of the Finance Committee, *Stage 2 of the 2003/04 Budget Process* (SP Paper 709) and, in so doing, commends the Health and Community Care Committee for its work in addressing the position of those who have contracted hepatitis C from blood products; endorses the importance of finding ways to help and support these people; further notes that discussions are in progress between Scottish Executive health ministers and colleagues in Her Majesty's Government on the potential implications arising from the advice of the Expert Group on Financial and Other Support, and stresses the need for the Minister for Health and Community Care to return to the Health and Community Care Committee in January 2003 to report on progress.

The Deputy Presiding Officer: The next question is, that motion S1M-3716, in the name of Murray Tosh, on behalf of the Procedures Committee, on changes to the standing orders of the Scottish Parliament, be agreed to.

Motion agreed to.

That the Parliament approves the recommendations (a) for changes to the Standing Orders of the Scottish Parliament concerning Private Legislation, Temporary Conveners and the Journal of the Scottish Parliament contained in the Procedures Committee's 4th Report 2002, *Changes to Standing Orders concerning the Scottish Parliamentary Standards Commissioner, European Committee remit, Private Legislation, Temporary Conveners and the Journal of the Scottish Parliament* (SP Paper 665), (b) of the Procedures Committee's 5th Report 2002, *Constituting the Conveners' Group* (SP Paper 682), (c) of the Procedures Committee's 6th Report 2002, *Changes to Standing Orders concerning Written Parliamentary Questions and the Languages of Public Petitions* (SP Paper 693) and (d) of the Procedures Committee's 7th Report 2002, *A Change to Standing Orders concerning the remit of the Audit Committee* (SP Paper 692) and agrees that those amendments to the Standing Orders should come into force on 6 January 2003.

The Deputy Presiding Officer: The next question is, that amendment S1M-3396.1, in the name of Alex Fergusson, which seeks to amend motion S1M-3396, in the name of Ross Finnie, on the Agricultural Holdings (Scotland) Bill, be agreed to. Are we all agreed?

Members: No.

The Deputy Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fergusson, Alex (South of Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)

Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLetchie, David (Lothians) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Wallace, Ben (North-East Scotland) (Con)
 Young, John (West of Scotland) (Con)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Elder, Dorothy-Grace (Glasgow) (Ind)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harper, Robin (Lothians) (Grn)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Ms Margo (Lothians) (SNP)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McLeish, Henry (Central Fife) (Lab)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 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)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Russell, Michael (South of Scotland) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Thomson, Elaine (Aberdeen North) (Lab)
 Ullrich, Kay (West of Scotland) (SNP)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Wilson, Andrew (Central Scotland) (SNP)

The Deputy Presiding Officer: The result of the division is: For 15, Against 89, Abstentions 0.

Amendment disagreed to.

The Deputy Presiding Officer: The next question is, that motion S1M-3396, in the name of Ross Finnie, on the Agricultural Holdings (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 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)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Elder, Dorothy-Grace (Glasgow) (Ind)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)

Grahame, Christine (South of Scotland) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harper, Robin (Lothians) (Grn)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Ms Margo (Lothians) (SNP)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McLeish, Henry (Central Fife) (Lab)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 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)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Russell, Michael (South of Scotland) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Thomson, Elaine (Aberdeen North) (Lab)
 Ullrich, Kay (West of Scotland) (SNP)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Wilson, Andrew (Central Scotland) (SNP)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fergusson, Alex (South of Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLetchie, David (Lothians) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Wallace, Ben (North-East Scotland) (Con)
 Young, John (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 90, Against 15, Abstentions 0.

Motion agreed to.

That the Parliament agrees to the general principles of the Agricultural Holdings (Scotland) Bill.

The Deputy Presiding Officer: The next question is, that motion S1M-3720, in the name of Patricia Ferguson, on approval of a Scottish statutory instrument, be agreed to.

Motion agreed to.

That the Parliament agrees that the draft Proceeds of Crime Act 2002 (Cash Searches: Constables in Scotland: Code of Practice) Order 2002 be approved.

The Deputy Presiding Officer: The next question is, that motion S1M-3721, in the name of Patricia Ferguson, on approval of a Scottish statutory instrument, be agreed to.

Motion agreed to.

That the Parliament agrees that the draft Scottish Local Government Elections Regulations 2002 be approved.

The Deputy Presiding Officer: The next question is, that motion S1M-3722, in the name of Patricia Ferguson, on the designation of a lead committee, be agreed to.

Motion agreed to.

That the Parliament agrees that the Justice 2 Committee be designated as lead committee in consideration of the draft Extended Sentences for Violent Offenders (Scotland) Order 2003.

The Deputy Presiding Officer: On behalf of all the Presiding Officers, I wish members and staff a happy Christmas and a prosperous and fulfilled new year.

Firefighters and Fire Control Staff (Pay)

The Deputy Presiding Officer (Mr George Reid): The final item of business is a members' business debate on motion S1M-3393, in the name of Alex Neil, on firefighters and emergency fire control staff.

Motion debated,

That the Parliament recognises the valuable and courageous work undertaken by the fire service and believes that a new pay formula together with a commensurate level of pay for firefighters and emergency fire control staff should be introduced to ensure that these accurately reflect the highly skilled and professional role which they undertake.

17:08

Alex Neil (Central Scotland) (SNP): On behalf of the members, I wish the Presiding Officers a merry Christmas and a happy new year. I am sure that we do that every time that we are not called to ask a supplementary question.

I make it absolutely clear that I do not speak to the motion from a party-political point of view. The issue is far too important and the industrial dispute is far too big for us to play politics with it. The wording of the motion is deliberately based on that of a motion that the Northern Ireland Assembly unanimously agreed to in September before it was suspended.

My motion has two purposes. First, it affords the Parliament the opportunity, which we have not had in the dispute, to record our respect for and recognition of firefighters not only in Scotland but throughout the United Kingdom. It also affords us the opportunity to recognise the work that they do and the need for them to be given a fair and just settlement on their pay and conditions.

The second purpose of the motion is to allow the Parliament to put some pressure on the Executive and the UK Government to adopt a more reasonable approach to dealing with the dispute and to try to settle it much more amicably than has been the case until now.

The job of a firefighter is not easy. Our firefighters are a group of professional, dedicated and worthy men and women. They see their job not just as a job or career, but as a vocation in life. Their priority—indeed, their obsession—is to save lives and to ensure that people are protected from the effects of fire and associated hazards. When the rest of us leave a burning inferno, the firefighters go into it, often without knowing what they will find.

Sometimes firefighters' experiences are too horrific for words. They often have to cope with

situations involving injury and death that are impossible for the rest of us to imagine. Having to witness people being burnt alive or seeing a child die at the scene of a road accident is part of a firefighter's lot. Indeed, being present at such incidents is part of the job description. From time to time, they also have to put their own lives in danger in order to save those of others. For all those reasons, our firefighters should be treated as national heroes, not demonised as if they were the enemy within.

As Jim Wallace said in his foreword to the Scottish Executive paper "The Scottish Fire Service of The Future", which was published last year:

"The fire service is one which has an enviable reputation for delivery."

As with a small number of groups in our society, such as nurses and the armed forces, the nature of the firefighters' job makes them a special case, and they should be treated as such. In a modern society, essential workers such as firefighters should not be forced into a situation in which they think that the only way they will get a fair deal is by going on strike. Our firefighters do not want to be on strike; they want to settle the dispute round the negotiating table, which they would have done had the Government allowed them and the employers to do so. The firefighters want negotiation, not confrontation.

It is not for the Parliament to decide the exact details of a settlement to the dispute or to determine what percentage increase the firefighters should get. However, it is the right—it is the duty—of the Parliament to set the record straight about some of the stuff and nonsense that some UK ministers and others have put about with regard to the firefighters' pay claim.

The first myth that needs to be exploded is about modernisation. Far from being against modernisation, the firefighters have been demanding it. Indeed, they have submitted their own detailed proposals for the modernisation of the fire service. Furthermore, following last year's terror attacks, they have agreed to undertake new duties in relation to mass decontamination without any additional pay or benefits.

The measures that the firefighters oppose are those that fly in the face of their professional experience and which are more about cost cuts and job cuts than about modernisation. For example, they oppose the proposal to reduce the number of firefighters on night shift, not because they are militant but because 75 per cent of people who are killed in fires are killed at night. Fighting a fire in the dark is, of course, much more problematic than fighting one during daylight hours. The common sense of the firefighters'

position on that issue was exemplified two weeks ago, during the fire in Edinburgh's old town. Had there been reduced night cover, who is to say how much further the fire would have spread or what damage or injury would have been done to individuals?

Who in their right mind would take the advice of Sir George Bain, the vice-chancellor of Queen's University Belfast, on night-time cover, rather than that of the professional firefighters, who have years of experience on the front line? Sir George has never fought a fire in his puff. How would he like it if the firefighters told him how to run his university?

The other modernisation proposals—some of which are equally crazy—are opposed for good professional reasons, not because of militancy and obstinacy on the part of the firefighters.

I do not have time to go through each of the issues—I am sure that other speakers will do so. However, Sir George Bain's report was neither independent nor neutral. Sir George was knighted by the UK Government. He and his committee were appointed by the Government—without consultation with the Convention of Scottish Local Authorities. The committee's remit was set by the Government, its conclusions were dictated by the Government and its proposals are a carbon copy of what the Government wanted.

Let us forget Bain and get back to real negotiations. Let our firefighters get the pay rise they deserve and let us modernise the fire service—in the real sense of the word modernisation—rather than butcher it as Bain would have us do. Let common sense prevail.

The Deputy Presiding Officer: The debate is heavily oversubscribed. With the minister's agreement, I am prepared to extend it until 6 o'clock—although not beyond.

Motion moved,

That, under rule 8.14.3, the debate be extended until 6.00pm.—[*Alex Neil.*]

Motion agreed to.

17:16

Pauline McNeill (Glasgow Kelvin) (Lab): I congratulate Alex Neil on lodging his motion, along with Bill Butler and Cathy Peattie, whose motions I also signed. Alex Neil made an excellent, tempered speech to open the debate. I hope that it will set the tone for all the speeches that are made this evening.

I want to say a few words about firefighters, particularly those in my constituency. It is important for me to bring my experience to this debate. Like many other members, I have stood alongside firefighters on the picket lines and I

support the rights of workers to take action on issues in which they believe—workers' rights and their pay dispute. If nothing else, the dispute has taught me a few things about the technical work that is involved in putting out fires; many of us may not have been aware of that work.

In Glasgow Kelvin, I have spent a great deal of time with Yorkhill firefighters, who form part of the Strathclyde fire brigade. They have outlined to me the difficulties that are involved in fighting fires in tenement buildings and of getting large vehicles up narrow streets—issues that many constituents will not have considered. They have told me about the variety of duties and dangerous procedures that they must carry out—including dealing with chemical fires and explosions, to which Alex Neil referred—and about the intricate timings that those procedures involve. Firefighters must time one another in a scientific way when tackling fires in situations where they cannot see anything. On such occasions, they have their colleagues' lives in their hands. There is no question of our not recognising the work that firefighters do.

Many of the firefighters are on strike for the first time and do not want to be so, but they genuinely believe in their campaign and industrial dispute. However, disputes that are as high profile as this one often become ugly, and the dispute has become ugly on both sides. I urge both sides to refrain from demonising each other, because if trust is not built up on both sides we will not get an opportunity to discuss what is really meant by modernisation and what could make our fire service better.

Strathclyde firefighters seem to be out in front on the modernisation of methods. I have witnessed training in resuscitation and the application of surgical collars. I believe that all Strathclyde firefighters are trained to apply surgical collars, although that may not be the case in the rest of the country. I have not yet met a firefighter who is opposed to carrying a defibrillator. Some of the issues that have been raised are red herrings. We must analyse what is meant by modernisation in the public fire service—what would make the service better and what would be the best way of saving lives. That is why trust needs to be rebuilt on both sides. The talks are crucial for the delivery of our fire service and for our constituents.

17:19

Lord James Douglas-Hamilton (Lothians) (Con): I congratulate Alex Neil on his success in securing the debate. We recognise the undoubted courage and dedication of Scotland's firefighters. We believe that the first priority of the Executive and the UK Government must be the protection of the lives of the public. We therefore see it as imperative that the Government take a central role in negotiations.

Disputes that lead to the sort of strikes that we have seen so far can put lives in danger. That is why we would encourage all parties across the board to develop voluntary no-strike agreements if at all possible. In relation to the emergency services, strikes, which in our opinion threaten lives, cannot be justified. For that reason, the police, the armed services and prison officers are not able to take strike action.

I understand that some European countries ban firefighters from taking industrial action on the ground of public safety. In order to encourage unions and employers to adopt responsible and realistic bargaining positions, pendulum arbitration should be considered. By that method, the arbitrator decides to accept the final offer of one of the two sides, rather than simply opting for a compromise. Research suggests that that method increases the likelihood of the two sides reaching a negotiated solution.

Tommy Sheridan (Glasgow) (SSP): I am sorry that Lord James Douglas-Hamilton is so lonely, as he is the only Conservative to have turned up for the debate. In relation to the no-strike agreement, what does he think about the fact that the rank and file of the police have already voted for the right to strike in recognition of the need for them to be able to withdraw their labour? Does he support the rank-and-file police?

Lord James Douglas-Hamilton: I made it very clear in a press release that I will not support the police's having the right to strike, because I believe that their task in saving lives is vital. However, I believe that the emergency services should be very well paid in exchange for a no-strike agreement.

The Fire Brigades Union described the Bain review's findings as irrelevant, but it must recognise that the inquiry's submissions present the best chance of a constructive outcome as a starting point and it must treat them seriously. The strike will be settled eventually, but substantial increases can be agreed only as part of a review of the entire pay and working practices of the fire service. An 11 per cent rise in firefighters' pay over two years, coupled with radical modernisation of their working practices, has been proposed in the Bain report.

Our first priority is the protection of the public and of lives. It is our hope that any modernisation would help to reduce the death rate from fires to a level that is more comparable with that of other European countries with a similar climate and culture to our own. The Netherlands, Germany, France, Switzerland and Austria all achieve much lower death rates than does the United Kingdom. If we achieved the same rate as do the Swiss or the Dutch, we would save 300 lives a year. I believe that that is a worthy aim.

Alex Neil: In the interests of accuracy, I point out that the Bain report does not guarantee an 11 per cent wage increase for firefighters; it recommends an 11 per cent increase in the wages bill. There is only the potential to earn an additional 11 per cent, provided that very tough conditions are met.

Lord James Douglas-Hamilton: That is a perfectly fair point. I see the 11 per cent as a starting point. I hope that the on-going discussions can be conducted in a spirit of constructive engagement and can be taken forward positively and constructively. I hope that the Deputy Prime Minister will not lose an hour in pursuing a responsible outcome to the dispute. For the sake of the safety of the public, I hope that the dispute can and will be resolved speedily and satisfactorily.

The Deputy Presiding Officer: Given that Cathy Peattie had a motion on the subject, I will allow her four minutes.

17:23

Cathy Peattie (Falkirk East) (Lab): I thank Alex Neil for introducing the debate and I congratulate him on his speech. I am pleased to see so many members here this evening for this important debate.

There is no doubt that, since the firefighters accepted a pay formula that tied their pay to manufacturing workers' wages, there has been significant change in those wages and significant loss of better-paid jobs within the manufacturing industry. As a result, firefighters' wages have fallen in comparison with those of other workers and, in particular, with the wages of other professional and technical workers.

There is also no doubt that firefighters have acquired new skills and have accepted modernisation of the service to deal with the new hazards that they face in the modern world. There are different views regarding the extent, the time scale and the affordability of a settlement, but I believe that it is important that the settlement addresses those points.

It is important that the distorting lens of the media does not disrupt the negotiations. For example, the figure of 40 per cent was actually drawn from a report by the Labour Research Department, which was the same team that produced the report on MPs' pay rises. In that context, it is worth noting that the Fire Brigades Union maintained that it is prepared to accept the 16 per cent deal that was offered by the employers in May.

Further negotiations will not simply be about pay. The FBU claim would also have brought

retained firefighters and, if possible, control room staff to the same pay levels as whole-time firefighters. Staffing levels have also become an issue in the negotiations.

We should not doubt the commitment of our firefighters. In recent weeks, I have spoken to firefighters both in my constituency of Falkirk East and throughout Scotland, as well as to FBU national officials. All of them were reluctant to take industrial action. During the strike, they were all ready to abandon the picket line to go to the assistance of those in distress. Firefighters continued to free people from wrecked cars and burning buildings in constituencies up and down the country. We should value our fire service.

Firefighters are hard-working dedicated people who care about the quality of the service that they provide. We do not want to see that undermined by old-fashioned working practices that involve excessive overtime.

Tommy Sheridan: When Cathy Peattie mentions excessive overtime, is she referring to the Fire Brigades Union?

Cathy Peattie: We should congratulate the Fire Brigades Union on having an overtime ban. One hears so often, including in my constituency, that people are working excessive overtime. Any attempt to find a solution in the dispute through increasing overtime would not help. I was referring not to the Fire Brigades Union, but to the possibility that overtime might be increased as a way of resolving the problem. I do not support that.

We should recognise the firefighters' contribution and be prepared to listen to their case. I believe that that should take place in Scotland as well as in the UK. I urge the minister to meet firefighters to explore ways in which the Executive can help to bring about a UK settlement to the issue.

The Deputy Presiding Officer: We are back to three minutes for speeches, plus time for interventions.

17:27

Tricia Marwick (Mid Scotland and Fife) (SNP): I add my congratulations to Alex Neil on securing tonight's debate and I pay my respects to the firefighters for the work that they do on behalf of the rest of us.

The motion supports a call for a fair-pay settlement, which I have supported from the beginning. The dispute should have been settled a long time ago and would have been settled had the UK Government not interfered in the process between employer and employees.

I welcome the firefighters from Fife who are in the public gallery tonight. Their presence gives me

an opportunity to record my personal thanks to the firefighters who broke their strike recently to try to rescue two elderly people from Kinghorn harbour. I know that the family also extends its thanks to the firefighters for the work that they did in vain.

We have heard a lot about modernisation, but the fire service has already modernised, as many members have mentioned. In Fife, we do not have a fire service but a Fife fire and rescue service. That name better sums up the work that the firefighters do. They are already doing that work; they do not need modernisation to continue to do it.

The Scottish Executive's consultation paper "The Scottish Fire Service of The Future" has a section entitled "The Vision", which states:

"The biggest change for the fire service in Scotland in recent years has been devolution. Under The Scotland Act 1998, the Scottish Parliament has legislative competence for all fire service matters in which central government has a locus ... the Scottish Executive has identified a number of key issues for the development of a distinctive Scottish Fire Service and these are set out in the sections which follow."

That statement is important given the fact that our discussion has been on the Bain report, which makes a number of recommendations, not least of which is that there should be a UK policy-making body that is led by the Deputy Prime Minister.

I repeat some of the questions that I asked the First Minister today and I would appreciate an answer from the minister who is here tonight.

Does the minister agree that the Scottish Executive will continue to develop a distinctive fire service in Scotland? Will he explain why the Bain report recommends a UK policy-making body led by the Deputy Prime Minister? Does he agree with that recommendation? Will he guarantee to the Parliament that any operational and policy decisions will be made by the Parliament and not by the UK Government?

In response to all those questions, the First Minister said only that the Scottish Executive will introduce legislation to repeal section 19 of the Fire Services Act 1947. Under that provision, a fire authority may not close a fire station or reduce the number of fire appliances or fire-fighting posts without the consent of the secretary of state. That is what the First Minister seeks to change. When will that legislation be proposed, and what other Bain report recommendations will become the policy of the Scottish Executive? Will the Scottish Executive still attempt to develop a distinctive fire service in Scotland?

17:31

Tommy Sheridan (Glasgow) (SSP): George Bain should have nothing to do with the settling of the fire services dispute. George Bain is nothing

more than an obedient servant of a Government that is determined to introduce cuts across the fire service and is using him as the delivery mechanism.

I have in my hand the Lothian and Borders fire brigade's report of incidents in 2001. It makes interesting reading. It tells me that, in that year, six rescues took place during the day shift in Lothian and the Borders, whereas the number of rescues that took place during the night shift across the area was 62. In other words, 62 lives were saved during the night shift. That is why Mr Bain's report is irrelevant and a danger to the public of Scotland and the UK.

I want the minister to answer my questions about the affordability of the legitimate and justified wage claim of firefighters and their control staff. As Cathy Peattie said, that claim is based on an independent research document; the firefighters did not come up with the figure. The document was drawn up using the same independent research that came up with MPs' 21 per cent pay rise, which MPs did not even bother voting for—they did not have to withdraw their labour, although no one would have bloody noticed if they had.

Can we afford the firefighters' wage claim? Are Scottish ministers prepared to fight the Westminster Government to come up with the readies? That is the question that the minister has to answer. Platitudes do not pay bills. We can congratulate firefighters and pat them on the back until the cows come home, but will we fight for the money to pay them?

We are told that the claim would cost £400 million to £430 million. It appears that we can afford to pay compensation of £450 million to Railtrack's shareholders and it appears that we can afford to give £650 million to British Energy to bail out the privatised nuclear industry. It also appears that we can afford to set aside £1 billion for those who want to start fires in Iraq, yet we cannot afford £430 million for those who want to put out fires in the UK.

The crux of the matter is whether the minister is prepared to argue that Westminster should put an extra 10p on the tax of people who earn between £50,000 and £100,000 a year and an extra 20p on the tax of people who earn more than £100,000 a year. That would not give us £430 million to pay the firefighters; it would give us £8.7 billion more in revenue every year. That is more than enough to pay the firefighters, nurses, ancillary workers and the other low-paid public sector workers. Is the minister prepared to argue with the Westminster Government that, instead of pampering and protecting the rich, it should start to pay public sector workers and firefighters a decent wage?

The Deputy Presiding Officer: I call Bill Butler, whom I will allow four minutes because of his motion on the subject, to be followed by Linda Fabiani.

17:34

Bill Butler (Glasgow Anniesland) (Lab): I begin by congratulating Alex Neil on securing this members' business debate on a serious issue. As a Labour member, I had no problem in appending my signature to Mr Neil's motion. In my view, the content of his motion is reasonable and should attract the support not only of MSPs, but of all fair-minded members of the public. The motion rightly shies away from being prescriptive and demanding a particular figure—that is properly the business of the negotiating team. Instead, the motion gives a voice to the FBU's wholly understandable objective of achieving a pay formula and a level of pay that mirror the professional and skilled job that its members carry out on our behalf.

Alex Neil's motion is as reasoned as my motion on the subject, which, for some inexplicable reason, has not yet been selected for debate. My motion S1M-3639 called on

"Her Majesty's Government to ... provide the conditions that would enable a settlement to be concluded ... one which would recognise the aspirations of firefighters for professional status and pay."

Most, if not all, members wish to do all in their power to aid the parties involved to achieve a positive resolution. That is what my motion is about.

It is my firm conviction that no one wishes to see the dispute continue. I know from visiting firefighters on the picket line at Knightswood fire station in my constituency that the workers involved do not want to be on strike. They want to do what they do best and what they are trained to do—to keep people and property safe and to act in highly dangerous circumstances to preserve the lives of their fellow citizens.

Every firefighter to whom I have spoken is anxious, because they fully recognise the risk that industrial action poses to the health and safety of the general public. Because they realise that, they want a sensible agreement that is acceptable to all sides and they want it to be brokered speedily. Firefighters are decent, committed people. They deserve such a settlement.

As talks continue at the Advisory, Conciliation and Arbitration Service, it is incumbent on us all to proceed sensibly, to talk constructively and to choose carefully the language that we employ. When we have all had our say today, one reality will remain: only those who are party to the talks at ACAS can reach a settlement. We should do

whatever we can in what we say or do to make that more rather than less likely.

Unhelpful and untruthful rumours have been propagated by sections of the media. Claims that firefighters' hours are minimal, when in fact each shift totals 48 hours, or that firefighters get overtime and weekend allowances, when in fact no overtime or unsociable hours and weekend allowances are received, are propaganda that must be countered. The Parliament is a good place in which to do that. Like me, most people believe and support not the mischief-making headlines, but the rational case that can be made for a settlement—a settlement with honour and with no unnecessary and unacceptable strings attached.

If, in the new year, the firefighters find themselves on the picket line again, I will support them and visit them at my local fire station, as I have done previously. After all, many if not all of those who work out of Knightswood fire station are my constituents. I know that everyone, including the firefighters and the public, is agreed on one thing: their new year resolution is that negotiations should be successful and that, in 2003, firefighters should do what they do best—saving lives and protecting people's property.

17:39

Linda Fabiani (Central Scotland) (SNP): On one hand, I am pleased to speak in the debate, because it was following a meeting with the FBU in Hamilton that Alex Neil and I jointly agreed the motion. On the other hand, I am sad to be speaking, because that meeting seems so long ago and we seem to be no further forward. The Government does not even seem to have recognised that the professionalism of the firefighters should be matched with a professional wage.

I will talk about pension provision for firefighters—an issue that the SNP raised way back in February. Firefighters do not carry a pension fund. Serving firefighters pay 11 per cent of their salary back into brigades' general funds, and pensions for retired firefighters are paid from those funds. In years past, the pension contributions were more than enough to cover pension costs and funds were diverted to prop up front-line services.

This year, that scam hit the buffers. Too many retired firefighters had to be paid from too little money. Brigades face the prospect of closing front-line services. My colleague Fiona Hyslop has pushed that issue for some time and lately succeeded in obtaining some answers in the chamber from the Deputy Minister for Justice. We should not have to push for answers to those

questions, as that suggests a lack of respect for public service workers.

The same disrespect and disregard of the potential consequences of their actions allow ministers to suggest that we can cut night-shift cover in the fire service and cut the number of firefighters. We can relate that to the pensions shortfall this year. If the Government plan of retiring 20 per cent of firefighters were applied, we would return to the choice between closing front-line services and refusing to pay retired firefighters' pensions.

Pauline McNeill: Will the member give way?

Linda Fabiani: No, thank you.

In the meantime, serving firefighters seek a professional wage for a job that, since the 1970s deal, has become a profession. Why is the Government so determined to refuse even to discuss paying the salary for which firefighters ask? I have spoken to workers in the Scottish Ambulance Service who express similar concerns to those of fire brigade workers. Those staff see their jobs changing without proper consultation and without any consideration of the consequences.

The UK Government is failing public service workers. I would like Scotland's Government to accept the responsibility for fighting that failure on behalf of those whom it is elected to serve. Public services should be operated on the basis of putting people before profit. I would like the Government in Scotland to spearhead that approach in the UK.

The Deputy Presiding Officer: If Dennis Canavan, Christine Grahame and Margo MacDonald keep their speeches to two minutes, I will just get everybody in.

17:42

Elaine Smith (Coatbridge and Chryston) (Lab): I, too, congratulate Alex Neil on securing the debate. As Patricia Marwick said, the Scotland Act 1998 gives the Scottish Parliament legislative competence for all fire service matters in which central Government has a locus. It is appropriate that the Parliament should be given the opportunity to debate the issue.

Any young recruit to the fire service can expect an annual salary of £17,727 after his or her initial six months' training. That is an hourly rate of just over £8. More disturbing is the fact that, after 15 years of service, the same firefighter can expect his or her salary to have risen by only £4,764, which is an hourly increase of just £2.18. Firefighters' pay is determined in accordance with a pay link that was established 25 years ago. Although a firefighter's job has since then changed

dramatically in respect of the required skill level, training and the incidents that new recruits attend, wages continue to fall in real terms. Firefighters' pay continues to be linked to that of manual workers.

I will make a point that others have made, but I will put it slightly differently. After commissioning two independent research studies into the pay formula for firefighters and fire control operators, the FBU was told that the substantial research that those studies provided as evidence for its pay claim was inadmissible because it was not objective. If the Labour Research Department's findings were deemed to be biased because the FBU commissioned them, surely we should ask whether the findings of the Review Body on Senior Salaries—which recommended MSPs' salary increase last year—are any more objective; they were requested by senior representatives of the Parliament.

It continues to disappoint me that one of the most consistently high-performing services in local government, which our Deputy First Minister described as having an "enviable reputation for delivery", has been forced to take industrial action to secure a valid and long overdue pay adjustment. In the same document, the Deputy First Minister talked about not leaving

"this policy paper ... on a shelf".

Will the Deputy Minister for Justice tell members in his summing up what the status of that policy paper is at the moment?

During my recent visit to Coatbridge fire station, I was struck by the anxiety and regret that firefighters and staff clearly felt as a result of having to engage in a second period of industrial action. No firefighter wants to have to strike; other members made that point. We live in a modern society in which we are increasingly reliant on the emergency services' capacity to provide comprehensive and highly effective services. Surely it is crucial that we take the action that is necessary to correct a situation that has seen the fire service and its employees suffer from years of underfunding.

The reality of daily working life for firefighters dictates that they might at any moment be called upon to risk their lives on behalf of others. Surely that exceptional dedication to public service deserves levels of pay that are at least commensurate with that dedication. I fully associate myself with the motion.

17:46

Dennis Canavan (Falkirk West): Given that I was a young Labour MP at the time of the last firefighters' strike back in the 1970s, I have a sense of *déjà vu* about this debate.

I was not the only Labour MP to support workers who had to resort to strike action to get a fair deal. I remember John Prescott boasting about the leading part that he played in the seamen's strike of the 1960s, when he worked as a cabin boy or a steward on a luxury liner. Probably the hardest part of his work was to manage to raise a smile as he served gin and tonics to bloated first-class passengers. Today, two Jags and three jowls later, the same Prescott is attacking firefighters for having the audacity to strike, but we are talking about men and women who risk their lives to save others and who are paid a pittance compared with the salary of the Deputy Prime Minister.

The FBU showed remarkable restraint and flexibility by calling off the last phase of the strike and trying to seek a solution through negotiation. I can understand the FBU's dissatisfaction with the Bain report, which has been described as being 11 per cent, but with strings attached. I say that the conditions are not so much strings as chains and padlocks.

New Labour and Sir George Bain keep ranting on about modernisation, but it is a misnomer to use that word if so-called modernisation means fewer firefighters, which means lower safety standards, which in turn means putting more lives at risk. The FBU has rightly pointed out that more fatal fire incidents take place at night than during the day. What is the sense in reducing the number of firefighters on night shift?

I urge the Scottish Executive to indicate to the employers that additional resources will be made available to ensure a fairer deal for the firefighters. That would enable them to continue their valuable work of saving lives and property.

17:47

Christine Grahame (South of Scotland) (SNP): Stuart Graham, Robert Scott, Gordon Matthews, John Gibson, Colin Easton and Jacqui Renton—that is a roll call of the Gala firefighters picket line. Doreen Tait, Dave Hardy, Dick Polson, James Thomson and Roy Barrie—that is a roll call of the Hawick picket line.

As Bill Butler said, those decent and committed people are standing on picket lines on cold December days to campaign for a decent wage for a professional life-saving job; they are not to be demonised, as much of the press has done. Other members have addressed that point.

Firefighters have modernised year on year. A firefighting appliance now carries radiation equipment, modern hydraulic equipment, modern pneumatic lifting equipment, oxy-acetylene cutting equipment, an emergency speedboat and line rescue equipment.

Helen Eadie (Dunfermline East) (Lab): Will the member take an intervention?

Christine Grahame: I will, if time will allow it.

The Deputy Presiding Officer: The member can have two minutes and no more.

Christine Grahame: I am sorry, Helen.

I was present at an incident at Hawick in which a woman had thrown herself from a bridge. Firefighters lifted her from a freezing river using some of the modern equipment to which I referred. Firefighters have modernised. Firefighters also undertake fire prevention work in schools and in nurseries, telling children about the problems and dangers of fire. Talk of modernisation is a red herring.

It is very wrong to treat those valuable men and women as outcasts and it is wrong to demonise them. Their strike has been dignified, although it should never have happened in the first place. As Dennis Canavan rightly said, it has been 30 years since firefighters were driven to take strike action. It would be a disaster to cut night services in rural areas because of the size of the areas that must be covered. If that was to happen, firefighters could not get to the scenes of fires on time.

Of course we should support the firefighters and of course they should have a decent living wage, but that has to be dealt with through negotiating, not by driving them back on to the picket line.

17:50

Ms Margo MacDonald (Lothians) (SNP): I am glad that Alex Neil introduced the debate by referring to the inadequacies of the Bain report. If anyone doubts those inadequacies, they should think back to the fire in the Cowgate. We have proof in this city. The Bain report lost credibility on that Saturday night. Had the manning levels suggested by Bain been in place, the Cowgate and much beyond would have burned to the ground. Bain's recommendations also rely heavily on the availability of firefighters on their rest days but, in practice, many firefighters would be ruled out on a Saturday evening because they do the sort of things that other folk do on a Saturday night. The basic argument advanced by Bain would not have worked for the Cowgate.

I am not an expert, but I have spoken to those who are—the firefighters—and they tell me that the general point is that the Bain report is London-centric. Not many of them are nationalists; they are just firefighters. They know that nobody is in the City of London at night, so it is true that the night rescues that were referred to do not apply there, but they do apply in Scottish cities. We cannot go down the road of having the manning levels, particularly at night, suggested by Bain.

In the time available, I also want to lay to rest a couple of myths. We hear about four and four—

firefighters working four days on and four days off. The four days off are not four days, but three days, because the first is spent sleeping after two long night shifts. Firefighters work a 42-hour week, which is a lot longer than do most public servants. The other myth is that Bain has recommended a generous settlement. He has not. As Alex Neil said, Bain said that there should be an increase in the total wages bill. If retained firefighters are brought up to the same level of payment as the regular firefighters, as they should be, there will not be enough left for firefighters of anything over 10 years' standing.

The Bain report is seriously flawed. With all due respect, minister, we should not give it any credibility.

17:52

The Deputy Minister for Justice (Hugh Henry): The debate has stimulated a lot of interest from members. It is unusual to see so many members not just staying behind, but participating. It is clear from the passionate contributions that have been made that people feel strongly about the service provided by firefighters.

I want to echo many of the remarks that have been made during the debate and to put on record the appreciation of both the Scottish Executive and the people of Scotland for the work of the fire service and all emergency service workers. They are rightly held in high regard for their professionalism and dedication in often difficult and hazardous circumstances, which have most recently been demonstrated during the devastating fire in Edinburgh's Cowgate.

In answer to questions a fortnight ago, I put on record my recognition of the valuable work firefighters do as public servants and as trade unionists. That has been generally recognised in tonight's debate. Cathy Peattie asked whether I will meet the FBU. I met FBU representatives in a private meeting last Friday. It was a constructive meeting at which I took the opportunity as a new minister to introduce myself and to hear from the representatives at first hand some of the issues that concern their members. That discussion was on the basis of a shared commitment to promoting a calm and constructive environment in which the national talks and negotiations can move forward. The members of the FBU made it clear to me that they want the settlement to be made at the UK level. We will play our part in helping to reach a settlement, but the negotiations should be between the FBU and the employers. We will look to our responsibility for whatever comes from those negotiations, which I will return to later.

It will be impossible for me to answer all the precise questions that members have asked

during the debate, but I will try to touch on some of them.

On 29 April, the Deputy First Minister launched a policy paper entitled "The Scottish Fire Service of The Future", which members have already mentioned. The paper was debated in the chamber on 15 May and was generally welcomed. On Monday, the independent review of the fire service—the Bain report—was published. I know that members have very strong views on the report; however, it has proposed a number of reforms that are in many respects not dissimilar to the recommendations in our policy paper. Like our paper, the report is aimed at producing a modern, efficient, effective fire service.

Our policy paper did not deal with pay, which is handled on a UK basis and is a matter for negotiation between the employers and trade unions in the National Joint Council. The Bain report, however, has a lot to say about pay, much of which has been highlighted tonight. The report concluded that there is no basis for a pay settlement of more than 4 per cent this year and that firefighters' pay compares well with other, similar, jobs in the public and private sectors—indeed that pensions and other aspects such as job security make firefighters even better placed. Bain suggested a further 7 per cent increase in the pay bill from 7 November 2003, subject to agreement on a programme of modernisation.

Fiona Hyslop (Lothians) (SNP): Margo MacDonald raised a very important point about proposals for the total bill and the impact of bringing retained firefighters' pay up to a level commensurate with that of firefighters. Does the minister share those concerns? Will he ensure that, in representing the Parliament's interests, he raises those concerns with the UK Government?

Hugh Henry: The FBU is raising those matters directly with the employers. We are not directly involved in those negotiations. I will also talk a little later about any financial consequences of the eventual settlement.

The Bain report estimated that the increases would exceed by a small amount the resources that are available to the fire authorities through the spending settlement and modernisation over the next two years. As I pointed out, many of the report's recommendations closely chime with the issues that we covered in our policy paper. Our paper also extensively covers issues that Sir George Bain's report addresses such as risk-based fire cover, the duties of fire authorities, the importance of collaborative work and the need for a much greater emphasis on prevention. We intend to compare the Bain report with our policy paper in our considerations of how to modernise the fire service in Scotland.

Tommy Sheridan: Will the minister give way?

Hugh Henry: I am sorry—I am running out of time.

It is in the context of such changes that we and the UK Government have indicated our willingness to provide transitional funding to support an agreement that leads to changes in return for significant pay increases. Like the UK Government, we have said clearly that we will consider providing any additional funding from our own resources as a result of an agreement that is based on such terms. John Prescott has already indicated that any additional money will be met from his department's budget, not from central contingency funds, and the Scottish Executive will have to meet any contribution to transitional funds from its funding.

I do not have the time to go into the pay formula in any detail and whether any advantages and disadvantages should be considered when determining future pay. I assume that those issues will be reflected in negotiations.

Like all members in the chamber, I recognise that firefighters deserve a pay increase. However, as Tommy Sheridan indicated, they are not the only public sector workers who are looking for such increases through negotiation. Many public sector workers do a fantastic job. I should also put on record my appreciation for the work of the armed forces during the recent strikes.

I do not accept the claim that modernisation is a euphemism for reducing the number of staff and stations. Risk-based fire cover is not about cutting fire stations or firefighters, but about targeting services at identified risks to people as well as to property instead of having rigid targets for a set number of appliances. *[Interruption.]* Presiding Officer, yet again we hear ill-tempered and unmannered contributions from members. I listened with respect to other members and I have taken notes. If you want me to use my time doing this, Presiding Officer—

The Deputy Presiding Officer: Order. Everyone should recognise that the minister is under a great time constraint. Exceptionally, I will give him another minute to wind up his remarks and round off the debate.

Hugh Henry: Tricia Marwick asked about the legislative changes. We will look to do that as quickly as possible—at the first available opportunity, as the First Minister has said. We are considering what options are open to us.

Cathy Peattie and one or two other members mentioned overtime. One of the new factors in the debate is the working time directive introduced by Maastricht. I think that there is no possibility for unrestricted and unacceptable overtime working.

We do not propose and have not considered, as Lord James Douglas-Hamilton suggested, a ban on strikes.

We share some of the views expressed by Alex Neil, Pauline McNeill and others about the need to avoid demonisation on both sides. We do not want the dispute to continue on the basis of recrimination. We want a settlement based on negotiations and we want some common sense to be brought to the debate.

This has been a useful debate. There are hard decisions to be made. In the circumstances, it is best left to the firefighters and their employers to get round the table to negotiate. We in the Parliament and the Executive will do what we can to make the settlement effective. I hope we can proceed without any further industrial action.

The Deputy Presiding Officer: I close this meeting of Parliament. A happy Christmas and a good new year to all of you.

Meeting closed at 18:02.

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