

MEETING OF THE PARLIAMENT

Thursday 30 January 2003

Session 1

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Scottish Parliament

Thursday 30 January 2003

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

Transforming Public Finance

The Presiding Officer (Sir David Steel): Good morning. We have three debates this morning, the first one being on motion S1M-3818, in the name of Robin Harper, on transforming public finance for social justice, regeneration and the environment, and an amendment to that motion.

09:30

Robin Harper (Lothians) (Green): We have an environmental crisis. Almost half the world's population lives in poverty, for want of access to the resources that should support them and allow the development of their communities, while the rest of us enjoy comforts unparalleled in history. The unrepayable money debts of the impoverished global south are balanced, it is argued, by a sum five times as large that the west owes to the south by way of a climate debt resulting from our massive overuse of the world's finite resources.

It is increasingly clear that how we go about sharing the wealth of the world—how we manage access to our common resources of nature and community—is the central issue facing humanity today. That is as true nationally and locally as it is globally, and it is certainly true in Scotland. The world's problems need local solutions, and Scotland needs hers. The Parliament has a responsibility to find those solutions. To do that, we must look into matters much more deeply than we have done to date. Indeed, we must be willing to consider proposals that might be thought to be outrageous and radical but which, on considered reflection, our successors will see as no more than common sense.

As a Parliament, we know that since 1999 we have made a difference, which is what we were established to do, but we have not yet made the big difference that we and our constituents—the people of Scotland—hoped we might. Many of Scotland's problems, while slightly eased, remain unsolved. It falls on our shoulders to do what is necessary to release our country from the spectres of one in three children living in poverty; the ransoming of our marginal communities; rising household debt that cripples families; rising intergenerational debt due to the burden that we choose to place on our descendants through private finance initiatives and public-private

partnerships; the breaking pensions scandal, which will relegate many of our present generation in their advancing years to circumstances that they will find unexpectedly unsatisfactory; and an underfunded further education system that is still not free, the cost of which its potential users must still weigh up and which privileges the wealthy and excludes the disadvantaged from what should be a basic social opportunity. How many more 14-year-olds will be selling their first editions of Harry Potter?

We have a public sector that is encouraged by the taxation regime to destroy the environment, waste its assets and throw away wealth, and a fiscal regime that rewards those who keep back from use resources whose value is created by society at large, in order to speculate on them to their own private advantage. How can we ensure that the value of Scotland's common inheritance can be enjoyed freely and equally by all our citizens? Surely the answer is not charity. Redistribution and lottery handouts are sticking plasters to put on the injury after it has been inflicted. We need to sort out the order that is best in the first place for the distribution of wealth. We must remove the basic causes of social injustice. That means taking a systemic approach to reform.

How might we achieve equity in sharing the value of our natural resources? How might we achieve equity in sharing the value of our community resources—that is to say, the value that is created by us working together and which presently is largely privately controlled? How might we share in the value created by, for instance, those things that we foolishly take for granted, but which at present a minority are able to tap into and use for their gain, to the hindrance of others? Common resources, such as social stability, economic opportunity, physical infrastructure, public services, and cultural advantage are not available to all Scottish citizens equally—never mind the ability to pay.

The issues manifest themselves in rising, and sometimes falling, locational land prices, speculation in which fuels the crazy boom-and-bust cycles of the housing market. That is a phenomenon of which Edinburgh is enjoying the soon-to-end upswing. Not all corners of our country are so privileged. The capital's house owners—among whom I number myself—are benefiting from the value of Scotland's renewed confidence and are building unexpected and undue personal wealth through rocketing house values.

There is only one way to equality. As resources cannot be divided up fairly, their value must be assessed. Those who choose to monopolise and benefit directly from those resources should pay the rest of us the market rental value of what they

take for the privilege of doing so. That is the argument for reform based on fairness.

Another reason for carefully considering land value taxation is its practicality and economic efficiency. Land value taxation raises revenue completely differently from conventional taxation. As a fiscal mechanism, it operates to a different macroeconomic effect. The principal difference is the fact that its application does not pull down general economic activity. The concept of dead-weight losses reveals that most traditional taxes induce a negative inertia in the economy. Income tax dissuades people from working. National insurance dissuades employers from employing more people. Corporation tax prevents enterprise from reinvesting. The sum of those effects is that our national economy is hugely weighed down by traditional taxation regimes.

The Centre for Land Policy Studies has calculated that the Scottish economy would have been £48.5 billion better off in 1996-97 if the Government's revenue-raising system had not rested on taxes that undermine people's capacity and willingness to work and save. That loss is equivalent to about £9,700 per capita. Of course, that is not a fine—that is what we could have had under a different system.

I have an answer that I would like members to consider. The idea has some pedigree but has been suppressed for many years by landowning interests. The landed lobby has defeated the popular will to collect community-created values for the public purse, notably in the Crofting Act 1886, the 1912 people's budget of Lloyd George, which attempted to introduce LVT, Snowden's 1931 budget, the London Rating (Site Values) Bill that was proposed in 1939 by Herbert Morrison—who happened to be Peter Mandelson's grandfather—and the Town and Country Planning Act 1947.

This land-reforming Parliament, which is largely freed of the influence of the old guard of Scottish politics, has the opportunity and the obligation to consider and investigate land value taxation. The idea sits at the heart of global green thinking. For Scotland, it is an idea whose time has come. As Peter Gibb of Land Reform Scotland said in Saturday's issue of *The Herald*, by releasing the double bind of taxation on enterprise and the dead-weight losses that it induces,

"the introduction of land value taxation and the diminution of other taxes could see Scotland becoming the economic powerhouse of Europe."

The business columnist Antonia Swinson wrote in the *New Statesman* last year:

"the charm of a land tax is that, unlike other forms of taxation, it stimulates economic activity rather than dampening it."

A core part of the solution to Scotland's problems is the introduction of the fiscal measure that is known as land value taxation, as part of a deep and extensive transformation of our public revenue system. It would be a replacement rather than an additional tax. It would be no stealth tax.

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): Will the member explain how LVT will stimulate economic activity?

Robin Harper: That will be explained.

Land value taxation would simply be a payment for benefit directly received. When the Jubilee underground line extension was built recently in London, the UK taxpayer coughed up the cost of £3 billion, but the direct advantages of the development were enjoyed by the city landowners along the route, whose sites had new-found amenity. The collective value of their sites rose by £13 billion. If we want new public infrastructure, is it not reasonable to use the fund that our developments create? The money that the land value tax generated could be fed back into the economy.

The land value tax would be an annual charge on the rental value of the land alone, excluding the value of buildings and other improvements. It would be levied on all land parcels—rural and urban, developed and undeveloped. Land that was held deliberately idle or underused would have no exemption. That is another answer to Alasdair Morgan's question. The economy would be stimulated because land that lay unused would be taxed, which would stimulate its owners to bring it back into use for the community. Valuation would be based on the optimum permitted use within planning and environmental constraints.

Land values are a measure of public demand for one location over another and are generated by the public at large—not by individual title holders. Therefore, they are a natural source of public revenue. Surges in property prices, such as those that are currently being seen in Edinburgh, are largely a site-value phenomenon; they have little to do with variations in the cost of buildings or developments per se. The resulting values must be used to benefit the community as a whole and must not go as windfalls into private pockets.

Land value taxation is an alternative way of raising public money. In spite of its name, it is a form of charging rather than a tax. It would bring all the efficiency benefits of charging without the inevitable disadvantages of taxation. The necessary corollary of the introduction of land value taxation would be the diminution of traditional taxation, which would act as another stimulation to economic activity.

The Parliament has the competence to introduce land value taxation as a reform of our local

taxation system, including our council tax and business rates. The reform, although radical in its effect, would not be onerous in its implementation. It would require a revaluation based on bare land value alone without regard to improvements such as houses and buildings and other so-called improvements.

Given the nature of the bulk of that work, such a reform—with far less need for site visits—would be considerably easier and cheaper to instigate and maintain than the current, unpopular revaluation system, which is based on land and buildings. LVT would allow for easy, periodic valuations that could be undertaken annually, at less financial cost. It would have the happy secondary effect of avoiding upset to the public and business and so the political cost and fallout that presently attend such revaluations.

I have made what members may consider at first sight to be an outrageous case for the policy, but I commend it, with a view to increasing and promoting administrative efficiency in the Treasury and civil service, which would lead to better government, and greater ease of compliance, which would lead to a happier electorate. LVT would also: effect a step-change in the dynamism of the national economy, creating greater transparency about the social and environmental constraints and bringing a new-found enterprise to the people of Scotland; allow the physical regeneration of our built environment into places in which we wish to reside, not run from, using and not speculatively hoarding brownfield sites; avoid the spoiling of our natural environment with inappropriate developments; and—most fundamental of all—institute the reforms that would lead to profound social justice, environmental fruitfulness, cultural progress and democratic renewal.

I have the honour to move,

That the Parliament notes recent studies by the Scottish Executive and is interested in building on them by considering and investigating the contribution that land value taxation could make to the cultural, economic, environmental and democratic renaissance of Scotland.

09:47

Mr David Davidson (North-East Scotland)
(Con): I am sure that the chamber will join me in offering Mr Harper our sympathy on the recent loss of his father.

The proposal for land value taxation is interesting. It is a proposal for a change in the system of taxation, the effect of which might be to remove taxation from enterprise. I always thought that that was good Conservative policy, but I did not think that I would hear it from the Scottish Green Party.

It is certainly the case that we need a good dose of wealth creation in Scotland. We also need to recognise that, by creating tax, wealth creation makes our world go round. Because of that, I have difficulty understanding exactly how Mr Harper expects his tax to benefit the economy. My colleague, Alasdair Morgan, raised a similar point a couple of minutes ago.

We need to have opportunities for people to become less reliant on the state. We also need to fund public services in a clear manner. However, Mr Harper is a self-confessed socialist and an advocate of redistribution. I am not so sure that those philosophies sit with what he said this morning.

He made no mention of the ability to pay, which is something that Mr Harper and Mr Sheridan have often spoken about—no doubt we will hear more about that later. Mr Harper naively assumes that all land has a value before going on to say that that value is dictated by the marketplace—I always thought he was a protagonist of that concept.

Robin Harper: The fact is that American cities such as Philadelphia are in the process of introducing LVT, the Russian federal Parliament is considering the introduction of a similar measure and Hong Kong has long benefited economically from the application of land rents to public expenditure. Does not that suggest that some of the fears that Mr Davidson expresses may be less than real?

Mr Davidson: The issue is not so much my fears as what Mr Harper is selling us. It is his job to tell us exactly how the scheme will work and how the exemptions will apply. If all pieces of land were to have an independent value, I could understand where Mr Harper is coming from, but he said that marketplace demand decides the value of land, which we all recognise.

The proposal also takes no account of the economic benefit to be gained from aggregating land parcels. For example, economies of scale would come into play on a larger farm where the land value was higher because of an aggregation. That issue does not seem to have been dealt with. What of the bogs, rocky areas and hilltops of Scotland? Would they have a value? What about someone on their own—a widow, for example—who has inherited a small house with a very large garden, which is next door to a very large house that has a lot of people living in it who are using public services but which has a very small garden? Is Robin Harper suggesting that the widow, on a low income, would have to pay a larger amount than the people in the house next door? What about tenement properties? Does he have an answer to how they would be dealt with?

The Philadelphia model is based on the redevelopment of city centres. I have some

sympathy with the view that we should be seeking to reuse brownfield sites in the cities rather than take over greenbelt sites surrounding the cities. I also recognise the economies of scale that could be achieved by using the existing infrastructure, assuming that it is up to the required standards. However, surely all of that could be achieved if there were a better planning system. I hope that, when we reconsider the planning system—I am not sure that it will be in this year of the Parliament, but it is certainly an issue that the Parliament will address—we will consider carefully how we can reuse neglected sites.

The simplistic view that land measurement is easier than building valuation does not take account of people in relation to services. Land value taxation would also be a central tax that would take away all the accountability of local government. I am sure that Mr Harper has, in the past, talked about councils having more responsibility and more ability to do their own thing locally. That is certainly where the Conservatives are coming from. We believe in decentralising things so that councillors are made accountable. Perhaps Mr Harper would like to discuss that.

Iain Smith (North-East Fife) (LD): I am interested in Mr Davidson's current line of argument. Is he saying that the Conservatives now support the idea of returning control of business rates to local authorities?

Mr Davidson: I do not have to deal with that just now, as we are discussing Mr Harper's motion, but I would not support that. We would end up with an issue that the next debate, on Mr Sheridan's motion, will raise—the emigration of businesses for economic reasons away from areas of high taxation.

What about the cost of land value taxation to hospitals and councils? Would councils have to pay a large charge because they happen to have large burial grounds or large public parks and playing fields? What about school playing fields? We have not heard from Mr Harper any details of how the taxation would be applied, what sort of moneys would be produced, or how the money would be reallocated to provide local services. He suggests that we do away with income tax. Is it his intention that land value taxation should be the only form of taxation and that Scotland should be completely different from the rest of the UK—in some areas, having a very high level of taxation but receiving no economic benefit whatever? Nowhere in the world is there a model like those in the briefing paper on land reform that Mr Harper passed round by e-mail the other day, which are all variations on a theme.

Nonetheless, we are encouraged that people are prepared to consider alternative systems to produce effective and acceptable levels of

taxation. One of the problems in Scotland is the fact that there are so many high taxes. Therefore, we do not write the proposal off; however, Mr Harper must come up with a detailed description of how the taxation would apply and what the transitional arrangements would be. It is not good enough for us to say, "It sounds terrific and will solve the problems of the world." It will not work like that.

Mr Harper must come to us with well worked-out details of how the policy would work, how arbitration would be brought into it, where the exemptions would lie, and how councils—indeed, anybody—would be held accountable for the money that they spent. It seems that all that Mr Harper and his colleague Mr Sheridan want to do is to invent a large system of taxation, which is run, and has its spending directed, from the centre. Mr Harper's proposal is worthy of discussion, but it would remove local accountability and would give more power to the state. My party does not want large government; we want small government, with local devolution of powers and decision making.

I move amendment S1M-3818, to leave out from "is" to end and insert:

"considers land value tax to be a punitive form of taxation which takes no account of existing taxation, profit or income streams and requires payment in respect of land regardless of an absence of income."

09:50

The Deputy Minister for Finance and Public Services (Peter Peacock): Before moving on to the debate, I associate myself with David Davidson's comments about Robin Harper's recent bereavement.

I acknowledge that Robin Harper makes his proposition today in the genuine way in which he generally makes propositions to the Parliament. I am grateful to him for spelling out in slightly more detail the thinking that lies behind land value taxation. I am also grateful to him for circulating the leaflet, "What is Land Value Taxation?", which I studied at some length in preparation for the debate. I have to say that it is an extremely illuminating document.

The document echoes some of the sentiments that David Davidson just expressed. In some of the propositions, there is a sense of naivety. I will come to that shortly. We could almost call LVT the Del Boy tax: "No income tax. No VAT." The problem is that there is also: "No money back. No guarantee." I hope to show that.

The land value taxation campaign makes it clear that LVT would replace all existing taxes, so it is a fundamental proposal that goes well beyond the competence of the Scottish Parliament. I note that

Robin Harper's motion does not limit consideration of the matter to the areas that are within the competence of the Parliament, which are principally local taxation matters.

The motion is also rather unusual because it does not ask the Executive to do anything; it simply calls for the Parliament to consider and investigate the contribution that LVT can make. That is why we have not lodged an amendment; the matter is for Parliament to consider and to agree on what it does. However, I make it clear that the Executive has no plans to investigate the matter further. Indeed, we should note that the Parliament has already taken evidence and reported on the matter. As we all know, the Local Government Committee took considerable evidence on future tax systems during its inquiry into local government finance—which lasted more than a year—and that included evidence on LVT. The committee did not see sufficient merit in LVT to recommend it to the Executive or, indeed, to Parliament. Members must draw their own conclusions from that.

One of Scotland's quangos, the Scottish Valuation and Rating Council, also considered LVT. I quote its conclusion:

"The view of the council is that moving to a system of Land Value taxation would be unlikely to lead to sufficient benefit to merit such a wholesale change in the rating system."

Robin Harper might be glad to know that that quango has been abolished. Nonetheless, that was its particular recommendation.

I want to limit the Executive's contribution to the issues that Parliament might want to consider if it decides to consider the LVT matter further. There is an implication in what is said about LVT that it is somehow an almost perfect form of taxation. Of course, there is no perfect form of taxation. There are only systems that offer advantages relative to other systems. Factors that are important are the ease of administering the system; the achievable rate of collection; the certainty of yield; the ease of understanding the system; and the fairness of the system.

Across the world there are some systems of land value taxation, as Robin Harper indicated, but they are by no means universal. In the countries where they exist, they are responsible for collecting a smaller and smaller part of revenue. Land value taxation is unlikely to be a panacea; if it were, it would be universally used. However, property taxation is a virtually universal form of taxation, because it is stable, predictable and comparatively easy to administer and collect, and has a high degree of certainty of yield. Taken together with the benefits system, property taxation can be made more and more progressive. That is why its use is so widespread.

The proposal for LVT is based on rental value for every parcel of land, in the way that Robin Harper indicated. It would ignore the value of any buildings, roads, drains or crops on the land. Within the arena of local taxation in Scotland, instead of allocating a value to built property, we would allocate a value to each and every bit of land in Scotland. That value would reflect not just the current value, but the value according to the optimum use of the land within planning regulations.

I understand the economic theory that lies behind Robin Harper's thinking, but we need to be concerned with the practical effects of new forms of taxation, not just the economic theory. The advocates of land value taxation need to be clear about the practicalities, not just the theory. It is not clear whether the tax is viewed as a national or a local system of taxation. If it were national, with national decisions and national collection, what would that do to local discretion, local decision making and local democracy, other than to compromise it?

Margo MacDonald (Lothians) (Ind): I was interested in the minister's point about the setting of national standards leading to a diminution of local democracy. How does that sit with the existence of the uniform business rate?

Peter Peacock: Notwithstanding the uniform business rate, local authorities have the power to set their council tax levels locally, which allows an element of discretion that a nationally set system would not allow.

If the land value tax were local, would there be different valuation principles between localities? Would there be scope for different tax rates locally? Would the tax be collected locally? Alternatively, would the system be a mix of local and national, with valuation principles being set nationally, tax rates being decided locally and collection being conducted locally? If that were the case, the system would resemble the current property tax system, so what would be the case for change?

What would happen to the current system of benefits that exist within the council tax system? Would those benefits disappear? How would that affect current recipients of council tax benefit? Would we lose the income that Scotland gets from the Treasury for that benefits system, which is some £300 million a year? If we lost that money, which is targeted at the poorest in Scotland, what would that do for social justice and efforts to support the poorest in our society?

What, too, of the single-person discount that is available in the current system, which is of particular benefit to the most elderly in our society? Would there be a single-person discount for land ownership under a land value tax system?

What would happen to the private rental market in Scotland? Would there not be pressure for rents to rise across all of Scotland to pass on the new tax burden to tenants?

Is the purpose of the proposal to yield more tax or exactly the same amount of revenue as at present? Whichever it is, how will the tax burden fall in future? Will it fall more heavily on the poor or on the more wealthy? Does Robin Harper know in any detail? What mitigating measures to offset the tax would be introduced to protect the weakest from any unintended consequences of how its burden fell?

What would happen to the many people across Scotland who live in areas where land values are rising dramatically, such as Edinburgh? What would happen to the group of home-owning and private-renting elderly people who live in my area of the city, in properties that are in the lower council tax bands but which are increasingly surrounded by new and higher value properties? Given that the advocates of land value tax believe that the value should be based not on the value of the property but on the optimal value of the land, presumably those elderly people would see their taxes rising dramatically. What would happen to them? The economic theory suggests that they would be forced to leave their homes and their city to move to lower valued properties in areas that have a lower land valuation.

Who would be the beneficiaries of such circumstances? Certainly not the elderly. Almost certainly, it would be the wealthiest, those with the capital and the property developers. How would that serve social justice?

What might be the effects in rural Scotland? The obvious effect is that agricultural land would be taxed, even if some argue that it would be at a low level. Would that be the case across rural Scotland? In many parts of my own part of Scotland, the Highlands and Islands, land values are inflated because comparatively few extremely wealthy people want large tracts of land for their pleasure and enjoyment. Would those people set the optimal value of the land in those areas? What would be the knock-on effect for crofters and tenant farmers in the area?

Also in rural Scotland, especially in the Highlands and Islands, there is the phenomenon of holiday homes, where property prices are inflated by rich city dwellers who seek a second home. Would they, in effect, set the optimal value of the underlying land as well? If that were to be the case, locals would find not only that local properties were outwith their reach, but that their taxes would rise.

That leads me to what is meant by the "optimal value" of land. Does it mean optimal in terms of

the market value, the social value or the environmentally sustainable value of the land? Who would decide that? What might their view be and how might it vary over time?

Far from being a panacea, land value tax raises fundamental questions to which very few answers are yet available. In that sense, it is not yet a well-formed proposition. Before Parliament signals that it has any interest in considering the matter further, it would be wise to be clearer about the proposition and to have significantly more detail. Far from being a utopian future, for many it might be the beginning of a nightmare of considerable proportions.

10:00

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): I associate myself with the sentiments that my colleagues expressed on Robin Harper's recent bereavement.

I have no problem with Robin Harper's motion as it stands. No one should be in the least afraid of considering alternatives to the current taxation system. However, I must admit that I have not been greatly convinced by anything that I have heard in the debate so far.

Robin Harper began by talking about the world's environmental problems, our local environmental problems and the financial problems that we have in Scotland, such as the cost of education. He also talked about the need to remove the basic causes of social injustice. However, he did not make the connection between those remarks and the motion.

For example, Robin Harper talked about the Edinburgh property boom, but the point is that the value of somebody's property—or the land on which somebody's physical property stands—is only real when that person realises it. The owner may benefit at the moment—he can expect a higher rental for whatever property he has on his land—but he is already taxed through corporation tax if he is set up as a firm, or through income tax if he is taxed as a private individual. The benefit is already being taxed under the current system.

I am a bit concerned about what would happen to businesses that are sited near a proposed transport improvement. We do not exactly have the equivalent of the Jubilee line anywhere in Scotland—the way that things are going, I suspect that we will never have one. The Jubilee line effect would mean that if a business were sited near such a transport improvement, it would find that its tax bill would go up hugely once that transport improvement was put in place. However, there would be no need for that business's wealth and profits to increase as its prospects might not change at all because—

Mr Davidson: That is a convincing argument for the return of the uniform business rate.

Alasdair Morgan: I thought that we had a uniform business rate. Perhaps Mr Davidson is talking about a uniform business rate vis-à-vis Scotland and England.

Mr Davidson *indicated agreement.*

Alasdair Morgan: We will come to that later—the Executive has put up charges for Scottish business.

Under Robin Harper's proposals, there would be no link between the prospects and success of a business and the amount that it could be taxed. The presence of a transport improvement might force some small businesses out of the area in which they were located.

David Davidson mentioned the sensible use of land and the preference for greenfield sites over brownfield sites, but those matters also owe more to transport issues than to land value. I was struck by the problems that would arise—in addition to those that would face the businesses that I mentioned—when I considered the briefing paper that Robin Harper circulated. The proposed tax would not be in any way related to income, so how would the taxpayer find the money to pay his bill? He would probably have to sell the land that we would be taxing to do so. It is sometimes a feature of death duties that the asset must be sold to pay the tax, but I do not think that that is meant to be a feature of other taxation systems.

The paper criticises the current council tax banding system, which at least has the advantage over the old rating system that it is cheaper to administer. However, it is not clear to me how land value taxation would work unless it was also banded in some way. Otherwise, it would simply be a field day for the surveyors, who would go about valuing every parcel of land in Scotland.

The briefing paper discusses surges in property prices as a site-value phenomenon, which is probably correct: if the value increases, the tax increases. I return to my earlier point: the person who owns the land can benefit from it only if the value is realised when they sell the asset.

As far as my area is concerned, the proposals would affect agriculture significantly. Agricultural land is, quite rightly, not taxed. Given the current economic circumstances of most people who are engaged in the farming industry, I do not see how they could bear an extra tax based on the value of their land. Such a tax would close down large parts of Scotland, certainly as far as agriculture is concerned, and would force moves towards more housing developments on agricultural land.

Many people who live in country areas are on very low incomes compared with their neighbours

in the cities, and land prices may well be increasing owing to the pressures created by people moving into those areas from outside. People move to country areas having realised the value of their assets in the hotspots where they have come from. They push up prices in rural areas, and the existing residents of those areas, who are already on low incomes, would be forced to pay higher taxes for no benefit to themselves.

I have a further criticism to make. Tax ideas are often simple when they are first put forward. The poll tax was meant to be a very simple idea: everybody paid the same amount. However, when the Conservatives tried to implement it, they found that they had to put in place so many caveats and exemptions that it became a nightmare to administer—even before they encountered the problem that a lot of people did not want to pay it anyway.

Income tax, which I think was introduced by William Pitt to pay for the Napoleonic war, was no doubt a very simple idea at the time, but let us consider how many volumes are needed to describe income tax law. How much is an income tax consultant paid to tell people what income tax actually means? Does the Chancellor of the Exchequer even understand it? Sometimes I wonder.

Land tax sounds just as simple on the surface but, in practice, it would prove just as complex once all the exemptions—or even only those suggested so far in the debate—had significantly complicated it.

The Conservative amendment talks about

“a punitive form of taxation”.

I am not sure what the word “punitive” means in the Conservative context, but I suspect that, to the Conservatives, “punitive” means, “I pay it,” while “fair” would mean, “Somebody else pays it.” For the party of the poll tax to talk about another tax as “punitive” is a bit rich. I suspect that the Conservatives really hanker after the poll tax, however.

That takes me back to something I said about the poll tax in the House of Commons. During one of the early House of Commons debates on devolution—during a debate on the referendum, I think—I recall putting a question to Eric Forth, who has since found even more favour with the Tory front bench: he is now shadow Leader of the House of Commons and therefore his views have to be taken seriously. In that debate, he was wittering on about the benefits to Scotland of the union and about the situation then, with no devolved Parliament. I asked him whether he thought that one of the benefits of the union was

“that we got the poll tax a whole year earlier”

than England. The bold Mr Forth then referred to "the excellent poll tax" and said:

"I hope that we return to it in a different form in the future."—[*Official Report, House of Commons*, 31 July 1997; Vol 299, c 490.]

Perhaps Mr Davidson—or whichever Conservative member is summing up—could say whether that is still Conservative policy.

It may be fine to discuss what an ideal tax system might be in an ideal world, but this is the here and now, and I do not think that Scotland's problems have much to do with the type of taxation system. Rather, they are more to do with the fact that Scotland has no control over the taxation system and that Scotland's growth rate is miserable compared with that of the rest of the United Kingdom and Europe, which, in fiscal terms, we cannot do anything about. We need to be able to incentivise business through the tax system and to grow the income stream, not through higher tax rates but through a more buoyant economy. That is how we will deliver better-quality public services to the Scottish people.

10:10

Donald Gorrie (Central Scotland) (LD): The Liberal Democrats and Liberals have long had an interest in this subject. Lloyd George introduced various land taxes in his budget. I have with me a pamphlet from 1909 entitled, "The Budget, the Land and the People", which explains those taxes. Lloyd George was defeated on the issue by the massed forces of reaction, but his ideas are worth pursuing.

Our starting point is that society needs good public services, which must be paid for. The Government also has a duty to stimulate the economy, to help people to help themselves by developing businesses and so on. At issue is how to do so fairly and efficiently—in this context, how to tax people to achieve that.

The Parliament has powers over local government taxation, so I will stick to that issue. For many years, the Liberal Democrats have argued that the council tax—and, before that, the poll tax—should be replaced by a local income tax on individuals, as that is the fairest way of taxing people. No one likes to pay tax, but there is general acceptance that income tax, as opposed to cooked-up taxes such as the council tax, is a reasonably fair way of paying.

Tommy Sheridan (Glasgow) (SSP): My intervention anticipates the next debate. Under the Liberal proposal for a local income tax, how much would someone who earns £20,000 a year pay?

Donald Gorrie: We produced figures some time ago, but those will have to be changed. The calculation would depend on how much the

council tax is producing at the moment and how much national income tax could be transferred to local authorities, to provide more local control of taxation. I cannot give the member a precise figure, but we accept absolutely the principle of a local income tax.

We have long been interested in land value taxation. We recognise that people can produce arguments against it, as speakers have done today. The way forward is to examine how the system works in other countries. Land value taxation works in countries and states as diverse as Denmark, Hong Kong, New South Wales and Pennsylvania. In the United Kingdom, two large English local authorities—Liverpool City Council and Oxfordshire County Council—are taking part in trials to determine how the system might work. The Scottish Executive should introduce trial schemes that would allow us to determine on paper how the system would work and how difficulties might be overcome. To explore all aspects of the system, trials should take place in part of one city, the whole of a town and an area of the countryside.

In the first instance, the system would be applied to commercial property. Robin Harper has set out the utopia of land value taxation, but in a cautious country such as Scotland we must introduce it gradually. From trial schemes, we could establish who would be the gainers and losers from land value taxation, and by how much. We would also see how the suggested practical difficulties of the system would manifest themselves in practice and how they might be overcome.

A number of serious commentators have suggested that we use land value taxation to help to pay for railway extensions. That proposal has been made not just by bleeding-heart liberals, but by people who are seriously involved in business in London, such as the ex-head of Wimpey Homes. They have pointed out how much people gain from railway developments and have argued that companies that gain from such developments should be taxed in some way. We should explore that suggestion.

The issue is not just about London, although we have an interest in those developments. There is a project to introduce a brand-new, high-speed railway from London and the channel tunnel to central Scotland, helping Glasgow and Edinburgh. That could be paid for, at least in part, by taxation from the companies that would benefit from it—they would make a contribution. More locally, we could explore how companies might contribute to paying for the Borders railway or the Bathgate-Airdrie railway, the proposals for which are being considered seriously. When I was involved in that side of City of Edinburgh Council's work, the Edinburgh park development—

Alasdair Morgan: Is the member seriously suggesting that we should increase tax on firms in the Borders to pay for the Borders railway?

The Presiding Officer: I should not have let the member intervene, because Mr Gorrie is in his last minute.

Donald Gorrie: It is reasonable that companies that would benefit should contribute. They should not pay for the whole project, but they should contribute. I am not talking about individuals, because they would pay in another way.

The better use of underdeveloped sites is an important part of land value taxation and our exploration of how the taxation system would work would develop that. The idea of land value taxation is worth serious consideration and gradual progress could be made through exploration. I do not think that we will have a sudden apocalyptic change, but the idea is important. I support it and I think that my party supports exploring it carefully.

The Presiding Officer: We move to open debate. Four members want to speak and we start with Maureen Macmillan.

10:16

Maureen Macmillan (Highlands and Islands) (Lab): Thank you, Deputy Presiding Officer. I beg you pardon, Presiding Officer—that is me out.

I am aware that politicians of the utopian tendency have advocated land value taxation for a long time, but I have not taken it as a serious proposal. I have read the briefing that Robin Harper circulated, which gave examples of countries that have applied land value taxation to some degree. However, I was rather alarmed that the briefing described those instances as not being pure enough. I must say that I get very nervous when politicians talk about wanting a pure version of a policy, whether pure socialism, pure capitalism or pure environmentalism.

Until I heard the member's opening speech, I had not realised that the land value tax was to replace all other forms of taxation, such as income tax and VAT. How would we square that with our European obligations, given that it would replace inheritance tax, corporation tax and business rates? I believe that such a changeover would lead to a chaotic situation.

My other worry is that Robin Harper spoke in general terms, but I want to know the details of how individuals would be affected by such a tax regime. The idea might be beguiling for some, but would it work? Would a long single-storey shed be taxed more heavily than would a six-storey office block, because it took up more land space? Would a farmer's byre be taxed more than would his house?

How would LVT deal with the situation that Peter Peacock mentioned, in which city folks inflate values in rural areas when they buy a second home? How would the empty family croft house, often retained for holidays by the second generation, be distinguished from a second home? What would be the impact on communities wishing to purchase from the estate the land on which they live as a result of the Land Reform (Scotland) Bill, which we recently passed? How would an old-age pensioner in a small Highland village be affected if she were surrounded by well-heeled retirees from Edinburgh who push up land values? Would her taxes increase to match theirs? How would we give rebates? If there were no income tax, would not very rich people occupy small areas of land to dodge their social responsibilities?

Land value taxation is not a new idea. Think of the border keep—the six-storey house with one room on each floor. Would we see a return to castles being built all over Scotland as people tried to dodge their tax obligations?

Alasdair Morgan: That would be a case of towering taxation.

Peter Peacock: The member had better watch out—the Presiding Officer lives in one.

Maureen Macmillan: I have already insulted the Presiding Officer—albeit inadvertently—earlier in my speech.

People may laugh, but Scottish keeps and tower houses might make a comeback. That might be a good thing—architecturally speaking, we might welcome it. However, we would find that the state coffers would soon be empty.

If there were no income tax, what would happen to the tax credits that are paid to families—and will soon be paid to pensioners—through the income tax system? Would only those who own the land pay LVT or would those who rent it pay too? Most important, what social and economic upheaval would such a total restructuring cause? One would have to be very sure that the resulting chaos would lead to social justice and I am not convinced that it would.

What would the new tax yield? How would it interact with the benefits system? Would it be sufficient to support all the services that are supported by the present taxation regime, such as child benefit, support for projects for the homeless, subsidies for lifeline ferry services and railways, road building, schools, hospitals and women's refuges? Would schools and hospitals, which take up a lot of space, be exempted from a land value tax?

An article in *Land and Liberty* suggests that LVT would be an answer to urban blight. It is interesting that it mentions lowering the tax

burden. If the tax burden were lowered, there would be less money to spend on social objectives; only those who had money to spend on their properties would be rewarded. Hong Kong has been cited in reference to LVT, but it is hardly an example of a socially just society.

Rural blight is another issue that arises. The case for LVT in rural areas has not been made. For example, it would favour the vast estates of empty land on which the huge mansion would provide only a peppercorn tax, rather than the communities that sought to regenerate after exercising their right to buy. How would one value the Cuillins?

I would need a great deal of convincing to support such a sweeping change that might penalise the very people who need our support and might not raise nearly enough revenue to carry out badly needed social programmes.

10:22

John Scott (Ayr) (Con): It will come as no surprise to Robin Harper and others to hear that the Conservative party in Scotland does not support the motion. It is also unsurprising that we are against land value taxation and can see little or no benefit in further taxing landowners, regardless of how beneficial the expenditure of the resulting tax revenue might be.

Although all Governments aspire to being able to tax people and to please them at the same time, that is not easy to do. Land value taxation would not be welcome in Scotland as an additional tax or as a substitute for the council tax, as it would remove public accountability for local taxation.

Members will be pleased to hear that my speech doubles up as the Conservative winding-up speech. As David Davidson said, we do not view land value taxation as a way of delivering public finance for social and environmental justice or for regeneration. As Peter Peacock said, there is nowhere in the world where a land value tax works. Alasdair Morgan also expressed great scepticism about the tax.

Given our existing tax burden, which has increased by £1,961 per head since 1997, this is not the time to consider the introduction of another system of taxation. Maureen Macmillan raised significant doubts about the practicalities of implementation.

The existing system of taxation should be used to deliver social and environmental justice. Like Donald Gorrie, we believe that individuals and businesses should be encouraged to set up new ventures to create jobs and wealth, which could be taxed more than adequately under existing systems. The creation of a society in which

dependence on the state is discouraged, in which choice is not only promoted but available, and in which a sense of self-belief and self-worth is encouraged would do more for social justice in the long term than would the creation of a resigned dependence on state intervention and support.

We need to move on, where and as we can, from the dependency culture that exists in Scotland. Our devolved Parliament ought to be a symbol of how we can establish a belief in ourselves as Scots. The Parliament will continue to allow us to create legislation that reflects the political mood of the time.

The Parliament should deliver social and environmental justice not by redistributing Scotland's existing wealth but by giving people belief in themselves. Our Parliament should seek to foster in people the terrific can-do attitude that is so wonderfully evident in exiled Scots across the world. That can-do attitude is not just a Tory aspiration but a spirit-lifting objective, which should be metaphorically tattooed on every native Scot's forehead at birth. Scots elsewhere in the world are not genetically different from us. Rather, the environment in which they live brings out a belief in their own value and self-worth. That ability to take on and accomplish any task sets Scots abroad apart from Scots at home.

Creating the right fiscal and financial climate to encourage the best facets of the Scottish character is surely more worth while than talk—however well intentioned—of yet more tax and redistribution. For those reasons, I will not support Robin Harper's motion. I urge members to support the Conservative amendment.

10:26

Margo MacDonald (Lothians) (Ind): Until John Scott's speech, the statement in the debate with which I found most accord was Peter Peacock's assertion that there is no perfect system of taxation. He is absolutely right on that issue—I am glad that the minister sees the truth.

However, we should not stop there and—thank goodness—John Scott did not. He made a fantastic nationalist speech about the inherent dignity of Scots and, I think, their inherent genetic superiority. He waxed lyrical about how well we have done in other parts of the world that have excellent fiscal systems to support all that entrepreneurialism.

All Robin Harper's motion asks for is the imaginative blue-sky thinking that John Scott outlined—I see Robin Harper nodding—which is absolutely terrific. The motion simply asks the Executive to investigate land value taxation.

Although I hate to say this, Maureen Macmillan's speech, which outlined all the possible downsides

of such a tax, made me quite sad. The Parliament was supposed to take time to investigate new ideas and new ways of doing things. Just because we have not done something in the past does not mean to say that we cannot do it in the future. We should not be so negative in our approach to this new system of taxation.

Contrary to the Tories' fears, land value taxation does not necessarily mean that Tory supporters—there must be some to whom the tax would apply—would be required to pay more tax. Land value taxation would mean that people would pay taxation in a different, fairer way. That is why I think it is a great idea that the Executive should investigate the proposal.

To be quite serious, we have got to the stage where Scotland's universities are under fantastic threat because of the way in which our tax system and social service delivery are interlinked. We seem no longer to be able to ensure that money is spent on providing for the next generation the quality, standard and equity in public services that should be taken for granted at this stage of the 21st century.

It would be worth while to investigate a system that promises to redistribute more fairly. I make no apologies for saying that. My former colleague, Alasdair Morgan, said that there is not much wrong with Scotland's system of taxation, but that the problem is that Scotland has no fundamental control over it. He is right in the latter statement, but quite wrong in the former. When people live in abject poverty in blankets on Princes Street while other folk live off the fat of the land and do not pay the income tax that they should, there is something wrong with our tax system.

Therefore, I support Robin Harper's motion. The Executive should look into the future to see if there is any other way in which we could prevent land values from being distorted. In rural parts of Scotland, such distortion can discriminate against people and cause fantastic rural poverty, but the issue is equally important in a city such as Edinburgh, where land values can mean that house prices and property prices are utterly distorted. In turn, that means that a community or a society can be distorted because there is not that mixture of people to form a community in which, theoretically, people would help one another. I would like to see anything that would investigate an evening-out of land values in Edinburgh in particular. That is why I want members to support Robin Harper's motion.

I also support the Liberal Democrats' reasonable proposal that there should be trials. As one would expect, Donald Gorrie outlined the reasonable man's way of trialling: perhaps in a whole district, a part of a city or a rural area. That is very sensible, good thinking.

Of course there would have to be variations in the application of LVT. Robin Harper said that there were variations in how the principle was applied throughout the world—and why not? There are different conditions throughout the world. Events, dear boy, change people's priorities, and so they should. The Parliament must not sit on its laurels and get dug into a taxation system simply because it has been used for a long time. For goodness' sake, let us think about alternatives. As Peter Peacock said, we do not have a perfect system.

10:31

Sarah Boyack (Edinburgh Central) (Lab): The last thing that the Parliament should do is sit on its laurels.

My problem with this debate is that I am not sure that Robin Harper has made the case for land value taxation. He made the case for a renewed effort to develop inner-city areas and to tackle derelict land in rural areas. However, I am a bit sceptical that his proposal for moving things forward is the right one.

The pamphlet that was circulated before the debate says that it would be easy to change the current system. The suggestion is that all we have to do is get surveyors to look at maps. Values could then be established and that would be it—very straightforward.

I am suspicious of anything that is portrayed as being simple. Taxation is one of the most complex matters that individuals or parliaments have to deal with. A strong case has to be made for change. Robin Harper raised some interesting questions and I am glad that he chose this subject for the debate—we should be thinking about and debating such ideas. However, I am not convinced by the case that he made.

The thought of moving to a simple form of taxation fills me with horror, especially when I consider the history of innovative taxation. Alasdair Morgan mentioned the poll tax. That was a simple tax, which the Tories would love us to go back to. However, it caused huge social justice problems, which are still filtering through today—people are not registering to vote because they are worried that they will be picked out.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Will the member take an intervention?

Sarah Boyack: No, thank you.

Attempts have been made to make some taxes greener. Since 1997, the Labour Government has been considering more equitable company car taxation and fuel taxation, for example. Those taxes are very easy but very controversial, as

every member knows. We need to think about a range of taxes.

In his summation, I would like Robin Harper to say how land tax would impact on people in my constituency, which is located in a city centre. Margo MacDonald talked about developments in Edinburgh. When I was a student in Edinburgh in the mid-1980s, we had a great opportunity to study a series of vacant sites in the city. We went to them for practice as town planners and we came up with ideas and new visions on how the city could be developed. The Tollcross triangle now has good-quality flats and a superb set of offices and shops. The hole in the ground is now Saltire Court, which is a superb legal and financial centre. The Morrison Street car park is the last of the big sites in Edinburgh and is now going to be developed into a range of offices and shops.

Would land value tax have brought an instant solution to the development of those sites? I do not think so. The social and economic changes that have taken place are complex. There is a need for partnership. The Edinburgh Labour council has worked hard with the business community to bring about development on all those sites. I do not believe that flicking the switch from property and business tax to land value tax would have made that task any easier. Some of the developments that I now see in my constituency, such as hospitals, might have been made more difficult.

I think about people who are living in areas such as Dumbiedykes, which is right in the city centre, beside the new Parliament building. The value of land there must be astronomical. How could people who are on lower incomes or benefits pay if land value were taken into account? The amenities in the area are not good and property values have changed. If we want to levy a land value tax rather than a property tax, we must be able to answer such questions. I would be worried about people on low incomes and pensioners in my constituency if a tax were introduced that is portrayed as simple but would have real social justice implications.

I am glad that Robin Harper has raised the issue today, but we should consider other good forms of taxation. His motion rightly talks about a social, cultural and economic renaissance. The hard work that is going on in some of our big cities in Scotland is beginning to bring that about. In the case of Glasgow, the issue is not only land or property values, but giving people skills, rebuilding communities, injecting confidence, creating jobs and ensuring that there is affordable housing. Dundee is a great example of investment in the arts. There, a per-cent-for-art scheme was introduced, in which new developments were invited to contribute voluntarily to the arts in the

area. The city centre of Dundee has been revolutionised in the past few years because such imaginative, broad approaches have been taken.

Let us look at taxation and how we can improve it, but let us not pretend that there is a simple solution. Hard work is required, including a range of policy initiatives and partnerships, such as those between the business community and the local councils. Local communities will have to be involved in deciding how their area should change. Imaginative ideas such as the planning-for-real initiative will bring communities into play and let them take part in the renewal of their areas.

We do not want a simple approach. We had the poll tax and it was a disaster. Not only was it not thought through, but it was socially unjust. The point is that taxes have to work not just in economic terms; we have to think through their political and environmental implications. Indeed, I know that Robin Harper would be keen to see the latter issue taken forward.

I am glad that we have been able to debate some of these complex issues this morning. However, we must not forget about the problems of social and urban deprivation, which a land value tax would not sort out at the flick of a switch.

10:37

Iain Smith (North-East Fife) (LD): Maureen Macmillan mentioned utopia. Indeed, discussing land value taxation in a national Parliament might be part of a Liberal Democrat utopia. Perhaps devolution is worth while for that opportunity alone.

However, for a Liberal Democrat, I am a bit of a heretic on land value taxation and I am not as enthusiastic as my colleague Donald Gorrie is about it. In theory, it is a beneficial form of taxation that is worthy of further investigation. That said, I have some concerns about the practicalities of its operation, as I shall explain.

I am somewhat surprised by the Conservatives' attitude to the land value tax. I know that they are against funding public services through taxation, but I am surprised that they are against replacing our current form of taxation, which discourages enterprise, with a form of taxation that encourages it. For example, if we replaced business rates with a land value tax and perhaps reduced national insurance contributions, we could reduce tax on labour, building, machinery and plant, which would represent the very investment in enterprise that the Conservatives tell us the current taxation systems discourage. As a land value system taxes the use of land, not investment in that land, it encourages enterprise, so I am surprised that the Conservatives think it punitive.

Land value taxation essentially encourages the best use of land. It represents an incentive to

invest in land, whereas the current taxation system often acts as a disincentive in that respect. Furthermore, it allows the public to tap into the increase in the value of land from investment in public services. The system is based on market rents, so if the development of a new railway system increases those rents, why should the public purse not make any gain on that public investment? The Edinburgh-based E-Rail group has estimated that it would be possible to raise the £25 million that is needed to restore the old south suburban railway purely from the rising value of rents on adjoining land. Moreover, New Edinburgh Ltd recently announced that it would contribute £1.5 million to the new Edinburgh Park station, in recognition that such a development would increase rents and land values.

People misunderstand land value taxation in that respect. They fail to understand that, just because it taps into increased rents, that does not mean that someone will be punished if they happen to own land that is next to a development. They would be making a contribution because they had gained from increased rent or increased land value. The system also encourages better use of land by encouraging people to use brownfield sites rather than greenfield sites, although that gives rise to some practical difficulties.

As has been highlighted in the debate, we are not clear whether Robin Harper is talking about local or national use of land value taxation and whether he thinks that it should be used for domestic or non-domestic purposes. Those important issues must be resolved.

Even if the proposed tax were to replace non-domestic rates as a local taxation and its introduction were revenue neutral, there would still be practical difficulties. There would be losers and gainers as there inevitably are in any change of system. That could cause difficulties in competitiveness for firms that happen to be in areas with high land values, such as Edinburgh, rather than in parts of Fife, for example, where land values are lower.

The system might operate well in industrial and commercial central Scotland, but it might not work as well in rural Scotland, as Maureen Macmillan said. That is the position taken by the Scottish Liberal Democrats—although we recognise the value of LVT, we are concerned that it would not work in parts of Scotland, particularly in rural areas.

I find the Conservative amendment bizarre in its language. I am surprised that David Davidson is so keen on taxation according to the ability to pay—if that is the case, he should support the Liberal Democrats' local income tax, which is also based on ability to pay. However, the Conservative party introduces taxes regardless of

ability to pay. Council tax is not about ability to pay and business rates are not about ability to pay. Similarly, the poll tax was not about ability to pay, nor was doubling VAT, which the Conservatives did while they were in office. They also increased prescription charges, eye and dental check-up charges and student loans, all of which have nothing to do with ability to pay. The Tories want to abolish taxes and introduce charges for everything. They are against public services and they are against local control of public services. Given that the Conservatives centralised local taxes in the unified business rate, it is absolutely absurd for them to suggest that they are in favour of more local control of taxation.

10:43

Brian Adam (North-East Scotland) (SNP): I thank Robin Harper for giving us the opportunity to have a debate on a different form of taxation. From the broad nature of the motion, I assume that he is happy for us to debate the general issues. For that reason, the SNP will support Mr Harper at decision time.

I say to Margo MacDonald that Alasdair Morgan did not suggest that all was well with the current taxation system. In fact, he offered a number of solutions to stimulate business and the economy in Scotland, which would naturally drive up the income stream to the Government and bring about greater social justice.

Margo MacDonald: The member should concede that Alasdair Morgan did not say how he would redistribute wealth via the taxation system from those who have too much to those who do not have enough.

Brian Adam: This is not the time for a debate on how redistribution should be achieved. However, as Margo MacDonald knows well, the SNP's unchanged position is that it favours a reduction in indirect taxes, which are regressive, and a move towards a more progressive taxation system.

I was most interested to hear the Liberal Democrats' attack on the Tories. That attack was sound, as the Tories favour taxation across the board and not at all related to people's ability to pay. Of course, the Liberal Democrats, with the Labour party, introduced a new tax in this session of Parliament. It was called a graduate endowment, but in reality it is a tax and it is certainly of doubtful beneficial value.

Iain Smith: Would Brian Adam say to those students who are now getting £2,000 a year as a maintenance grant that the £2,000 graduate endowment at the end is not beneficial to them? They get £8,000 over four years and have to pay £2,000 back. Is that not beneficial?

Brian Adam: That affects a small number of students and is in direct contravention of the Liberal Democrats' policy prior to the election, which was to scrap the tax rather than introduce it by the back door and give it a fancy name. "Endowment" is a total misnomer. In terms of the misuse of language, it is almost as good as some of the phrases in the Labour lexicon of lies. It suggests that, somehow or other, the opportunity to pay a further £2,000 in taxes is a gift from the Government, when students had been promised before the election that they would not have to pay any at all.

Let us move back to the subject of this morning's debate. People have rightly raised concerns about the proposals. There are no details and there are genuine concerns about whether what is, in effect, a tax on capital will stimulate economic growth. The example of the Jubilee line was given and the idea was suggested that people could be taxed on speculative gains when they have made no direct contribution. There may be some value in considering that, but Alasdair Morgan's example of the Borders railway was a good one. We do not want to punish those folk who might benefit from improvements in transport infrastructure and who might generate new business activity because they believe that those improvements will be made. That would put a brake on something that we want to happen. We welcome the debate and will support Robin Harper at 5 o'clock.

10:47

Peter Peacock: I have found the debate enjoyable, interesting and useful, which I cannot always say about finance debates in the Parliament. However, very few of the questions that I posed at the beginning of the debate have been answered by anything that has been said. In fact, the number of questions has risen considerably, particularly given the speeches made by Maureen Macmillan and Alasdair Morgan. I hope that Robin Harper will not attempt to answer all those questions—if he did, we would have to extend the debate by a considerable margin. However, those questions are a measure of the challenge for Robin Harper and those who advocate a land value tax. Much firmer propositions must be made before such a tax can be considered at any point in the future.

Donald Gorrie and Margo MacDonald suggested that we could experiment with a land value tax in parts of Scotland. That would be a rash idea and we could not support it. One of the theories that lies behind the tax is that it is not really a local tax, but must apply across an entire economy. To isolate certain geographical pockets would be damaging and would not give results that showed how the tax would work in a bigger locus.

Donald Gorrie also suggested that we could conduct such an exercise to find out who was better off and who was worse off. If someone is part of an experiment and ends up worse off as a result when other people are not being experimented on, that can be extremely damaging for society. We had that situation with the poll tax under the Tories, when Scotland was the bed of experimentation. I would counsel strongly against such an approach.

Donald Gorrie: I obviously failed to make clear what I was suggesting. I was proposing that there should be a trial on paper and that ministers should then decide whether the scheme would go ahead. They could analyse the pluses and the minuses of how the system might work and the alleged failures of the tax could be addressed before pilot schemes were embarked on. I am not suggesting that we go from here into actual pilot schemes in which people would pay money.

Peter Peacock: I am grateful to Donald Gorrie for clarifying that, as that was not my impression of what he said. That now stands on the record.

As someone who, in a previous life as finance convener of a big regional council, was responsible for having to implement the poll tax under the Tories and then dismantle it just a few years later, I recognise the point that Sarah Boyack made. Disrupting the administration of any kind of taxation system also disrupts cash flows. Moreover, a new system changes where the burden falls on society. Huge consequences flow from any fundamental tax change and none of them is trivial. Before we enter into any fundamental tax reform, we would have to be absolutely satisfied of the consequences.

That is to say nothing of the sheer costs involved. The cost of initiating the tax that Robin Harper proposes would be considerable. We know from experience with the rating system that the cost of the annual revaluation would also be very big. The system would be bureaucratically cumbersome and bring about huge uncertainties with regard to the yield.

It is a rich irony that the Scottish Green Party is proposing the introduction of a tax on or increased rents for organic farmers. On the one hand, Robin Harper is promoting their interests through his Organic Farming Targets (Scotland) Bill, yet on the other hand his is the first party to seek to tax them under his optimal use of land proposals. It is also a rich irony that the Scottish Green Party is proposing a tax, for the first time, on our sites of special scientific interest, our Ramsar sites, our special areas of conservation and our nature reserves.

Is not it ironic that the Scottish Green Party is seeking to impose new taxes on the conservation

organisations, which are among the new land-owning classes in Scotland? The party would impose taxes on such notable bodies as the John Muir Trust, the Scottish Wildlife Trust, the Woodland Trust and RSPB Scotland, among others. Only a week after the Parliament passed the Land Reform (Scotland) Bill, which Maureen Macmillan alluded to, the Scottish Green Party is proposing to tax the very land that we have liberated crofters and communities to buy. I find that all deeply ironic.

As I have said, before Parliament takes the issue of land value taxation any further forward, the nature of the proposition needs to be much clearer. We need to hear the answers to the many complex questions that have been put today on taxation in the form that Robin Harper has proposed. In the spirit of giving Robin Harper more time to conclude than he might otherwise have had, I will be happy to conclude on that point.

The Deputy Presiding Officer (Mr George Reid): Thank you. That is helpful. We are a little behind time, because of late arrivals to the debate.

Robin Harper *rose*—

The Deputy Presiding Officer: We are not quite at you yet, I am afraid, Mr Harper, because David Davidson has a couple of minutes to wind up for the Tories.

10:52

Mr Davidson: The reason why I used the word “punitive” has just been highlighted again by Peter Peacock. If the tax were introduced, rural Scotland would virtually close down, unless there were massive exemptions, which would detract completely from the principle that Robin Harper set out. I said earlier that I felt that Robin Harper had not brought the issue to the point of refinement at which it was worthy of debate. I did not say that we should never debate changes in taxation, but I believe that any such changes have to be thoroughly worked out before we contemplate implementing them. Peter Peacock reminded me that the transition costs of moving from one tax system to another are enormous.

I was a little amused by Donald Gorrie’s proposal that the people in the Borders—in whom I thought the Liberals had an interest—will have to pay extra for any benefit that they get out of the new railway line. He will obviously have to face the consequences of that at the ballot box.

I was also a little amused by the rest of the Liberal contribution. I am not sure whether parliamentary vocabulary allows the word “drivel” to be used, but that is exactly what Liberal members’ speeches sounded like. The poll tax and Eric Forth were mentioned. Eric Forth is not

seeking to come to the Scottish Parliament, members may be relieved to hear. In any event, we introduced the council tax in 1993. It has lots of fair aspects, but one of its worst aspects is the failure of councils to collect the money.

Mr Rumbles: Name them.

Mr Davidson: There are also lots of exemptions. No doubt Mr Rumbles knows that.

Brian Adam: Will the member give way?

Mr Davidson: I am sorry, but I do not think that I have time.

I stand by my amendment. Although the tax may have merit in classical and academic terms, it does not seem worthy of discussion at this time. If anything, it would be a punitive tax on people who do not have the ability to pay. For example, if there is no income stream in farming, how on earth would farmers pay such a huge tax? I mentioned the widow in the small house with a large garden and Maureen Macmillan mentioned Aikwood Tower. I stand by my amendment and seek support for it.

The Deputy Presiding Officer: It is your turn now, Mr Harper.

10:54

Robin Harper: I have in my hand a paper by James Howard Kunstler called “A Mercifully Brief Chapter on a Frightening, Tedious But Important Subject”—land value taxation. I hope that I have not frightened the lieges too much by calling the debate, which I have not found tedious. I hope that I have persuaded members that land value taxation is worthy of further discussion.

I cannot give Colbert’s words in the original French, because I forgot to look them up, but he said that the art of taxation is the art of plucking the live goose without being bitten. All sorts of worries have been expressed about how land value tax would bite. The case of the poor little old lady who is left alone in the big family house has been described twice. Two main options are available for dealing with that situation. Society or a local authority that made up its mind how to introduce land value taxation could take the democratic decision that land occupiers in such circumstances could be exempt. Of course, that approach would be problematic.

The other option is the correct one. A scheme could be available under which the annual tax that was due was amortised by the local authority and collected on the disposal of the property or estate. That would ensure that rightful payment was made eventually for the property benefits that were directly received because of increasing community-created land values, without

inconveniencing the owner or visiting injustice on her heirs. If the land value tax were not collected on that property, the remainder of the community would have to pay for the land value increases that the woman and her heirs enjoyed. Would that be fair?

My friend, colleague and adversary this morning, David Davidson, called me a socialist, which I am not. The socialist is Tommy Sheridan. I am a Green. I make that distinction clear.

Mr Davidson: Is Robin Harper a green socialist?

Robin Harper: Some people describe themselves as green socialists.

Peter Peacock said that annual revaluations would be horrendously expensive. They would not be. They would be considerably cheaper and easier than revaluations under the present system and they could be undertaken annually.

I thank Maureen Macmillan for all her questions and I thank members for all the questions that they asked. I shall study the debate in the next months—I might have to leave that until after the election—and I hope to return to the chamber to answer as many of the questions as I can. Maureen Macmillan compared a big shed with a block of flats. If having a long shed in the middle of the community were in that community's interest, that piece of land would be site-value rated.

One theory of land value taxation is that the community should define the taxation level. The fear has been expressed that the introduction of LVT would mean taxes on organic farms and sites of special scientific interest. That is not how LVT works. We could say that land for organic farming would attract even less tax than land for conventional farming would. That is how LVT can be used to encourage positive land uses.

Peter Peacock: Does the member appreciate that LVT would mean taxation for the first time on organic farms and sites of special scientific interest, notwithstanding the rating?

Robin Harper: I contend that they would be zero rated.

Brian Adam: How would agricultural interests pay the tax? Would the member expect any agricultural activity to attract tax?

Robin Harper: At the moment, the answer is no. It would be rather bizarre for the subsidy that is handed out to agriculture at present to be drawn back into the coffers through land value taxation.

Land value taxation is used in countries around the world, including South Korea, Denmark, Ukraine, Estonia, Hong Kong, Finland, Canada, the United States of America—including Alaska—and Jamaica. If all those countries are using

various kinds of land value taxation in various cities and in various ways, surely the system is worthy of the Scottish Parliament's consideration.

There must be a benefit to Scotland of our considering some level and some kind of land value taxation. We have the powers to address the matter and we should take the opportunity to do so. The purpose behind my motion is to ask the Parliament to continue to discuss land value taxation.

The Deputy Presiding Officer: Thank you. We are almost on time again.

Council Tax (Abolition)

The Deputy Presiding Officer (Mr George Reid): The next item of business is a debate on motion S1M-3809, in the name of Tommy Sheridan, on the abolition of council tax, and one amendment to the motion.

11:01

Tommy Sheridan (Glasgow) (SSP): Scotland is riddled with poverty. Obscene inequality of wealth and power still stalk every corner of our small nation. Despite a fantastic array of wealth and resources, far too many citizens still struggle to make ends meet.

Well over 200,000 pensioners are officially poor in Scotland. More than 330,000 children are officially poor in Scotland. We have a child poverty level that shames us in the European Union because it is the highest in the union. We have a vast army of workers who under Thatcher and Major were the unemployed poor but who under Blair and Jim and Jack are the employed poor.

In this country, 750,000 workers earn less than £10,000 per year. They are the hard workers who clean our hospitals, look after our elderly and clean our streets. Because of the prevalence of low pay in our country, those hard-working men and women live in poverty despite the fact that they have jobs.

Some members may know that 52.5 per cent of Scots earn less than £20,000 a year and that 72 per cent of Scots earn less than £25,000 a year. To highlight how completely unrepresentative MSPs are in income terms when compared with ordinary Scottish citizens, members should also know that 96 per cent of Scots earn less than £48,000 a year. We are in the top 4 per cent income bracket in Scotland.

Those points are important in the argument that I am making for change in the council tax. When members bear it in mind that those who benefit most from the council tax are those who are wealthy and well paid, that may explain the opposition in the chamber to changes to the council tax system.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): My question is a simple one. Is the Scottish service tax designed to pay for council services or is it simply to tax people who earn more than £25,000? Is it a fraud?

Tommy Sheridan: I might have expected a bit more from Mike Rumbles, but perhaps not.

Mr Rumbles: Answer the question.

Tommy Sheridan: Mike Rumbles knows the answer to his question—

Mr Rumbles: Answer it.

Tommy Sheridan: It is twofold. If Mike Rumbles stops shouting from a sedentary position, I will answer the question.

First, the Scottish service tax will raise more money for local government jobs and services than the council tax currently raises. Secondly, it will raise that money in a fairer way, so that those who pay most are those who are able to pay most.

Mr Rumbles: Is it for services?

The Deputy Presiding Officer: Order.

Tommy Sheridan: I have answered Mike Rumbles's question. The service tax will be for local government jobs and services.

The single most disappointing aspect of the Parliament over the past four years has been its failure to tackle poverty and the inequality of wealth. We need an independent socialist Scotland to effect a real, far-reaching reversal of the obscene inequality of wealth and power that haunts our country. However, here and now we have to make do with the limited powers that we have—the constitutional straitjacket within which we work. What we have power over is the form of local taxes that we can raise to pay for local government jobs and services.

My central argument today is that the council tax is an acutely unfair form of local tax because it pampers the well paid—such as MSPs—and the millionaires while it pummels the pensioners and the low paid. It takes a higher proportion from their incomes than from those of the wealthy and the millionaires. That is why replacing the council tax with a tax that is based on personal income will not only raise more money for local government jobs and services than the council tax currently raises, but raise it in a fairer way. It will also have an in-built protection for the poorest in our society.

Under our proposed system, we will employ the Inland Revenue as a collecting agent for our tax. It will, therefore, be some £130 million cheaper to raise the Scottish service tax than it currently is to raise council tax, given the mechanisms and codings that the Inland Revenue already has in place. Anyone with an income of less than £10,000 a year will automatically be exempt, including 82 per cent of single pensioners, many of whom struggle to make ends meet because of high council tax bills. They will be exempt and will have £20 to £30 a week extra in their pockets. The vast army of low-paid workers who struggle to make ends meet despite working hard in hospitals and schools throughout our country will have more money in their pockets. That is what tackling poverty is all about. The Scottish service tax takes all the rhetoric about tackling poverty and turns it into action.

Of course, in any system—as has been said before—there are winners and losers. Under the Scottish service tax system, 77 per cent of Scottish households will be winners: 77 per cent will pay less in service tax than they pay currently in council tax. Some 7 per cent of households will pay neither more nor less, and 16 per cent will pay more. Every one of us MSPs will pay more. We will pay more because we can afford to pay more. That is what redistribution of wealth is all about.

That is why the Scottish service tax will be at the forefront of the Scottish Socialist Party's election campaign. It is time to place redistribution of wealth and anti-poverty policies at the forefront of the Parliament. It is time to effect a wealth transfusion in Scotland, from those with plenty to those with little. That is what the Scottish service tax would effect, and that is within the power of the Scottish Parliament. The tax will raise more money and it will raise it in a fairer way. That is why I recommend that the Parliament support the Scottish service tax as a system that will improve the livelihoods of the pensioners and the army of low-paid workers in this country.

I move,

That the Parliament believes that the council tax is a fundamentally unfair and regressive tax; believes in social justice and the redistribution of wealth from the rich to the poor; therefore agrees to abolish the council tax and replace it with the Scottish Service Tax which is based on an individual's income and is inherently fairer, more efficient and redistributive; notes that this tax would raise more revenue than the council tax and that it would remove the burden of paying for local government jobs and services from the shoulders of low-paid workers and pensioners and place it firmly on the shoulders of the well-paid and the wealthy, and believes that the introduction of this tax should be complemented by the return of the right for local authorities to raise and retain their business rates and a thorough investigation of land value and speculation taxes to supplement local authority revenue.

11:10

The Deputy Minister for Finance and Public Services (Peter Peacock): I recall having a strong sense of déjà vu at last year's debate on a similar motion. Today is, I understand, the fourth time that Tommy Sheridan has introduced a debate on the abolition of the council tax. Sitting next to Robin Harper has clearly had benefits for Tommy Sheridan in that he has signed up to recycling and getting best value from old parliamentary motions.

In terms of the substance of the arguments, comparatively little has changed since this issue was debated last year. However, one thing that has changed is that the Local Government Committee published the report on its inquiry into local government finance. That major inquiry took over a year and took a huge amount of evidence from people all over Scotland and further afield.

The Local Government Committee concluded that council tax was a sound system of taxation, but its conclusion on a Scottish service tax was less favourable. The committee said:

"having examined in detail the proposals for a Scottish Service Tax, the Committee sees no merit in this option. The proposal as outlined ... in written evidence to the Committee would replace Scotland's only local tax with a new, national tax; leave councils in Scotland wholly dependent on central government for their funding; and would, in the Committee's view, destroy local accountability for councils' spending decisions."

That is a damning indictment of Tommy Sheridan's proposal. I whole-heartedly agree with what the committee said.

As I set out in last year's debate, a Scottish service tax is not a local tax. People would pay all their current central Government taxes to the Exchequer and their Scottish service taxes to the Scottish Executive. In one fell swoop, Tommy Sheridan would remove a vital element of accountability between councils and their electorate, and destroy the principle that people who live in an area should contribute towards the costs of local services.

Tommy Sheridan: Could the minister square something up for me? If a Scottish service tax would destroy accountability, what does that make the Scottish Parliament? We do not raise our money either. We get it in a block grant.

Peter Peacock: I think that we all feel accountable as we run towards an election.

In addition, a Scottish service tax would undermine the financial stability that we have provided councils with, through the Parliament. We have provided a property-based council tax with stable and predictable levels of income. With the three-year grant allocations to local authorities, we can give the local electorate certainty over a three-year time horizon of the council tax levels that they will pay. The councils can plan their budgets and service improvements over longer time scales. However, with an income-based tax, such a high level of predictability and certainty would be lost.

Mr Sheridan said that the council tax is unfair to those on the lowest incomes and that it is not progressive. Most societies recognise that there is a broad correlation between property values and wealth and ability to pay. However, we recognise that that is not a precise science. That is why there is a discount system for single home occupiers, for example. It is also why those with less ability to pay get help with their council tax—around a quarter of households receive full or partial council tax benefit. The combination of property value and the benefits system makes the council tax system fair.

As I also pointed out last year, a Scottish service tax would put at risk around £300-million worth of council tax benefit that people in Scotland receive each year to help them to meet their council tax commitments. We would lose our ability to obtain that support. That money is targeted at the poorest in our society, who are most in need, but the money would be lost to Scotland under Mr Sheridan's proposals.

Mr Sheridan also asks for the income from business rates to be retained locally. Such a system used to exist in Scotland. In fact, the Tories abolished it during their time in office. I experienced that system, as did many other members in the chamber, as a councillor. However, all local government grant is distributed on the basis of relative need. That is a good socialist principle, which I would have thought Tommy Sheridan might have supported rather than rejected. His system proposes that councils that are the wealthiest based on business income alone should keep that income. However, he does not tell people about the other side of that equation, which is that under a needs-based system, which any reasonable Parliament would have to approve, whatever was gained by keeping business rates would be lost in redistributed grant. That is the fact of the matter, if one believes in the redistribution of wealth across the whole of our country.

Tommy Sheridan: Nonsense.

Peter Peacock: Tommy Sheridan clearly opposes that. The local impact of his proposal would therefore be entirely neutral.

As we know, the council tax supports vital public services. Tommy Sheridan's proposals do not provide a credible or sensible alternative. They would cost Scotland vital income—around £300 million—which would be lost to the poorest in our society. The proposals would also diminish the accountability and the role of local councils. They would break the link between local electors and the taxes that they pay for local services and would diminish local democracy.

The Parliament, through its Local Government Committee, has considered the issue and rejected it comprehensively.

I move amendment S1M-3809.1, to leave out from first "believes" to end and insert:

"notes that the Local Government Committee, in its 6th Report 2002, *Report on Inquiry into Local Government Finance*, published in March last year, saw no merit in the Scottish service tax as outlined in evidence to it."

11:15

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): This is groundhog day for January, as the minister indicated, and I will be

brief, as I believe that the next debate is more important.

The council tax system certainly contains a significant element of unfairness. In the most recent debate on this subject, last January, Keith Harding said:

"The council tax may not be perfect, but it is fair"—
[*Official Report*, 24 January 2002; c 5687.]

I would have to disagree with him. It might be less unfair than the poll tax, but it is still unfair. It bears no direct relation to the ability to pay. Property possession can be based on all sorts of historic reasons rather than current reasons and, in the same way as we recognised that we had to reduce the need for people to sell their house in order to pay for their personal care, we do not want them to be in a similar position in relation to their council tax.

However, we need to examine the feasibility of the replacement of the council tax with a local income tax. There might be problems with the introduction of that system too because, as we heard in the previous debate, it is easy to come up with a good idea, but it is often less easy to put it into practice.

The Scottish service tax has significant problems, which have been rehearsed in the chamber before. It does not have a local link, as the Local Government Committee pointed out. The distribution mechanism is unclear. I suspect that it would be complicated to administer—as we discussed in the previous debate, simple ideas can easily become complex. Further, the proposal is part of a package of tax-increasing measures, as it is all about putting tax rates up.

The motion says that the system would "raise more revenue" and talks about local authorities being able to

"raise and retain their business rates".

One wonders, in that context, whether "raise" is used in the sense of levying or in the sense of increasing. The motion also says:

"the introduction of this tax should be complemented by ... a thorough investigation of land value and speculation taxes".

If we were to adopt the proposals, therefore, Scotland would be in danger of being perceived as being a high-tax environment. That would not be good for the Scottish economy and, more important, especially given the name of the tax, it would not be good for the Scottish public services that we are trying to enhance.

Clearly, there is an argument for redistribution in the tax system, at a local and a national level. There has been a movement from direct to indirect taxes over the past few years. We need to shift a

proportion of the total tax take back from indirect to direct taxation. However, we will do that not by simply putting tax rates up but by growing the economy. Tommy Sheridan's proposal would not grow the economy; it would simply try to take more out of the existing cake, which would not get larger—indeed, because of the disincentivising of wealth creation, it might get smaller.

11:18

Mr David Davidson (North-East Scotland) (Con): No matter what way Mr Sheridan wraps up his proposal, it would simply lead to an increase in central taxation and a reduction in local democracy and accountability. The Local Government Committee and other speakers have already said that.

The proposal represents a huge risk to an economy that has already been hit—

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): By the Tories.

Mr Davidson: By 53 new taxes since Labour came to power, I inform Mr Fitzpatrick. We really ought to be considering ways of growing the economy and giving people opportunities to share in wealth creation. Without wealth creation, we are in deep trouble. The growth of our economy is slipping behind that of the rest of the UK. If we want to attract investment and highly trained people—which is important because of the developing skills gap and the length of time that it will take to train people internally—we should not slap huge amounts on to income tax, because that is what those highly skilled people will see, not where that money would end up.

I am not convinced by anything that Mr Sheridan has said about the ways in which his proposal would benefit local services. I do not think that he answered Mr Rumbles's question, but perhaps that was because Mr Rumbles did not give him an opportunity to speak clearly. However, in real terms, the proposal would result only in the central pot getting more money. We would be back to a system of block grants to councils from the central pot, and yet all the councils in Scotland, regardless of their political persuasions, are complaining—

Tommy Sheridan: Does Mr Davidson agree that, if the central pot gets more money, there might just be a chance that local councils could also get more money?

Mr Davidson: We still have the issue of what the councils do with that money when they get it. How do we control the councillors? Where are they accountable? Are local people saying what they want, and are the councillors prepared to prioritise locally? That is what local decision making is about.

Once the Conservatives are back in power, we will work with councillors to reduce the rate of increase in council tax. In Aberdeenshire, where the Liberal Democrats have been in power for a while, we have seen an increase of twice the rate of inflation in the past year, and services have still not been delivered.

There is a radical argument to be had on local government. From a taxation point of view, I cannot see how the Scottish service tax would have any benefit for local services. To talk about public services in general is one thing. Some of those services, such as the health service, are run through the centre, partly through grant.

Mr Sheridan is not going to do anything to cause young people to stay in Scotland, work here and try to make progress. The Conservatives will most certainly not support his tax.

11:21

Robert Brown (Glasgow) (LD): Tommy Sheridan's motion has the unique distinction of starting with a premise that is substantially correct—that the council tax is regressive, penalises the poor and favours the better-off—and ending up with a remedy that is flawed, economically illiterate and totally destructive of local democracy.

The council tax is least satisfactory on the most important point—ability to pay. Its banding system is unsatisfactory, and council tax benefit goes to more people than any other benefit while still managing to miss too many. It is substantially regressive.

That is why Liberal Democrats argue for a local income tax, which is a tax according to ability to pay, is now—although it was not always—administratively easy to collect, and does not tax the poor.

Tommy Sheridan rose—

Robert Brown: In this debate, I have no time for interruptions.

It appears that Tommy Sheridan is against the local income tax and has invented his own. It has a splendid name—I will give him that—but the reality is that the Scottish service tax is a con. If it were ever introduced, it would be a disaster.

Tommy Sheridan is into bureaucracy. His tax would require an entirely new system that is different from council tax and income tax. It could not simply be collected under the pay-as-you-earn system. It would require an army of civil servants to administer the tax and would cause a number of anomalies in its wake.

As has been said, the Scottish service tax would be a national tax that would at a stroke wipe out

local democracy and accountability. That is another characteristic of so-called democratic socialists throughout the years.

The tax would also have perverse and disastrous economic effects. Its ethos of soaking the rich would fail, because anyone with any money and mobility would flee the country instantly, taking their wealth, their companies and their jobs with them. No one in their right mind would stay in Scotland if they had even a little wealth to pay Tommy's tax at rates of up to 125 times the level that others would pay.

The Scottish service tax fails almost all the classic tests of a good tax. It is like the poster of Lord Kitchener during the first world war: it is a great slogan but it has no substance. Tommy's tax is only possible in a totalitarian command economy. It is like the defunct regimes of eastern Europe. It has no place in modern Scotland, and I urge the Parliament to reject it outright.

11:24

Trish Godman (West Renfrewshire) (Lab):

The thrust of the motion is a proposal to abolish the council tax and replace it with the Scottish service tax, which is based on an individual's income, and to return to local authorities the right to raise and retain their business rates.

As Peter Peacock said, the Local Government Committee reviewed the matter over 18 months. Although we shared some of the questions that Tommy Sheridan poses on the council tax and business rates, we did not and do not share his remedy.

I will discuss the council tax briefly. I believe that the system of council tax needs to be revalued on a regular basis. One of the messages that came out loud and clear during our 18-month inquiry is that people who live in the lowest-value homes but who do not qualify for benefits pay too much council tax, while those living in the highest-value homes pay too little. Clearly, the system needs to be reviewed.

We also need to consider a revaluation of properties, which has not been done since 1991. The Executive did not accept the Local Government Committee's recommendations, but it undertook to carry out further, detailed analysis of the implications of the revaluation throughout Scotland and to explore how best to tackle the matter. I spoke to the minister yesterday, and was informed that it was still being examined.

I believe, as did the Local Government Committee, that business rates should be returned to local control, or that, at the very least, cities such as Glasgow and Edinburgh should not lose out if they collect more in business rates than is

returned to them from the Executive. I was disappointed by the Executive's position but, on behalf of the committee, I continue to raise such issues with the relevant ministers.

There is also the question of the loss of council tax rebate, which is a reserved matter. Evidence submitted to the committee suggested that as much as £300 million could be lost, and I question how that gap would be closed under Tommy Sheridan's proposals.

After examining the Scottish service tax in some detail, the nub of the matter becomes clear. The option of the service tax has no merit, because it would replace Scotland's only local tax with a new, national tax, leaving councils wholly dependent on central Government for their funding. That would destroy local accountability for councils' spending decisions. That is not acceptable. Although I have some sympathy with it, the motion does not provide the remedy.

The Deputy Presiding Officer: We now move to winding-up speeches, starting with Mr Brown for the Liberal Democrats.

11:27

Robert Brown: I was not aware that I had a comeback, Presiding Officer. In that case, I might take an intervention.

I do not think that there is much more that I want to say on the subject, but—

Tommy Sheridan: Will Robert Brown accept an intervention now, in that case?

Robert Brown: Yes, I will.

Tommy Sheridan: Could Robert Brown tell the Parliament what someone on £20,000 a year would pay under the local income tax that the Liberal Democrats have worked out?

Robert Brown: As with all such things, that would depend on the rate at which it was introduced. That is the bottom line. We are not arguing for a local income tax as such in this debate; I am simply saying that that is the obvious alternative if we are looking for a tax based on ability to pay that can be set at an appropriate rate.

There are issues to do with the balance between central Government taxation and local government taxation, which most of us feel has shifted too far towards taking away power from local government and placing it in the hands of central Government.

Tommy Sheridan mentioned the taxation powers of the Parliament. In the longer term, it would be more satisfactory if the Parliament had a dedicated tax of its own, which would increase the Parliament's accountability. However, that is a

debate for the future, as we see how the federal arrangements of the United Kingdom work out over time.

As I indicated in my previous speech, I remain of the view that the Scottish service tax would do nothing for the poor. It is a con on the poor—*[Interruption.]*—and it would not achieve anything in practice. Tommy Sheridan may laugh if he wishes, but this is too serious a matter to laugh about. It is about how we raise money for properly funding services on which so many people rely. Frankly, it is not satisfactory to come up with ducks-and-drakes ideas that play merry hell with the potential of local government to run itself. I urge the Parliament to have no truck with the Scottish service tax.

11:28

Bill Aitken (Glasgow) (Con): One does not have to risk being bitten by a goose, to refer to Robin Harper's rather charming analogy, to realise that it is not easy to devise a local government taxation system that will be universally popular, or indeed acceptable. History is littered with failed attempts. What the Scottish Socialists fail to recognise is that, at the moment, well over 80 per cent of local government expenditure is funded by general taxation, of which income tax, which is obviously directly related to earnings and income, is the principal component.

As has been pointed out in the chamber before, one of the effects of the Executive's policies has been to reduce local autonomy. What Tommy Sheridan has put forward today would reduce local autonomy even further, because councils would be reliant on a centrally allocated funding approach, which would inevitably be a matter for conflict.

The present system may be imperfect, but it is based to some extent on the ability to pay. Peter Peacock was right to say that personal income is usually related to the value of the property that the person owns, which determines the amount of taxation that is paid. There is a safety net not only for single people, but for other people who fall into various categories. That aspect of the issue is dealt with adequately.

The proposed service tax is simply unworkable. It would be expensive to collect and would involve a significant reduction in the housing benefit that is paid to the poorest people. By advancing this proposition, Tommy Sheridan will fail to achieve what he seeks. He is advancing outdated, Trotskyite thinking that is impracticable and unworkable. I am afraid that Tommy's Trot tax is not a goer.

11:31

Alasdair Morgan: Although we oppose the motion, I must contradict Trish Godman's statement that the loss of the council tax rebate, which is a reserved matter, is an argument against introducing a Scottish service tax. It is not an argument against introducing a Scottish service tax, but an argument against the current constitutional arrangements. Those arrangements are not simply putting a spoke in the wheel of a Scottish service tax, but are upsetting many other things that the Parliament might like to do—most notably, as we heard this week, Malcolm Chisholm's efforts to pay compensation to people suffering from haemophilia who acquired hepatitis C from faulty blood products. The first step towards getting a taxation system that will help the Scottish economy to grow and will improve Scottish public services is for us to get control of the complete fiscal system in Scotland.

11:31

Peter Peacock: As I indicated earlier, Tommy Sheridan's proposals are neither realistic nor credible. I do not believe that they are deliverable, notwithstanding the constitutional arrangements that exist in Scotland. As Robert Brown and others indicated, the proposals would undermine the principle of local accountability and local democracy, by breaking the crucial link between local electors, councils and services.

The service tax would mean potentially significant increases in bills not just for the mega-rich to whom Tommy Sheridan refers, but for people on average incomes. Robert Brown hinted at that. The estimated Scottish service tax yield is based on the wholly unrealistic assumption that there would be a 100 per cent collection rate. No taxation system anywhere in the world, at any point in history, has had a 100 per cent collection rate. The whole proposition is flawed.

As Tommy Sheridan indicated, people with an annual income of less than £10,000 would be exempt from paying the Scottish service tax. However, people on average or even below-average earnings could be worse off. A couple, both of whom were on around average earnings, might have to pay more than £1,300 in Scottish service tax—a sum well in excess of band E council tax payments. Such families might have to pay £600 more than they pay at present. As Robert Brown said, no one should be conned about what these proposals mean for people on average earnings.

The current taxation system has the great virtue of being well understood and comparatively simple to administer and collect. It produces predictable tax yields and, together with the associated benefits system, is capable of supporting those

who are least able to pay—the people whom Tommy Sheridan purports to represent. For those reasons, when the Local Government Committee examined in detail proposals for a Scottish service tax it saw no merit in those. Today the Parliament should reach the same conclusion.

11:33

Tommy Sheridan: Today's debate has been the same as the previous debate on this issue, and the same arguments have been made against a Scottish service tax. I am glad that I highlighted the fact that the chamber represents 4 per cent of earners in Scotland, rather than the 96 per cent of earners who earn less than members of the Parliament, as the motion has received the response that I expected. Why would any member want to vote for a system that would tax them more? Such a system would be fairer, more efficient and more transparent than the current one, but under it members would pay more.

It is incredible that statements—[*Interruption.*] Mr Fitzpatrick appears to have lost the crèche. Would he like to say something?

Brian Fitzpatrick : I am interested in what Mr Sheridan is saying about the ability of other members of the Parliament to contribute to taxation. Would he care to inform us of the position in respect of his earnings?

Tommy Sheridan: That is great. I am glad that Mr Fitzpatrick asked a question instead of just mumbling all day. I would pay £1,500 a year more under our system than I currently pay. Mr Fitzpatrick would probably pay roughly the same, or perhaps a wee bit more than that. That is probably why he is opposed to it. I say to those who say that it will not help the poor that that is incredible. It will exempt anyone on an income of less than £10,000 a year, which means that 725,000 people in Scotland will save in the region of £20 to £25 a week—yet members say that it will not help the poor. Perhaps the reason why they do not know how to help the poor is that they do not recognise policies that help the poor—perhaps that is the problem.

People talk about high rates of taxation that will lead to entrepreneurs fleeing. Mr Davidson talked about a lack of inward investment. He might not know that inward investment in Scotland in the past five years has plummeted by 91 per cent, but not because of high taxes. What is the situation with top-rate taxation? Denmark, a small independent country with a poverty level of less than 5 per cent, has a 63 per cent top rate of taxation for the rich and a rate of 77 per cent for the super rich. Austria has 50 per cent, Belgium 55 per cent, Finland 56 per cent, France 52.75 per cent, Holland 52 per cent and Sweden 56 per

cent. Where are all the entrepreneurs going to go, because they are not going to go to any of those countries, are they? The fact is that we have low taxes on the wealthy and high rates of poverty. All those countries have high taxes on the wealthy and low rates of poverty. That is the position for which we should be striving.

Phil Gallie (South of Scotland) (Con): I thank Mr Sheridan for the courtesy of giving way. Will he tell us what the unemployment levels are in the countries to which he has just referred?

Tommy Sheridan: The unemployment levels in Denmark, Sweden and Finland are all under 5 per cent. That is the point. There are high levels of employment, a high standard of living, high taxation for the wealthy, a much lower level of inequality and, most important of all, a low level of poverty. That is what this small nation should be striving for. Alasdair Morgan says that the policy is all about tax rates going up, but tax rates will go up for only 16 per cent of the population—77 per cent of Scots will pay less under the system that I propose.

Peter Peacock talked about the loss of council tax benefit. It is a disgrace that Westminster would claw it back, but Peter Peacock should know that under the Barnett formula, 8 per cent of the money that was clawed back would be returned immediately to Scotland, amounting to £22 million, based on 2001-02 figures. If we add to that the savings in collection costs and extra money generated, the tax would still raise £160 million a year more for local government jobs and services than the council tax raises currently. I do not know whether those who ask how that will improve services have worked this out yet, but if we have more money to spend on services, we can improve services. That is what the tax is all about.

I am glad that Peter Peacock was not able to answer the point about local accountability. How can we have accountability if people in local authorities do not raise the tax? Peter Peacock is right: we do not raise the tax here in the Scottish Parliament, but we are supposed to be accountable as well. Members should wake up to the reality that after four years the Parliament has done nothing to address the gross and obscene inequality in this country. The Scottish service tax offers a major policy weapon against poverty and for the redistribution of wealth in this country. That is why it will be popular at the Scottish Parliament elections, as it is what the people of Scotland want. They want fair taxation and that means that the wealthy pay more. That means us in here. It is time that we paid more as well.

Anti-war on Iraq Demonstration

The Deputy Presiding Officer (Mr George Reid): The next item of business is a debate on motion S1M-3811, in the name of Tommy Sheridan, on supporting the 15 February anti-war on Iraq demonstration in Glasgow, and two amendments to that motion.

11:39

Tommy Sheridan (Glasgow) (SSP): Two weeks ago in the chamber we discussed the grave international situation. Today the dark clouds of war and savage destruction are closer and more real than ever.

I read a fantastic article in yesterday's edition of *The Mirror* by the internationally acclaimed investigative journalist, John Pilger. His piece was headlined "Bloody Cowards", referring to George Bush and Tony Blair, who want to drag the whole world into a war on Iraq. They have both managed to avoid real war. That accusation is even more damaging for George Bush than it is for Tony Blair, as George Bush's family used their wealth and power to enable him to avoid the draft for Vietnam, so that he would not be in any of the 50,000 body-bags that returned. The present situation is much more damaging than Mr Bush and Mr Blair would have us believe.

Pilger described his experience of reporting from the front line in Vietnam. On reaching a village that had recently been carpet-bombed, he found that the street had turned into a crater. He

"slipped on the severed shank of a buffalo, and fell hard into a ditch filled with pieces of limbs and the intact bodies of children thrown into the air by the blast."

He described how the

"children's skin had folded back, like parchment, revealing veins and burnt flesh that seeped blood, while the eyes, intact, stared straight ahead. A small leg had been so contorted by the blast that the foot seemed to be growing from a shoulder."

The sight made him vomit. He went on to recall how those graphic images did not appear in the news bulletins or in the daily newspapers.

In the article, Pilger referred to an announcement by the Pentagon in Washington, which reveals its intention

"to shatter Iraq 'physically, emotionally and psychologically' by raining down on its people as many as 800 cruise missiles in two days."

This will be more than twice the number of missiles launched during the entire 40 days of the 1991 Gulf War. A military strategist called Harlan Ullman told American television: 'There will not be a safe place in Baghdad. The sheer size of this has never been seen before, never been contemplated before.'

The strategy is called the shock and awe strategy. Mr Ullman described its intent:

"You have this simultaneous effect, rather like the nuclear weapons at Hiroshima, not taking days or weeks but minutes."

Members should remember that Iraq is a predominantly urban country of 26 million citizens.

Two weeks ago, George Reid made an excellent speech in which he urged caution and calm, on the basis of the United Nations' estimates of casualties and after-war effects. Some members will be aware that although it has been leaked, that United Nations report has not been made public, as a result of pressure that has been brought to bear. The report estimates that some 100,000 Iraqi civilians are likely to die and that up to 500,000 of them will be mutilated or injured or will die from after-effects. It is estimated that some 900,000 Iraqis will be forced to move to Iran as refugees and that some 2 million people will be displaced within Iraq.

The sewerage system in Iraq, which has already been ruined by sanctions and the last war, will be completely destroyed, which will lead to disease—especially water-borne diseases such as cholera—and the possible death of 500,000 people, predominantly children. Half of the Iraqi population is under the age of 14.

It is important to bear in mind all that information. In my view, members who think that the so-called evidence that has been presented on the world stage to date justifies unleashing such terror and hell on the people of Iraq are wrong.

War must always be not just a last resort but a very last resort. We are being dragged, far too early, into a war that will have deplorable consequences, simply because the United States of America wants to spread its empire and its control of the world's economic resources—most notably, oil. The United States wants to introduce new international relations that are not based on diplomacy or discussion, but on the principle that might is right.

Each and every member of this Parliament should think about that. I encourage all members to attend the demo on 15 February. Some members are less anti-war than others, but all should remember that, if George Bush gets away with his new pre-emptive strike strategy, the future will be the wild west, where we shoot first and ask questions later. That is what George Bush wants to drag us into.

One country in the middle east has weapons of mass destruction, which it uses to impose its might, and aggressively attacks other countries on its borders. That country is not Iraq, but Israel. People across the world see the hypocrisy of the situation. Israel daily increases the toll of

Palestinian children who are murdered, but instead of Israel being set up for attack it is given more aid and support. We do not need weapons inspectors to find out that Israel has nuclear weapons.

The politicians of the world have failed us, so I appeal to the people of Scotland to take to the streets on 15 February and march with heads held high. Say it loud and clear: "Not in my name." We must not unleash hell on the people of Iraq or murder and maim even more innocent Iraqi men, women and children in the name of George Bush's desire to create a new world empire that is built on military might and on control of the world's oil reserves.

I move,

That the Parliament notes the organisations that support the Scottish Coalition for Justice Not War that include the Scottish Trades Union Congress, Scottish UNISON, Scottish UCATT, Fire Brigades Union, Scottish Campaign for Nuclear Disarmament, the Scottish Quakers, Iona Community, Trident Ploughshares, Faslane Peace Camp, Church and Nation Committee Church of Scotland, Roman Catholic Justice and Peace Commission, Christian Aid, Scottish United Nations Association, Campaign for Palestinian Rights, Scottish Palestinian Solidarity Campaign, Islamic Society of Britain, UK Islamic Mission, Muslim Association of Britain, Glasgow Refugee Action Group, Chhokar Family Campaign, Scottish Green Party, Labour Party Campaign for Socialism, Labour Campaign for Justice Not War, Scottish Socialist Party, Communist Party of Britain, Communist Party of Scotland, Democratic Left Scotland, Globalise Resistance, Socialist Labour Party, Campaign to Welcome Refugees, Scottish Centre for Non-Violence and Finance Workers Broad Left; agrees to support the demonstration on 15 February 2003 in Glasgow called by the Scottish Coalition for Justice Not War against attacking Iraq, and believes that waging world-wide war against poverty and injustice would deliver a more stable, peaceful and just world than a war waged on Iraq with the resultant loss of innocent Iraqi citizens' lives

11:46

The Deputy Minister for Parliamentary Business (Euan Robson): The Executive notes the long list of organisations in Mr Sheridan's motion that support the demonstration in Glasgow on 15 February. It is hard to argue against facts and, for all I know, other bodies may be planning to participate.

I hardly need say that the Executive fully supports the right of individuals and groups to take part in peaceful demonstrations or protest marches. The citizens of this country have a democratic right to peaceful protest and to express their opinions on issues that concern them. We should remember that that is not always the case in other countries. I wonder whether a protest march might take place in Baghdad.

The prospect of war has always provoked a great deal of passion and heated debate, and rightly so. We all deplore the present suffering of

the Iraqi people and, indeed, of any people who live in fear of war, poverty or disease.

I am sure that the Parliament will appreciate that the Executive is not in a position to enter into making foreign policy. The position of the parties in the Parliament was made evident on Thursday 16 January, when we debated the current international situation.

Mr Keith Raffan (Mid Scotland and Fife) (LD):

Does the minister agree that Mr Sheridan made a rather startling omission from his speech by not speaking to the last three lines of his motion, which the minister has now done? Those lines speak about the need for a worldwide fight against poverty, injustice, disease and famine. Mr Sheridan forgot all that in the rant that he delivered.

Euan Robson: Mr Raffan makes a perfectly fair point. I am sure that all of us feel that citizens across the world should not face poverty and disease. Any efforts that are made to alleviate suffering would be supported by the whole Parliament.

Margo MacDonald (Lothians) (Ind): It is absolutely obvious that this Parliament cannot make foreign policy, but does the Executive not feel up to endorsing the stance of the Church of Scotland's church and nation committee and the Roman Catholic Church's justice and peace commission, which will join the march against an unjust war?

Euan Robson: It is not for the Executive to endorse or instruct the people of Scotland. If the people of Scotland, however constituted and in whatever body or form, freely and democratically come together to make a peaceful protest, that is entirely and completely appropriate.

I have nothing more to add to the debate other than to move amendment S1M-3811.2, to leave out from "agrees" to end and insert—

"further notes the demonstration on 15 February 2003 in Glasgow called by the Scottish Coalition for Justice Not War against attacking Iraq, and endorses the right to express opinion in peaceful protest."

11:49

Phil Gallie (South of Scotland) (Con): All politicians in the chamber value our democracy. We acknowledge the right of people to demonstrate, provided that they demonstrate peacefully and within the civil law. I hope that the demonstration that Tommy Sheridan will be part of goes along those lines. It will be interesting to see how many people turn out. The important thing is that that demonstration is peaceful and within the civil law.

On that basis, I accept the first part of Tommy Sheridan's motion. It is reasonable to record in the

annals of the Parliament the fact that those groups and bodies have taken such a stance.

In expressing the concerns that we all share about the impending disaster for the people of Iraq, it is sad to say that the Iraqi leadership does not seem to share those concerns. I regret that there was no reference in Tommy Sheridan's motion to the people in our armed services who will be expected to lay down their lives in any future confrontation.

In examining the list of those groups that support the aims of the march, I recognise a certain consistency of views. In recent decades, many of those groups opposed the United Kingdom taking up arms in the Falklands, Kosovo and even in the Gulf on the last occasion. Indeed, they stood against the UK's defence policy that saw the major nations free from involvement in a third world war after the disaster of the 1939 to 1945 conflict. That policy was responsible for the collapse of the Berlin wall that brought freedom across Europe and reduced tensions within the world.

In the last debate on this subject, Tommy Sheridan said:

"smell the oil"—[*Official Report*, 16 January 2002; c 17035.]

There was no oil involved in the Falklands or in Kosovo, but we still took up arms and we did the right thing in the view of the UK Government and of the people of Kosovo, the Falklands and the United Kingdom.

I emphasise that my colleagues and I hope and pray that our forces will not be involved in military action. Quite honestly, given the scenes that Tommy Sheridan has described using John Pilger's words, none of us can want to see those things happen again. However, occasionally we have to take a stand.

The threat of armed conflict has already worked. The arms inspectors are back in Iraq and I believe that that is because of that threat. I am sad that France and Germany have split the solidarity that seemed to exist on the issue. They need not back armed conflict, but support for the threat at this time is important and could well work to reduce Hussein's resolve and produce a greater level of co-operation with the arms inspectors.

Margo MacDonald: I would be interested to hear Mr Gallie's explanation of what leads him to believe that a tyrannical regime, hated by its own people, would feel pressure to capitulate to the demands of the west simply because there is a threat. If there is a threat, will they not fight to the last man because they know that they do not have the support of their people?

Phil Gallie: What is liable to happen is that those who surround Saddam Hussein—some of

whom might be no better than Hussein in the way that they have administered Iraq over recent years—will try to save their own skins. One way would be to sacrifice Hussein. That is what I hope; it might not work but it is an option that I cling to because I do not want to see the war go ahead.

However, I believe that the arms inspectors must be given more time, although there should be a deadline. The 30 per cent of our armed services that are already committed to a possible campaign are in an alien situation and we cannot leave them there.

There is much more that I would like to say, but I reckon that time has caught up on me. For Saddam Hussein, it is not just a case of the arms inspectors finding nothing; he must demonstrate where his biological weapons, chemical weapons and missiles have gone. He cannot just have lost them—where are they now?

I move amendment S1M-3811.1, to leave out from "agrees" to end.

11:55

Fiona Hyslop (Lothians) (SNP): I hope that I—along with other SNP members—can rely on your forbearance, Presiding Officer, with our requests to speak. We have not lodged an amendment to the motion because we shall support it.

It was with some concern that I read the Executive's amendment, which would remove from the motion the statement of belief, that

"waging world-wide war against poverty and injustice would deliver a more stable, peaceful and just world than a war waged on Iraq".

That means that the Executive will ask the chamber—and its back benchers—to say that they do not agree with such a belief. I hope that other members will think long and hard when it comes to decision time.

Two weeks ago, when the SNP used its time to debate war on Iraq, we raised our deep concerns that the Government was pursuing an inevitable path to war with Iraq. Two weeks on, is it more or less likely that we are on an inevitable path to war? I listened to Tony Blair yesterday in Westminster, and he responded to the question, "Where next?" with, "North Korea". When he is asked where it all ends, he does not have answer; he says that it will go on and on. That is what many people fear—a perpetual war with no end, where we are fighting against states when we are supposed to be fighting against a terrorism that knows no state boundaries.

The SNP has serious concerns. It is clear from Tony Blair's reaction yesterday that he knows he is losing public support. He cannot expect the soldiers of this country to enter a war that does not

have public support. Some 53 per cent of people would support a war only if it had UN backing; only 13 per cent support Tony Blair's position.

Only last night, I was speaking in West Lothian at a meeting on the war. My constituents were desperate to make sure that their voices were heard. They do not see politicians reflecting their voices and concerns about the situation. Their concerns related to the consequences of war. We talked about the children. Half of the population of Baghdad are children. Are we prepared to support, without evidence, a pre-emptive strike and a reign of terror to which Tommy Sheridan referred?

My constituents talked about the need for a war on poverty and injustice. Indeed, a man told me about his two sons, who are 19 and 21 and are on standby with the Royal Air Force. His loyalties were clearly torn between love for his sons and anger about what is being proposed in his name. We must recognise our responsibilities to our children. Last night, women were wondering what sort of example we were setting our children. Instead of endorsing the war, we should be seeking a peaceful resolution. Even Stormin' Norman Schwarzkopf has said in the press that the UN inspectors need more time.

We are in a very worrying situation. As a result, we must recognise that we have a responsibility to speak out, which is why at the march in Glasgow on 15 February the leader of the SNP, John Swinney, will speak in support of the demonstration. That will be a day of destiny for many people, not least for Tony Blair. When he comes to Glasgow, he will hear the many voices of Scotland saying, "We want justice, peace and an end to poverty in our world." They want Tony Blair to think twice before he leads our country of Scotland and our Scottish troops into a war that he says may go on and on and on.

This is our last chance to give a warning. We must use the opportunity on 15 February to ensure that Scotland's voices are heard.

11:59

Scott Barrie (Dunfermline West) (Lab): The Labour and trade union movement has a proud history of protesting against issues that it believes to be unfair, unjust or just downright wrong. Indeed, one of the defining features of a liberal, tolerant and democratic society is that individual citizens enjoy freedom of speech, are able to articulate their views and can participate in demonstrations with the purpose of influencing others. No one can deny that that should be the case, and in a fortnight's time many will assemble in Glasgow to exercise those rights.

Two of the organisations of which I am a member will be supporting the demonstration.

Many people in Scotland feel deeply uneasy about the possibility of war with Iraq. War should be avoided whenever possible, although I am certainly not a pacifist. With the benefit of hindsight, it is clear that, too often in the past, many of our young people have been sacrificed for very little, if any gain.

Like many in the Labour party, I believe that unilateral military action against Iraq by the United States and the United Kingdom is not desirable, although I acknowledge fully that the current position of the national Government is pretty fluid and constantly changing.

The UN inspectors must be given enough time to carry out the terms of the UN resolution and, like many members who took part in the debate two weeks ago, I sincerely hope that that will happen.

It is easy to criticise the Prime Minister and to caricature him—as some have done—as merely following the US President's diktat. However, only today the Democrat minority leader in the US Senate indicated his belief that Tony Blair is and can be a restraining influence on the US President. We should recognise that and the role that Tony Blair has played in this difficult situation.

The final clause in Tommy Sheridan's motion addresses world poverty.

Dorothy-Grace Elder (Glasgow) (Ind): Will the speaker kindly explain where Mr Blair has been a restraining influence on the occupant of the White House? What does the speaker tell the two groups of which he is a member about his attitude to the war? He said that they oppose war.

Scott Barrie: I remind Dorothy-Grace that I was quoting the view of the Democrat minority leader in the United States Senate, who says that he believes that Tony Blair, our Prime Minister, has been and can be a restraining influence on George Bush. It is a difficult and complex situation and we must recognise that not everyone in the chamber—if anyone—knows all the facts.

Ms Sandra White (Glasgow) (SNP): Will the member take an intervention?

Scott Barrie: No, I have already taken one.

I am proud to be a member of the same party as Claire Short, Secretary of State for International Development in Her Majesty's Government. She has done more than anyone else to address the issue at a UK level during the past 30 years.

Claire Short addressed a public meeting in my constituency a few months ago. The knowledge and passion she brought to her subject was enlightening and uplifting. It is not the case that the Labour party or the Labour Government are not interested in and are not addressing this

important issue. Those who wish to will attend the demonstration in Glasgow next week. They have every right to do so and I will support them. However, we must recognise that the issue is not whether people should attend a demonstration, but the fact that they have a legitimate right to make their views known. We should all be sincerely proud of that.

12:03

Mr Keith Raffan (Mid Scotland and Fife) (LD):

The position of the Liberal Democrats on possible war against Iraq is clear: there should be no military action without a United Nations mandate and no British troops should be committed before a debate on a substantive motion in the House of Commons.

Iraq is the current primary focus of American foreign and military policy. The question is whether it should be. Few doubt that the USA's overwhelming military might could remove the Iraqi regime, but that alone will not stall the spread of international terrorism. Indeed, it could achieve the opposite and further destabilise the middle east, further alienate the Muslim world and provoke even more terrorist attacks.

The war against international terrorism is a much more difficult war to conduct. It is against a largely invisible and elusive enemy who can strike anywhere, at any time. That war requires far more skill, patience, international co-operation and, indeed, good luck. That was brought home to me when I was in Kenya as an election observer over Christmas. I visited the devastated site of the bombed Paradise hotel, north of Mombasa, where innocent Israeli and African men, women and children were killed and maimed late last year.

The war against international terror requires a combination of and a delicate balance between diplomacy, intelligence, military action when justified and endorsed by the United Nations, and international aid.

The distinguished American economist, Jeffrey Sachs, said that, in the campaign against international terrorism, we must deploy

"Weapons of Mass Salvation ... in addition to combating Weapons of Mass Destruction".

By "Weapons of Mass Salvation" I mean, and he meant, pharmaceutical drugs and medical treatment, and food and development aid, which could save millions of lives and turn the tide in the battle against epidemics and famine.

I warmly welcome the section of President Bush's state-of-the-union speech in which he spoke about the AIDS pandemic currently sweeping Africa—and which is now emerging on a devastating scale in both India and China. I welcome the increased aid that his Administration

has committed to combating that pandemic. However, although the Bush Administration is prepared to spend \$100 billion on the war against Iraq, it will still contribute less than 2 per cent of the global fund to fight AIDS, tuberculosis and malaria.

At the Johannesburg world summit on sustainable development, which I regret the President did not attend, the Americans committed themselves to a target of 0.7 per cent of gross national product in development assistance to developing countries. At a current 0.1 per cent of GNP, the USA is a long way short of that target—\$60 billion short, to be precise. If the Americans lead the global war against poverty and disease as well as the international war against terrorism, not only will they save millions of lives, but they will also win the hearts and minds of millions more.

12:06

Dorothy-Grace Elder (Glasgow) (Ind):

Phil Gallie talked about people opposing the bombing of Kosovo. Yes, many people did, for what they thought were principled, valid reasons at the time. However, as the wheel has turned, many in the right wing now oppose the refugees who have had to come here. Phil Gallie must make up his mind, because we will have to take in refugees from other Middle Eastern countries as well if the gates of hell are opened.

Phil Gallie: Will Dorothy-Grace Elder give way?

Dorothy-Grace Elder: I have only three minutes, so I am afraid that I cannot allow Phil Gallie to intervene.

I would like to thank Tommy Sheridan for securing this morning's debate and for speaking so valiantly. This is a Parliament that is too often run by business managers, and the voices of the people and what they are saying on the streets must come through. That is what Tommy and other members have expressed today.

Last week in the European Parliament in Brussels, there came one of those chilling moments when an Austrian member, Herbert Bosch, stood up to speak. He was one of the people on the delegation to Glasgow, in which I was involved, over the closure of a cattle incinerator in the east end. Mr Bosch said that he had been appalled not just at the pollution, but also at the poverty levels that he had seen in Glasgow. He said of the 50 per cent of children in the east end of Glasgow who live in poverty that he did not know, until he visited Glasgow, that there was such a level of child poverty in a northern European country today. That decent man appealed for help for Glasgow, as did the Italian and Welsh members who were part of the delegation.

I have good news for all those who are concerned about war, including Tommy Sheridan. Obviously we can afford to end poverty and we can afford to do it very quickly indeed, because we can afford to go to war, it seems, and we can afford to lose billions. Britain may take many years to recover from such a war. Some £30 billion has been wiped off the stock exchange in the past 12 days as investors worldwide got nervous and as small investors started losing their pension money. That is just the money side. As everyone is saying in the Parliament today, we need a war on poverty. Instead, Chancellor Brown has already earmarked £1 billion in his war chest, and that will be just the down payment on death. There will be tens of billions more.

Other Arab countries will be horrified by what is planned, and all on no proof. What we really need is investment in anti-terrorism moves and investment in surveillance. America admits that it does not have enough Arabic speakers in its so-called secret service. So secret is that service that we have never had any help from it at all. Those were the people who failed us on Lockerbie, on Pan Am 103, and who failed to warn on the twin towers atrocity and on Bali. Are we supposed to believe them now about Saddam Hussein, or anyone? No.

Members should have the courage to press a little plastic button against a war, if they dare to ask others to lay down their lives.

12:10

Elaine Smith (Coatbridge and Chryston) (Lab): I, too, welcome the debate, because it gives us another opportunity to consider the implications of what a war would mean. Whether members believe that it is right or wrong to attack Iraq, they must recognise the consequences. Of course, as has been mentioned, there will be consequences for our armed services and for others who are drafted in, such as doctors and nurses, and there might be consequences for our civilians at home.

However, the main casualties of a war against Iraq will be Iraqi civilians, nearly half of whom are children. I am not going to apologise for going over the point again, or for making it clear to Parliament what a war will be all about. Of the population of Iraq, 42 per cent are children under the age of 15—9.6 million children. We know that 90 per cent or thereabouts of those who are killed in modern wars are civilians.

Those who are killed and maimed are often talked about as representing "collateral damage"—collateral damage that is caused by weapons such as cluster bombs, landmines, daisy cutters and other sorts of anti-personnel devices. Those weapons kill people indiscriminately and in large

numbers. The weapons might be smart, but they do not stop to inquire whether the victim is a civilian or, indeed, a child. Anti-personnel landmines are particularly dangerous because they can look like colourful toys. However, the curious children who touch such mines are unlikely to survive and, if they do, they will have been maimed. Innocent children will be slaughtered in a war against Iraq, and we need to acknowledge that fact.

I was going to quote John Pilger from the article in *The Mirror* yesterday, but Tommy Sheridan did that in his opening speech. I urge everyone to read that article. In it, John Pilger talked about the deformed Vietnamese children he came upon who were victims of agent orange:

"This terrible chemical weapon, which the cliché-mongers would now call a weapon of mass destruction, was dumped on almost half of South Vietnam ... the poison continues to move through water and soil and food, children continue to be born without palates and chins and scrotums or are stillborn. Many have leukaemia."

He said that we do not see those images. If we attack Iraq, we will not see the images of what will happen to Iraqi children.

I have to stop now, which is a shame, because I had so much more to say. A war on the underlying causes of conflict, such as poverty and lack of development, would be a war worth waging. A civilised nation would wish to deploy its resources in that way, not by spending them on weapons of mass destruction, which we will deploy in an unjustified and immoral war against a country where almost half the population are innocent children. We are all responsible for all the world's children, not just Scottish children. I went to see "Miss Saigon" last week, and I was touched by one of the songs, a lyric of which was:

"they are all our children too".

They are, and we should all attend the rally on 15 February.

12:13

Mr Lloyd Quinan (West of Scotland) (SNP): Some of the speeches this morning have shown clearly that there is an absolute lack of clarity and understanding about the issue. The war on terrorism and the attack on Iraq are two separate issues. At no stage has anybody been able to produce any evidence that the current regime in Iraq has supported international terrorism. The issue should not be clouded by pretending that an attack on a state is in any way an effective manner in which to deal with al-Qa'ida or, indeed, with terrorist organisations that are based fewer than 21 miles from the coast of Scotland, and which the British state has been entirely unable to deal with over 40 years.

The Arab world—in particular the Muslim world—perceives the hypocrisy of an attack on Iraq when there is a country that has, since 28 September 2000, killed 2,160 civilians in occupied territory, against the Geneva convention and against United Nations resolutions. That country has weapons of mass destruction—200 nuclear warheads—and is carrying out indiscriminate daily attacks on innocent civilians. It is a country that needs to be dealt with; that country is Israel, as members well know. Members should understand that if Iraq is attacked and many civilians and many thousands of children—as Elaine Smith discussed—are killed, the perception in one third of the world will be that there is one law for one person, and a different law for another person. If that other person is Arab or Muslim, they can look forward only to the big stick, but no carrot.

Mr Kenneth Macintosh (Eastwood) (Lab): Will the member give way?

Mr Quinan: No.

The Deputy Presiding Officer (Mr Murray Tosh): Lloyd Quinan is in his last minute.

Mr Quinan: In the long run, we must understand—[*Interruption.*] I am sorry—does Ms Hughes have something to say?

The Deputy Presiding Officer: Mr Quinan cannot take an intervention, because he has less than a minute left for his speech.

Mr Quinan: The reality is that we will make the world more unsafe by attacking Iraq—the situation is as simple as that. We must understand that international terrorism has increased because of a failure to recognise the problem with the state of Israel. We could create the circumstances of our own destruction. I urge all members to support the motion and, more important—if they are not at the Labour party conference—to participate in the demonstration on 15 February.

12:16

Margo MacDonald (Lothians) (Ind): I will support the motion and oppose the Executive's amendment because it is important that we should not be mealy-mouthed. The motion refers to the notion of justice in warfare. Justice is the concern of many of the organisations that are listed in the motion and it is why they will go on the march. They do not believe that a just war is being proposed.

We must define justice in warfare, but the Geneva convention helped us to define some of the terms that are understood in societies and cultures throughout the world, so I will go along with those terms. If we go to war against Iraq, the Geneva convention will be shattered. Even with the sanction of the United Nations, it is doubtful

whether we will live up to the lessons that were learned following the second world war, but I will leave that to the side and deal with how the action will be perceived elsewhere, which Lloyd Quinan discussed.

We should be acutely anxious about the consequences that any war on Iraq will have on relations between the west and the Islamic world.

Phil Gallie: Will the member give way?

Margo MacDonald: I will let Phil Gallie intervene after I have developed my point.

The Scottish Parliament cannot make foreign policy, but it has standing in the world, which Phil Gallie and I discussed yesterday. We therefore have a responsibility to articulate Scottish opinion and to add to world opinion; Scottish opinion has not been articulated in the declarations that have been made by the heads of state in Europe. I know from friends who live on the continent that the same unease is felt throughout the continent about the injustice of the proposed war.

It is important that we hear the perspective of Scots Muslims. That is why Parliament should articulate what Scots of all persuasions think. Two nights ago, I spoke to Scots Muslim friends of mine who are concerned that young Muslims will think that the inequity of the treatment of Israel in comparison with that of Iraq means that the west intends an attack on Islam.

Phil Gallie rose—

The Deputy Presiding Officer: No interventions. The member is in her last minute and we are very short of time.

Phil Gallie Thank you, Margo.

Margo MacDonald: I am sure that Phil Gallie and I will pursue the issues, because both of us have sincere intentions.

I am adamant that the Parliament must make heard the voice of Scotland, including the voice of Scots Muslims, on the matter. Muslim parents are concerned that young Scots Muslims will be affected by what they see in the attitudes of Muslims throughout the world, which is that a great injustice is being done to Islam.

12:19

Scott Barrie: Margo MacDonald talked about Scots voices. It should be acknowledged that Scots voices on the matter are heard through the representatives whom we send to Westminster.

I find it interesting that, in her opening contribution, Fiona Hyslop mentioned that she held a public meeting in West Lothian last night despite the fact that one of the most vociferous opponents of the war against Iraq is the MP for

Linlithgow. The member will correct me if I am wrong, but Linlithgow is in West Lothian. The voices of the people of West Lothian are adequately represented through the endeavours of Tam Dalyell, if they are against the war in Iraq.

We are all aware that if there is a war against Iraq it will be the ordinary people of that country who will suffer disproportionately. Elaine Smith rightly pointed that out in the figures that she quoted. We all know that that is why the matter cannot be countenanced lightly—indeed, I am sure that that would not happen.

I reiterate the point that I made in my opening speech that it is easy to caricature Tony Blair as someone who does only George Bush's bidding, although senior politicians in the United States are on record today as saying that they believe Tony Blair to be a restraining influence.

Ms White: Will the member take an intervention?

Scott Barrie: No.

Tommy Sheridan and Lloyd Quinan rightly reminded the Parliament about the number of United Nations resolutions that have been broken by another country in the middle east. I supported Tom McCabe's amendment when we debated the subject two weeks ago because it implied that people cannot pick and choose which resolutions to support and which to break. If people believe in the sanctity of the United Nations, they have to be honest and say so. If the United Nations Security Council countenanced an attack on Iraq, we would have to support it. Some of the opposition parties in the Parliament have never come out and said that.

12:21

Fiona Hyslop: It is usually the case that the public lobbies parliamentarians. In the motion today, however, parliamentarians are being asked to lobby the public in support of the march and rally on 15 February. Perhaps that brings a new meaning to the term "power sharing", which is one of the underlying principles of the Scottish Parliament.

Scott Barrie referred to Tam Dalyell MP. We all know Tam Dalyell's record, but the problem is that Mr Blair is not listening to him. In the vote on the recent SNP debate on the subject, the MSP for Linlithgow and other Labour members voted against the Liberal Democrat amendment to the motion, which supported Tam Dalyell's call for a vote at Westminster before troops were sent into action. Scott Barrie asked who represents the public: I say to him that it is neither Labour members of the Scottish Parliament, and nor is it the Labour MPs at Westminster who stand loyally by Tony Blair. That is why we need to articulate the different opinion that is held in Scotland.

We have yet to see a link between the war on terrorism and a war on Iraq. People are not convinced that such a link exists. I echo the words of the United Nations weapons inspector Richard Butler, who accused George Bush of having "shocking double standards" in considering unilateral action on Iraq. Mr Butler went on to say that a US strike without United Nations backing would breach international law and that it would

"set loose forces we'd deeply live to regret."

Another theme that has recurred throughout the debate is the question of what breeds terrorism. Is it a war that has no international backing or the war that is not being waged against poverty and injustice? I ask members to look closely at the motion and amendments on which they are to vote this evening. I have heard members from all sides articulating their concerns, but if they want properly to articulate those concerns, they should look to their consciences and voting buttons at 5 pm this evening.

12:24

Lord James Douglas-Hamilton (Lothians) (Con): In addressing the motion, I stress my conviction that the inspectors should be allowed sufficient time to establish the position beyond any possibility of doubt. The motion does not acknowledge that Saddam Hussein has already used weapons of mass destruction. He used chemical weapons to kill thousands of civilians of Kurdish origin—men, women and children in the town of Halabjah. From any point of view, that was a crime against humanity. If a dictator uses weapons of mass destruction on one occasion, it is conceivable that he could use them on another. What makes this dictator different from others is the unpalatable fact that he has used chemical weapons as weapons of mass destruction. The atrocity at Halabjah is undeniable.

Dorothy-Grace Elder: Will the member take an intervention?

Lord James Douglas-Hamilton: I am sorry, but I have only a minute. It makes sense for the issue to be pursued in the interests of seeing those weapons of mass destruction removed. Iraq must account for 1,000 tonnes of chemical agents from the Iraq-Iran war and for 6,500 missing chemical rockets. It must also produce evidence that it has destroyed 8,500 litres of anthrax, among many other items that are under investigation by the inspectors. There is surely no room for naivety in dealing with a dictator who has ordered thousands of civilians killed.

As I made clear in the previous debate on the international situation, we believe that military action should be undertaken only as a last resort. We would want conclusive evidence of breaches

of resolution 1441 of the UN Security Council before military action could be sanctioned. We would also have a strong preference for a second UN resolution to be made before such action could be authorised. Furthermore, we would like an assurance—I hope that the minister will take up this matter with the Ministry of Defence—that there will not be a second round of Gulf war syndrome after the deployment. Finally, we would like the Government to give higher priority to humanitarian considerations, including medical and food aid.

British servicemen have been called up in the context of prudent military preparations, and we do not consider that it would be appropriate to support the second half of Tommy Sheridan's motion, which we do not believe would make the world a safer place.

12:26

Tommy Sheridan: It is always regrettable when James Douglas-Hamilton speaks for the Tories, because I like him—he is a thoroughly decent guy. I wonder whether he and his colleagues have considered the complete and utter hypocrisy of their referring to crimes against humanity being committed by Saddam Hussein.

We know that, between 1983 and 1988, Saddam Hussein deployed some 13,000 chemical weapons not just against his own people, but against Iranian conscripts during the 1980-88 war. James Douglas-Hamilton is correct to say that Saddam Hussein used them against Kurdish Iraqis as well. However, I wonder why James does not mention the fact that the UK Government and the USA Government supplied those weapons in the first place. Why are the Tories not prepared to question why Douglas Hurd was able to travel to Iraq after 1988 to open up more trade links with the Butcher of Baghdad? It is not good enough for them to come here and berate the Butcher of Baghdad when he was their pal between 1983 and 1988.

Last night, I heard Colin Powell talking about links between al-Qa'ida and Iraq. He said that they were not proven and that it would be in the ear of the beholder whether people believed in those links, although the links go quite far back. I wonder how far back the links go. They go back to the time when al-Qa'ida was called the mujahedin and the people who trained its members were the Central Intelligence Agency and the Special Air Service. At that time, Osama bin Laden was the pal of America and the UK. *[Interruption.]* Johann Lamont is shouting from a sedentary position. I am sorry, but I do not know what she is saying.

The Deputy Presiding Officer: I do not think that the member has offered to intervene.

Johann Lamont (Glasgow Pollok) (Lab): If Tommy Sheridan thinks that I was shouting, he

has obviously not been in my company often enough.

I want to make a serious point. I agree that there are serious issues about the selling of weapons in the middle east, which has created problems. However, that does not mean that, now that the weapons are there, we do not have the right to say that they ought not to be used against the Iraqi people or their neighbours. We can have a debate about what the Americans did in Iraq, but we will still have to deal with the current problems and with Saddam Hussein. People are troubled about how we can deal with and sort out the current situation.

Tommy Sheridan does not have faith in the United Nations. What does he have faith in that would sort out the current problems?

Tommy Sheridan: I thank Johann Lamont for that serious point. It is interesting that other members do not seem to have been able to make serious points.

The United Nations has been bullied, bribed and bought off before, and I am confident that it will be bullied, bribed and bought off again. Johann Lamont says that I have no faith in the United Nations, but I also have no faith in countries such as Russia and China—which have their own problems in Chechnya and Tibet, where there are abuses of human rights—which decide that our country should go to war with Iraq on the basis of a carve-up of the Iraqi oil industry.

Johann Lamont: Will Tommy Sheridan give way?

Tommy Sheridan: I am sorry, but I am in my last minute.

Yes, I want to see weapons inspectors in Iraq. I am 100 per cent for that. However, why stop there? Last November, Jeremy Corbyn MP asked junior defence minister Adam Ingram what stocks of weapons containing depleted uranium were held by British forces operating in Iraq. The minister's reply was:

"I am withholding details in accordance with Exemption 1 of the Code of Practice on Access to Government Information." *[Official Report, House of Commons, 7 November 2002; Vol1392, c 466W.]*

When we talk about weapons inspectors and information, perhaps we should realise that we do not know what weapons we possess. We do not know what biological weapons programmes we have under way. As soon as the UN inspectors are finished in Iraq, let us get them into America and the UK. In other words, let us not stop at saying, "Let's disarm Iraq", but let us disarm the other countries that have weapons of mass destruction.

My contention is that there is nowhere near enough evidence that there are weapons of mass destruction in the hands of the Butcher of Baghdad to justify war in any way, shape or form. That is why the demonstration on 15 February is so important. It will be up to the ordinary citizens not just of Scotland, but of the world—similar demonstrations will take place in 22 countries—to stand up and say, “Not in our name are we going to allow this death and destruction to continue.”

The Deputy Presiding Officer: My regrets, incidentally, to one member who asked to speak in the debate, but whom I could not slot in.

Clyde (Regeneration)

The Deputy Presiding Officer (Mr Murray Tosh): The final item of business this morning is a members’ business debate on motion S1M-3753, in the name of Gordon Jackson, on the regeneration of the Clyde.

Motion debated,

That the Parliament recognises the importance to Scotland of efforts to regenerate the Clyde; considers that the Scottish Executive and Scottish Enterprise should establish and resource a development framework for the Clyde which encourages joined-up thinking and action; further considers that the respective councils, enterprise companies, regeneration agencies and private developers should work co-operatively in reclaiming derelict land, ensuring adequate flood protection and improving the transport infrastructure, and believes that ministers should make the regeneration of the Clyde one of the top economic, environmental and social justice priorities for Scotland.

12:32

Gordon Jackson (Glasgow Govan) (Lab): I believe and hope that today will be a good day for the Clyde, in particular the area that I represent. The prospect that shipbuilding might not only survive, but grow is an exciting one and is certainly well deserved as far as the work force is concerned.

Apart from that, there is much to be positive about. The Organisation for Economic Co-operation and Development reported last week on the great success of Glasgow’s “renaissance” and described Glasgow as the “new Berlin” for this decade. That is flowery language, but I hope that it is well deserved. More construction will take place in Glasgow over the next 10 years than in any other city in Europe and much of that building will be focused on Clydeside. There is a £1 billion plan for new offices, homes and leisure facilities on derelict land and nearly 80 projects are planned to try to make the waterfront an economic force for the city again.

Some projects have been completed, such as the Glasgow Science Centre which, even with all its problems, is a marvellous development. Other spending proposals include £500 million for the Glasgow harbour project; £300 million for an international financial service district; £14 million to develop Glasgow green; £15 million to develop the second phase of Pacific Quay; and BBC Scotland plans a £30 million headquarters in the same area. All those developments are helping to fulfil Scottish Enterprise Glasgow’s mission statement, which I like, and which says that SE Glasgow wants

“to make Glasgow one of the great cities of Europe”.

We should, and rightly can, talk up what is happening. However, all the development brings challenge. Regenerating the Clyde is part of a bigger picture—it is about making Glasgow a better place for all of us who live and work there. In saying that, I am not forgetting the genuine interests and concerns of my colleagues, who will rightly tell us that they represent constituencies that are on the Clyde, but outside the city. I confess that I see the Clyde, in many ways, as Glasgow's river, but its regeneration is vital to the wider community and to Scotland as a whole. It is essential to ensure that we go forward in a way that, in the words of the motion,

"encourages joined-up thinking and action."

I appreciate that, to some extent, that is happening.

I am sure that Lewis Macdonald will mention that the Executive has established the Clyde waterfront working group. I do not underestimate that. That group will bring together local councils and other agencies that have common interests. The group is in its infancy, but I hope that it will become a focus for proper strategic thinking and action. It is to be fervently hoped that it does not become merely a talking shop at which those who have their own vested interests fight among themselves. I have no time to go into that and I am in any case not all that concerned about the structure by which development and regeneration are brought about. There are a host of models that could do that; some would appeal to some people and others would appeal to other people. I am much more concerned with getting the job done. Despite all that has happened and all that is happening—much has happened and is happening—there is a great deal still to do.

For example—others members want to speak, so I will be brief—we need to ensure that there is adequate flood protection. When I first came into this job, I thought that the issue was all about scaremongering; it took me a while to take it on board as seriously as I should. However, the more I hear about it, the more concerned I become about the genuine problem of rising water levels that could affect thousands of people who live in the area. We need to ensure that there are adequate flood prevention schemes and we need to ask ministers for an assurance that such schemes will be properly funded.

We also need a greatly improved transport infrastructure that uses the river and which is linked to modern and innovative methods of public transport. I am not simply repeating the old Glasgow cry of, "Bring back the trams"; however, to have trams that run along the north side of the river, for example, might be an innovative way forward.

We need to ensure that all—everyone has a role to play—who are involved in the public and private sectors co-operate in the reclamation of derelict land. There is still a great deal of disused land where heavy industry once stood. However, all of that needs clear, joined-up strategic thinking. Without that, things can go badly wrong. I hope that I will be forgiven if, for two minutes, I sound parochial but I must give members a local example because I cannot talk about joined-up thinking in relation to the Clyde without that.

On the north side of the river is the Glasgow harbour development, which is important and welcome. However, development of that site will mean that a waste disposal site must be removed from the area. The present proposal is to move the site to the south side of the river; indeed, planning applications are presently before Glasgow City Council to place that waste disposal site on the banks of the river near the Clyde tunnel. That would be madness. To see how mad, we need only quote the present city plan and the council's policy for the river, which is to

"introduce high standards of urban design and landscaping to create a corridor of design excellence adjacent to the river".

That is marvellous—I love it. But how does it square with the siting of a waste disposal plant that nobody wants? I hope fervently that the plant will not be placed at the suggested site. I use that example because I do not believe that such a proposal could ever be considered seriously if there were an overall strategic plan for the development of the river area.

I accept that a range of agencies are working with businesses to regenerate the Clyde but, quite simply, I want an even closer partnership which would be led, if need be, by Scottish ministers. That partnership would set clear goals and targets and it would respect local needs and concerns while giving a clear focus to regeneration, which would serve not only the local community but the Scottish economy.

I end with the final words of the motion, which states:

"ministers should make the regeneration of the Clyde one of the top economic, environmental and social justice priorities for Scotland".

12:40

Nicola Sturgeon (Glasgow) (SNP): I congratulate Gordon Jackson on securing the debate. Like him, I am an enthusiastic supporter of the ambitious plans to regenerate the Clyde. I echo the comments that he made.

As Gordon Jackson said, one group of residents on the south side of the Clyde right now stands to pay a heavy price for development elsewhere.

That is why I make no apology for using the debate to highlight the proposal from Clydeport plc and the private company W H Malcolm Ltd to move an industrial waste plant from its current site on the north side of the river to make way for luxury flats as part of the Glasgow harbour development and relocate the plant on Holmfauld Road in Linthouse.

I object strongly to that proposal for two reasons. First, the waste plant is currently sited in an industrial area, whereas Linthouse is a residential area. It is significant that one of the leading objectors to the proposal is the local housing association on behalf of its tenants. If the plan goes ahead, up to 700 lorries every day will rumble past the houses of those who live in Linthouse. They will pass shops, three primary schools and the Southern general hospital. The proposal will lead to congestion, huge road safety issues, environmental and noise pollution and all the associated health problems. Secondly, if the plant goes ahead on the south side of the river, it will close the door on the possibility of that part of the Clyde having the kinds of residential and leisure developments that are planned for other parts of the Clyde. That is not acceptable or fair.

I will tell one tale that adds insult to injury. Apparently, the developers of the flats on the other side of the Clyde have complained that their future residents will not want to look across the Clyde at the eyesore of the waste plant. Clydeport has therefore said that it will plant trees in front of the plant. The inhabitants of the luxury flats are not to look at the waste plant, but the residents of Linthouse are expected to live beside it. I object strongly to that.

Gordon Jackson is absolutely right to say that the regeneration of the Clyde must be joined up. The thinking behind it must be connected. Regeneration must not take place for some at a cost to others. I hope that all representatives of Glasgow—north and south of the river—will stand up for Govan on the issue and ensure that the proposal is dumped once and for all.

12:42

Miss Annabel Goldie (West of Scotland)

(Con): I, too, congratulate Gordon Jackson on securing the debate. I endorse many of the arguments that he expressed and support many of the apprehensions that he articulated.

As far as the background of the Clyde is concerned, we all have memories of what a thriving waterway it was in past decades. It is an interesting illustration of the turning of the circle that we are again approaching a time when the Clyde offers one of the most exciting opportunities imaginable in decades for a restoration of maritime development.

Although my interest is in the lower part of the river, from Braehead to the west, if we consider the concept of restoring maritime development and making the Clyde a major transport waterway once again, it is clear that decisions that are taken elsewhere may have a prejudicial effect on the development of the Clyde as a whole. For that reason, I support Gordon Jackson's view that there should be what he calls joined-up thinking and a strategic overview of how the development of the whole Clyde area is to take place. The regeneration of the Clyde cannot become the subject of petty parochial squabbles that may inhibit or obstruct the development of the whole river.

The proposed Finnieston bridge, on which I will focus, is a matter of concern for many, particularly those who have an interest in trying to resume maritime operations on the river. In fairness, the previous Minister for Enterprise, Transport and Lifelong Learning, Wendy Alexander, recognised the difficulties and articulated to Scottish Enterprise her concern that the proposed bridge should not obstruct potential development of the river as a whole. The reality is that Glasgow City Council has now granted planning permission and that huge concerns remain about what the bridge's effect will be on the development of the river. It seems clear that the discussions over the bridge's structure and over a possible modification to its design should be the subject of strategic guidance from the Scottish Executive.

Only yesterday, the Enterprise and Lifelong Learning Committee published a well-received report on tourism, which identified the possibility of Edinburgh and Glasgow having gateway city opportunities for tourism development in Scotland. It would be ironic were the Clyde, of all rivers, to be prejudiced with regard to participation in that much sought-after development of the tourism industry if some short-sighted decisions are taken that impair maritime movement on the Clyde.

I commend and support the motion. I ask the Deputy Minister for Enterprise, Transport and Lifelong Learning to consider carefully whether it is time for some timely advice to be given to those agencies that are working to secure the regeneration of the river.

12:46

Mr Duncan McNeil (Greenock and Inverclyde)

(Lab): I thank Gordon Jackson for giving us the opportunity to discuss the regeneration of the Clyde. The Clyde does not begin at Glasgow, nor does it end at the Erskine bridge. It will not surprise members to hear that I will talk about the lower Clyde, particularly Inverclyde.

Anyone who has ever driven west into Inverclyde will have seen the spectacular scenery

that hits them the instant that they pass Langbank, where the Firth of Clyde opens up—a beautiful sight—and they will recognise the extent to which the River Clyde has influenced our history and is essential to our future.

As we have heard—and as we will hear again later in the debate—the Clyde is a great natural asset. For us in Inverclyde, the breathtaking scenery is the key to attracting people and businesses, so helping to rebuild our declining population. Over the years, the Inverclyde area has suffered terribly with the decline of traditional industry. This year, the area has suffered a disproportionate impact from the decline in the manufacturing sector, and we need to develop what is a very important asset to the benefit of that community and the whole of Scotland.

The waterfront is an ideal location for the sort of housing that today's families want. There is also a wealth of untapped waterfront leisure opportunities, from sailing to selling. The river itself could form part of an improved transport network, offering fast ferries into the centre of Glasgow without a single traffic jam. As Annabel Goldie said, that is why it is important to have co-ordination of the development of the Clyde. A decision that is made for one area should not prevent decisions from being taken on others.

We hope that the transport hub that we wish to develop at Gourock will give us a gateway into the Highlands and access to and from our new Loch Lomond and the Trossachs national park. Regeneration is not just economic, and it does not just concern transport links and flood prevention. It is about people being involved in those matters; about good schools and good housing; and about the good public services that are needed in support.

The lower Clyde's needs are linked clearly with those of the Clyde regeneration strategy. Unfortunately, that strategy is not in place, which is a barrier to us. It is beyond question that we need more than Government plans. Communities, local businesses, elected representatives and Government agencies need to work together in effective partnerships that can realise the potential of our River Clyde.

12:49

Robert Brown (Glasgow) (LD): I add my words of welcome for Gordon Jackson's motion, which is timely and relevant. Duncan McNeil said that life may not begin in Glasgow but, in terms of the Clyde, Glasgow is certainly the centre, the hub and a major key to the successful development of the Clyde.

For years, Glasgow has turned its back on the Clyde. Many of the great shipbuilding yards there

lay silent and derelict. It was a place to be fenced off in case children or drunks fell in. It was also where we used to embark on trips down the water to Gourock, Rothesay and Dunoon.

In recent years, we have turned back to the Clyde, and I believe that we are reaching a critical mass, with projects feeding off and helping one another, and with growth developing its own momentum. Those projects include the Scottish Exhibition and Conference Centre, the tall ship, Glasgow Science Centre, the harbour development, the restoration of the canal, the proposed BBC move and the proposal for a light rail or monorail system along and, perhaps, over the river, which may in due course reach Braehead and Renfrew.

Recently I had cause to visit Glasgow Science Centre. Afterwards I walked back across one of the two footbridges in the area to exhibition centre station. I endorse what Duncan McNeil said about views further down the river, but the view over the Clyde at Glasgow Science Centre, on a rare sunny day in winter, was incomparable—balm to the soul, if I may be poetic. It was the equal of views of any other great European city. However, it was marred by an area of dereliction on the Govan side of the river.

The renewal of Glasgow's water heritage is threatened by a number of constraints. Gordon Jackson mentioned contaminated land, which still makes up 9 per cent of the city's land area. Another constraint is the fragmentation of political and organisational control—not just among local authorities, but among riparian owners and the bureaucratic nightmare of agencies and partnerships. Those include Glasgow Alliance, the harbour board, Scottish Enterprise, the River Clyde working group, the Scottish Executive, the Strathclyde Passenger Transport Executive and the Scottish Environment Protection Agency.

There is a threat of increased flooding up and down the river and its surrounds. Further up the river, the Clyde walkway is in danger of being submerged by a torrent not of water, but of litter, graffiti and poor maintenance. We must tackle those problems.

Other members have spoken about difficulties with the waste disposal project. I agree with every word that was said on that issue. I also agree with Annabel Goldie's comments on the height of the Finnieston bridge. Strategic control is necessary. We must consider effectively the whole future of the River Clyde.

Yesterday we debated the provisions of the Water Environment and Water Services (Scotland) Bill regarding river basins. It is important that that issue should be dealt with in a co-ordinated and effective fashion. Structures must be put in place.

Like Gordon Jackson, I am not bothered about the precise nature of those structures, but they must be straightforward and effective.

This debate is about the future of Glasgow and the west of Scotland. As has been said, the Clyde basin is one of Scotland's incomparable national assets. The theme of this debate is, "Let Glasgow flourish".

12:52

Ms Sandra White (Glasgow) (SNP): I thank Gordon Jackson for taking the time to lodge the motion for debate. I remind members that this is the fifth time that we have discussed the regeneration of the Clyde. Members from all parties have lodged motions on the issue. I hope that this time we will get action, rather than just fine words.

Gordon Jackson's motion refers to joined-up thinking and action—something that was not mentioned in other motions on the issue. A lack of joined-up thinking is at the crux of the current problem with the Clyde. Annabel Goldie mentioned the Finnieston bridge. I have met representatives of the Glasgow harbour waterfront regeneration project, Clydeport and all the other bodies involved. I have been forced to meet them individually, rather than collectively, to find out what each of them is doing. That is a great worry not just to me, but to everyone who is interested in the Clyde. I have written letters to the minister on the issue.

Perhaps legislation can be introduced to deal with the dredging of the Clyde, quay walls, flood prevention and the Finnieston bridge. We know that navigation legislation will have to be repealed—I have written to the minister about that. I would like legislation to be introduced in the Parliament that clarifies what is happening.

In areas throughout Glasgow that I represent, the Finnieston bridge is now called the luvvie bridge. People believe that the bridge is being built especially for the BBC and they are desperately worried that the Clyde will be closed. Duncan McNeil said that the Clyde is beautiful down at Greenock and Gourock. I am not being parochial when I speak only about Glasgow. If the bridge is allowed to go ahead as proposed, ferries will not come right into Glasgow. That is a major worry.

I have spoken to businessmen and residents in the area, who fear that if the bridge is built as planned, it will mean the closure of the Clyde at that point. We are here to discuss the regeneration of the Clyde. We want to open up the Clyde not just as far as Inverclyde, but all the way up to Dalmarnock, so that the Clyde may be the jewel in the crown that it should be, not just for Glasgow, but for all of Scotland. I would like river-boats to

travel along both the north and the south of the river. That will not happen without joined-up thinking.

I urge the minister to meet the responsible authorities and to produce legislation. He should get together with local representatives, MPs, MSPs, communities and all those who are interested in this issue to thrash out problems. If we act too quickly, we will once again miss the boat—if members will pardon the pun—and the Clyde will be closed at Finnieston bridge. That would in no way benefit Glasgow or the whole of Scotland.

12:55

Karen Gillon (Clydesdale) (Lab): I congratulate Gordon Jackson on securing the debate. I accept, and understand absolutely, the focus that Gordon Jackson places on his constituency and indeed on Glasgow. I hope that he will accept my contribution in the spirit that is intended on the regeneration of the Clyde in its fullest sense. The Clyde begins in my constituency and Clydesdale bears its name.

The regeneration of the Clyde will take many forms. In my area, the regeneration will cover many miles of rural Scotland, from the river's source in the lead hills, flowing down through the fabulous falls of Clyde at New Lanark—once a hive of industrial activity, now a world heritage site—and along the beautiful Clyde valley, which is renowned for the quality of market gardening. The regeneration of that part of the Clyde will be different from that in Glasgow and that in Inverclyde, but the principles of partnership are the same—partnership with the council, Scottish Enterprise Lanarkshire and VisitScotland.

The part of the Clyde that runs through my constituency is one of our greatest untapped tourism resources. It is essential that the Executive take effective steps now to stop the Clyde valley being the poor relation in the Greater Glasgow and Clyde Valley Tourist Board. Transport is essential and transport needs must be met, whether that is done by developing rural bus services, ensuring a link of services between Edinburgh and Clydesdale or achieving the long-awaited reopening of the Larkhall rail link, which will play an important part in the economic regeneration of my constituency.

I end in the way that Gordon Jackson did. The regeneration of all the Clyde, from its source to its mouth, must be one of the top economic, environmental and social justice priorities for the Executive and the Parliament.

12:57

Donald Gorrie (Central Scotland) (LD): I want to talk about the upper Clyde. The area that

counts as central Scotland does not include Karen Gillon's constituency, but includes some important towns, which need co-ordination, joined-up Government and co-operation just as much as does Glasgow. The gist of the motion is very good and Gordon Jackson is to be congratulated on it.

The majority of Scottish people live 20 or 25 miles—I do not know the exact figure—from Sauchiehall Street. There is a huge concentration of population in that area. The demise of Strathclyde region, because the Tories did not like it, was unfortunate, but we need to recreate links so that there is joined-up Government for Motherwell, Wishaw, Hamilton, Coatbridge and Airdrie, together with Glasgow, Dumbarton and Inverclyde.

We can look at Glasgow as a whole and see that it has particular problems as it has suffered underfunding because of the destruction of Strathclyde region. However, we want to look more widely. In a well-run country, a long time ago, Lanarkshire would have been a separate city and would have thrived accordingly. It has not done so, but we have to work out how to have greater co-operation between the Lanarkshire towns, Glasgow and the lower Clyde towns.

There is great opportunity. Even the derelict land is an opportunity. We want to see the west of Scotland as a half-full bottle that we will fill further, rather than as a half-empty bottle.

12:59

Ms Wendy Alexander (Paisley North) (Lab): I join others in congratulating my neighbour along the river, Gordon Jackson, on introducing the debate, not least because of its prescience. In the next couple of days, or indeed today, we expect to have it confirmed that shipbuilding will be as much part of the future of the Clyde as it has been part of the past, by the securing of a contract to build aircraft carriers for the nation. Had the Executive not acted in July 2000, when 1,000 redundancies were announced, Scotstoun might not have been able to build the first-in-class Type 45 or to respond this week when it became apparent that Barrow-in-Furness would not be able to do additional work on the Type 45. It is encouraging that, in addition to the anticipated financial services jobs, thousands of shipbuilding jobs will come to the Clyde.

Although I will not reiterate the point about end-to-end regeneration of the Clyde, I invite members for other constituencies to look to Renfrew. Braehead shopping centre has been a hugely successful private sector development that has so far created 6,000 jobs on the waterfront. Growth at the facility has doubled for three years in a row. Braehead now attracts shoppers from Iceland and

Scandinavia, who would previously have gone to the MetroCentre in Gateshead. It has not simply redistributed the shopping opportunities along the Clyde, but has attracted new business.

After abandoning last night's debate on the Water Environment and Water Services (Scotland) Bill, I went to a meeting on the waterfront in Renfrew that was attended by 100 residents and the Braehead management. The issues of how Renfrew could once again become a river town and of what the old Renfrew could get out of the new Renfrew were discussed. All that lies ahead for those who are slightly behind Renfrewshire in considering Clyde regeneration.

I have a serious final point, which other members have mentioned. There are some fundamental strategic issues that none of us can tackle on our own. Although, in the old days, it might have fallen to Strathclyde Regional Council to address those issues, they now lie squarely in the Executive's territory. I will leave the minister with a shortlist of five infrastructure issues that are critical for the realisation of any of the ambitions that we have heard about.

The first is the need to deal with flooding and to provide the right sort of flood prevention measures. Secondly, the bridges that we build on the upper Clyde should not obstruct transportation from the lower Clyde. Thirdly, on the western part of the M8—the part that is west of the Kingston bridge—important road improvements are necessary to allow us to open up Inverclyde and Renfrewshire in the way that Mossend and the M74 have opened up Lanarkshire. Fourthly, there is a need for a light rapid transit facility along both banks of the Clyde. It is crazy that although Braehead shopping centre is less than 45 minutes away from two thirds of the Scottish population, the only way to reach it is by road. There is only a very localised bus service. Fifthly, the rail link to Glasgow airport is an infrastructure development that will be essential to underpin the realisation of the vision for the Clyde area.

The Deputy Presiding Officer: Lewis Macdonald will respond to the debate on behalf of the Executive. You have seven minutes, but we have a couple of minutes in hand if you would like to take longer.

13:02

The Deputy Minister for Enterprise, Transport and Lifelong Learning (Lewis Macdonald): That is helpful Presiding Officer.

I begin by congratulating Gordon Jackson on securing the debate, which has given us the opportunity to affirm the importance of the upper and the lower Clyde to Scotland as a whole. The Executive shares the aspirations that have been

expressed for the acceleration of growth and prosperity across the region and for the regeneration of the Clyde as a world-class waterfront.

The debate is timely. As members know, only a few weeks ago we published the cities review, which sets out a new direction for Glasgow and all our cities. As well as providing additional funding through the city growth fund and setting aside specific funding for the reclamation of derelict land—a significant issue for Glasgow and North Lanarkshire—the cities review looks to the cities to work in partnership with neighbouring authorities and the private sector to draw up proposals for a shared partnership vision by May of this year. That is the right approach for Glasgow and the Clyde valley and we are keen that it is developed.

Gordon Jackson mentioned last week's publication of the OECD report on Glasgow's urban renaissance, which was commissioned by Scottish Enterprise Glasgow. The report pays particular attention to the River Clyde, and recognises it as the heart of Glasgow and as an under-utilised asset of national importance. It accurately describes the waterfront as the interface between the old and new economies and between the Glasgow of the past two centuries and the Glasgow of the centuries to come. Annabel Goldie alluded to that.

Like the OECD, the Scottish Executive acknowledges and supports the partnership activity that is already under way on the Clyde, which is demonstrated by the work of a number of groups. Not least among those groups is the Clyde shipyards task force, which continues to address the future of shipbuilding on the river. In response to the recommendations of the task force's report, Scottish Enterprise recently made a welcome announcement of £5 million over three years for the Govan-Scotstoun action plan.

Clearly, the recent BAE Systems announcement of likely redundancies was disappointing, but we look forward to better news to come. For those who might lose their jobs as a result of those redundancies, the next few weeks of consultation will be important, but I hope that the wider prospects for the company will allow the number of compulsory redundancies to be kept to a minimum. Every effort will be made through the partnership action for continuing employment to help those affected to find alternative employment or training opportunities.

Even as we speak, the House of Commons is preparing for Geoff Hoon's announcement, which will confirm the Ministry of Defence's decision to proceed with the aircraft carrier contracts. I have no doubt that the Clyde shipyards are well placed to secure a significant share of those contracts, regardless of which company is chosen as the main contractor.

Shipbuilding has been, and will continue to be, important to the Clyde, but our agenda goes wider than that one industry. In November 2001, Wendy Alexander, who was the minister at the time, established the Clyde waterfront working group to which Gordon Jackson referred. That group is tasked with progressing a partnership strategy to maximise social and economic development along the Clyde between Glasgow green and the Erskine bridge. The group aims to add value to the many development and regeneration initiatives that are under way in that area.

The working group is chaired by Scottish Enterprise, which recently awarded landmark initiative status to the project. That means that national resources will be top-sliced to support it. The group brings together representatives from not only the Executive and Scottish Enterprise, but the local authorities in Glasgow, Renfrewshire and West Dunbartonshire, the local enterprise companies, the Glasgow and Clyde valley structure plan committee and Clydebank Rebuilt Ltd.

Phase 1 of the group's work culminated in the publication in June last year of "ClydeRebuilt: A National Development Opportunity". That report predicted that a regenerated Clyde could make a substantial contribution to the economy as a whole and it recommended that those who are involved in its development should look to other parts of the world, as well as nearer to home, for models of how to progress.

Iain Gray and Margaret Curran have approved the findings of the report and endorsed the next step, which is the development of a detailed and deliverable strategy to create the conditions for success. Consultants have been appointed and are working up a development framework and an action plan. Sub-groups have been established to address the two important but distinct issues of community regeneration and transport and river engineering.

As several members said, transport is emerging as one of the most important issues for the regeneration of the Clyde. We have seen how major regeneration schemes across the world take good public transport as a given. Public transport is also important for the regeneration of the Clyde and for the wider context, as a number of members have said. An example of that is last week's announcement on the Airdrie to Bathgate line, which will bring a direct connection between, on the one hand, Partick and Clydebank and, on the other, the east of Scotland.

This week, Iain Gray and I met the chairs of Strathclyde Passenger Transport and the west of Scotland transport partnership to discuss how we should carry forward the investments that are already in place in the transport infrastructure in the west. We expect that the consultants will soon

produce their report on the new rail link to Glasgow airport.

It is clear that the Clyde has exciting transport possibilities. The Clyde waterfront working group is awaiting a report on work that was led by Glasgow City Council. The report will make proposals for new light rapid transit systems on both sides of the river, so we will no doubt hear more about Glasgow trams when that work has been done.

A couple of members mentioned the proposed recycling plant at Linthouse. Members will be aware that the application may come before the Scottish ministers for a decision as part of the planning process, so I will not comment on the merits of that proposal. Members may also be aware that there is a parallel application that does not include that recycling plant. Clearly, we will watch developments with great interest.

Several members referred to the Finnieston bridge. I reassure members that the bridge has been redesigned specifically to ensure that there will be sufficient clearance to allow river bus services to be delivered up river in the future. Such services are one of the issues that will be examined by the transport and river engineering sub-group to which I referred. River engineering is about addressing the risk of flooding by working on the riverbed, for example. Glasgow City Council has taken the lead in that, but we are working closely with the city and other local authorities.

Karen Gillon mentioned the Larkhall to Milngavie rail link. SPT is working on that and it hopes to move into the delivery phase in the next few months. Clearly, we attach great importance to that project and we will continue to talk to the SPT about it.

In terms of joining up all our transport proposals and feeding them into the strategy for economic development, the joint working of the Executive with the SPT and WESTRANS is something that we are committed to and investing in.

The regeneration of the Clyde features highly on the Executive's agenda. Officials from across the Executive have been actively engaged in meetings of the Clyde waterfront working group. We look forward to considering the group's interim findings in some detail shortly. We recognise that the work of the group is the initial stage in developing a strategy for the area.

We all agree about the importance of a vibrant and dynamic Clyde to the region and to Scotland and we will continue to work with local partners to bring that about.

13:11

Meeting suspended until 14:30.

14:30

On resuming—

Question Time

SCOTTISH EXECUTIVE

Litter Pollution

1. Christine Grahame (South of Scotland) (SNP): To ask the Scottish Executive what statutory measures it has introduced to reduce litter pollution. (S10-6355)

The Minister for Environment and Rural Development (Ross Finnie): In February 2002, we commissioned a review of the existing legislation that is relevant to litter. We are considering a report that has been submitted by Environmental Resources Management Ltd, which we received in December. We expect to publish that and our conclusions next month.

Christine Grahame: I refer the minister to motion S1M-3783, which is in my name, on litter-louts. The motion was inspired by the pupils of Chirnside Primary School in Duns, who want something to be done about the broken glass, pizza boxes, polythene bags and general detritus that pollutes our towns, countryside and seashore. Will he tell those pupils why Scotland is in a bigger mess since Labour and the Liberals took office four years ago?

Ross Finnie: I do not think that what the member has said constitutes evidence of Scotland's being in a bigger mess.

Michael Russell (South of Scotland) (SNP): The minister is the evidence.

Ross Finnie: We should take the matter seriously. I have several points to make. We called for the review of the statutory provisions because they are not adequate to deal with the problem at the moment—I think that Christine Grahame would agree with that. The correct way of dealing with the matter is to call for a review. It is not as if we have done nothing. We have sponsored, and still sponsor, the keep Scotland beautiful campaign—we have made £900,000 available to it—and there has been the inception of the local environmental audit and management system, which will specify anti-litter and fly-tipping cleanliness measures for each local authority.

We have provided additional funding through the quality-of-life initiative and we are allocating funding to community wardens. We are making very reasonable financial provision to improve matters, but I agree that there is also a need to remedy the statutory provision—that is why there has been a review.

John Scott (Ayr) (Con): The problem is huge in the Ayr constituency and the minister is aware that the courts and the police cannot devote more time to it. Will he suggest how local authorities should deal with such a Scotland-wide problem? Will he consider issuing guidance following the review and the report that he has commissioned?

Ross Finnie: As I said to Christine Grahame, we are already pursuing the use of community wardens in some local authorities. Some of those wardens are devoting themselves to wider environmental issues, including litter. We will respond to the report fully, not just in respect of its implications for legislation but in respect of guidance on how local authorities should tackle the problem.

Free Bus Travel Schemes (Abuse)

2. John Scott (Ayr) (Con): To ask the Scottish Executive whether it is aware of any abuse by bus companies of the free local off-peak bus travel scheme for older people. (S1O-6346)

The Minister for Enterprise, Transport and Lifelong Learning (Iain Gray): We have received several letters that report alleged cases of incorrect recording of the length of concessionary fare journeys. Any abuse of the travel scheme is a matter of concern and I urge anyone who experiences such behaviour to report the matter to the bus operator and local transport authority concerned.

John Scott: The minister will be aware that tickets have been issued under the concessionary travel scheme for destinations beyond the destination that is being travelled to—that issue has certainly been drawn to my attention. Will he explain why that has happened? Does it give him grounds for concern?

Iain Gray: I am not sure whether I can give an explanation, although explanations occur to me. The situation is certainly a matter of concern. The concessionary fares scheme is an important initiative that we have introduced and I want it to work. We have set mechanisms in place to improve it—we will equalise the age of qualification for men and women, for example—and are working closely with our partners. However, at bottom, the contractual relationship for delivering the scheme lies with the local authorities and the bus companies, which should be the first port of call for any member who has evidence of such behaviour.

Dr Sylvia Jackson (Stirling) (Lab): Although I accept that some issues remain to be resolved in the local scheme, will the minister comment on his plans to extend it into a national scheme? That would deal with many of the issues that John Scott raised.

Iain Gray: The initiative is built on existing services, but it is built to improve. We started with the local scheme and have created a consistent minimum service throughout the country of free off-peak local bus travel. Just after the recess, we passed the Local Government in Scotland Bill, which will introduce age equalisation in April. Over the weekend, I made it clear that any Administration that I have anything to do with after the election will extend the initiative, which will become a national scheme for our older people.

Dennis Canavan (Falkirk West): Is the minister aware of complaints from pensioners in the Falkirk area who have been refused free travel to Edinburgh, for example, because FirstBus insists on charging a quarter fare, even for the part of the journey that is within the Falkirk Council area. Will he make appropriate representations to the bus company? It uses the lame excuse that its ticket machines are not yet equipped to issue the necessary through tickets.

Iain Gray: If that is the excuse given, it seems to me to be a fairly unfortunate one. If Mr Canavan provides me with some details, I will certainly draw the matter to the attention of the concessionary fares working group. Sylvia Jackson's point that we aspire to a move towards a national scheme is perhaps the important one, as that would resolve some of the problems that have been mentioned.

Education (Additional Support for Learning) (Scotland) Bill (Consultation)

3. Sarah Boyack (Edinburgh Central) (Lab): To ask the Scottish Executive how it plans to consult on the draft education (additional support for learning) (Scotland) bill. (S1O-6332)

The Minister for Education and Young People (Cathy Jamieson): Copies of the draft bill have been circulated to a wide range of individuals and organisations. Consultation on the draft bill will run until 28 March 2003. A programme of events is planned to encourage responses to the consultation.

Sarah Boyack: I welcome the minister's response and urge her to ensure that parents in particular are made aware of the consultation process. Will she acknowledge the distress that many parents experience because of the difficulty of getting appropriate educational support for children who have many difficulties? I ask her to ensure that the consultation provides the opportunity for those parents' voices to be heard and acted upon.

Cathy Jamieson: I reassure Sarah Boyack on that point. I am aware of the difficulties that many parents face in accessing appropriate education for young people who need additional support for learning. The draft bill includes proposals to widen

the opportunities for learning support for young people.

I want to hear directly from parents. That is why we have arranged a series of public seminars in Inverness, Aberdeen, Glasgow, Edinburgh, Stirling and Dumfries, and why we have offered people the opportunity to submit comments in writing or via the internet. I hope that parents will be encouraged to take up that invitation and that members will seek to ensure that their constituents are notified of the consultation.

Mr Brian Monteith (Mid Scotland and Fife) (Con): I welcome the consultation on the draft bill. I trust that the minister will take great care before making any changes to the record of needs process.

When introducing the draft bill, the minister announced that the seven grant-aided special schools would retain their financial support until at least 2008. Will she consider expanding the number from seven to eight to include a new national school for autism in Alloa?

Cathy Jamieson: We have made it clear that we will continue the support for the existing grant-aided schools. That decision was taken after a long series of discussions and negotiations and on the basis that those schools provide a service. We expect those schools to continue to provide a service, and not only on a residential basis. We also expect them to work in partnership with local authorities to ensure that there is provision at a local level. We have provided some funding to the Scottish Society for Autism for outreach work, but there are currently no plans to introduce an eighth school into that group.

Violence in Schools

4. Michael Russell (South of Scotland) (SNP): To ask the Scottish Executive how it intends to address the issue of violence in schools. (S10-6302)

The Minister for Education and Young People (Cathy Jamieson): There is no place in Scotland's schools for abusive or violent behaviour. We are investing in more staff and better facilities to implement the recommendations of the discipline task group and to ensure that schools and education authorities deal with discipline problems.

Michael Russell: Given that the number of reported incidents has risen from 783 in 1999 to 5,400 this year, does the minister accept that the actions that the Executive has taken appear to have made the situation considerably worse? Can she point to the part of the document that she published yesterday with great fanfare that contains anything to make the situation better?

Cathy Jamieson: As Mike Russell knows very well, since the collection of the statistics started in 1999, the figure has risen. We have achieved a more robust figure as a result of having more accurate information from schools and various local authorities. I want to ensure that the statistics are accurate, but I also want to make it clear—as I did in my statement yesterday—that we will not tolerate violence and indiscipline in schools. We will continue to implement the discipline task group's recommendations. We have invested in, and will continue to invest in, the resources that are needed to make a difference at the front line—in classrooms.

Cathy Peattie (Falkirk East) (Lab): Will the minister update us on the work of the discipline task group?

Cathy Jamieson: The discipline task group made a number of recommendations, which, as I said, we have begun to implement. In view of the statistics, it is important that we continue to update that work, which is why I have decided to recall the group and to consider whether we need additional expertise to review the position. That move will simply bring forward work that we intended to do at the end of the first year or so of the group's operation. I will bring people together to consider what additional measures might be necessary.

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): I am sure that the minister agrees that teachers should not have to face violence in the classroom. Does she also agree that, taken together, our commitments to reduce class sizes, extend the provision of classroom assistants, give head teachers more say in using funds, improve teacher training and professional development and make better provision for children with special educational needs will help to improve the situation and reduce violence in classrooms?

Cathy Jamieson: I am glad that Ian Jenkins recognises that there is not one way only in which to improve discipline in schools. We must continue to work to ensure that each school has a positive ethos, that the right support staff are in place and that school buildings are fit for the 21st century. All of those aspects are important and, in yesterday's statement, I clearly committed to all of them as the way in which to develop education.

National Health Service (Information Services)

5. Irene Oldfather (Cunninghame South) (Lab): To ask the Scottish Executive in what ways new technologies, such as the internet, are improving access to information services for national health service patients. (S10-6350)

The Minister for Health and Community Care (Malcolm Chisholm): New technologies, including the internet, provide a significant and

increasing number of patients with access to an ever-expanding body of information about health care and healthy living.

Irene Oldfather: I draw to the minister's attention an online patient information service in my constituency that allows patients to access information about blood pressure, check their immunisation status and order repeat prescriptions. Does he agree that such access helps patients to make informed choices about their health care? I invite him, or one of his team, to come to Irvine to see at first hand the benefits to patients.

Malcolm Chisholm: I congratulate the practice to which Irene Oldfather alludes, which is clearly at the cutting edge of information technology development. E-health, as I prefer to call it, is absolutely fundamental to the modernisation of the health service, which is why we give it priority. E-health empowers patients and gives them more control over their care, while creating linkages between patients and general practitioners. There is also a wider e-health agenda: it enables clinicians to relate better to one another and allows a single patient record and more integrated services. E-health can also improve the quality of care because information is essential to auditing and improving quality.

Children in Need (Guidance)

6. Scott Barrie (Dunfermline West) (Lab): To ask the Scottish Executive whether it will consider issuing updated guidance to local authorities on their responsibilities towards children in need under section 22 of the Children (Scotland) Act 1995. (S10-6342)

The Minister for Education and Young People (Cathy Jamieson): We are committed to ensuring better outcomes for children and young people who are vulnerable or at risk. A number of programmes are under way to secure improvements and I will consider whether revised guidance may be required in the light of those programmes.

Scott Barrie: The minister will be aware that no guidance has been issued since the guidance that accompanied the introduction of the act in 1997. Given the wide definition of children in need and the fact that many young people do not receive appropriate psychiatric services at an early enough age, will she re-examine section 22 to ensure that young people are adequately provided with the services that they need?

Cathy Jamieson: I am aware of the interest that Scott Barrie has taken in this issue, especially in relation to the provisions of the Mental Health (Scotland) Bill. We have revised guidance on children's services plans and a number of other

issues in relation to the changing children's services fund. However, I accept that, given the amount of legislation and the number of changes that have been made, there is a case for reconsidering that guidance at some stage. I would want to have further discussions within the Executive and with other ministers to determine the best way in which that could be undertaken.

Sector Skills Councils

7. Alex Neil (Central Scotland) (SNP): To ask the Scottish Executive what discussions it has had with the Sector Skills Development Agency about establishing sector skills councils in Scotland. (S10-6318)

The Minister for Enterprise, Transport and Lifelong Learning (Iain Gray): The Scottish Executive holds regular discussions with the Sector Skills Development Agency to ensure that the new UK-wide network of sector skills councils is successfully established in Scotland.

Alex Neil: As the minister will be aware, funding for national training organisations—the predecessor bodies—will come to an end at the end of March. However, no substantive sector skills councils have yet been established. Will he urge the SSDA to pull its finger out and get the sector skills councils established? Does he agree that, rather than try to set up a business skills unit hub in Scotland when we already have one, the Executive should concentrate on its main job, which is getting the SSCs established?

Iain Gray: Some progress has been made. Although he knows this well, Mr Neil does not acknowledge the fact that five trail-blazing SSCs, have been provisionally licensed. One of them—Cogent—is based in Aberdeen, although it is a UK body. We are in constant contact with the SSDA to progress the range of issues and, earlier this month, the Scottish Executive and the SSDA signed a formal protocol. Therefore, he should not worry, as we are working closely to ensure that the transition from NTOs to SSCs will progress and that the momentum will be maintained and accelerated.

Mr Keith Raffan (Mid Scotland and Fife) (LD): Does the minister agree that, if the Sector Skills Development Agency is to be effective and successful, it must work closely with further education colleges in providing training, especially in sectors in which there is a lack of skilled people and where there are large numbers of job vacancies?

Iain Gray: There are two important aspects to the SSCs, and we must ensure that, in every case, they are their main characteristics. Mr Raffan is right to say that, first, they must work with all the other providers and stakeholders in their industry

to ensure that training is delivered effectively and efficiently. Secondly, the SSCs must be employer led. That is important in establishing the connection between skills training and the labour market.

Helen Eadie (Dunfermline East) (Lab): Does the minister see a real opportunity for the sector skills councils in the tremendous news we heard at lunch time that jobs will be coming to Clydebank and Rosyth? Does he remember the cynical action of the Conservatives on the last day of the previous Conservative Government, when they announced the movement of jobs to the Devonport dockyard, moving all the jobs to Trident—

The Presiding Officer (Sir David Steel): I do not think the minister is responsible for that.

Helen Eadie: Does the minister remember the damage caused to people throughout Scotland? I hope that he sees opportunities in today's announcement.

Iain Gray: The most important thing about today's announcement is the fact that it shows a clear recognition that the traditional skills that Scotland has provided for so long are still here and have a future, not just this year or next year, but into the decades ahead. The news is very welcome.

Police (Protective Clothing)

8. Lord James Douglas-Hamilton (Lothians) (Con): To ask the Scottish Executive whether all police officers have access to protective vests and body armour when required. (S1O-6347)

The Deputy First Minister and Minister for Justice (Mr Jim Wallace): That is an operational matter for chief constables, but I am aware that all Scottish police forces have in place robust processes to protect officers against foreseeable risks.

Lord James Douglas-Hamilton: I thank the Minister for Justice for that reply, but does not he agree that both the public and the police are at risk when the police are spread far too thinly on the ground? Does not he think that it is time for the Executive to give a commitment to increase police numbers greatly in order to increase visibility within neighbourhoods and communities?

Mr Wallace: I am pleased to be able to say that the Executive has increased police numbers to record levels and is funding the police to record levels. I am sure that taking forward the recommendations of Her Majesty's chief inspector of constabulary's recent report on visibility will help to address that issue. However, Lord James Douglas-Hamilton cannot cover up the fact that the Executive has supported the police more than any previous Administration—certainly more than any Tory Administration.

Aggregates Tax (Road Projects)

9. Alex Johnstone (North-East Scotland) (Con): To ask the Scottish Executive what impact the aggregates tax has had on road projects such as the dualling of the A92 from Dundee to Arbroath. (S1O-6339)

The Deputy Minister for Enterprise, Transport and Lifelong Learning (Lewis Macdonald): The A92 dualling between Dundee and Arbroath is a local road project and is the responsibility of Angus Council. The council estimates additional costs due to aggregates tax of £3.75 million, compared with a total cost overrun of £20 million.

Alex Johnstone: Does the minister accept that previous answers on the aggregates tax have claimed that it should be revenue neutral, but that that can be the case only when it is considered within the overall Government budget? Does he also accept that if the tax is to be revenue neutral, the Executive must address the costs to minimise their impact on important projects such as the A92 dualling?

Lewis Macdonald: Alex Johnstone will be aware that the aggregates tax is the responsibility not of this Administration but of the United Kingdom Government. The UK Government, in the light of its responsibility, has undertaken a review of the impact of the aggregates tax. Its impact on any road contract will depend on the materials and constructions used, and the way in which the contract is rolled out. I do not think that there is a single, straightforward percentage impact on road projects. The issue depends on how quickly the roads construction industry responds to the purpose of the aggregates tax, which is to increase the use of recycled aggregates and other environmentally less damaging materials.

Emergency Fire Cover

10. Phil Gallie (South of Scotland) (Con): To ask the Scottish Executive whether the position on the use of military service personnel for emergency fire cover has changed in the light of current circumstances and what discussions the Executive has had, and what agreements have been reached, in respect of guaranteeing that requisite numbers of servicemen will be available. (S1O-6305)

The Deputy Minister for Justice (Hugh Henry): The contingency arrangements for emergency fire cover provided by the armed forces remain the same as for previous strikes. The number of armed forces personnel involved also remains the same. Any proposed changes in numbers would be the subject of discussions between the Executive and the Ministry of Defence.

Phil Gallie: Is the minister aware that 25 per cent of our armed services have been committed to the gulf? Is he aware that almost 20 per cent of the armed forces have been set aside for fire service involvement, which, in effect, knocks out 20 per cent of our navy as well? Has the minister detected any concerns at all among his colleagues south of the border about sustaining the present effort, given the huge pressure that is building up on the armed services?

Hugh Henry: The Deputy First Minister and I met the responsible chief of the armed forces for Scotland this morning. He indicated that they plan to continue providing cover at the same level, if required.

Tricia Marwick (Mid Scotland and Fife) (SNP): Does the minister agree that it would be better if the servicemen did not have to be utilised in that way, and that the strike could and should be settled through genuine negotiations? Given the hostile and contradictory Executive statement yesterday, will the minister tell members what the Executive is doing to reach a fair and just settlement with the firefighters?

Hugh Henry: I agree that negotiations are the way to resolve the dispute and I hope that, even at this stage, the Fire Brigades Union will call off the proposed next round of strike action. Such action is not just putting strain on the armed forces; it is putting communities across Scotland and the UK at risk. Yesterday, the Deputy First Minister made clear the Scottish Executive's position. We have also made it clear that the negotiations are a matter for the FBU and the employers. We want those negotiations to come to a successful conclusion.

Mr John McAllion (Dundee East) (Lab): Does the minister not accept that many hundreds of thousands of Scots are appalled at the use of the armed forces as a tool to help to break an independent trade union—the Fire Brigades Union? Does he not agree that public safety is the number 1 issue and that it would be far better for the Executive to use its influence to persuade the Government in Westminster to back off and free the employers and the FBU to negotiate a just settlement? That would have been done months ago but for the interference of the Westminster Government.

Hugh Henry: I think that hundreds of thousands of Scots would prefer that the armed forces did not have to be used in these circumstances. It is regrettable that, in order to provide vital safety cover and protect lives and property, the armed forces are being used. I argue that people across the UK would be appalled if there were no one to cover for striking FBU members. The armed forces are absolutely essential to protect safety across the country. Without them, there would be many

fatalities and situations of crisis. It would be absurd if there were no cover to protect our communities when the FBU walked out.

The Presiding Officer: We come to question number 11. I call Tommy Sheridan.

Tommy Sheridan (Glasgow) (SSP): I think that the problem, Presiding Officer—

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

Tommy Sheridan: I will, but I want to point out that the issue as regards the firefighters is that, if John Prescott had not stopped being prepared to make deals, we would not need the Army. *[Interruption.]*

Mr Tom McCabe (Hamilton South) (Lab): Ask the question.

Tommy Sheridan: I am about to do that.

The Presiding Officer: If you do not want to ask your question, I will move on, Mr Sheridan.

Tommy Sheridan: I am sorry, Presiding Officer, but it appears that someone has opened the gate to the crèche.

Direct Grant Support (Glasgow)

11. Tommy Sheridan (Glasgow) (SSP): To ask the Scottish Executive how much more direct grant support Glasgow City Council would receive if it received the average mainland increase in direct grant expenditure in 2003-04, 2004-05 and 2005-06. (S10-6322)

The Minister for Finance and Public Services (Mr Andy Kerr): Glasgow receives the highest grant per head of any mainland council in Scotland. That is because the Executive takes account of the city's deprivation, its metropolitan role and the need to protect the council from the impact of the city's declining population. Indeed, if Glasgow were to receive the average mainland grant per head, it would get around £210 million less grant each year.

Tommy Sheridan: I do not know whether the minister is being deliberately deceitful; I think that he understood the question.

I asked what Glasgow would receive if it were to receive the average mainland increase in funding, not the average mainland grant. The answer is that it would get £34.5 million more than it did. Will he confirm that that is the situation and that the underfunding of Glasgow in the next three years compounds the underfunding of Glasgow by the Executive in the past three years?

Mr Kerr: I will confirm that Tommy Sheridan opposed the investment of £1.6 billion in the public sector in Glasgow, which created 3,000 jobs; that

he opposed the £700,000 health investment in Glasgow; and that he opposed the investment in Glasgow's schools. When he talks about answering questions appropriately, perhaps he should consider using less rhetoric and have more care for the city.

I point out that, today, the leader of Glasgow City Council announced, for the fifth year in a row, a below-inflation council tax increase in the city. Glasgow gets 25 per cent more than the average grant from the Scottish Executive's better neighbourhood services fund—£27 million—and £40 million went into Glasgow as part of the cities review.

Tommy Sheridan: Is the minister saying that George Black is lying?

Mr Kerr: Tommy Sheridan should stop talking the city down. The city's economy has grown more in the past three years than it has done in a generation, and there are 20,000 more people employed in the city than there were three years ago. That is a result of the Scottish Executive working in partnership with Glasgow and other agencies to make the city a success, not a result of Tommy Sheridan endlessly talking the city down.

Mr Kenneth Gibson (Glasgow) (SNP): I hope that I can bring some calm to the situation, Presiding Officer.

Surely the minister is aware that, if Glasgow received the average increase in direct grant expenditure, it would have £18 million to spend in the next financial year and so would not have to impose £15.5 million in cuts and £2.5 million in additional charges, as proposed in the document, "Glasgow's Budget Proposals 2003-2004".

Can the minister explain how cutting £2.176 million from its education department and £5.814 million from its hard-pressed social work services department will help the city to improve services and close the poverty gap between Glasgow and the rest of Scotland? Before the minister talks about council tax, I remind the chamber that Glasgow's council tax is the highest in Britain.

Mr Kerr: The Executive puts a cost floor into the calculations for payment to local authorities to protect those authorities, such as Glasgow, whose population is falling while that of other authorities rises.

We seek to intervene on Glasgow's behalf to ensure that it can provide the best possible services for its local community. Indeed, as Charlie Gordon said today, Glasgow City Council seeks to provide best value. We support the council in that, and we support the people of Glasgow.

Bill Aitken (Glasgow) (Con): Will the minister advise what the effect on the resources available

to Glasgow City Council would be if its collection rate for council tax achieved the Scottish average?

Mr Kerr: I am unaware of the precise figure. I will correspond with the member on the matter.

NHS 24

12. Brian Adam (North-East Scotland) (SNP):

To ask the Scottish Executive what impact NHS 24 has had on primary and secondary health care in areas in which it has been rolled out. (S10-6301)

The Deputy Minister for Health and Community Care (Mr Frank McAveety): NHS 24 is central to our drive to modernise the way in which we provide care to patients. It delivers direct access to high-quality advice on symptoms from experienced nurses to a consistent national standard. By so doing, it should empower patient self-care and help to reduce the demand on hard-pressed front-line national health service staff.

Brian Adam: I thank the minister for his reply, such as it was. Is he aware that, since NHS 24 was rolled out in Grampian, there has been no reduction in the number of people who turn up for general practice appointments the day after they call? Is he also aware that there has been a major impact on local hospital services? Formerly, 80 per cent of patients were admitted during the day and 20 per cent at night. Now, 60 per cent are admitted during the night and only 40 per cent during the day, which leads to major changes on medical rotas and has a big impact on out-patient clinic waiting times. Will the minister tell us whether he plans to review the operation of NHS 24 and whether the impact is likely to be the same elsewhere?

Mr McAveety: Two weeks ago, Brian Adam said that people in the public services do not perform well when they are continually attacked. I hope that he agrees with that. He also said that he did not think that we need to be overly concerned about poor performance in the public services and that we should not be overly concerned about the quality of staff. I do not know what Brian Adam is saying this afternoon, but I will do my best to respond.

There has been no increase in the work load of Grampian doctors' on-call service in the initial period of NHS 24. Our commitment is to review that continually. I give that guarantee. NHS 24 has already dealt with 80,000 calls within the GDOC area and almost 60,000 calls within the Glasgow area. That is the beginning of one of a series of initiatives that are part of our modernising health care strategy in Scotland. We are delivering on health care with far more resources than Mr Adam and his party could ever deliver. The people of Scotland can trust us to look after people in the Grampian area.

Mrs Margaret Smith (Edinburgh West) (LD): Will the minister tell us how many nurses have returned to the NHS because of the greater flexibility afforded to staff in NHS 24? What progress is the Executive making on introducing more flexible working for nurses throughout the NHS?

Mr McAveety: Mrs Smith has raised one of the critical issues that faces the Scottish health service, which is how to engage in a more flexible use of staff, particularly nursing staff. We want to work in partnership with NHS 24 and other major health care providers to ensure flexibility in how people are utilised throughout the system.

I do not have specific detail in the material that I have to hand, but I will respond to Mrs Smith's question. I assure her that we are working comprehensively to ensure that we deliver an integrated care system that ensures that staff are used to maximum effect for the benefit of patients throughout the NHS in Scotland.

Dr Richard Simpson (Ochil) (Lab): Does the minister agree that the careful introduction of NHS 24 to Scotland, which has been much slower than in England, has been done to ensure that it is integrated effectively with the out-of-hours service? Will he also indicate whether he intends to implement NHS 24 for accident and emergency as well? We know from a number of studies that the inappropriate use of accident and emergency is still quite high.

Mr McAveety: I assure Dr Simpson that we are committed to addressing the complex issue of people presenting themselves at A and E units when more appropriate settings could be utilised. We have that under review and await the outcome before we consider how such provision can be delivered in future. If Dr Simpson has any valuable advice from his professional background, I would be happy to receive it.

Strategic Rail Authority (Meetings)

13. Iain Smith (North-East Fife) (LD): To ask the Scottish Executive when it last met the Strategic Rail Authority and what matters were discussed. (S10-6312)

The Minister for Enterprise, Transport and Lifelong Learning (Iain Gray): The Scottish Executive is in regular contact with the Strategic Rail Authority on a wide range of issues.

Iain Smith: The minister will be aware that the Strategic Rail Authority published its strategic plan today. It appears to confirm that the SRA's cunning plan for our railways is to improve punctuality by not running trains; to reduce journey times by not stopping at stations; and to reduce overcrowding by making trains too expensive to use.

When he next meets representatives of the SRA, will the minister ask them exactly how axing so many Virgin train services north of Edinburgh will help to address the overcrowding on Fife trains and to improve services for my hard-pressed North-East Fife constituents?

Iain Gray: It is important to recognise that the SRA's strategic plan is very much about getting a grip on the costs of rail projects and injecting some realism into plans for the railway throughout Britain. It is very disappointing that some Virgin CrossCountry services will now stop at Edinburgh instead of going further north.

The vast majority of passenger journeys in Scotland are undertaken on the ScotRail network and, starting later this year, there will be new rolling stock and improvements on overcrowding and in passenger safety and comfort. We continue to work with the SRA towards a general improvement for passengers in Scotland.

Margo MacDonald (Lothians) (Ind): Is the minister as confident as he was that Waverley station will be redeveloped? In October, he told me that the redevelopment of the station was one of the Executive's top priorities. He said that he saw no reason why it should not proceed by 2008. Today, a spokesperson for the SRA stated:

"The plans are still at the development stage and we are looking at a number of options."

Is the minister still as confident as he was when he replied to me in October that nothing will hold up the redevelopment of Waverley station, given its importance to the crossrail proposals and the Borders rail link?

Iain Gray: Of course. The comments on what the SRA's strategic plan says about Waverley are extremely unfortunate. The plan states:

"The SRA will continue to work with the Scottish Executive to progress without needless delay a preferred way forward at Waverley subject to affordability constraints."

The point that I have always made during exchanges with Margo MacDonald, Sarah Boyack and others is that there is no current plan for Waverley—the development of a plan for Waverley must be achieved first. When that has been done, then we can move forward. With a fair wind, there is still no reason why a completion date of around 2008 should not be possible.

We should judge the capacity of the Executive and the SRA to deliver on our track record. In recent months we have moved forward with the new station at Edinburgh Park, new lines such as the Airdrie to Bathgate line and new rolling stock, which will benefit each and every part of the Scottish network. That is the Scottish Executive and the SRA delivering on commitments together.

I see no reason why we will not be able to do that at Waverley station.

Mr Kenny MacAskill (Lothians) (SNP): Given the fact that Scotland paid its share for rail projects south of the border, including the rail links to Stansted airport and to the channel tunnel, why is there no commitment from the Strategic Rail Authority to fund in full air links to our cities' airports and the redevelopment of Waverley station, which are equally important to our economy? Which new projects will the Strategic Rail Authority fund in full, and when will those be delivered?

Iain Gray: Mr MacAskill gets to the nub of the issue but completely fails to understand the importance of it. The SRA's strategic plan recognises that the redevelopment of Waverley station is a strategic priority for the UK rail network. Therefore, the SRA will work with us in delivering it. That is why the SRA is in the lead in the redevelopment of Waverley and why I expect it to work with us to deliver that. The alternative would be for us to deliver the station's redevelopment from Scottish resources, which would not recognise the fact that the rest of the UK should contribute to the development of Waverley, just as we contribute to the strategic rail network.

The Presiding Officer: Question 14 is withdrawn.

Further and Higher Education (Disabled Access)

15. Cathy Peattie (Falkirk East) (Lab): To ask the Scottish Executive what steps it is taking to improve access to further and higher education for people with disabilities. (S1O-6329)

The Minister for Enterprise, Transport and Lifelong Learning (Iain Gray): Improving access to further and higher education is a key priority. We have drawn the funding councils' attention to the importance of ensuring that the institutions comply with the new duties under the Special Educational Needs and Disability Act 2001 to ensure that disabled people are not disadvantaged in accessing further and higher education. We have provided the funding councils with additional funding to assist further education colleges and higher education institutions towards compliance.

Cathy Peattie: What staff training has been put in place to enable staff to support students?

Iain Gray: The most significant staff training that has been put in place in further education is the Beattie resources for inclusiveness in technology and education centre, which is located at Stevenson College in my constituency but provides a service to every college in the FE sector. Every college is now signed up to the BRITE scheme and has sent staff to the BRITE

centre. When they return to their institutions, those members of staff cascade the training that they have received in the methods and technology that are available for working with students with disabilities.

First Minister's Question Time

15:10

Prime Minister (Meetings)

1. Mr John Swinney (North Tayside) (SNP):

To ask the First Minister when he next plans to meet the Prime Minister and what issues he intends to raise. (S1F-2442)

The First Minister (Mr Jack McConnell): When I next meet the Prime Minister, I will discuss with him a range of issues. In particular, I will want to praise the work of our armed forces in assisting during the current fire dispute. I will want to welcome today's announcement of the new contract for BAE Systems. I will also want to congratulate the Home Office on holding a very successful Holocaust memorial day event in Edinburgh on Monday night. Among other highlights, I enjoyed the singing of children from a number of Edinburgh schools, including Cramond Primary School, some of whose pupils are present in the gallery today. They and their colleagues did very well and did Scotland proud. *[Interruption.]*

The Presiding Officer (Sir David Steel): Order. There must be no interruptions from the public gallery. *[Interruption.]* Order. I shall add on a minute's injury time at the end. That was not Cramond Primary School, by the way. I call Mr Swinney.

Mr Swinney: I associate myself with the First Minister's remarks, especially his comments about the Holocaust memorial day event on Monday, the organisation of which was a tribute to the Home Office and to the City of Edinburgh Council, which put in a tremendous effort for the occasion.

Will the First Minister say what the Government is doing to deal with violence in our schools?

The First Minister: The Government is taking a number of actions to deal with violence in our schools and with school discipline more generally. We are collecting more accurate statistics, which is the prerequisite for determining the scale of the problem. Further attention needs to be given to ensuring that we have an accurate sense of the scale of the problem: where incidents are happening, the nature of those incidents and the way in which they are reported to the police or otherwise tackled.

The report of the discipline task group contained more than 30 recommendations. Over the past few months, teachers in schools throughout Scotland have told me consistently that those recommendations are making more of a difference in our schools today than almost anything that has been done in the past decade. The right course of

action is to implement those recommendations. However, I agree with today's decision by the Minister for Education and Young People to reconvene the group and to assess progress.

Mr Swinney: The First Minister has interesting definitions of statistics and of progress. In 1999, when there were 743 reported incidents of violence in schools, the then minister with responsibility for education at the Scottish Office, Helen Liddell, stated:

"Violence and threatening behaviour has no place in school."

She then announced a review. In 2000, when the number of incidents had more than doubled, Sam Galbraith said:

"Violence and threatening behaviour against teachers has no place in our classrooms."

He then announced an action plan. A year later, when the figure had climbed to 3,083, the then Minister for Education, Europe and External Affairs—now the First Minister—said:

"Violence and threatening behaviour against teachers has no place in Scotland's schools."

He then announced a discipline battle plan. By 2002, the scale of the problem had risen to 4,501 incidents. Nicol Stephen said:

"There can be no excuse for violence and threatening behaviour against staff in our schools."

He then announced an action plan. Today, when 5,412 incidents have been recorded—an increase of 700 per cent in four years—Cathy Jamieson said:

"Violence and threatening behaviour is unacceptable in our schools."

She then announced that the discipline task group is getting back together.

It is beyond all reasonable doubt that the Government believes that there is no place for violence and threatening behaviour in our schools. The question is—*[Interruption.]*

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

Mr Swinney: When is the Government going to stop bemoaning the problem and start ending violence in our schools?

The First Minister: Much as I appreciate Mr Swinney's citing our commitment to tackling the issue, I do not believe that the problem is solved by slogans. That is exactly why, when I was Minister for Education, Europe and External Affairs, one of my very first actions was to establish the task group, whose recommendations were widely welcomed throughout the system. It is also exactly why we have the action plan and the resources to back that action plan—not just to

collect statistics, because we can collect statistics in any area of government, but to enable us to act.

The responsibility of the Government in this area is to ensure that, where children are involved in violent or challenging behaviour in the classroom, they can leave the classroom or even the school. It is to ensure that, where schools are having discipline problems, they improve their policies and take the right action to ensure that they become better places for learning. It is to ensure that teachers and trainee teachers are trained properly to handle discipline in the classroom. A series of other measures are critical and are all making a difference.

Mr Swinney: All that would be fine if the numbers were coming down, but they are going up—from 743 to 3,083, to 4,501, to 5,412. The First Minister says that the problem is not solved by slogans, but all he can do is repeat the same line every time the problem gets worse. We have had four education ministers delivering four action plans in four wasted years and a 700 per cent increase in violence in the classroom. Is it not the case that all this Government has delivered is a lot of talk and a rising tide of violence in our classrooms?

The First Minister: Absolutely not. The actions that I just outlined, along with all the other recommendations in the action plan, are being implemented by local authorities and schools throughout Scotland. More and more schools are using school uniform to get a sense of order in the school. More and more schools are setting aside areas in the school to which children can be removed to ensure that they can learn the error of their ways and that their colleagues can learn properly. In more and more of our schools, teachers are trained in order to be able to deal with incidents of indiscipline in the classroom.

Other projects are taking place. For example, in Northfield Academy in Aberdeen, police officers are helping to deal with the state of order inside the school. All those measures are practical steps that are making a difference to discipline in our schools. It is simply not good enough to sloganise about the issue. We need practical action in our schools and such action will ensure that our schools are much better places in which to learn.

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-2447)

The First Minister (Mr Jack McConnell): Next week's Cabinet will, as always, discuss matters of importance to Scotland.

David McLetchie: I am sure that one of those matters will be discipline in our schools, to which

Mr Swinney just referred. I share his concerns, as, I am sure, does the First Minister. Unlike Mr Swinney, however, I would like to explore with the First Minister some policy prescriptions for dealing with the problem.

Mr Swinney is quite right to say that there has been an appalling increase in violence in our schools. Since we started question time today, it is quite likely that there will have been three assaults on teachers in our classrooms. Is it any coincidence that the increase in violence in our classrooms has taken place since Labour introduced its ludicrous target to reduce pupil exclusions by a third? Does the First Minister admit that, in putting pressure on head teachers to keep unruly pupils in our schools, the policy has been a disaster? Will he abandon it and allow teachers—particularly head teachers—to run our schools free from politically correct interference?

The First Minister: As someone who taught during the Tory years, when the culture of under-resourcing in our schools was being created, which led to the development of a lack of discipline in the 1980s and 1990s, I hope that I know more about the issue than Mr McLetchie does.

In every school, we need a proper action plan to tackle school discipline. We need to develop an ethos that tackles a culture of bullying and underachievement for our young people. The discipline action plan that the Executive put in place, which both the Opposition parties rubbished, is working. If members of the Opposition parties spent a little time in Scottish schools, rather than sloganising on this issue or on others, they would learn that our action plan, the money that we have put in and our policies are making a difference in Scotland's schools. We need to ensure that every school implements those policies properly.

David McLetchie: That position would be fine if it were not belied by the facts. The problem is getting worse. The ludicrous targets policy on exclusion is still in existence. Although the Executive claims to have spent more than £100 million on discipline and related problems since 1999, it seems to have obtained very little return on that investment.

Would not it have been far better to spend some of that money on providing further separate, specialist units to which unruly pupils could be sent until they were fit for mainstream schooling? Is not it about time that we put the interests of teachers and well-behaved pupils who want to learn before those of the hooligan minority? Will the First Minister change the policies that are failing and will he stand up for our teachers by letting them refuse to teach pupils who have a record of violent behaviour?

The First Minister: I clarified the policy when I was Minister for Education, Europe and External Affairs. Schools throughout Scotland heard that clarification, even if the Conservatives in the Parliament did not.

Schools in Scotland should not target a reduction in exclusions in a way that leaves in school unruly pupils who should not be there. However, they should—and must—target a reduction in the need for exclusions by addressing the behaviour that leads to exclusion. I do not want children in any Scottish school to misbehave in any way, let alone to be involved in incidents of violence or abusive behaviour towards teachers, other adults in the school or other children. Children suffer bullying to a greater degree than teachers do.

All children must have a learning environment that allows them to develop to their full potential. That is what the discipline action plan is all about. As well as making a difference in Scotland's schools today, the practical measures that the action plan contains will have a long-term benefit, not just for the children, but for Scotland in general.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): The First Minister confirmed that, earlier today, the Secretary of State for Defence announced the award of the contract to build the Royal Navy's two new aircraft carriers to a consortium of BAE Systems and Thales. The First Minister will be aware that Thales had confirmed that it was willing to consider using the Nigg yard in my constituency to build the ships. Will he give me an undertaking that, at the next meeting of the Scottish Cabinet, he will use every means at his disposal to encourage some of that work to be sent to the Nigg yard?

The First Minister: Given that it is less than two hours since the announcement, it is a little early to be too specific about the way in which the contract will be carried out. The announcement represents good news for Scotland and I hope that it will be good news for many parts of Scotland. I am happy to bear in mind the points that the local member has made.

Fishing Communities (Support)

3. Rhoda Grant (Highlands and Islands) (Lab): To ask the First Minister what measures are being introduced to support communities affected by the cuts in the fishing industry. (S1F-2462)

The First Minister (Mr Jack McConnell): On Tuesday, Ross Finnie announced the biggest-ever package of transitional and structural aid for the Scottish fishing industry. Up to £50 million will be allocated to secure a sustainable long-term future for the Scottish fishing industry.

Rhoda Grant: Does the First Minister agree that we must protect conservation-led fisheries, such as those in Alasdair Morrison's constituency in the Western Isles, and in many more areas throughout the west coast of Scotland? Will he ensure that the west coast fisheries will be protected from ruinous displacement from other areas in the UK?

The First Minister: Yes. That is an important objective, which Rhoda Grant has raised with me on a number of occasions. We are working to ensure, preferably in agreement with the industry, that conditions are placed on the aid so that those who currently fish elsewhere do not move their catching to the western fisheries. It is important that we put that condition on the aid, because there is little point in our providing aid if the fishing effort simply moves west and causes problems elsewhere. The western fisheries are critical in the overall equation, although the package that was announced this week is largely for the north-east.

Stewart Stevenson (Banff and Buchan) (SNP): Does the First Minister recall European Council regulation 1263/1999? The regulation states:

"Community financial assistance may be granted for the implementation of measures in support of ... revitalising areas dependent on fisheries".

It also states that such assistance can be used for "innovative actions". Will the First Minister accept that fishing communities across Scotland are bitter about his redundancy plans for them and his manifest failure to tap into Community funds, while Spain gets money to build new boats that will be used to fish out our fish in years to come? Will he now ask for European money to save our communities?

The First Minister: I thank the member for his question and for welcoming me to Peterhead on Sunday afternoon—even if it was from behind the barrier. It was good to see him there.

There are a number of important points to make about the fishing industry. First, we must dispel the myth that there is some European Union money floating around that could have been applied for. That is simply not true. Had SNP members listened at all over the past fortnight, they would be aware that any reallocation of money within Scotland's overall fishing structural funds for the purposes that Mr Stevenson outlined would simply have led to a reduction in money for the fish processing industry. That would have been wrong.

This week, we announced the allocation of money over and above the amount that the European Commission was prepared to allocate for the Scottish fishing industry. That positive move compares favourably with the so-called recovery package that the SNP proposed this morning. The SNP says that it would scrap plans

to spend money on decommissioning. However, that would simply result in a reduction in the number of days at sea for those in the north-east from 15 to nine, as outlined by the European Commission.

The SNP also says that it would maintain the industry's critical mass, but that would simply ensure that the North sea fishery stocks were depleted more quickly, thereby threatening the long-term sustainability of the industry. Moreover, the SNP says that it would provide fishery-related firms with rates relief, which it would take from the £50 million. We have made it clear that that money will be in addition to the £50 million. The SNP's recovery plan would not help the recovery of the Scottish fishing industry but lead to its decline. That is why the SNP plan will be rejected by fishing communities across Scotland.

Mr Jamie McGrigor (Highlands and Islands) (Con): First, I notice that £40 million of the £50 million on offer is for decommissioning. In other words, it is a redundancy package for the Scottish white-fish fleet. Does the First Minister honestly think that the £10 million left over will be anything like enough to cover the losses of the affiliated fishery workers and processors? Secondly, what is to happen to the boats that carry on? They will labour under 50 per cent cuts in their quotas and 50 per cent cuts in the number of fishing days. What will the First Minister's Government do to help those fishermen who are bravely trying to soldier on against the most appalling odds?

The First Minister: I will preface my remarks by saying that the cuts in quota are too deep and the impositions on days at sea are too severe. At the same time, it is vital to be honest about the matter, to face up to difficult decisions and to take the actions that will lead to a long-term future for the fishing industry.

The reality is that, if decommissioning does not take place, the majority of European Union member states will vote—it will happen automatically—to reduce the number of days at sea, possibly to even less than nine. If we do not reduce the take from the stock in the North sea, the long-term future of the industry will be less viable.

We need a balanced plan that ensures the industry's short-term future through aid, decommissioning and more days at sea than were originally proposed, attached to long-term action that will secure a more sustainable fishery. That is the right plan. Ross Finnie's announcement on Tuesday was right for the industry.

George Lyon (Argyll and Bute) (LD): Have discussions with the fishing industry begun? How will the £10 million of traditional aid be delivered to the fishing industry? When will the money begin to

flow to hard-pressed fishermen who are faced with tying up on Saturday?

The First Minister: We will make the money available as quickly as possible. The Parliament will have to make the right approvals over the coming weeks. Discussions have been under way since December and those discussions will now become more detailed, because we know the overall scale of the package. I hope that we will be able to provide the aid in the near future, so that we can secure the temporary provisions that are required to see us through such a difficult period. I hope that, at the end of the day, we will have not only a stronger fishing industry, but a better set of decisions in Brussels.

The Presiding Officer: Because of the earlier interruption, I will take question 4.

Accident and Emergency Services

4. Mary Scanlon (Highlands and Islands) (Con): To ask the First Minister what action is being taken to address the incidence of critically ill patients being turned away from hospitals because of a shortage of beds and staff at accident and emergency departments. (S1F-2454)

The First Minister (Mr Jack McConnell): In the vast majority of cases, critically ill patients are looked after at the hospital where they arrive. In a very small number of cases, when local services are under severe pressure, critically ill patients may be stabilised then transferred to another hospital for admission. That is established good practice in managing seasonal pressures.

Mary Scanlon: Does the First Minister, on behalf of the Liberal-Labour coalition, still support the Tories' 1991 patients charter? In particular, I am thinking of one of the 10 basic rights, which guaranteed patients emergency medical care at any time from hospital accident and emergency departments.

The First Minister: It is critical that people can get proper emergency care. It is also critical that we should be able to manage the huge increase in accident and emergency admissions in recent years—15 per cent since 1999. What happens—it has happened in my area of Wishaw—is that those patients who are brought in ambulances or who turn up at the door are dealt with in the hospital on the spot, but, if there are too many of them, those who were referred by general practitioners are referred on to another hospital. That is good management and good practice and it ensures that emergency cases are properly treated. I hope that it will not be necessary for that to happen too often, but that, when it does, the system is properly managed by those working at a local level.

Nicola Sturgeon (Glasgow) (SNP): Does the First Minister agree with Tim Park, the clinical

director of accident and emergency in south Glasgow, who, commenting on the fact that many patients in Glasgow wait up to 10 hours on trolleys, said that the number 1 problem is a lack of beds? In light of that, does the First Minister agree that the Scottish Executive's bed reduction policy, which has resulted in the loss of 700 acute care beds since 1999, is seriously misguided?

The First Minister: That is precisely why we are tackling bedblocking and why we have seen a reduction in the number of blocked beds in Scotland's hospitals over the past 12 months. That is making a difference during this difficult winter period. It is also why we need to review the facilities for hospital provision in Glasgow. Ms Sturgeon has been a vociferous opponent of the substantial investment into Glasgow's hospitals, which will ensure that we have better provision in Glasgow—provision that is more modern, that ensures that the right services are accessible locally and that gives good-quality emergency care, as happens in Edinburgh.

Janis Hughes (Glasgow Rutherglen) (Lab): Notwithstanding his comments about the massive investment that is being made in Glasgow, which I welcome, does the First Minister accept that the plans to reduce the number of accident and emergency facilities in Glasgow from five to two as part of the acute services review have raised concern among the residents of south Glasgow? Will he assure me that recent press reports highlighting congestion in accident and emergency departments will be taken into account when the health board is considering the review of acute services provision?

The First Minister: It is precisely because of the continuing upward pressure in accident and emergency departments, with the sorts of increases that I mentioned—a 15 per cent increase across Scotland since 1999—that the Minister for Health and Community and Care thought it right that the accident and emergency provision in Glasgow should be reviewed over the next two years before final decisions are made about overall provision. He was absolutely correct. It is critical that we have in Glasgow the right level of accident and emergency provision. It is vital that we have a local service that can deal with cases on the spot and high-quality emergency provision, including facilities for surgery, in locations throughout the city where cases can be treated at the level of specialism that is nowadays required. That happens in Edinburgh and it should happen in Glasgow. It might require two or three units, but any decision will be made in two years' time.

Budget (Scotland) (No 4) Bill: Stage 1

The Deputy Presiding Officer (Mr George Reid): The next item is a debate on motion S1M-3785, in the name of Andy Kerr, on stage 1 of the Budget (Scotland) (No 4) Bill. Those members wanting to contribute to the debate should press their request-to-speak buttons now. I call Andy Kerr to speak to and move the motion.

15:37

The Minister for Finance and Public Services (Mr Andy Kerr): There will be great sadness throughout the land as this debate will be minus seven or eight minutes, but I am sure that we shall cope with the pressure.

This year is the second full year of the budget process, as set out by the financial issues advisory group and adopted by Parliament. We have achieved much to be proud of in that time. We have a far more consultative budget. The process has achieved a genuine degree of public engagement, and it has been transparent and open. There have been many opportunities for the Parliament and the Scottish public to have their say.

That is not solely a result of the Executive's work but reflects the very hard work undertaken by the Finance Committee and the other committees of the Parliament. I place on record my thanks not only for their effort but for their constructive attitude throughout the process.

At every stage of each budget, we have introduced changes to reflect the committees' suggestions and requests, and the process has continued to improve across the life of the Parliament. This year, for the first time, an individual member lodged an amendment to the bill; however, we could not support it. Moreover, this year, we will also lodge the first ever Government amendments to the bill, although they will simply reflect technical accounting changes following discussions with Audit Scotland and the Finance Committee.

As a result, there are signs of an evolving process, and one would expect that further improvements will be made in years to come.

Mr Keith Raffan (Mid Scotland and Fife) (LD): I wonder whether the minister can tell the chamber how many of the committees' recommended options for additional expenditure in the 2003-04 budget he has been able to accept and act on. *[Interruption.]* Does he want me to go on for a bit longer while he consults the deputy minister?

Mr Kerr: We wrote back to all the subject committees involved and to the Finance

Committee about the details in the budget. However, the more important point is that the opportunity to make such recommendations is available not just to members and committees of the Parliament but to the Scottish public. That is one way in which we do things differently and effectively in Scotland.

To make the process open, transparent and helpful, we also produce a fairly sizeable document of more than 300 pages as well as other supporting documentation. The form and content of that document has grown over the years to meet requests and suggestions from Parliament and others about what it should contain and about the presentation of information. However, I wonder whether the result represents the best way of doing things and whether it helps members readily to access and understand information.

The last debate on this subject was on the Finance Committee's report on stage 2 of the budget process and the next will be on stage 3 of the bill next month. Therefore, perhaps we share suspicions that there are too many debates in which members from all parties make broadly similar contributions. We might want to consider that point in future. It is also worth considering that the parliamentary budget process appears to be compressed into one part of the year.

I hope that, after the forthcoming elections, the Parliament and the Executive will consider together what further improvements can be made. Contributions during the course of this debate will influence that discussion in the next session.

The budget seeks parliamentary approval for the first year of the spending programme as set out in "Building a better Scotland". The budget is for growing our economy and increasing the opportunities in our communities.

Our key economic objectives are to accelerate Scotland's economic growth to provide opportunities for those who wish to work and to ensure that our economic development is sustainable.

Andrew Wilson (Central Scotland) (SNP): Given that the minister has just said that a target outcome from the budget is economic growth, will he answer the question that Alex Neil put six months ago about the expected impact of his budget on the growth in the Scottish economy?

Mr Kerr: We have linked our funding to targets to ensure that our money delivers. We seek to increase the number of people in work undertaking training and to improve access to modern technology—an example is extending broadband into urban and rural Scotland. We seek to close the gap between unemployment rates in the worst 10 per cent of areas and the Scottish average. We will assist 150 joint academic and industry

ventures by 2006. We will invest heavily in education and transport, which are crucial for long-term economic development. We will continue our work with the business community and live up to our commitment to freeze Scottish business rates, to limit future rises in rates to the rate of inflation and to institute a system of rates relief for small businesses. All those assist to build a strong and stable economy in Scotland and one that we seek to grow. No one wants us to have the economic growth figures that we have. We seek to improve those figures, which is why the budget focuses on economic growth and opportunity. That is the purpose of the Executive and of "Building a better Scotland".

The targets for the economy are matched by targets in every area of the Executive's work. Following the 2002 spending review, public services in Scotland will benefit from unprecedented levels of funding over the next three years—there will be a real-terms increase of more than 4.6 per cent. Therefore, we have an historic opportunity to improve our public services for those members of the community to whom the services matter most. We will make improvements that match their aspirations and build on progress that we have made, and we will reverse the decades of underinvestment.

Mr Brian Monteith (Mid Scotland and Fife) (Con): The logical conclusion to what the minister has said in answer to Andrew Wilson is that the more spending there is by the public sector, the more growth there will be. Surely the minister cannot believe that more and more spending will bring more and more growth or he would be advocating more spending every year until there is no private spending at all. Surely the message and the lesson from all around the world is that less regulation and lower taxes are what increase growth. That is the objective that the Executive should be following.

Mr Kerr: I am under no illusion about the partnership that we must have with the private sector and private investment to aid the growth of the Scottish economy. We play our part, for example, through the public-private partnerships that invest huge amounts of money into our infrastructure and make a huge difference—in Glasgow for example, where the housing stock transfer will create 3,000 jobs and £1.6 billion will be invested in housing stock. Whether it is with the public or the private sector, we seek to work in partnership. We consult the business community to ensure that our interventions in the economy are appropriate ones in order to support their activity, which creates a massive amount of wealth in our economy. The Government's role is to support that activity and that is what the spending review and the budget seek to do. It is a costed programme, linked to genuine targets and it shows

our commitment to delivering on the public's priorities and choices about public services.

The budget is based on the strengths of devolution—being part of a strong UK, receiving our fair share of UK public spending and having the freedom to decide in the Scottish Parliament how to use that resource.

During the past year, Scotland has benefited from the stable macroeconomic conditions that have been secured for the UK as a whole. That demonstrates the benefit of our current constitutional settlement. The Barnett formula, for example, provides a clear and stable mechanism for granting funding to the Executive. Devolution ensures that the Executive and the Parliament can monitor how the money is spent and they can ensure the money makes a difference in our communities, including the business community. The recent report on "Government Expenditure and Revenue in Scotland 2000-2001" showed that Scotland had a fiscal deficit of between £1.1 billion and £5.4 billion.

How will the Opposition's spending commitments—the ones that it owns up to, that is—be funded? The SNP argues that they will be funded from the size of the reserve, by ending the public sector reform budget or even by reallocating end-year flexibility.

Andrew Wilson: Leaving aside the debate that we could have about the accuracy of the statistics, is the fact that, by the minister's own measure, the figures have got worse since Labour came to power a reflection of Labour's failure on the economy or of its success?

Mr Kerr: It is a sign of the Chancellor of the Exchequer's commitment to Scotland to ensure that public spending is maintained at record levels. It is a sign of confidence in the UK partnership that maintains a vibrant public sector in Scotland, which we must use surgically and clinically to ensure that we gain better economic growth. That is why, through the budget and through our announcements about support for business, including business rates reform and freezing business rates, we will continue to work with business to provide the right environment for growth.

Let us take some time to examine the promises that are made. The SNP's comments on a contingency fund amazed me. Having such a fund is a normal process for any Government and allows us to accommodate genuinely unforeseen and unavoidable contingencies. The SNP would not have that money; it would spend the lot. How do we deal with foot-and-mouth disease, the cost of military cover during the fire dispute or support for our fishing communities? With no contingency fund or reserve, we simply cannot do that. With a

degree of uncertainty ahead, responsible Governments look to the pressures that may emerge and cover commitments that may occur in the future. That is why the reserve planned for 2005-06 must be greater than in the previous four years.

Brian Adam (North-East Scotland) (SNP):

Does the minister acknowledge that the document that is before us today shows that he has actually cut support to the fisheries by £20 million? If he is struggling to find out where those figures are, I will tell him that they are on pages 13 and 15.

Mr Kerr: That is inaccurate, and I shall correspond with Mr Adam on that point. The figures take into consideration some technical calculations to do with the use of capital in the building of a vessel. What he will find is that support for fishing has increased over the spending period and in the budget that is before him today. I will correspond with him precisely on those matters, as there are technicalities involved that may not be best explained in this debate.

That brings me back to my point about responsible government and the need for contingency and reserve. The reserve is there to deal with pressures, and no mature Government could do without one.

Three-year planning has many advantages and it allows us to react to new opportunities between spending reviews. That is the point of the public sector reform budget. It will allow the Executive and future Governments to make decisions about how best to use our resources in future years. That is the sole purpose of the public sector reform budget. Some accuse us of having an election war chest. My idea of an election war chest is that one would spend it before the election and clear the decks of all the money. What we are doing is sensible and responsible, ensuring that future decisions can be made about public sector reform that will change the delivery of our public services here in Scotland.

End-year flexibility is another old favourite that is much criticised by many members of the Opposition. That resource is available to us. It is finance put aside for planned future expenditure, such as the Glasgow housing stock transfer. It covers slippage in capital projects caused by planning issues, foot-and-mouth disease or inclement weather. The whole purpose of EYF is to allow flexibility in our future spending, but that is money that we have dedicated to future projects. It is real money. If one chooses to spend EYF, as some of the nationalists have chosen to do, one is cutting other services that the Parliament has agreed to deliver.

Some of the spending commitments made by the Opposition are irresponsible and, as usual, not

real. That would be a bitter pill for many of us to swallow in the unlikely event of the SNP being in government. EYF money is not lost; it is just carried forward into the next financial year. That is prudent, effective and necessary financial planning. It is incredible to hear some of the public spending commitments of the nationalists and how they see Scotland's economy and public finances, and to consider the mess that the nationalists would clearly get them into.

The budget bill that the Executive has presented sets out a fully costed programme. We have set clear targets to show how every penny will deliver for Scotland. The bill's principles are those of any mature and serious Government, and I therefore commend the document to the chamber.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.4) Bill.

15:49

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): Once the minister got past the reasonable part of his speech, it was clear whom he is concerned about and who his main opponents are in the election, as he spent the second half of his speech simply attacking the SNP.

I will try to be more reasonable than the minister. As he said, this debate is part of a process. Some of us may feel that the process is interminably long—the minister referred to that—and that it requires a select few to put basically the same arguments interminably to each other, but it is nonetheless a process. I echo what the minister said: the quality of the documents has improved significantly over the four years of the session.

However, it is disappointing that the Finance Committee's stage 2 report on the budget process, which we published in early December, was responded to only this morning. That does not give us much time to analyse the response to the recommendations.

Mr Raffan: The member said that the budget documents had improved significantly over the past four years, but I fail to see how. Does he not agree that there is great room for improvement, particularly in the elementary matter of having an index, so that we can look things up and not have to wrestle with and go through whole documents, particularly in respect of cross-cutting expenditure?

Alasdair Morgan: Every document is capable of improvement and I suspect that improvements can be made. However, if the member compares the documents from the first year of the Parliament with those from the fourth year, he will see that

there have been great improvements—I suspect that I am doing the minister's job for him now.

While I am answering Mr Raffan, I congratulate him on his magnificent four-page constituency newsletter, which I received through my door some weeks ago. It seemed to indicate that everything that the Scottish Parliament had done was a result of Mr Raffan's intervention. I am glad to see him back here to move us on a stage.

I would like to discuss one or two of the Finance Committee's recommendations. The committee said that it

"strongly recommends that the practice of cumulative counting of budget increases should stop and that increases over the Spending Review period should be expressed simply in terms of the actual cash increases or percentage terms, without the distraction of cumulative accounting."

The minister responded:

"We believe that the figures set out in *Building a Better Scotland* and the budget documents are transparent and accurate."

That is not a commitment that agrees with the committee's recommendation. Let us look at what the document says and see how clear it is. It states:

"Where spending is shown as increasing, for example, by £10/20/30 million, this means that spending will increase by £10 million in 2003-04, by £20 million in 2004-05 and £30 million in 2005-06."

That is capable of two interpretations. It does not say whether the year 2 or the year 3 increases are compared with year zero or the preceding year—in other words, whether they are cumulative or not. To make matters worse, if one looks through the document and sees where that notation is used, nowhere does it refer to a single expenditure line in the tables to enable the reader to work out which of the two interpretations that the reader can make is correct. Why does the minister not take the simple course, follow the committee's recommendation and stop using the cumulative method of accounting, regardless of whether he thinks that he has got things right or not?

The Finance Committee stated:

"In relation to non-domestic rates, we recommend that the Executive assures businesses that their rates bills will not rise above inflation rather than simply the rate poundage rising in 2004-05 and 2005-06."

Again, the response did not answer the question. The response stated:

"Our policy is to limit the annual increase in the poundage to the increase in the Retail Price Index ... The rates bill will depend not only on the poundage, but the rateable value".

We know that. There is no commitment that the bill will not go up on aggregate across Scotland as a result of revaluation. It is likely that revaluation will

increase rateable values, so will the Executive give a commitment that if that happens—leaving aside global melt-down and all the caveats—any increase in poundage will be such that average rate bills will not rise above inflation? That is what the committee requested—will the minister give that commitment or not?

Successive committees and—to be fair—ministers have been concerned to point out that it is outcomes that are important rather than the amount of cash. It is therefore good that the draft budget contains many targets. However, some of the targets are rather vague or unsatisfactory.

For example, consider the targets in rural affairs. Target 8 is to

“Encourage more sustainable agricultural activity on 13,500 farm businesses in Scotland’s remote hills by 2006.”

I know that there is a whole wodge of explanatory notes, but I asked the Executive how that target will be assessed. The answer stated:

“Support to farm businesses in Scotland’s remote hills is provided through the Less Favoured Area Support Scheme. Maintaining the number of claimants at or above 13,500 indicates that the scheme is helping to maintain agricultural activity”.—[*Official Report, Written Answers*, 18 November 2002; p 2267.]

By definition, those subsidies are governed by the European Union’s agreed rules, so to meet the target all that we have to do is pay out money to 13,500 applicants. That does not prove that we are encouraging sustainable agriculture; it proves that we are paying out the money. It is not an outcome; it is an output.

The second target that I will pick on is target 1 in transport, which is to

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

That sounds great, but the supporting documents indicate that we do not yet have a firm way of measuring trunk road journeys or congestion. That is the kind of target to which we could all sign up. How can we know whether the resources that are being allocated are adequate to deliver the target when we do not have the ability to measure the baseline from which we are trying to work out the target? Quite a few more targets are of that nature.

One of the most interesting items in the spending—allegedly on our behalf—is the one that does not even show in the budget documents: the cost of the Scotland Office, which is about £8 million a year. That money is creamed off the Scottish block before we even get it. That is money that is used to support an office that virtually nobody wants and to support 107 civil servants to do God knows what. It is money to keep ministers in place to campaign, especially

this year, for the Labour party in Scotland. They cannot even do that properly, as Mrs Liddell’s campaigning role is widely seen as having been given to John Reid—another Cabinet minister without a real job.

Mr Monteith: Will Alasdair Morgan take an intervention?

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

Alasdair Morgan: As I have said before—I will say it again because it becomes more relevant all the time, especially now that Mr Chisholm has had to put a caveat on his payments to hepatitis C sufferers because he must in effect get Westminster’s permission—we should not be discussing this part budget, which has only a little of the Scottish revenue and only part of Scottish expenditure. We need control of all our revenue and expenditure in Scotland so that we can use the fiscal system to incentivise Scottish business, grow the Scottish economy and improve Scottish public services.

15:58

Mr David Davidson (North-East Scotland) (Con): Once again, a Labour finance minister stands in the chamber crowing about the vast sums of money that he is benevolently distributing. There is never an acknowledgement that the money comes from the pockets of hard-working Scottish families. Those families have had rise after rise in taxes inflicted on them by a Chancellor of the Exchequer who cannot balance his books. I wonder when the Executive will understand that everyone, not only taxpayers, notices when large increases that are put into public services without reform or focus fail to improve the services.

This is a budget of tax and waste. Spending has increased by 12 per cent from 2002-03 to 2003-04 and 53 new taxes have been introduced. Oil and gas taxation rises risk the sustainability of that important sector in Scotland. In April, our economy will be hit by the increase in national insurance while it trails in growth terms behind the rest of the UK.

Our public services are seen to be increasingly inaccessible and to be failing, despite the best efforts of the staff. Extra money is not the solution. Money poured into centralised and inefficient systems is not what our people want or deserve.

How can the Executive claim to have delivered improved health care on the back of all the extra money when waiting lists and waiting times have steadily increased over the past three years and fewer out-patients are being seen within nine weeks than ever before?

In education, why is it that—despite increased spending—up to a third of pupils in the early years

of secondary school are failing to acquire basic skills? Despite the extra spending in the justice budget, our communities are not safer. Crime, especially drug crime, is increasing.

Elaine Thomson (Aberdeen North) (Lab): Will the member admit that some of the Scottish Executive's policies, such as education maintenance allowances, have been introduced precisely to address the concerns that he raises? Does he welcome such measures?

Mr Davidson: The fact is that, although quite a lot of taxpayers' money has been spent during the past three or four years, we are not seeing the effects. If anything, we are going backwards.

The people of Scotland are concerned not so much about how much money is spent, but about how it is spent. They are concerned about the level of waste, a prime example of which is the Holyrood project, which is now nine times over budget and, I suspect, the cost is still rising. The marriage of convenience between Labour and its Liberal Democrat bedfellows has not produced the promised renaissance in public services. The main contribution of the Lib Dems, apart from supplying the votes required to deliver the Labour agenda week after week in the Parliament, seems to have been a U-turn and a new tax for Scotland—the graduate tax—which the Scottish Conservatives would abolish.

Andrew Wilson: Will the member give way?

Dr Richard Simpson (Ochil) (Lab) *rose*—

Mr Davidson: I want to make a bit of progress, then I will let members in.

The Liberal Democrats claim to have delivered free personal care for the elderly, but they are wrong. They delayed free personal care for a year, which resulted in the honourable resignation of Keith Raffan as the party health spokesman. Council after council now complains that it does not have sufficient resources to deliver the policy. There is also confusion as to who will qualify. The scheme is supposed to be national and not another one that is rationed by postcode.

Dr Simpson: The member mentioned that his party would abolish the graduate tax and that it is in favour of free personal care, but thinks that more money is required. How would his party produce the funds for those measures without increasing tax?

Mr Davidson: We offered a solution to the graduate tax problem in 1999 and we were one of the first parties—if not the first party—to say that we would deliver free personal care.

The Budget (Scotland) (No 4) Bill, which Andy Kerr has introduced, talks about the great delivery and a lot of extra money. Every party in the

Parliament was supposed to support that, but it is failing already, which is Labour's problem.

Mr Raffan: Will the member give way?

Mr Davidson: The problem is not so much about money but about definitions and rules. Councils are confused. We could reduce council tax rates simply by improving the collection rate.

On Monday, Jack McConnell told the business community in Aberdeen that he recognised its concern about higher business rates and that the Executive intends to freeze them. That admission was fair enough, but we would go further by reducing business rates to the same level as in the rest of the United Kingdom.

Labour cut the road spending plans that it inherited from the Conservatives. We acknowledge that new money for transport has eventually come through after a lot of pressure, but we would transfer £100 million from the enterprise budget to renew the Scottish infrastructure, which has been neglected in the five years under Labour. The announcement about the western peripheral route for Aberdeen was welcome, but I want a categorical assurance that the scheme will not involve tolls, which seems to be the plan for Edinburgh.

The SNP made no attempt to explain where the resources will come from for its spending pledges. The SNP's solution for everything is to tear Scotland out of the successful monetary union of the United Kingdom and put us into the uncertainty of the euro. That would leave us at the mercy of Europe, which is already destroying our fishing industry.

Andrew Wilson *rose*—

Mr Davidson: I will let Mr Wilson in.

The Deputy Presiding Officer (Mr Murray Tosh): No. Mr Davidson is in his last minute.

Mr Davidson: I want to know where the Minister for Finance and Public Services intends to find the £50 million that is required to support the fishing community. We have a small reserve which, as far as I am aware, has been overspent several times. Perhaps the minister will say whether that money will also come from EYF.

Scotland needs the rainbow coalition to recognise that pouring money into public services without reform and modernisation is wasteful and insulting to those who work in them. The truth is that the budget will fail our economy and our people.

16:05

Mr Keith Raffan (Mid Scotland and Fife) (LD): Mr Davidson was very fortunate in being so often in his last minute that he was unable to give way.

Perhaps in the Conservatives' winding-up speech, the Tory spokesman, or whoever is economically literate among them, will tell us whether they agree with the proposals that were made in the Christmas recess by the shadow chief secretary to the Treasury, Howard Flight—whom I remember from my Cambridge days as being pretty economically illiterate and who has not improved much since then—who advocated 20 per cent cuts in some areas.

Mr Davidson seems to be a devotee of improving public services despite the cuts that Mr Flight proposed. Those were partly contradicted by Mr Duncan Smith in the usual confusion that follows policy announcements by the Tories, who never know what one another are doing. Mr Flight made specific commitments to substantial cuts that would not just hit public services, but which would be catastrophic for public services.

Mr Davidson rose—

Mr Raffan: I am not giving way to Mr Davidson. He can respond in the Tories' winding-up speech. He did not give way to me.

Before we go into the election, we want detailed Conservative spending cut policies. What we need from the SNP is the very opposite. We need to know exactly where the SNP stands on its members' various spending proposals. In a three or four-month period back in 1999, they managed to promise £1.5 billion of expenditure. Mr Kenny MacAskill proposed most of it, so I suppose that allowances must be made. However, during the last general election campaign, they promised £3 billion of spending proposals, all of which they ditched immediately afterwards.

SNP members are now promising more social workers, more pay for nurses, more money for Inverness airport. Of course, Mr Ewing always gets in on budget increases and promotes his specific interests: he knows what pork-barrel politics is all about. Inverness would be paved with gold if Mr Ewing had his way—and there would be more police, more general practitioners, more pay for dentists, smaller class sizes, more money to councils for children's hearings, more money for concessionary fares and extra cash for free school meals.

Andrew Wilson has got in on the act and is proposing that people, businesses and corporations should pay less tax. Of course, nothing adds up. The fact is that they have spending proposals that would bankrupt the nation, yet they want to cut taxes at the same time. The Scottish people will not fall for the absolutely silly proposals of the SNP, which is proposing to cut taxes and raise expenditure substantially at the same time. When the SNP leader-in-waiting on the back benches, Mr Neil,

eventually emerges as John Swinney's successor after the devastating election defeat that the party is about to suffer—

Mr Monteith: On a point of order. I thought that we were here to discuss the budget document, not the policy of the SNP.

The Deputy Presiding Officer: I think that Mr Raffan is talking about the SNP's budget proposals.

Mr Raffan: I could equally be talking about the Conservative party, which is about to be reduced in size here, as we know that it will make more proposals for spending cuts.

We need greater clarity in the budget document. I wrestled with it for several hours, trying to track spending on tackling drug misuse, which is a major cross-cutting issue. The important Finance Committee recommendations on end-year flexibility need to be followed, drawing the distinction between expenditure that has slipped and expenditure that has been forgone. Similarly, I agree with Mr Morgan on the issue of cumulative spending increases. The Executive must publish expenditure details on cross-cutting issues, so that we can track that expenditure. That is essential for clarity.

The Finance Committee made an important point about the joint report of the justice committees to it, which stressed the need to reverse what they see as a decrease in expenditure. Cross-cutting issues need to be taken into account. That is apparent in the presentation of figures relating to drug misuse in the budget document. We are told that specific expenditure is £56.1 million and that generic expenditure is £85.4 million, making a total of £141.5 million. However, the same policy unit in the Executive that produced that review of Executive expenditure on tackling drug misuse says that the total expenditure is £332.92 million, although it does not say how it reached that figure.

The situation is similar regarding the figures on tackling alcohol misuse. We are told that the specific expenditure is £3.83 million: the £2.33 million plus the £1.5 million after the national plan was published. However, the Executive maintains that the total expenditure—which is bound to be much bigger because it is a cross-cutting issue—is about £267.9 million. We need greater clarity because we could then make a judgment about where greater expenditure is required.

16:10

Mr Tom McCabe (Hamilton South) (Lab): I welcome the opportunity given to Parliament to discuss further the budget and the processes that we employ for scrutinising expenditure. When we get to this stage of the budget process there is a

temptation to think that it has all been said. However, we can undertake the debate having been informed by the Executive's response to stage 2 of the budget process. I am pleased to say that that response is extremely positive, even if it took an unacceptably long time to produce.

At stage 2 of the budget process, the Finance Committee made a strongly worded recommendation about the practice of portraying budget increases in a cumulative manner. I welcome the Executive's commitment to work with the Finance Committee to find ways of introducing more clarity to the figures that the Executive produces.

During consideration of the budget, proposals for change were made that would assist hepatitis C sufferers who seek compensation. I am sure that it is reassuring to every member in the chamber to see that the Minister for Health and Community Care is seeking, through another route, to address that issue.

The Executive's positive response to the Finance Committee's stage 2 discussions on the budget process is most encouraging and I welcome the Executive's willingness to work with the committee and the Parliament. One overriding factor that should shape today's debate is that the budget is expansionist and successful. Credit should be given where it is due. The process of scrutinising the Executive's budget has evolved significantly during this first Parliament, but no one should doubt that we will need significantly more progress over the years to come if we are to unveil the mysteries that lie beneath a £25 billion budget.

The Parliament's subject committees have played a significant part in the process so far, but all our committees, including the Finance Committee, will need to continually reassess their approach to budget scrutiny if we are to achieve the transparency and opportunity to influence that we desire.

The Finance Committee recently commissioned research from Professor Colin Talbot on budget setting and financial scrutiny in devolved administrations and regional governments around the world. The research looked at countries such as Australia, Belgium, Italy, New Zealand, Spain and the United States. The report is excellent and informative and I would commend it both to members and to parliamentary committees as they consider more precise approaches to budget scrutiny. I certainly believe that the document could be of immense use to the new Finance Committee when, during the next Parliament, it continues to push for the evolution of our budget scrutiny process.

Finally, I welcome again the agreement that the Finance Committee reached with the Executive on

next year's process. As members will know, the timing of the election makes the publication of the annual expenditure review practically meaningless. The agreement to have the draft budget report published before the end of the summer recess will allow the new Parliament to analyse properly the new figures in circumstances that would otherwise have been difficult. I welcome the Budget (Scotland) (No 4) Bill. I commend the Executive for the expansion and vision contained within the bill and I look forward to the evolution of the budget scrutiny process, which empowers Parliament and informs the people whom we represent.

16:13

Andrew Wilson (Central Scotland) (SNP): I am sure that the fact that the number of people in the public gallery decreased by more than two thirds during Mr McCabe's speech was no reflection whatsoever on the contribution that the Finance Committee convener just made, which was as measured as ever. I am sure that more people will now leave the public gallery.

We are, of course, debating half a budget. That is the key reason why Scottish Parliament budget debates command neither the theatricals nor the interest from the media or the general public that such debates do in normal countries. In every other country in the world the budget would be presented in relation to what it meant for the economy in terms of growth and the prospects for the economy; whereas there is no reference in the Scottish Executive's budget document to the economy. The United Kingdom's green budget has the Government's forecasts for underlying growth, inflation and revenues and the impact of all those on the health of public finances. In the Scottish Executive's budget, of course, we see nothing about revenue, the economy, or growth.

When the minister launched the consultation document last autumn, he said that it was a budget for growth. However, when Mr Neil asked him during question time that week what the budget's impact would be on growth, the minister could not answer. Today, after six months of preparation, the minister can only list initiative after initiative. The simple truth is that the Government does not know or understand what is going on in the Scottish economy, except that it can have little impact on the economy.

To the extent that this budget does impact on the Scottish economy, let us examine it. Alasdair Morgan mentioned business rates. The revenues from that taxation over the course of this budget year will rise at twice the rate of inflation—£76 million will come out of the business community at a time when the economy is stagnant.

In relation to regional selective assistance, the Government's only intervention tool on the

investment front in terms of direct subsidies to industry, there has been a welcome shift towards indigenous industry, but it will be reduced by a third. Scottish Enterprise and Highlands and Islands Enterprise both see their budgets being cut in that context.

The contribution of this budget to underlying growth in the economy, notwithstanding some of the measures on the enterprise side, can only be negative. If the Government took any cognisance of that fact, we might have more faith that it might take the economy seriously. It talks growth, but delivers far from it.

The minister was reticent when he mentioned the recent "Government Expenditure and Revenue in Scotland 2000-2001" report. No wonder—it is largely accepted as being wholly irrelevant and is discredited by the commentators and the media who are involved in examining such matters. The truth is that the document was dreamed up by the Conservatives as a means to perpetuate the myth that Scotland is subsidised, and to oppose devolution.

As Alf Young, no fan of the SNP, said in *The Herald* only a couple of weeks ago, GERS was certainly born as a party-political ploy when Iain Lang was the Secretary of State for Scotland. George Robertson used to oppose the document, but Andy Kerr and his colleagues have developed it. One leading Conservative member said to me privately this week that GERS was a set-up from the start. It is yet another Conservative approach to politics that Labour is happy to take up. With great grace and accuracy, when he was launching the document, the Government's chief economist said that it tells us that we have a deficit with the current constitutional arrangement, but tells us nothing about what the situation would be if Scotland were independent.

The Government's tactics tell us nothing about the prospects for growth, but tell us everything about the manifest failure of Labour to sort out Scotland's mediocre economic performance over the long term, which has got worse in recent years. The imperative for any Parliament in the years ahead must be to focus on growth and sorting the economy. That is where the SNP will focus its attention and we hope that, in due course, the Scottish Parliament will acquire the powers that it needs, not only to examine the impact of the budget on the economy, but to get the economy going.

16:18

Mr Brian Monteith (Mid Scotland and Fife) (Con): I am pleased to be able to take part in what has been a highly entertaining debate.

I draw members' attention to the introduction to the education department figures in the budget

document, which tells us that the departmental aim is to

"enhance everyone's quality of life through sport, culture and the built environment, and to help make Scotland a must-visit tourism destination."

I entirely agree with those laudable aims. The figures in the document show that the net operating expenditure for tourism, sport and culture is reducing from around £173 million to around £165 million. Of course, if we then add the acceptable increase in capital expenditure, we find that overall there is a net increase in expenditure of some £400,000.

However, given that we have a cultural strategy that puts forward programmes that we are told are of crucial importance to the cultural fortunes of Scotland, why do we allow a situation to develop in which the Scottish Arts Council raids the national theatre budget to give to other theatres because its budget is at a standstill? The figures show that it would have taken a change of only some £2 million in the balance of the figures' arrangement—within the £165 million that I mentioned—to ensure that the national theatre could have been protected.

Alternatively, the minister could have reduced the increase in capital expenditure and allowed for protection of the national theatre's income. I would like to hear from the minister, possibly in an intervention, what decision was reached that allowed the Executive not to protect the national theatre expenditure within such a large amount of spending.

Mr Kerr: I was going to take the point at the end. Over the five-year period to 2003-04, annual funding for the Scottish Arts Council will have risen from £27.2 million in 1998 to £37.2 in 2003-04. Funding in 2003-04 will therefore be £10 million—or 37 per cent—higher than it was five years ago. There can be no accusation that the Executive does not support the arts. It does and does so effectively. That is why the drama budget of the Scottish Arts Council has grown by 16 per cent.

Mr Monteith: I thank the minister for explaining the increase in the budgets. I am not disputing that there are increases in the budgets, but the Arts Council of England's drama funding alone has increased by £25 million, with the result that the SAC is raiding the budget for the national theatre company to ensure that there is not a brain drain of talent down to the south. I suggest that the Ministers for Finance and Public Services and the Ministers for Tourism, Culture and Sport find a way of protecting the national theatre budget so that we can achieve a national theatre.

There are other ways of funding the national theatre. Mr Morgan touched on those. One would be to examine the costs of the Scotland Office. I

would far rather have good actors employed by a national theatre company than dud actors employed by the Scotland Office or operating out of the House of Commons.

The Scottish Arts Council distributes some £14.5 million out of its £38 million. Would the minister care to have a discussion with the Minister for Tourism, Culture and Sport on moving that allocation directly to that minister's department rather than leaving it with the SAC? It seems absurd that 38 per cent of the grant allocation is taken up by the national companies when the National Galleries of Scotland, the National Library of Scotland and the National Museums of Scotland are all funded directly from the Scottish Executive education department. Would it not be more appropriate that the SEED fund them directly?

I look forward to the minister's answers in his closing speech.

16:22

Ms Wendy Alexander (Paisley North) (Lab):

The budget that Mr Kerr has laid before us today sees a rise of 14.5 per cent in real terms over the lifetime of this Parliament. To deliver that at a time of global recession and when Scotland's economy is small and fairly exposed is indeed remarkable, particularly as it is combined with the lowest unemployment that we have seen for 30 years, low inflation and low interest rates.

The budget debate is about what the parties stand for. Throughout the past four years, the coalition parties have made it clear that there are two fundamental principles in the budget debate. One is that investment is in return for reform and the second is that we should invest in enterprise.

Mr Kerr made clear how much the budget is pro enterprise. I will apply that criterion to the principal Opposition. I will address my remarks to Alasdair Morgan, because his seem slightly at odds with what we heard from the Scottish National Party back benches. I say to Andrew Wilson that I may sit on the Labour back benches, but I can wholly endorse the enterprise strategy of my party. It is not clear to me that the same can be said for the SNP. I will illustrate the point.

Alex Neil (Central Scotland) (SNP): Will Wendy Alexander give way?

Ms Alexander: No. I will continue.

First, in the SNP's pre-manifesto we saw that that party is anti quangos. What does that mean for the enterprise budget? What does it mean for Scottish Enterprise, HIE, the Scottish Higher Education Funding Council and the Scottish Industrial Development Advisory Board? It means that in all those areas, the Parliament knows better.

Secondly, we also saw that the SNP is going to kill off the public services investment fund.

Thirdly, the SNP is also anti public-private partnerships. It is happy to have the private sector's money, but God forbid that we have the private sector involved in managing services, because that might raise productivity.

Fourthly, where does the SNP stand on fiscal stability? I draw members attention to the SNP's promises. Perhaps, in his closing speech, its finance spokesman could comment on them. Do Roseanna Cunningham's promises on secure accommodation, Bruce Crawford's call for more money for recycling, Alasdair Morgan's call for more on roads and Sandra White's call for more on the Glasgow underground stand? Do we have a golden rule of any kind?

Finally—this is the most important question—where does the SNP stand on enterprise? Mr Kerr has already outlined the investments that the Executive parties are making in modern apprenticeships and technology institutes.

I notice that the SNP's analysis, as outlined in its pre-manifesto, is that the best way to stimulate enterprise in Scotland is through a further cut in property taxation. According to the SNP, that is preferable to investing in technology institutes, in Careers Scotland or in modern apprenticeships. That implies that the real problem is that all firms in Scotland perform the same. We know, however, that the key problem in enterprise is that our least productive firms are five and a half times less productive than the most productive ones. That is the problem that we need to solve, but which the nats do not address.

SNP members know that Scotland's problem is not about cost; they know that, if Scotland is to compete in future, we will not do so by undercutting, but on the basis of our own knowledge and our own ideas. The whole issue has become one of a political tactic masquerading as an economic strategy. That is what the SNP is about. It is all about upping the ante on the constitution and having us debate that again, instead of actually talking about the economy.

For those of us who would like to see an SNP budget about investment in return for reform and about enterprise, let me ask whether it is the SNP's red faction or blue faction that is in control. I genuinely do not know where Alasdair Morgan stands. The future of public services does not depend on our making the promises of the red faction, which imply that we will spend more and more, but without employing any golden rule; nor does it depend on the blue faction's pretending that Scotland can cost-cut its way to economic success. I ask the SNP to clarify whether it stands by the five enterprise strategies that it has

outlined: cutting out the quangos; killing off the public services fund; being opposed to PPP; slashing the enterprise budget; and getting rid of the technology institutes.

16:27

George Lyon (Argyll and Bute) (LD): Wendy Alexander was asking the SNP for a golden rule. That rule is that whatever the Scottish Executive and the coalition Government spends, the SNP will always top it—or that independence is the answer to every policy issue.

Mr Monteith: What about violence in schools?

George Lyon: Yes—violence in schools. We heard about that earlier this afternoon. It is an interesting new policy.

I join Keith Raffan in welcoming the substantial increase in investment in our public services that is contained in the budget for the coming year. The above-inflation increases are part of the sustained and unprecedented rise in public sector spending that is necessary to improve and invest in the education service, the health service, the transport infrastructure and tackling crime.

As Wendy Alexander said, the Scottish Executive budget will increase by 14.4 per cent in real terms by 2005-06. The increases have been argued for consistently by my Liberal Democrat colleagues at Westminster, and I am glad that we won the political argument. No one can deny that the increases are on a scale not witnessed in recent times. Indeed, over the 20 years of Tory rule, we saw the complete reverse, with cuts all the way through.

Even SNP spokesperson Nicola Sturgeon admitted, when she submitted a proposal to the Finance Committee on funding compensation for hepatitis C sufferers, that the budget heads would still receive

“substantial increases over the years concerned.”—[*Official Report, Finance Committee*, 19 November 2002; c 2384.]

Even the SNP recognises the unprecedented rise in investment in public services.

The SNP's decision to abandon the penny for Scotland campaign shows that it has now accepted that the Barnett formula is delivering for Scotland and will continue to deliver throughout the next session of Parliament.

In criticising GERS, Andrew Wilson failed to recognise that it continues to show that there is a substantial redistribution from the centre—from Westminster—to Scotland year on year. That is still the case when oil revenues are taken into account, and has been the case over the past 10 years.

Alex Neil: The penultimate paragraph of page 2 of GERS 2000-01 states:

“The calculations required to derive Net Borrowing for Scotland are subject to imprecision due to the need to estimate a number of elements of both expenditure and revenue.”

In other words, it is a load of nonsense.

George Lyon: I am sure that Mr Neil would like to think that, but most of the major economists in Scotland accept the view that there is a substantial deficit, even taking into account oil revenues. Every time that the SNP argues for a separate Scotland, it really has to say where it would plug that gap, because the issue is fundamental. Will there be a major cut in public spending or will there be a major increase in taxes? The SNP cannot have it both ways.

In my constituency, increased investment by the coalition parties has shown through in new schools—we have £80 million to redevelop schools in Argyll and Bute—and in the building of a new hospital at Mid Argyll. There is also a proposal to build a new hospital in Bute. There has been investment in our transport infrastructure—our ferries and ports. Link spans are being provided at Oban, which is vital for our islands.

So far the Parliament and the Executive have experienced a period of sustained growth in public spending, but even the most optimistic among us believe that that will not continue in the long term. The background is one of falling stock markets, zero growth in many major economies throughout the world and stuttering growth in the USA, which is widely recognised as the engine that drives the world economy.

I do not think that the current growth in public spending will continue in the long term. The key issue for the coalition parties and for the Parliament is to ensure that the increased resources that are being made available to our public services are spent wisely. We must secure reform as part of that investment and ensure that the money that we are investing produces a vast improvement in our public services in the long term.

I would like the minister in his summing up to indicate in detail how he intends to monitor the effectiveness of the increased investment that we are making and to ensure—

The Deputy Presiding Officer: Mr Lyon, you must now close.

16:31

Elaine Thomson (Aberdeen North) (Lab): This year there is record growth in the Scottish budget, which is continuing to deliver the required investment in public services that benefit everyone in Scotland. As Wendy Alexander and George Lyon said, we are seeing the highest real-terms

sustained growth in the Scottish budget since 1975. That growth is beginning to improve life for communities all over Scotland.

As a result of the spending review, the Scottish budget will rise by £4.1 billion by 2005-06. There will be sustained, year-on-year real-terms increases. In Aberdeen we are now able to develop one of the major aspects of the modern transport system strategy: the western peripheral route. Massive investment is also being made in modernising and upgrading transport links in central Scotland. By 2005-06, investment in Scotland's transport will stand at more than £1 billion. That is absolutely vital to Scotland's economy and fulfils many of the commitments that were made in "Building a Better Scotland".

Vibrant successful cities are important to Scotland's economy. Following the cities review, which concluded recently, extra funds have been made available to support cities via the cities growth fund. The fund will enhance the cities' role as economic centres and help to deliver a clear vision for the future.

Industry and business will be supported further by the freeze in business rates. Small businesses will receive even more help through the rates relief scheme. I look forward to the development of the business improvement districts concept, in which Aberdeen, like other cities, is very interested.

This year's budget is delivering for the young people of Scotland. More resources are being invested in schemes such as educational maintenance allowances, which will provide young people from low-income families with extra support that will enable them to stay on at school after age 16. In some parts of Aberdeen, the number of those who go on to further and higher education is very low, partly because employment at 16 is available. The extra help that I have described will ensure that those young people can stay on at school to get the better qualifications that will give them more opportunities later in life.

There are real, sustained increases in funding for local government. Aberdeen City Council informs me that this year it will receive an extra £20 million that will be used to improve many different facilities in local communities—play parks, schools and roads. Those measures will improve people's quality of life.

From speaking to pensioners from across Aberdeen, I know that they and pensioners elsewhere in Scotland are enjoying and benefiting from free concessionary travel, which offers them greater freedom and mobility. More than any other group, pensioners use the national health service and need good health services, the budget for which will rise to £8 billion by 2005. We are benefiting from real, sustained increases in funding throughout the public services in Scotland.

For too long, public services and the transport infrastructure in Scotland were starved of resources. Railways, for example, did not get the money that they needed for many years. However, the money is now beginning to go in to support them. Public transport in particular did not get the investment that it needed. However, this budget and the ones that follow it will be able to support that investment and to support a more successful Scottish economy. We will now see real change and growth, building a better life for all Scotland.

16:35

Alex Neil (Central Scotland) (SNP): I begin by exploding the myth that all is well in the Scottish economy. Two weeks ago, the manufacturing export figures for Scotland showed a drop of 25 per cent in manufacturing exports and a 36 per cent drop in the export of electronics. This week, a report from the University of Sheffield and the University of Warwick has shown that the real level of unemployment in Scotland is not around 100,000, but well over 300,000. A report from the UK National Audit Office, two weeks ago, showed that PPP is by far the most expensive way to finance public sector projects and leaves a legacy of debt to future generations. Just before Christmas, the figures on child poverty showed not only that child poverty levels in Scotland are not falling, but that child poverty is getting worse.

The Executive's targets on health are being missed, both on waiting times and on waiting lists; its targets on education are being missed, particularly on literacy and numeracy; and its targets on enterprise are farcical. One of the key strategic objectives in the budget document is to increase the share of Scotland's gross domestic product that is spent on research and development from the current figure of around 0.8 per cent to the Organisation for Economic Co-operation and Development's average figure of about 1.8 per cent. In a reply to me, the Minister for Finance and Public Services confirmed that that would require an additional annual expenditure by 2006 of £750 million. Nowhere in the budget does that figure, or anything like it, appear. In other words, the targets are pure mythology, like the GERS document itself.

George Lyon: Will the member tell us where exactly he would reprioritise the budget to deal with that?

Alex Neil: My priority would be research and development. Wendy Alexander is wrong—not for the first time—in that the SNP's policy is not to abolish the intermediate technology institutes. The policy of our party is to increase the level of spend on research and development and to allocate additional resources from the enterprise budget to meet that objective. I do not have time to outline

everything in detail, but I can tell members the gist of it. Putting science, research and commercialisation at the top of the economic development agenda is the sensible thing to do, because that is where the future jobs and prosperity will come from.

My final point is about GERS. The document is about mythology rather than about reality. We hear all this nonsense about Scotland's alleged deficit. The UK figures this year show that the estimate for the UK fiscal deficit ranges anywhere between £30 billion and £100 billion. Does that mean that the UK is incapable of being an independent nation state? Of course it does not. We cannot say that Scotland cannot be independent because it has an alleged fiscal deficit and say that the UK can be independent.

Mr Monteith: Will the member take an intervention?

Alex Neil: I am afraid that I do not have time.

The only way to achieve the targets on health, education, unemployment and manufacturing is to give this Parliament the sovereign powers over the Scottish economy to allow us to do that.

The Deputy Presiding Officer: We are running behind time, so I apologise for not calling Dr Simpson. We must go to closing speeches and I will have to insist that we stick closely to the time limits.

16:40

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): As is customary in a winding-up speech, I will refer briefly to speeches that have been made during the debate.

The Minister for Finance and Public Services referred to the transparency and openness of the budget process and paid tribute to the work of the Finance Committee, for which I thank him. I have witnessed the closeness of the working relationship, which has been constructive. Mr Kerr also referred to the issue of working closely with industry; that, too, is laudable. He mentioned the contrast between the openness of the monitoring process in the Scottish Parliament and the situation at Westminster. The fact that we give as much time to the issue as we have done this afternoon demonstrates what devolution is all about.

Alasdair Morgan, rightly, praised the improvement in the budget documents, notwithstanding the point that my good friend, Mr Keith Raffan, made about the index. I associate myself with Mr Morgan's remarks about the committee's recommendation on cumulative accounting. There is general recognition of the committee's position. In the next session of the

Parliament, the Executive and the Finance Committee will be able to work towards addressing that issue. Mr Morgan's reference to the pointlessness of the Scotland Office begs the question, "What is the point of Alex Salmond?" *[Interruption.]* George Lyon is suggesting that Alex Salmond is the leader in waiting.

David Davidson got himself in a bit of a fankle over tax. Like other Tories in Scotland, he has the perennial problem of Mr Iain Duncan Smith across the border, to which Mr Raffan referred in his point about contradictory messages. I compliment Mr Raffan on a vintage speech, which represented a complete demolition job on poor Mr Davidson. For Mr Davidson's sake, I will now lay off the Tories, as Mr Raffan has done enough damage.

The convener of the Finance Committee, Tom McCabe, referred to the committee's work and to its close liaison with the Minister for Health and Community Care, Malcolm Chisholm, in the work on addressing the issue of hepatitis C.

Brian Monteith was right to mention funding for culture, which has received many column inches of newspaper coverage. Although I do not know the rights and wrongs of the issue, I suggest that it might well have to be addressed by a new Executive and a new committee in the next session of the Parliament.

Mr Monteith: Do not worry—we will do it.

Mr Stone: I am glad to know that Mr Monteith will be with us in the next session of the Parliament.

I have three remaining points. I have described how the openness of the budget process represents a terrific change to the previous situation at Westminster, when whole budgets went through the House of Commons with no one but a man and a dog present to give consideration to them.

George Lyon: The member should not speak about Alex Salmond in those terms.

Mr Stone: When I said a man and a dog, I was not referring to Alex Salmond.

Secondly, I make no apology for raising the issue of money in and money out. Although we put the money in and the Executive puts the money out, we do not always see it coming out at the other end. I refer Mr Peacock to the remote areas of Scotland. If we can be seen to deliver in those areas, that will show what the Scottish Parliament is doing for all areas of Scotland.

Thirdly, we should remember what we are doing today—we are approving stage 1 of the bill. At the end of March, we will hand over a clean set of accounts and a healthy economy to the new Parliament. That is the importance of what we are

doing. The books balance, which is more than can be said of some of the suggestions from the two Opposition parties. The budget, and the money in it, are sound. That is the strength of what we are delivering.

I commend the bill to the Parliament.

16:44

David Mundell (South of Scotland) (Con): I notice that Mr Stone made no reference in his speech to the furniture budget and I am glad that he did not lecture us on prudence.

I have a correction to make. Mr Raffan did most damage to the Tories when he was a Tory member of Parliament; he does not do such damage when speaking out against us in the Scottish Parliament. Mr Raffan is substituting for Des McNulty in today's debate and things do not feel quite right without a contribution from Des.

However, there were some interesting speeches, not least from Wendy Alexander, who has left the chamber. When she was a minister, she felt quite able to point out that transport in Scotland had been much underfunded during the term of the Executive. Now that she is a back bencher, she has joined George Lyon in becoming a member of the Executive's fan club.

Alex Neil: I remind the member that Ms Alexander also pointed out that the Labour party had not had a new idea since 1906. The budget proves that to be correct.

David Mundell: Indeed. Mr Neil makes a valid point. His colleague Mr Wilson—whom Mr Neil sometimes agrees with—also made the valid point that the Parliament's budgetary exercise should focus much more on the impact of the budget on Scotland's economy. As with much that goes on in this Parliament, the nature of the budgetary process puts far too much focus on spending and not enough on where the money actually comes from.

Many have lauded the fact that the budget has increased significantly under the Parliament, but it would be pretty awful if expenditure had not increased, given the 53 new taxes that Labour has introduced since it came to power at UK level. It would be quite a disgrace if such tax increases had not led to additional spending.

The real question, which only some members focused on, is whether the money is making any difference. The answer is no. For example, Elaine Thomson mentioned trains—

Mr Raffan: Will the member give way?

David Mundell: I shall deal with the Liberals in a moment, Mr Raffan. At Westminster—where the Liberal Democrats have a bit of backbone, if I may

recall Mr Neil's infamous remark—the Liberal Democrats ask questions of the Labour Government. One Liberal Democrat MP elicited the fact that, during the Conservative period in power, some 61 new stations had been opened, whereas in the whole of the Labour Government's period in power through two elections, only eight stations have been opened. That shows Labour's commitment to trains and public transport. The reality is quite different from the spin.

I do not agree with Alasdair Morgan that the Executive has an election war chest—it has an election spin chest. Announcements are made and repeated, but the cash is never produced to back them up. The Executive does not need a war chest, because there will not be that level of spending.

About three seconds into his speech, Mr Kerr could have sat down—

The Deputy Presiding Officer: Wind up.

David Mundell: —as I will do now, Presiding Officer.

Despite this exercise, the only way in which the people of Scotland can change the budget is through the election on 1 May. Let us hope that they do.

16:48

Brian Adam (North-East Scotland) (SNP): One part of the budget that I welcome is the transfer of £145 million from the Department for Work and Pensions. The transfer is not just a matter for anoraks, as it relates to the grant for the supporting people initiative. It does not deliver more money; it is simply a transfer to Scotland of funds that were previously controlled by Westminster.

Having worked that particular miracle, perhaps ministers can now do the same with housing benefit. Unless we have control over that kind of financial element, we will not truly be able to provide a proper housing policy in the future. If we are to address the social inclusion agenda on housing, we need control over such matters. However, the development is very welcome.

Some have talked today about the long and convoluted budget process that will continue over the next couple of weeks. I will wait until the Finance Committee meeting to ask some of the detailed technical questions—

Alasdair Morgan: Even then, the minister will write a letter.

Brian Adam: Indeed. Mr Kerr seems to like writing letters to the SNP—he normally does not provide answers to the questions we ask.

We have not had a satisfactory answer to the question about cumulative accounting, which is a genuinely cross-party complaint that the Finance Committee has made. I am disappointed at the less than generous response we received from the Minister for Finance and Public Services. In all sincerity, I hope that we will have a more positive response from whoever fills that role after 1 May.

The increase from non-domestic rates could come from a variety of sources. Perhaps ministers would like to explain precisely how they will increase the take from non-domestic rates by £76 million. As far as I can see, it could happen as a consequence of an increase in the levy. Alternatively, it could happen as a consequence of projected growth in the economy. As far as I can see, the economy in Scotland is not growing significantly and it is certainly not growing at that rate. I would like to hear from the minister exactly how we are going to get another £76 million.

The key to any successful enterprise—or, indeed, country—is growth. Alex Neil rightly identified the fact that Scotland will get growth if we invest in research and development. We can turn that research and development into jobs. We will be able to do that by providing a competitive environment for our industry. The budget does not appear to do that, especially where we are expecting to take another £76 million from non-domestic rates.

Mr Davidson: Will the member give way?

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

Brian Adam: As I am in my last minute, I will not be able to take interventions.

I welcome some of the announcements that the Government has made in recent times, particularly the announcement of the western peripheral route around Aberdeen. The minister was very cagey about that when he was questioned on it by the Finance Committee. However, we have not heard where the money will come from. We have not heard how a number of initiatives are going to be financed. Some of them have been mentioned by other members. We look forward to questioning the minister on the detail of those initiatives when we get to committee. We need to ask whether the money is coming from the contingency fund or EYF. If it is not coming from those sources, where is it coming from?

In an interesting speech, Keith Raffan rightly identified that the cross-cutting approach taken by the Executive—which is to be welcomed—is not as clear and transparent as it might be. We look forward to further developments in the process in the future. I will close on that point.

16:52

The Deputy Minister for Finance and Public Services (Peter Peacock): I will respond to some of the points that have been made during the debate and I will start with some of the points that Keith Raffan made. He asked upon which recommendations we have acted. Two things come immediately to mind. Andy Kerr and I attended a series of public meetings across Scotland and listened to what people had to say about their priorities for the budget. Out of that, and alongside our consultations with local authorities, came the quality of life initiative—£180 million in the budget to tackle the real issues that people want tackled.

The Finance Committee raised with us the vital need to improve the health improvement budget. We are doubling the amount of money on health improvement during the spending review period.

Mr Raffan: I am grateful to the minister for speaking to my points, but I was asking about the first report on the budget, which listed the specific recommendations made by various committees, such as the Local Government Committee's concern about national insurance increases and the feeling that the Executive, not local authorities, should bear those increases.

Peter Peacock: The member has raised another good point: we met that recommendation in the local government settlement that we announced.

Keith Raffan also raised a useful point about the cross-cutting nature of certain budgets and how we track expenditure. The Finance Committee is now considering that matter in relation to particular items of cross-cutting expenditure in the Executive. We have given evidence on that and we are keen to make improvements. One of the features of the Executive is that we are trying to join up service delivery and to make sure that that impacts on the community and meets people's real needs. We want to make further progress on that.

Alasdair Morgan raised a number of points. I was going to say that I enjoyed hearing his speech for the second time—we heard it a few weeks ago—but I would be lying if I said that. His speech was like one of those films that, when seen a second time, reveal new things. I am glad he acknowledged that the budget process is improving each year.

I apologise to Alasdair Morgan, Tom McCabe and other members of the Finance Committee for the lateness of the Executive's response to the committee's report. There was a particular reason, which was caught up with our wanting to respond fully on hepatitis C. That matter was not dealt with in the Parliament until yesterday morning. I

apologise for the lateness of our response and I hope that it will not happen again.

I am also grateful to Alasdair Morgan for confirming to the Parliament our response to the Finance Committee: the rate poundage will be frozen, which will reduce the taxation burden on Scottish business and thus help to promote further growth in the economy.

Alasdair Morgan: Will the minister respond to the committee's request for the rate burden, not the rate poundage, to increase by no more than inflation?

Peter Peacock: As Alasdair Morgan knows, we cannot second guess the work of valuation officers in the revaluations that take place. We have made a commitment, and we have the powers, to reduce the burden of taxation.

David Davidson raised questions about this being a tax and waste budget. He tried to imply that we have achieved nothing in the Parliament with all the expenditure that we have had so far. There are record numbers of police in Scotland. Is that a waste of funding? We have 572 more doctors and 77 more dentists. Is that a waste? More qualified nurses are working in NHS Scotland now than did in 1999 and there are 12 major accident and emergency centres. Is that a waste? More than £40 million has been recovered in drug seizures. Is that a waste? Perhaps in the world of the Tories, where they want to cut public expenditure, it is a waste, but it is not a waste to us because it is bringing benefit to people throughout Scotland.

Mr Davidson: Will the minister give way?

Peter Peacock: I cannot, as I am short of time.

I want to build on those achievements. I shall turn to a point made by Tom McCabe, George Lyon and Elaine Thomson. One of the things that the Finance Committee drew out from its consideration of our plans was that this is an expansionist budget. The committee reported that the plan would deliver the largest sustained increase in public expenditure for a quarter of a century and bear down on problems of which we are all aware.

My response to Tom McCabe is that, as we proceed, we want to develop better scrutiny of what we seek to do. That picks up on George Lyon's point about monitoring expenditure and ensuring that we see the impact of an increase in expenditure. Wendy Alexander also said that we must ensure that we have not just investment, but reform at the same time.

Indeed, we have set so many precise objectives as we have moved forward in this budget process because we want to provide ourselves with a basis on which to measure the outputs for which we

argued when we allocated the money and to ensure that those outputs are delivered in the community. We are establishing the mechanisms to do that.

I have to say that Alex Neil was more depressed than usual this afternoon. He really has no reason to be; his opportunity to become the new leader of the SNP is only three months away. As we begin to move through those three months, the distinction between the Opposition parties and the Executive cannot really be clearer.

The Tory record speaks for itself. As Keith Raffan pointed out, it is the party of public expenditure cuts. Indeed, at the previous election it promised to make £20 billion-worth of such cuts. Keith rightly wondered where those cuts would have fallen and what their impact would have been. The Conservative party is simply interested in the few, not in the many. It is also dying on its feet. It is to Scottish politics what the Norwegian blue parrot is to Monty Python sketches. To all intents and purposes, the Tory party is a dead political party. It is not resting; it has expired. It has kicked the bucket and gone to meet its maker in the sky. It is politically stone dead; it is deceased; it is no more; it is a political stiff, bereft of life; it is an ex political party. As I look around the back benches, I see that rigor mortis is beginning to set in. Indeed, as I look at the front bench, it seems that the body is beginning to decompose.

Mr Monteith *rose*—

Peter Peacock: The corpse rises to speak.

Mr Monteith: I assure the minister that my hovercraft is full of eels.

Peter Peacock: I am not entirely clear what that means and it seems that no one else is either.

In addition to the Tories, we have the SNP, which will soon join the Conservative party on death row. The party is at odds with itself and is riven with divisions. Indeed, some of its most long-standing members have left it. The nationalists have only three short months to go before the bloodletting commences. Even as we speak, the claymores are being drawn from beneath the thatch—not to challenge the Executive, but to slay their own leader. The SNP cannot add up; it has an ever-growing black hole at the centre of its finances. It promises anything but provides the costs for nothing. However, its plans would cost Scotland, which is why the people of Scotland will reject it.

The Tories and the SNP stand in stark contrast to the Executive, which has strong leadership and a clear vision for the future. It is building public services and delivering for Scotland. Through the Budget (Scotland) (No 4) Bill that we are considering today, the Executive is making record

investments in health and in education, to reduce crime, to improve transport and to support jobs. The Executive is building a better Scotland. The bill provides the means and I commend it to the chamber.

Scottish Parliamentary Standards Commissioner

17:00

The Presiding Officer (Sir David Steel): The next item of business is consideration of motion S1M-3799, in the name of Duncan McNeil, on behalf of the Scottish Parliamentary Corporate Body, on the appointment of the Scottish parliamentary standards commissioner.

Motion moved,

That the Parliament agrees with the recommendation of the Scottish Parliamentary Corporate Body under Rule 3A.1.2 of Standing Orders that Dr James Dyer should be appointed as Scottish Parliamentary Standards Commissioner under section 1(2) of the Scottish Parliamentary Standards Commissioner Act 2002 with effect from 1 April 2003.—[*Mr Duncan McNeil.*]

Code of Conduct for Members of the Scottish Parliament

The Presiding Officer (Sir David Steel): The next item of business is consideration of motion S1M-3786, in the name of Mike Rumbles, on behalf of the Standards Committee, which seeks to amend the “Code of Conduct for Members of the Scottish Parliament”.

17:01

Tricia Marwick (Mid Scotland and Fife) (SNP): The motion concerns changes to the code of conduct. The changes are set out in the Standards Committee’s 12th report of 2002 and are consequential to the Scottish Parliamentary Standards Commissioner Act 2002, which was passed by the Parliament in June 2002. The changes clearly set out how a complaint against a member should be lodged with the commissioner. They also set out the four-stage investigative procedure that was agreed by the Parliament in November 2000.

Now that we are coming to the end of the first four-year session of the Scottish Parliament, it is important to note that the Standards Committee has never recommended sanctions against any MSP. Moreover, the committee has not had to deal with any issues of probity in relation to any MSP. All the issues that we have dealt with have related to protocol. I draw that to the attention of the media and the press in particular. The Scottish Parliament set out to be different from Westminster and it is.

I move,

That the Parliament agrees to amend the *Code of Conduct for Members of the Scottish Parliament* in the manner indicated in Annex A of the Standards Committee’s 12th Report 2002, *The Scottish Parliamentary Standards Commissioner Act 2002: Consequential Changes to the Code of Conduct*, with effect from 30 January 2003.

Parliamentary Bureau Motions

17:02

The Presiding Officer (Sir David Steel): The next item of business is consideration of parliamentary bureau motions. I call Euan Robson to move motions S1M-3815 and S1M-3817, on the designation of lead committees. I gather that motion S1M-3816 will not be moved.

Motions moved,

That the Parliament agrees that the Justice 2 Committee be designated as lead committee in consideration of the draft Child Support Appeals (Jurisdiction of Courts) (Scotland) Order 2003.

That the Parliament agrees that the Justice 2 Committee be designated as lead committee in consideration of the Police and Police (Special Constables) (Scotland) Amendment Regulations 2003 (SSI 2003/21).—[*Euan Robson.*]

Decision Time

17:03

The Presiding Officer (Sir David Steel): I ask members to concentrate, as there are 12 questions to be put as a result of today's business.

The first question is, that amendment S1M-3818.1, in the name of David Davidson, which seeks to amend motion S1M-3818, in the name of Robin Harper, on transforming public finance, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
Davidson, Mr David (North-East Scotland) (Con)
Douglas-Hamilton, Lord James (Lothians) (Con)
Fergusson, Alex (South of Scotland) (Con)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gallie, Phil (South of Scotland) (Con)
Goldie, Miss Annabel (West of Scotland) (Con)
Johnstone, Alex (North-East Scotland) (Con)
Monteith, Mr Brian (Mid Scotland and Fife) (Con)
Mundell, David (South of Scotland) (Con)
Scott, John (Ayr) (Con)
Tosh, Mr Murray (South of Scotland) (Con)
Young, John (West of Scotland) (Con)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
Alexander, Ms Wendy (Paisley North) (Lab)
Baillie, Jackie (Dumbarton) (Lab)
Barrie, Scott (Dunfermline West) (Lab)
Boyack, Sarah (Edinburgh Central) (Lab)
Brankin, Rhona (Midlothian) (Lab)
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)
Cunningham, Roseanna (Perth) (SNP)
Curran, Ms Margaret (Glasgow Baillieston) (Lab)
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
Eadie, Helen (Dunfermline East) (Lab)
Fabiani, Linda (Central Scotland) (SNP)
Ferguson, Patricia (Glasgow Maryhill) (Lab)
Finnie, Ross (West of Scotland) (LD)
Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
Gibson, Mr Kenneth (Glasgow) (SNP)
Gillon, Karen (Clydesdale) (Lab)
Godman, Trish (West Renfrewshire) (Lab)
Gorrie, Donald (Central Scotland) (LD)
Grahame, Christine (South of Scotland) (SNP)
Gray, Iain (Edinburgh Pentlands) (Lab)
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)
Lamont, Johann (Glasgow Pollok) (Lab)
Livingstone, Marilyn (Kirkcaldy) (Lab)
Lochhead, Richard (North-East Scotland) (SNP)
Lyon, George (Argyll and Bute) (LD)
MacAskill, Mr Kenny (Lothians) (SNP)
Macdonald, Lewis (Aberdeen Central) (Lab)
MacDonald, Margo (Lothians) (Ind)
Macintosh, Mr Kenneth (Eastwood) (Lab)
MacKay, Angus (Edinburgh South) (Lab)
Maclean, Kate (Dundee West) (Lab)
Martin, Paul (Glasgow Springburn) (Lab)
Matheson, Michael (Central Scotland) (SNP)
McAllion, Mr John (Dundee East) (Lab)
McAveety, Mr Frank (Glasgow Shettleston) (Lab)
McCabe, Mr Tom (Hamilton South) (Lab)
McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
McGugan, Irene (North-East Scotland) (SNP)
McLeish, Henry (Central Fife) (Lab)
McLeod, Fiona (West of Scotland) (SNP)
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)
Paterson, Mr Gil (Central Scotland) (SNP)
Peacock, Peter (Highlands and Islands) (Lab)
Peattie, Cathy (Falkirk East) (Lab)
Quinan, Mr Lloyd (West of Scotland) (SNP)
Radcliffe, Nora (Gordon) (LD)
Raffan, Mr Keith (Mid Scotland and Fife) (LD)
Reid, Mr George (Mid Scotland and Fife) (SNP)
Robison, Shona (North-East Scotland) (SNP)
Robson, Euan (Roxburgh and Berwickshire) (LD)
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)
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)
Wallace, Mr Jim (Orkney) (LD)
Watson, Mike (Glasgow Cathcart) (Lab)
White, Ms Sandra (Glasgow) (SNP)
Whitefield, Karen (Airdrie and Shotts) (Lab)
Wilson, Allan (Cunninghame North) (Lab)
Wilson, Andrew (Central Scotland) (SNP)

The Presiding Officer: The result of the division is: For 13, Against 93, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The second question is, that motion S1M-3818, in the name of Robin Harper, on transforming public finance, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Elder, Dorothy-Grace (Glasgow) (Ind)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Margo (Lothians) (Ind)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McAllion, Mr John (Dundee East) (Lab)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Mr Gil (Central Scotland) (SNP)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Smith, Iain (North-East Fife) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 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)
 Gallie, Phil (South of Scotland) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Mundell, David (South of Scotland) (Con)
 Scott, John (Ayr) (Con)
 Tosh, Mr Murray (South of Scotland) (Con)
 Young, John (West of Scotland) (Con)

ABSTENTIONS

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)

Gray, Iain (Edinburgh Pentlands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McLeish, Henry (Central Fife) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

The Presiding Officer: The result of the division is: For 35, Against 13, Abstentions 59.

Motion agreed to.

That the Parliament notes recent studies by the Scottish Executive and is interested in building on them by considering and investigating the contribution that land value taxation could make to the cultural, economic, environmental and democratic renaissance of Scotland.

The Presiding Officer: The third question is, that amendment S1M-3809.1, in the name of Peter Peacock, which seeks to amend motion S1M-3809, in the name of Tommy Sheridan, on the abolition of council tax, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)

Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 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)
 Cunningham, Roseanna (Perth) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Davidson, Mr David (North-East Scotland) (Con)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (South of Scotland) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lochhead, Richard (North-East Scotland) (SNP)
 Lyon, George (Argyll and Bute) (LD)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeish, Henry (Central Fife) (Lab)
 McLeod, Fiona (West of Scotland) (SNP)
 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)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Mundell, David (South of Scotland) (Con)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)

Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Paterson, Mr Gil (Central Scotland) (SNP)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Russell, Michael (South of Scotland) (SNP)
 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)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Thomson, Elaine (Aberdeen North) (Lab)
 Tosh, Mr Murray (South of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Wilson, Andrew (Central Scotland) (SNP)
 Young, John (West of Scotland) (Con)

AGAINST

Elder, Dorothy-Grace (Glasgow) (Ind)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 MacDonald, Margo (Lothians) (Ind)
 Sheridan, Tommy (Glasgow) (SSP)

ABSTENTIONS

McAllion, Mr John (Dundee East) (Lab)

The Presiding Officer: The result of the division is: For 104, Against 4, Abstentions 1.

Amendment agreed to.

The Presiding Officer: The fourth question is, that motion S1M-3809, in the name of Tommy Sheridan, on the abolition of council tax, as amended, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 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)
 Cunningham, Roseanna (Perth) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Davidson, Mr David (North-East Scotland) (Con)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)

Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (South of Scotland) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 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)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lochhead, Richard (North-East Scotland) (SNP)
 Lyon, George (Argyll and Bute) (LD)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeish, Henry (Central Fife) (Lab)
 McLeod, Fiona (West of Scotland) (SNP)
 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)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Mundell, David (South of Scotland) (Con)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Paterson, Mr Gil (Central Scotland) (SNP)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Russell, Michael (South of Scotland) (SNP)

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)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Thomson, Elaine (Aberdeen North) (Lab)
 Tosh, Mr Murray (South of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Wilson, Andrew (Central Scotland) (SNP)
 Young, John (West of Scotland) (Con)

AGAINST

Elder, Dorothy-Grace (Glasgow) (Ind)
 MacDonald, Margo (Lothians) (Ind)
 Sheridan, Tommy (Glasgow) (SSP)

ABSTENTIONS

McAllion, Mr John (Dundee East) (Lab)

The Presiding Officer: The result of the division is: For 105, Against 3, Abstentions 1.

Motion, as amended, agreed to.

Resolved,

That the Parliament notes that the Local Government Committee, in its 6th Report 2002, *Report on Inquiry into Local Government Finance*, published in March last year, saw no merit in the Scottish service tax as outlined in evidence to it.

The Presiding Officer: The fifth question is, that amendment S1M-3811.2, in the name of Euan Robson, which seeks to amend motion S1M-3811, in the name of Tommy Sheridan, on support for the anti-war on Iraq demonstration in Glasgow, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)

Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (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)
 McLeish, Henry (Central Fife) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Elder, Dorothy-Grace (Glasgow) (Ind)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Margo (Lothians) (Ind)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McAllion, Mr John (Dundee East) (Lab)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Mr Gil (Central Scotland) (SNP)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)

Russell, Michael (South of Scotland) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)

ABSTENTIONS

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)
 Gallie, Phil (South of Scotland) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Mundell, David (South of Scotland) (Con)
 Scott, John (Ayr) (Con)
 Tosh, Mr Murray (South of Scotland) (Con)
 Young, John (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 62, Against 33, Abstentions 14.

Amendment agreed to.

The Presiding Officer: Phil Gallie's amendment S1M-3811.1 is pre-empted and I cannot put it to the Parliament.

The next question is, that motion S1M-3811, in the name of Tommy Sheridan, on support for the anti-war on Iraq demonstration in Glasgow, as amended, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 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)
 Cunningham, Roseanna (Perth) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Davidson, Mr David (North-East Scotland) (Con)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (South of Scotland) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gillon, Karen (Clydesdale) (Lab)

Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 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)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lochhead, Richard (North-East Scotland) (SNP)
 Lyon, George (Argyll and Bute) (LD)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Margo (Lothians) (Ind)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeish, Henry (Central Fife) (Lab)
 McLeod, Fiona (West of Scotland) (SNP)
 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)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Mundell, David (South of Scotland) (Con)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Paterson, Mr Gil (Central Scotland) (SNP)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Russell, Michael (South of Scotland) (SNP)
 Scott, John (Ayr) (Con)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Thomson, Elaine (Aberdeen North) (Lab)

Tosh, Mr Murray (South of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Wilson, Andrew (Central Scotland) (SNP)
 Young, John (West of Scotland) (Con)

AGAINST

Elder, Dorothy-Grace (Glasgow) (Ind)
 McAllion, Mr John (Dundee East) (Lab)
 Sheridan, Tommy (Glasgow) (SSP)
 Smith, Elaine (Coatbridge and Chryston) (Lab)

The Presiding Officer: The result of the division is: For 105, Against 4, Abstentions 0.

Motion, as amended, agreed to.

Resolved,

That the Parliament notes the organisations that support the Scottish Coalition for Justice Not War that include the Scottish Trades Union Congress, Scottish UNISON, Scottish UCATT, Fire Brigades Union, Scottish Campaign for Nuclear Disarmament, the Scottish Quakers, Iona Community, Trident Ploughshares, Faslane Peace Camp, Church and Nation Committee Church of Scotland, Roman Catholic Justice and Peace Commission, Christian Aid, Scottish United Nations Association, Campaign for Palestinian Rights, Scottish Palestinian Solidarity Campaign, Islamic Society of Britain, UK Islamic Mission, Muslim Association of Britain, Glasgow Refugee Action Group, Chhokar Family Campaign, Scottish Green Party, Labour Party Campaign for Socialism, Labour Campaign for Justice Not War, Scottish Socialist Party, Communist Party of Britain, Communist Party of Scotland, Democratic Left Scotland, Globalise Resistance, Socialist Labour Party, Campaign to Welcome Refugees, Scottish Centre for Non-Violence and Finance Workers Broad Left; further notes the demonstration on 15 February 2003 in Glasgow called by the Scottish Coalition for Justice Not War against attacking Iraq, and endorses the right to express opinion in peaceful protest.

The Presiding Officer: The next question is, that motion S1M-3785, in the name of Mr Andy Kerr, on the general principles of the Budget (Scotland) (No 4) Bill, be agreed to.

Motion agreed to.

That the Parliament agrees to the general principles of the Budget (Scotland) (No.4) Bill.

The Presiding Officer: The next question is, that motion S1M-3799, in the name of Mr Duncan McNeil, on the approval of a parliamentary standards commissioner, be agreed to.

Motion agreed to.

That the Parliament agrees with the recommendation of the Scottish Parliamentary Corporate Body under Rule 3A.1.2 of Standing Orders that Dr James Dyer should be appointed as Scottish Parliamentary Standards Commissioner under section 1(2) of the Scottish Parliamentary Standards Commissioner Act 2002 with effect from 1 April 2003.

The Presiding Officer: The next question is, that motion S1M-3786, in the name of Mr Mike

Rumbles, on consequential changes to the “Code of Conduct for Members of the Scottish Parliament”, be agreed to.

Motion agreed to.

That the Parliament agrees to amend the *Code of Conduct for Members of the Scottish Parliament* in the manner indicated in Annex A of the Standards Committee's 12th Report 2002, *The Scottish Parliamentary Standards Commissioner Act 2002: Consequential Changes to the Code of Conduct*, with effect from 30 January 2003.

The Presiding Officer: The next question is, that motion S1M-3815, 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 Child Support Appeals (Jurisdiction of Courts) (Scotland) Order 2003.

The Presiding Officer: The final question is, that motion S1M-3817, 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 Police and Police (Special Constables) (Scotland) Amendment Regulations 2003 (SSI 2003/21).

British Cattle Movement Service

The Deputy Presiding Officer (Mr George Reid): The final item of business is a members' business debate on motion S1M-3766, in the name of Murdo Fraser, on the British Cattle Movement Service. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes the widespread concern amongst the Scottish farming community in relation to the operation of the British Cattle Movement Service (BCMS) and, in particular, the volume of administrative errors and the delays by the BCMS in dealing with correspondence; further notes that, as a result, the operation of the service has contributed to financial hardship in the farming sector at a time when farming incomes are already at desperately low levels, and considers that the Scottish Executive's Environment and Rural Affairs Department should institute an amnesty for all farmers that have been alleged by the BCMS not to have accurately and timeously supplied cattle record information and make representations to the Department for Environment, Food and Rural Affairs that a thorough review of the operation of the BCMS should be instituted with a view to eradicating the difficulties that have been identified.

17:11

Murdo Fraser (Mid Scotland and Fife) (Con):

The British Cattle Movement Service exists to operate the cattle-tracing system—CTS—which is a necessary function, particularly in the wake of the BSE crisis. It is based in Workington and operates the CTS on behalf of Scottish, Welsh and English ministers. It processes an average of 60,000 cattle movements every day and, although it is located in England, it is answerable to Scottish Executive ministers whose responsibility is rural development.

All cattle now have their own passports, which allows each beast to be identified and tracked. When an animal is sold or transferred off a farm, the farmer sends a movement-on or movement-off card to the BCMS, which allows the BCMS to update its records in much the same way as sales of motor cars are tracked by the Driver and Vehicle Licensing Agency. The facility now exists to update records online, with the CTS online service.

It is vital that the records that the BCMS keeps are fully accurate. That is because the CTS database is now used by the Scottish Executive environment and rural affairs department to crosscheck farmers' subsidy claims. Previously, such crosschecks were carried out during on-farm inspections, but they are now made against the database. That is important because, if there are discrepancies between the subsidy claim and the database, the farmer will be penalised by having subsidy payments withheld or sums recovered that may have been overpaid in error.

The principle of the system is fine and it should work well; indeed, it would work well if the level of errors within the BCMS was at a minimum. However, the evidence suggests that that is not the case. I have received numerous letters from farming constituents in Mid Scotland and Fife, complaining about the BCMS's record keeping, the difficulties in obtaining responses and the impact on their businesses as a result of penalties being imposed due to errors originating within the BCMS.

To give a flavour of those letters, I will quote from a letter that I received from Christopher Dunphie of Bridge of Cally—a version of it appeared in *Scottish Farmer* in June last year. He wrote:

"My dreaded cross-checking letter accused me of seeking Suckler Cow Premium in August 2001 for four cows which had been culled for Foot & Mouth in Cumbria in April 2001, fifteen months after I bought and moved them to Perthshire. I have just spoken severely to the cows. They all assure me that they are alive and well, with splendid calves to show for it. Indeed they were rather offended that BCMS refuses to issue passports for their calves, despite countless letters and phone calls. Another cow wandered up and reminded me that it had taken a year to get her a CTS document because BCMS said she was a stot. After seven months frustration I had to threaten court action to get her calf passport, just in time for the suckler calf sales ... However, I am not blameless. I did include three calves which I had to cull before the end of my SCP Retention Period. And I forgot the rule change which required me to declare details of the replacements, of which I hold plenty. I will doubtless be penalised for my three clerical omissions. BCMS, which has 85 errors in relation to my farm will receive no punishment. I clarified my omission with my local SEERAD office within 3 days of it being pointed out to me. BCMS refuses to answer any letters or act on phone calls. Hardly a level playing field!"

I could go on, but I think that Parliament gets a flavour of the problems.

Christopher Dunphie is not alone. A retired farm manager from outside Blairgowrie wrote to inform me of an unnecessarily hard line's being taken on minor errors, of problems with cards being posted to Workington and not being received, and of a lack of basic farming knowledge among those in the BCMS at the end of the phone.

Another farmer, from Dunkeld, wrote to me about having £15,000 in payments withheld due to errors in a crosscheck—errors that subsequently turned out to be the responsibility of the BCMS. No compensation was paid for the delay. Given the state of farming incomes in Scotland, delays in payments of large sums might be enough to put someone out of business.

I have a file of papers on similar cases, some of which I have raised in correspondence with Ross Finnie, as the Deputy Minister for Environment and Rural Development might be aware. The complaints are all similar: continual errors; a draconian approach from SEERAD to

crosschecking errors, which might in fact originate in the BCMS; no distinction being made between genuine mistakes and fraudulent claims; a lack of farming knowledge among the staff; and huge difficulties in making telephone contact with Workington.

I am aware of CTS online: it helps to reduce errors when it is used, but not every Scottish farmer is online. Given the high average age of Scottish farmers, not all are computer literate or even possess a personal computer, so CTS online can be only part of the solution.

I understand that recently there has been an increase in the number of staff at the BCMS call centre. It is clear from the examples that I have given that that is long overdue, but it remains to be seen how far it will go in helping to solve the problems.

A thorough review is required of the working of the BCMS, with a view to eliminating, so far as possible, the all too numerous administrative errors that currently occur. The fact is that Scottish farmers have little confidence in the system, and it cannot be allowed to continue as it is at present.

We also need a new approach from SEERAD. It must recognise that errors in crosschecking are as likely to originate from the BCMS as they are from the farmer. I ask the minister to consider seriously an amnesty for farmers accused of errors—given the track record of the BCMS there must be a strong suspicion that responsibility rests with that organisation rather than with the farmers.

We must wipe the sheet clean, make improvements to the system, and move forward so that we can have a BCMS that Scottish agriculture can have confidence in.

17:18

Stewart Stevenson (Banff and Buchan) (SNP): I thank Murdo Fraser for providing us with the opportunity to discuss this important subject for rural Scotland. The devastating effects that high levels of error in the cattle-tracing system are having on farm incomes has been made only too clear to me in recent weeks.

We were told in a parliamentary answer today that farm incomes are expected to rise to an average of £10,500. That compares with the adverts on the back of Edinburgh buses that state that someone can make £18,500 driving a bus. The reward for the risk that farmers take and their effort is hardly adequate.

As we know, farmers live hand to mouth. I have one example of a farmer in my constituency who had 27 out of 30 cattle rejected on the basis of failed checks—his subsidies were frozen. Another farmer told me that he is owed £6,000, £4,000 of

which he needs to pay urgent bills, and another has just received his payments for 2001.

Of course we need accurate records of cattle movements, but the system must not add to the heavy burdens that farmers have had in recent years. Farmers say that the book should be thrown at anyone who is cheating, but the farmers who are affected by this problem are not cheating; they are being cheated. The current system is not sustainable, fair or equitable.

When a farmer submits a subsidy claim form to SEERAD, he has to sign a declaration that states:

"I shall rectify ... the data kept on the cattle tracing database relating to me or my animals where this is incorrect or incomplete."

Members may think that that is fair enough—the farmer should be responsible for his stock—but the caveat is that, if the beast is sold at the mart or goes for slaughter, it is the mart's duty to inform the BCMS, not the farmer's, but the farmer retains legal responsibility for the mistake.

Amazingly, SEERAD does not shy away from that—although the subsidy claim forms put the responsibility at the farmer's door, a letter from SEERAD to a farmer in my constituency freely admits that failed checks

"could be attributed to SEERAD, BCMS, other operators within the industry or the farmers themselves."

Any of those players in what is a complicated game might make any number of mistakes, but our hard-pressed farmers must carry the can.

Could farmers be more active in checking their records? That is great in theory, but in practice they are hitting a brick wall. The BCMS records show cows as heifers, calves that do not exist and beasts that are alive and well, down on the farm, as slaughtered—the list is endless.

Some farmers get through and make the call. A farmer to whom I have spoken in the past 24 hours spent four hours on the phone sorting out the errors on his records, only to find that, a week later, none of the corrections had been made. That case is far from isolated. If farmers are to be 100 per cent sure of the records' accuracy, a phone call would have to be made to the BCMS for every on and off movement, which is simply not possible.

It is unacceptable that farmers are being forced to take legal responsibility for others' mistakes. The system is unfair and must be simplified. Those who make errors should be held to account, and fines for farmers should be suspended until the system works satisfactorily. I call on the minister to make representations to ensure that staff at the BCMS are adequately trained and exist in sufficient numbers to deal with the work load. Farmers are considered guilty until they prove

themselves innocent, which goes against natural justice. I am sure that all members will agree that that is unacceptable, and must stop at once.

17:22

John Farquhar Munro (Ross, Skye and Inverness West) (LD): I congratulate Mr Fraser on bringing the issue to the chamber. The debate is long overdue.

We have heard several comments about anomalies in the system. It is fair to say that the controls that are applied to livestock are more stringent and rigorous than those that are applied to the human population. Every bovine animal has an individual identification number and a passport that records its details and its every movement, on or off farm holdings or crofts. A move from one grazing to another requires an entry in the passport and the information must be sent to the BCMS to record the event. Within days of birth, all animals—male or female—must have an ear tag, which has a European Union number, a United Kingdom number, a herd number and a holding number, attached to each ear. Is it any wonder that all that red tape leads to frustration and confusion, not just for the animals, but for the producers, who cannot keep abreast of the changing rules and regulations?

Every month—indeed, every week—a form comes through the door that is different from the one that arrived last week and which requires more information. When the forms are returned, they are invariably lost in the BCMS system, or the BCMS in its wisdom determines that there is a slight error in the recorded information, which rules out financial support for the already hard-pressed producer.

Like everybody else, I accept that we must have a secure and credible cattle-tracing system so that our customers and consumers at home and abroad have the utmost confidence in our product. However, I am sure that that could be achieved to everyone's satisfaction through a much simpler method of control and administration and in co-operation with farming and crofting communities. At present, those communities are disadvantaged by needless bureaucracy, the loss of much-needed subsidy and the imposition of financial penalties for little reason.

I am delighted that the motion has come before us. It suggests that

"a thorough review of the operation of the BCMS should be instituted with a view to eradicating the difficulties that have been identified"

in the system. That is quite appropriate, and is worthy of further consideration.

I commend the motion and its sentiments to the minister.

17:25

John Scott (Ayr) (Con): I declare an interest in this debate, as I am a farmer.

I speak in support of Murdo Fraser's motion and draw to ministers' attention the current problem with the suckler cow premium scheme. It appears that, although claims are being submitted correctly, they are not being paid in full, and farmers are having to wait until claims can be re-checked. In the meantime, through no fault of their own, farmers are not being paid the support that they are due. As Murdo Fraser said, that is totally unacceptable at a time when farm incomes are so low.

I do not understand why there has been a deterioration in the service that is being given by the BCMS. When it was first set up, it appeared to give a very good service in much more difficult conditions. Various schemes have been introduced since then, supposedly to assist traceability, but instead of getting better, the service is getting worse. I appreciate that the BCMS is an English organisation, but the situation is unacceptable all the same.

The problem is bad enough, but the minister will be aware of the EU plan to introduce a similar tracing scheme for sheep. However many cattle there may be in Britain—I have not had time to research that—there are certainly millions more sheep. If we cannot make the scheme work for cattle, what hope is there of making it work for sheep? The move is EU led, but I urge the minister to fight against it with every fibre in his body.

I support the motion and the proposal that a thorough review be conducted, and I am pleased that Murdo Fraser has brought the problem to the attention of the Parliament.

17:27

Richard Lochhead (North-East Scotland) (SNP): I congratulate Murdo Fraser on his motion. Many of the anecdotes that he has told us today echo cases that we have heard about in our constituencies.

I met seven or eight farmers in Ellon last Friday, and the issue was high on their agenda—as was the whole issue of the bureaucracy that they have to face daily in their jobs. I bring to the minister's attention the "Arable Area Payments Scheme 2002" explanatory booklet, which details just one of the many schemes that farmers have to deal with. The booklet has 72 pages and comes with another 17-page leaflet that farmers have to read as well. That adds up to 89 pages of reading just for one scheme. Farmers are finding that they have to spend hours every day just dealing with the paperwork, the red tape and the

bureaucracy—often with members of their families and other workers helping out.

At my meeting with farmers last week, one of the burning issues was the British Cattle Movement Service. The payments that farmers receive are a lifeline for them in difficult times. However, the delays and confusion over payments are causing difficulty for many farmers who find it hard to keep track. Errors are brought to their attention that they have to check, then they have to send back amendments and wait to find out whether those amendments are correct and whether the problems have been sorted out. That happens time and again, and it is difficult for the farmers to keep control of what is happening.

The bureaucracy is compounded by the fact that there are many different kinds of errors in the records. As a farmer said to me, there are very few schemes that demand 100 per cent accuracy, but this scheme seems to demand that—if there is only 99 per cent accuracy, the penalty is burdened on the farmer. That is simply not just, and we must do something about it.

I have raised the issue many times with Ross Finnie, who has said that, in 2002, 10.2 per cent of claims failed. That is an enormous number, which highlights the fact that there is something seriously wrong with the system. He also said—as Stewart Stevenson said—that SEERAD, the BCMS or the other operators, as well as the farmers, could be to blame for the errors. However, it is the farmers who have to deal with the errors, no matter who causes them. I would like the minister to give us a breakdown of the source of the errors, so that we can find out who is to blame and who is more likely to cause them.

Several schemes are affected: the suckler cow premium scheme, the beef special premium scheme, the slaughter premium scheme, and so on. Can we have another breakdown of figures to find out whether one particular scheme is causing most of the errors? That would help. I have also been told that information technology problems mean that the SEERAD computer does not speak to the BCMS computer. That seems a basic flaw that should have been addressed at the beginning.

When the minister is addressing those points, I would like him also to address the point that John Scott raised, which is the serious concern throughout the farming community about the proposed sheep tagging scheme.

The National Farmers Union of Scotland press release that describes the scheme is amazing. It says that we will have an

"EU-wide sheep identification and traceability system",

and that

"Animals born after 1 July 2003 must be tagged in each ear

with a plastic tag containing details of the country and holding of birth, and an individual identifier."

After 1 July 2003, there will also have to be movement documentation, which means that there must be a movement document for all sheep. Each sheep will have to have seven separate records attached to it, including the identification number, the month and year of birth, the sex, the genotype, the details of destination, the date of departure, and information about the means of transport. It is a bureaucratic nightmare.

I know that ministers have expressed concern about the bureaucratic nightmare to which Murdo Fraser's motion—which we all support—refers. I would be grateful if the minister, when he responds, would also touch on sheep tagging, which is an impending big issue.

17:31

Euan Robson (Roxburgh and Berwickshire) (LD): I congratulate Murdo Fraser on obtaining the debate and thank the minister for permission to raise a couple of constituency points during it. I am grateful to the minister for his considerable help in answering questions about the electronic identification of cattle and electronic data transfer.

I think that electronic methods are the way forward. I know from the information that the minister gave me that although there was a low-key launch of EDT because of the unfortunate foot-and-mouth outbreak, there are now about 24,000 keepers of records with internet access who use the CTS online system. Thirty per cent of them are Scottish producers, so that is a good step forward.

We need to press ahead with trials of the electronic identification of tags. I know that, to start with, rudimentary—I do not use that word in any disparaging sense—trials were conducted by the Scottish Agricultural College. We must move from those into more detailed, intense trials to develop the electronic technology that would make a considerable difference. For those who are not aware of it, the technology consists of a bar-code device, which traps the data automatically and saves writing down a series of numbers. I have seen it demonstrated and, in my view, it is a particularly effective system.

The system was developed—this is my constituency point—to a considerable extent by the Scottish borders traceability assurance group. I think that we can correctly say that the SBTAG pioneered electronic identification of tags. Obviously, with the attention that had to be devoted to the foot-and-mouth outbreak, it was not possible for officials and ministers to take as deep an interest as I am sure that they would have liked in progressing the electronic identification of tags.

However, my constituents and I are grateful to the minister for his encouraging words about the progress that will be made soon in electronic identification.

We must ensure that we have a robust trial. TagMaster is a firm in Hawick, in my constituency, that specialises in electronic identification systems. In a letter to me, TagMaster suggested that it might be effective

"to incorporate a group of farmers that are supplying one market system and one abattoir."

That would allow an electronic reading of tags experiment to progress through the system. There are several prospects in that area.

It is important that we have a robust trial. Following all the burdens of the foot-and-mouth outbreak, I am grateful to officials for their renewed interest in this area, in which we can make significant progress. The electronic identification of tags might solve some of the problems that members mentioned. It is unfortunate that there are such difficulties, but they will always occur where there are manual records.

If we are to go down the route of tagging sheep, as we will have to, hundreds of thousands of new records will be needed.

John Scott: Millions.

Euan Robson: I will not enter into speculation, but I accept that there might need to be millions of new records. In any case, that process could be made a lot easier with the use of electronic identification and electronic data transfer. The technology exists and the issue is that it must be applied correctly.

I pay tribute to my constituents who championed this issue and mention in particular Rae Calder from Blinkbonny in Berwickshire, who has kept the issue at the forefront of my mind through e-mails and letters. I am grateful to her for that, as I am grateful to all of my constituents who have pressed this issue. I believe that we can make progress in this area.

17:36

Alex Fergusson (South of Scotland) (Con): I agree entirely with the salient points that have been made around the chamber but would like to add two or three more. Before I do, I declare an interest in that I am a registered landowner and a partner in a farming partnership.

It is easy to tell that Euan Robson is an east-coast man because, on the west coast, when sheep are tagged, there are severe problems with flies attacking their ears, which is an animal welfare problem. One of the great problems with any sheep identification tagging scheme is that

tags often fall out. Furthermore, sheep can die. In the early 1990s, the industry fought hard against a similar scheme that was proposed. In the end, a powerful EU delegation was brought across to visit some of the more remote parts of northern Scotland to see how difficult it would be to administer a sheep tagging identification scheme. They went home with the firm impression that the scheme was totally unworkable and impractical. My view is that, if a scheme is unworkable and impractical, it should not be put into place. That applies to this scheme. There are many other and better ways of identifying sheep than this.

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): It has been drawn to my attention that the act of tagging cattle can be dangerous as it involves two tags. Apparently, after the first tag is put in, the cow and the calf become distressed and, often, farmers are injured while putting on the second tag. A relaxation of the time rules in that regard would be helpful.

Alex Fergusson: I was just about to remark that one of the severe consequences of the cattle-tagging scheme, particularly now that there is less labour available on farms, relates to health and safety. Like John Scott, I have not researched this issue fully, but I am quite sure that figures will show that general practitioners and hospitals are dealing with a far greater number of farming accidents—including deaths—than they did before the time restrictions were introduced. Anyone who has tagged a calf that is younger than one week old, outdoors, with its mother none too happy that someone is mucking about with its calf, will know how dangerous the situation can be. Ian Jenkins is quite right to draw members' attention to it.

Only two weeks ago, I was approached by a constituent who is a middle-aged bachelor who looks after his two parents who are increasingly suffering from dementia. He used to have help on the farm but no longer has, due to economic circumstances. Just before lambing time, he made a tiny mistake in selling some cattle and failed to notify the department which, during a cross-checking process—and it is good to know that such processes are conducted—discovered the error. When the error was pointed out, rather than pretending that he had not seen the original letters or whatever, my constituent held up his hand and admitted that he had made a mistake.

How we can call ourselves a just society when that farmer is penalised in exactly the same way as somebody who had done that on purpose, tried to bluff their way out of the situation and pretended that it was just an honest mistake? Can it be right that the financial penalty is so severe? I do not doubt that that is correct in the case of fraud, but it is not right when a genuine mistake has been made. I hope that the minister can point the way to

a little relaxation in the hardness with which SEERAD officials have to administer the rules.

17:40

The Deputy Minister for Environment and Rural Development (Allan Wilson): I, too, congratulate Murdo Fraser on securing the debate on a topic that I know to be important to the Scottish farming community, the wider beef industry in Scotland and, clearly, to his constituents. I happily assure Murdo Fraser that, if he shares his dossier of complaints with us, we will be pleased to examine it and see what we can do to help his constituents.

It might be helpful if I start by setting out the legal context for the cross-checking of subsidy claims against the BCMS database. Executive officials undertake cross checks because there is a clear requirement to do so under European law. That law, as with most European laws, has substantial teeth. We would incur a considerable financial penalty from the European Commission if we did not undertake those cross checks.

I realise that times are difficult for Scottish farmers and that, as Alex Fergusson said, delays in payment can cause hardship. However, the check is a key control, which is required by the Commission. If we did not carry it out, we could incur penalties of many millions of pounds.

Stewart Stevenson: I am sure that all members and farmers would wish those checks to be made, and it is entirely proper that they are made. However, does the minister accept that the key difficulty is that, when errors are found, the finger is invariably pointed at the farmer when the anecdotal evidence is very clear that the majority of mistakes are made within the bureaucratic system of data entry and data management?

Allan Wilson: I will come to the statistics that I have at my disposal when I deal with the points that Richard Lochhead made. I am told that the SEERAD officials responsible implement the scheme sensitively, and I will be interested in examples that members give me that might contradict that.

Murdo Fraser raised concerns about the quality of the information in the BCMS database. That is important not only for farmers receiving their subsidy payments; from our point of view, it is important that we have an effective system of animal traceability. For the Scottish beef industry to keep and improve its reputation for health and quality, everybody should have confidence in that system.

Any system that involves the processing of large amounts of complex data will obviously be open to error. Every year, the BCMS processes over 10 million cattle movement notifications, 3 million birth

registrations and 3 million death notifications. However, we must acknowledge that many of the errors come from the industry. The BCMS reports that 20 per cent to 25 per cent of birth registrations contain an error and that 20 per cent of movement notifications are incomplete or contradictory. A consistent theme of European auditors in recent years is that the quality of livestock farmers' record keeping needs to improve.

Richard Lochhead: I welcome the minister's point that such a complex system is bound to lead to errors. That is exactly the farmers' point. The system seems to demand 100 per cent accuracy; without that, it penalises the farmers. Does the minister appreciate that that is the farmers' view?

Allan Wilson: Yes—and I am told that the system is administered with sensitivity precisely because of that. The rules are laid down by Europe for us to follow, and there is very little flexibility in that regard.

Alex Fergusson: The minister has just stated that the system is administered with the greatest possible sensitivity, yet almost every speaker has pointed out the lack of sensitivity in the system. Will the minister please respond to that?

Allan Wilson: I am, with respect, responding to that. I have committed to take on board Murdo Fraser's dossier of complaints and to address the issues that have been raised. The complaint that Alex Fergusson referred to will be investigated. I assure Alex Fergusson that I would wish the system to be administered with sensitivity. Where he has concrete examples of that not being the case, I assure him that we will have those instances investigated and introduce a degree of sensitivity to the process.

Alex Johnstone (North-East Scotland) (Con): Before we leave this subject, I would like to introduce a slight variation. This point relates to something that Alex Fergusson said and to the nature of the penalties that are applied when mistakes are made.

In this case, I am talking about mistakes that are made by the farmers themselves in the specific circumstances that we have described and in other schemes and the contravention of other regulations. Simple errors are resulting in enormously draconian penalties, amounting to losses of up to 100 per cent of income in the case of one scheme in one particular year. Will the minister explain whether the extent of the penalties that have been applied is required by SEERAD under European regulation, or whether decisions on the extent to which the penalties should be exerted are made by SEERAD?

Allan Wilson: I cannot do so now, but I undertake to find out the answer to that question and to revert to Alex Johnstone and other

members on what flexibility, if any, exists with respect to the application of the European rules in the Scottish context. If that is possible, and if things can be done more sensitively, I give Alex Johnstone the assurance that we will take steps to investigate the prospect of applying such flexibility.

Steps are being taken to improve the operation of the BCMS and to cleanse the anomalous data that are currently held. Stewart Stevenson will be pleased to learn that additional staff have been made available for dealing with calls and correspondence following an upsurge in demand in November. After some problems, responses are now back to normal levels. I am particularly pleased that, in Scotland, farmers, markets and abattoirs are working with the Executive to put in place a co-ordinated programme of improvements in cattle data transmission. Scotland championed the development of the cattle-tracing system—CTS—online, which has greatly improved the service to farmers. I accept the need for improvement, and everyone has a part to play in that. I wish to work with the industry to ensure that there is improvement in the system. It is of course not just an issue for the BCMS.

The Executive is fully aware of the need to make subsidy payments to farmers as quickly as possible within the legal requirements that are set by the European Union. That process involves cross-checking the animals that are identified on subsidy claims against an extract of data taken from the BCMS database at Workington. Since the process for the 2002 schemes started in November, more than 1 million Scottish animals have successfully passed cross checks and the relevant claims have been passed for payment. This year we are paying advances at the higher rate of 80 per cent, a concession that we successfully sought from the Commission because of the bad weather last summer. That should be of some benefit to farmers.

Advance payments started well before Christmas for all the cattle schemes and are running well. As of 27 January, we have paid £53 million under the suckler cow premium scheme, which is about 90 per cent of what we expect to pay out in advance. That is similar to the position last year, when we did not cross check at this stage. The situation in Scotland is substantially better than the situation for farmers anywhere else in Great Britain.

Some refinements need to be made to the software before officials can give farmers information on failing animals and the reasons for the problems. Farmers have been kept up to date on the position. We cannot pay subsidies to farmers who have clearly breached their responsibility to notify the BCMS of animal movements or when, according to the CTS, an

animal did not meet a requirement of the scheme. When farmers believe that animals have been deducted unfairly, they will have an opportunity to provide proof of their case and to seek a review.

We need a high-quality database that serves the needs of Scottish farmers and our wider beef industry. The environment and rural development department must continue to implement European law and to minimise the risk of incurring financial penalties.

John Scott: Will the minister say something about the impending problem with sheep?

Allan Wilson: With the Presiding Officer's permission, I will do so.

We must continue to encourage improvement in record keeping by farmers and improved data transmission by farmers, markets and slaughterhouses, as well as improvements to the processes and operation of the BCMS.

I agree that European proposals on sheep identification are very worrying and I confirm that we will work energetically to have those proposals altered to suit circumstances in Scotland. My officials will continue to work to ensure that the BCMS, too, meets Scotland's needs. I promise members that we are committed to ensuring that farmers receive their subsidies as quickly as possible, while implementing—as we must—European law.

Meeting closed at 17:51.

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