

MEETING OF THE PARLIAMENT

Wednesday 3 September 2003
(*Afternoon*)

Session 2

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SCOTTISH MINISTERS AND DEPUTY MINISTERS

FIRST MINISTER—Right hon Jack McConnell MSP
DEPUTY FIRST MINISTER—Right hon Jim Wallace QC MSP

Justice

MINISTER FOR JUSTICE—Cathy Jamieson MSP
DEPUTY MINISTER FOR JUSTICE—Hugh Henry MSP

Education and Young People

MINISTER FOR EDUCATION AND YOUNG PEOPLE—Peter Peacock MSP
DEPUTY MINISTER FOR EDUCATION AND YOUNG PEOPLE—Euan Robson MSP

Enterprise and Lifelong Learning

MINISTER FOR ENTERPRISE AND LIFELONG LEARNING—Right hon Jim Wallace QC MSP
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Environment and Rural Development

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DEPUTY MINISTER FOR ENVIRONMENT AND RURAL DEVELOPMENT—Allan Wilson MSP

Finance and Public Services

MINISTER FOR FINANCE AND PUBLIC SERVICES—Mr Andy Kerr MSP
DEPUTY MINISTER FOR FINANCE AND PUBLIC SERVICES—Tavish Scott MSP

Health and Community Care

MINISTER FOR HEALTH AND COMMUNITY CARE—Malcolm Chisholm MSP
DEPUTY MINISTER FOR HEALTH AND COMMUNITY CARE—Mr Tom McCabe MSP

Parliamentary Business

MINISTER FOR PARLIAMENTARY BUSINESS—Patricia Ferguson MSP
DEPUTY MINISTER FOR PARLIAMENTARY BUSINESS—Tavish Scott MSP

Communities

MINISTER FOR COMMUNITIES—Ms Margaret Curran MSP
DEPUTY MINISTER FOR COMMUNITIES—Mrs Mary Mulligan MSP

Tourism, Culture and Sport

MINISTER FOR TOURISM, CULTURE AND SPORT—Mr Frank McAveety MSP

Transport

MINISTER FOR TRANSPORT—Nicol Stephen MSP

Law Officers

LORD ADVOCATE—Colin Boyd QC
SOLICITOR GENERAL FOR SCOTLAND—Mrs Elish Angiolini QC

PRESIDING OFFICERS

PRESIDING OFFICER—Mr George Reid MSP
DEPUTY PRESIDING OFFICERS—Trish Godman MSP, Murray Tosh MSP

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PARLIAMENTARY BUREAU

PRESIDING OFFICER—Mr George Reid MSP
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Subordinate Legislation	Dr Sylvia Jackson	Gordon Jackson

1 September 2003

Scottish Parliament

Wednesday 3 September 2003

(Afternoon)

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

Time for Reflection

The Presiding Officer (Mr George Reid): Good afternoon and welcome back from the recess. The first item of business this afternoon is time for reflection, which will be led by the Rev Ian Dickie from Granton Baptist church in Edinburgh.

The Rev Ian Dickie (Granton Baptist Church, Edinburgh): Thank you very much. It is good to be here.

A man went into a pub and, as he was waiting at the bar for his drink, he dipped his hand into the bowl of peanuts that was sitting there. A voice came from the bowl saying, "Wow, you're a really good-looking guy—such strong hands. Do you work out?"

The man was a bit taken aback. He walked away from the bar and went to the cigarette machine in the corner and, as he put his money in, the machine shouted at him, "You must be the ugliest guy I've ever seen in my life. You should have a paper bag over your head. You shouldn't be allowed out on the streets."

Stunned, the man staggered back to the bar, and the bartender said, "Sorry mate, the peanuts are complimentary, but the cigarette machine is out of order."

I'm sure that, like me, you have met your fair share of cigarette machines: people who give you a hard time; people to whom anything you say never seems to please; people whose lot in life, it seems, is to oppose everything you do and everything you say. That is just one example of things that can discourage us, pull us down, and make us ask ourselves whether what we are doing really can make a difference. It can be so easy to get sidetracked, so easy to lose our focus, so easy to lose our confidence, so easy to forget that what we are doing can and does make a difference.

I know that I have felt just like that at times: the things that I am doing or trying do not seem to be making an impact. Sometimes it is like one step forwards and two back. Resistance to the Christian message or just general apathy are common reactions. I wonder whether that rings any bells with you this afternoon. I do not know a huge amount about politics, but I know enough to

suggest that you face similar problems as you seek to do your job.

As a local church leader, I am encouraged by the fact that God has called me to that task and I know that, with his help, I can make a difference. I want to suggest to you this afternoon that you too can be encouraged to know that God is there for you, and encourages his church to pray for those in authority over us—political, judicial, social and economic leaders in our communities and nations. We read in the New Testament, in 1 Timothy chapter 2, verse 1:

"I urge, then, first of all, that requests, prayers, intercession and thanksgiving be made for everyone—for kings and all those in authority, that we may live peaceful and quiet lives in all godliness and holiness."

If God did not think that political leaders could make a difference, he certainly would not be instructing prayer, support and thanksgiving from his church.

I came to the conclusion a while back that we cannot please everyone all of the time. It is when we cannot please anyone any of the time that we begin to worry. I do not work in a vacuum and I believe that you do not either. God can and does help us make a difference. We all have a role to play and need to be open to him and his direction in our lives.

As you begin your new term in the Parliament, be encouraged and be open to the role that God has for you as the political authority in this land. Be encouraged by the knowledge of the prayers of the Christian church. I assure you on behalf of the people of Granton Baptist church, whom I am here to represent, that we pray for and support you as you seek to make a difference in the roles that you have been given.

Business Motion

14:34

The Presiding Officer (Mr George Reid): The next item of business is consideration of business motion S2M-284, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, setting out a revised business programme.

Motion moved—

That the Parliament agrees—

(a) as a revision to the programme of business agreed on 25 June 2003—

Wednesday 3 September

after—

“2:30 pm Time for Reflection – Rev Ian Dickie, Granton Baptist Church”

delete all and insert—

“followed by Parliamentary Bureau Motions

followed by Executive Debate on the Scottish Economy

followed by Procedures Committee motion on its 1st Report, 2003 (Session 2), *First Minister’s Question Time and minor standing order changes*

followed by Parliamentary Bureau Motions

5:00 pm Decision Time

followed by Members’ Business – debate on the subject of S2M-177 Mr Jeremy Purvis: European Structural Funds and South of Scotland

Thursday 4 September 2003

9:30 am Executive Debate on Closing the Opportunity Gap

followed by Business Motion

2:30 pm Question Time

3:10 pm First Minister’s Question Time

3.30 pm Executive Debate on Investment and Change in Cancer Services

followed by Parliamentary Bureau Motions

5:00 pm Decision Time

followed by Members’ Business – debate on the subject of S2M-264 Roseanna Cunningham: Defence Aviation Repair Agency, Almondbank”

and (b) that Stage 1 of the Vulnerable Witnesses (Scotland) Bill be completed by 21 November 2003 and that Stage 1 of the Primary Medical Services (Scotland) Bill be completed by 31 October 2003.—[*Patricia Ferguson.*]

Motion agreed to.

Scottish Economy

The Presiding Officer (Mr George Reid): The next item of business is a debate on motion S2M-287, in the name of Jim Wallace, on the Scottish economy, and on three amendments to that motion.

14:35

The Deputy First Minister and Minister for Enterprise and Lifelong Learning (Mr Jim Wallace): I welcome this opportunity on our first day back after the summer recess to debate the future of the Scottish economy. I believe that there is no more important subject. Our commitment to growing the Scottish economy is the first theme of the partnership agreement. In it we stated:

“Growing the economy is our top priority. A successful economy is key to our future prosperity and a pre-requisite for building first class public services, social justice and a Scotland of opportunity.”

Economic growth is top of our agenda, and that is why I wanted to have this debate as soon as Parliament returned from the recess. I intend to report to Parliament regularly on the economy and to set out the steps that the Executive is taking. I want to stress that I will also listen carefully to the views of MSPs as we try to work constructively for a more prosperous Scotland.

That reflects the approach that I have taken this summer as I have travelled throughout Scotland and engaged with the business community. I have met hundreds of local business people in places as far apart as Troon, Glenrothes and Nairn. There has been an endorsement of our strategic approach and a clear agreement that delivery must be our focus. As we go forward, it is important that the Parliament reflects on the challenges ahead, for Scotland as a whole and for closing the gap within Scotland.

During the first Parliament we issued a framework for economic development. It set out our joined-up approach, which takes into account the roles of enterprise, skills, transport and planning—and I regret that the time permitted today does not allow me to go into all those areas. The framework set us on an approach to economic development founded on analysis and evidence.

The Scottish economy has underlying strengths, which we need to build on. It also has weaknesses, which we have to address—and which we are addressing. This means a medium-term approach, keeping those fundamentals clearly in mind, with a focus on competitiveness and on productivity. It also means not over-reacting to either the good or the bad news of

individual months and giving in to pressure for a quick fix.

Pauline McNeill (Glasgow Kelvin) (Lab): I wonder if the minister will welcome on the record the very good news that BAE Systems at Scotstoun shipyard, in my constituency, announced yesterday a record number of young men and women going into apprenticeship schemes. That will turn the industry around and, I think, safeguard it for the next decade.

Mr Wallace: That was very good news indeed. I believe that 112 teenage apprentices, aged mostly 16 or 17, were taken on. As a spokesman for the shipyard said:

"For far too long, people have associated shipbuilding with decline. This shows we have turned the corner."

It is part of our drive to have more modern apprenticeships, so that announcement was very welcome indeed.

The most recent data show that there was no change to our gross domestic product over the year to the first quarter of 2003. Businesses have been hit hard by a catalogue of events outside Scotland. There have been corporate governance and accounting scandals, an ongoing threat of terrorist activity and sharp falls in global equity markets. Global uncertainty has depressed business and consumer confidence around the world. Germany has recorded two quarters of negative growth. France has recorded negative growth in the second quarter of 2003. Although I take no comfort from the performance of the Scottish economy in the first part of this year, it is important to recognise that we do not operate in a vacuum and that we are not isolated from global events.

Looking forward, and looking closer to home, there are some positive signs. Despite the acute difficulties that have been experienced by Scottish businesses in recent times, our labour market continues to perform strongly. Unemployment has fallen and employment has increased in every quarter since January 2002. Retail demand in Scotland remains strong and continues to outperform that in the rest of the United Kingdom.

Recent business surveys show mixed views. The Royal Bank of Scotland's purchasing managers index showed a return to growth in both the service and manufacturing sectors last month. That corresponds with independent assessments of the Scottish economy, which agree in predicting that it will return to modest growth over 2003 as a whole, with stronger growth predicted in 2004. Equally, I do not wish to ignore the surveys by the Confederation of British Industry and the Engineering Employers Federation, especially with regard to the difficulties that have been highlighted in manufacturing. That takes me back to the point

that we must address our underlying strengths and weaknesses.

Alasdair Morgan (South of Scotland) (SNP): Will the minister give way?

Robin Harper (Lothians) (Green) rose—

Mr Wallace: Mr Morgan was first on his feet.

Alasdair Morgan: The minister is right to say that global factors affect all economies. Surely one of the crucial comparisons for him and for the Executive is the fact that, at 8.1 per cent, GDP in Scotland comprises a falling share of UK GDP.

Mr Wallace: As I am about to make clear, we are in no way complacent. We recognise that the Scottish economy has experienced long-term difficulties, such as long-term rates of low productivity and underinvestment in research and development. We must direct our attention to those problems if over the medium term we are to achieve the more competitive growth rates that most members of the Parliament want.

Tommy Sheridan (Glasgow) (SSP) rose—

Robin Harper rose—

Mr Wallace: I want to make some progress.

"A Smart, Successful Scotland" reflects an analysis of how Scotland can succeed in a global economy. We cannot and should not try to compete with the low-wage economies of eastern Europe and parts of south-east Asia. That is not the way in which to deliver long-term prosperity for the people of Scotland. Instead we must compete by our ability to add value.

Tommy Sheridan: What is the Executive's response to last week's report by the Scottish Low Pay Unit, which indicates that one third of Scottish workers are officially low paid? How does the Executive intend to tackle the scourge of low pay?

Mr Wallace: We will tackle low pay through investment in research and development and in training. We want to raise the skills of the Scottish people and to have businesses that are succeeding. In that way, we can deliver increased prosperity across the board. No one takes satisfaction from low pay. We want a Scotland in which businesses are thriving because they are investing in their workers and in research and development.

We must focus on the skills of our people and the innovation of our companies. The powers of devolution give us tools to do that, to help build a competitive advantage.

Mr John Swinney (North Tayside) (SNP): The Deputy First Minister says that devolution offers us powers to tackle some of these issues. In his summer of reflection around Scotland, talking to

business leaders, has he received representations from them seeking a reduction in business rates to below the UK level or, at least, to a comparable level? What action has he taken in that respect?

Mr Wallace: It will not come as a surprise to anyone that the issue of business rates has been raised. However, it is important to remember that, although the poundage in Scotland is higher than that in England, at the most recent revaluation rateable values rose more in England than in Scotland. I have heard from a number of small businesses that welcomed the small-business relief that we provided. We consulted on that and produced an acceptable arrangement. There has also been a freeze in business rates. The partnership agreement commits us over the next two years not to increase business rates by more than the rate of inflation.

Against international comparison we have an educated and skilled work force. We are strong in exporting, reflecting some of our sector strengths. "A Smart, Successful Scotland" is a strategy that has received strong support from Scotland's business leaders and from our academic community. However, a strategy alone is not enough: it is there to guide action and delivery. That delivery will give us the progress that we want and the outcomes that we are tracking. The strategy is backed up by action. The coming months will see us press forward with plans that will help our economy grow for the longer term.

Despite recent signs of improvement, business spending on research and development in Scotland remains comparatively low. However, we have world-class academic science in our universities—for example, in bioscience and informatics. We must ensure that Scotland reaps the maximum economic benefits of Scottish ingenuity.

That is why we are investing £450 million over 10 years in creating three intermediary technology institutes. They will focus on areas in which Scotland has research and business strength: energy, life sciences and information and communications technology. They will carry out research that provides exploitation opportunities for Scottish companies. Lewis Macdonald will say more about that in his winding-up speech.

We also need to have skilled people. There are actions for Government and for business. Government can assist access to skilled people. Companies must invest in developing their work force. "Life Through Learning; Learning Through Life" has a clear vision—the best possible match between the learning opportunities that are available to the Scottish people and the skills, knowledge, attitudes and behaviours that will strengthen our economy and society.

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

Mr Wallace: I am pressed for time, but I will take an intervention from Murdo Fraser.

Murdo Fraser: Does Mr Wallace think that it is acceptable that 25 per cent of the work force has no qualifications? What is the Executive doing to address the lack of basic skills in the work force? Employers are concerned about basic skills in literacy and numeracy.

Mr Wallace: That is not acceptable, because it is a loss not only to the community as a whole, but to the individuals who cannot achieve their potential. As Murdo Fraser knows, we have in place projects for raising literacy and numeracy standards and we have made an important commitment to lifelong learning to allow people to learn and acquire skills later in life, rather than having those opportunities cut off when they are 16 or 18.

We are talking not only about skills, but about attitudes and behaviour. Our proposal for enterprise in education, "Determined to Succeed: A Review of Enterprise in Education", will be driven forward in this second session of the Parliament. We want to give all young people experience of enterprise and commerce at school and a taste and hunger for business.

Last month I met a group of young people from Harris whose company, Beartas, has just been named Young Enterprise UK company of the year—the first Scottish winner in more than 40 years. Not only are they successfully marketing and selling their own Harris tartan; they are providing work for weavers and tailors in the local Harris tweed industry. In the near future I will announce further details of the investment that we are putting in place to allow pupils to learn entrepreneurial skills at school.

The drive and creativity shown by those young people is surely a lesson to the rest of us. From outside we are seen as a nation with a strong sense of national pride and identity, but at home we are often afraid of taking risks. Fear of failure can so often be a barrier to trying at all and so, collectively, we fail to realise our full potential.

The Executive will do what it can to help matters. We will introduce changes to the law to try to reduce the stigma of bankruptcy. We are drawing up a consultation paper on bankruptcy reform, which I hope to publish before the end of the year.

I want a culture of aspiration in Scotland. I acknowledge that Governments cannot change cultures single-handedly or overnight, but we must break the outdated attitudes that serve only to hold us back. Today we should celebrate success and

positive suggestions for change rather than constantly rehearsing failures of the past.

My officials are developing proposals for a business start-up fund, which will help remove barriers and encourage people to take the first crucial step into the world of business. I expect to be in a position to launch that fund next spring.

I talked about creating a culture of aspiration and about the importance of our young people. One thing that many young people want us to think about is the impact that our drive for economic prosperity has on the environment around us. As the partnership agreement demonstrates, we are committed to delivering sustainable economic development for Scotland. That commitment has many elements, one of which will be implementing a green jobs strategy.

Robin Harper: Will the minister give way?

Mr Wallace: I think that I have just about run out of time.

The Presiding Officer: You have another three minutes if you want them, minister.

Mr Wallace: I shall give way to Mr Harper.

Robin Harper: Does the minister agree that one way to encourage competitiveness in Scottish industry is to encourage businesses to reach environmental standard ISO 14001? Does the minister agree that there has been little progress from Scottish Enterprise in achieving any such target in the past year?

Mr Wallace: We will introduce proposals for a green jobs strategy. There are opportunities in recycling, renewable energy and other green industries. Those opportunities are not only for job creation, but for businesses to achieve the benefits of greater productivity by using materials and energy more efficiently.

We want to think creatively about the full extent of green jobs. We will work with key stakeholders in the private and public sector, as well as with non-governmental organisations, and our strategy will align with and develop the themes of "A Smart, Successful Scotland." I hope that the Parliament will be engaged fully in that process.

We are planning and acting for our future. A clear strategy informs our actions. The strategy is about productivity. It is not a short-term tactic of cutting taxes and ignoring underlying problems. We aspire to nothing less than to be among world leaders.

We are supporting innovation. We are investing in the skills and knowledge of our work force and in the next generation of business leaders. We are working to ensure that our future economic development is sustainable. Alongside that, we must and will promote a climate for economic

growth, an enthusiasm for enterprise and an aspiration to success. I believe that that is the Scotland for which everyone in the chamber ought to aim. It is certainly the commitment of the Executive.

I move,

That the Parliament supports the objective of achieving long term, sustainable growth in the Scottish economy; endorses the Scottish Executive's strategy, set out in *A Smart, Successful Scotland* and *A Partnership for A Better Scotland*, as the best means of helping to achieve this growth; welcomes the support of Scottish business and academia for this strategy; recognises the need to create a spirit of entrepreneurship, promote innovations and encourage sensible risk taking; believes this can be achieved by building on the strength of our education system and research and development capability and through development of specific initiatives such as Enterprise in Education and the Green Jobs Strategy; reaffirms the Scottish Executive's commitment to remain focused on the delivery of this strategy while being responsive to ways in which it can be enhanced and refined, and looks forward to delivering increased prosperity as the basis for first-class service and a socially just Scotland.

14:49

Mr John Swinney (North Tayside) (SNP): I welcome today's debate on the Scottish economy and the fact that the Executive has, at last, put growth at the top of its agenda. I particularly welcome the Deputy First Minister's emphasis on the importance of ensuring that we create the right framework for Scotland's economy in the long term.

We support much of what the Deputy First Minister has said, and in particular what he said about the smart, successful Scotland strategy. We have argued consistently that improving Scotland's economic growth must be the central point of Government strategy. Today, and throughout the term of this Government, we will press the Executive to recognise the seriousness of the issues that Scotland faces in delivering higher economic growth. At the very least, the Executive must open its mind to the arguments for economic and constitutional change that we advance.

If there are those who doubt the gravity of Scotland's situation, the recent population estimates from the Registrar General for Scotland provide ample evidence. According to the Registrar General, over the next 20 years—the long term to which Mr Wallace referred in his remarks—Scotland's population will fall faster than that of any other European country. The Registrar General reports that Scotland's birth rate is at an all-time low. Crucially, he goes on to say:

"population decline is often regarded as being symptomatic of poor economic performance and may even reduce confidence in the economy."

We are in a vicious circle, in which long-term low economic growth leads to long-term population decline, which leads to low confidence in the economy, further low growth and further population decline, and so on and so forth. The long-term decline in Scotland's population is now central to the debate on our country's future and the prospects for our economy. Today, I want to set out how we can attract fresh talent to Scotland and keep the talent that we have. We want to use those factors to break the vicious circle of low growth that we are now in.

The role of immigration in economic growth is well documented. A recent European Union study said that much of the recent success of the economies of the United States and Ireland was due to an influx of new workers. However, our prospects of attracting those new workers—prospects that were highlighted by the First Minister himself—are fundamentally weakened by the signals given out by the Westminster Government. The Home Secretary is telling people to get back to their own countries. One of Mr Wallace's colleagues, Evan Harris, has described current Government policy as playing to an extremist agenda that scapegoats foreigners and asylum seekers for Britain's woes.

The race at Westminster to be the most racist on immigration and asylum issues is nothing less than a national disgrace. I do not for a second believe that the disgust at what is going on at Westminster is confined to the SNP benches. It is shared across all political parties in the Parliament. We must be true to our consciences. It should be possible for this Parliament to speak as one on this issue. In order to end that disgrace, we need to transfer immigration and asylum policy from Westminster to this Parliament. We need to do that urgently.

The First Minister has said that he wants to encourage new workers to come to Scotland to live and to work, but those words count for nothing unless we have the power to put them into action. They count for nothing, while "economic migrant" is used as a term of abuse, while asylum seekers are banned from working and contributing to the Scottish economy, and while vulnerable young people are locked up behind bars for no reason other than that their parents sought a better life of opportunity abroad. We will not get the people we need if we leave those issues to Westminster.

However, immigration of itself is not enough. We need to keep the talent that we already have here in Scotland. Mr Wallace has announced a set of well-intentioned measures on that point, some of which will go some way towards helping the situation. However, they are not the only measures that he could have taken. He could have announced a cut in business rates. He could

have set out how businesses that have been crippled by high water rates would be assisted. Such measures would have helped to tackle some of the immediate hardship in the business community and in the economy. However, even those measures will not lead to the transformation that Scotland requires.

George Lyon (Argyll and Bute) (LD): Mr Swinney has clearly called for a cut in water rates, yet he has just fought an election on a manifesto pledge not to touch water rates. Why does he suddenly now demand cuts in water rates?

Mr Swinney: If Mr Lyon had read the SNP's election manifesto, he would have found that the SNP argued for a cut in business rates in the election campaign. We argued that the hardship that businesses were facing because of the water industry must be directly addressed by Government.

The lunacy of what the Government has presided over is harming businesses and the business community in every part of Scotland. If the MSP for Argyll and Bute thinks that what is happening to businesses' water rates is a laughing matter, he has a lot of hardship coming his way. Although the measures that Mr Wallace has announced are welcome, they will not lead to the transformation that Scotland needs. The Parliament must demand all the powers that all other normal Parliaments demand—the powers of full financial independence.

That demand should not be confined to the SNP or the other parties that are currently pressing for constitutional change. I believe that we can build a genuine national consensus around the issue because without such powers, we will not be able to deliver the higher economic growth that we are all determined to achieve in Scotland.

Murdo Fraser: I am grateful to Mr Swinney for giving way. He will be well aware that I share some of his views on giving the Parliament more financial independence. However, if the Parliament will not use its existing power to cut business taxation, why does Mr Swinney think that it would use any enhanced powers to do so?

Mr Swinney: I am sure that Mr Fraser does not need me to advise him that I am not a member of the Government, thank goodness. Who would want to defend the record of this Administration?

I am determined to equip the Parliament with the powers to ensure that we can deliver a competitive advantage for the people of Scotland. The people have to decide whether they want to put up with years of indifference and decline from the Executive or give a Government from my side of the chamber a chance to transform the Scottish economy.

Full financial independence will give the Parliament and all members responsibility. It will demonstrate to the world that we are confident in our ability to take decisions on how to raise money, not just how to spend it. It will allow us—as my party wants—to cut the taxes on growth to below the UK rate, and to establish a more progressive personal tax system to create a fair and just Scotland. By taking such measures, we can create the dynamic and entrepreneurial economy that will allow us to keep the talent that we have. By keeping that talent, and encouraging talent to come to Scotland, we can break the vicious circle of low economic growth and population decline.

In doing so, we must face another issue that might demand greater questions of our country and of us in the Parliament. With the enlargement of the European Union, the old, artificial barriers between east and west will finally come down. The new EU will create a vibrant single market of 500 million people and an intensely competitive economic environment.

For Scotland, enlargement offers a massive opportunity. However, unless we adapt and move on, it also poses a massive threat. Most of the new member states are desperate to embrace an entrepreneurial culture. The 10 new EU members will be fighting every inch of the way and using every power that independent nations enjoy to raise the living standards of their citizens. They will use tax, trade and other powers to maximise their areas of comparative advantage, attract investment and create highly skilled and highly paid jobs. As they forge ahead, we cannot afford to be left behind. It would be madness to leave our country defenceless in the face of such competition. Without the powers to compete—powers that all existing and new EU members take for granted—that is exactly what will happen.

There will be voices from all sides of the chamber seeking to drive down Scottish self-confidence in the progress of the debate. They will say that Scotland will never be able to compete in the new Europe and that we need the false security of London's control. Those voices should be rejected. The six countries with the highest living standards in the EU are small, open and independent economies. If countries as diverse as Luxembourg, Ireland and Austria can thrive in Europe, only someone with no ambition for Scotland would deny that our country could do the same.

We can and must build a coalition for financial freedom for the Parliament to deliver the prosperity that our people deserve and have been waiting to achieve.

I move amendment S2M-287.2, to leave out from "endorses" to end and insert:

"recognises the enormous potential of the Scottish people; accepts that Westminster control of Scotland's economic policy has been disastrous for Scottish living standards, population and national self-esteem; notes that, to reverse that trend, the Scottish government must create the maximum competitive advantage for the Scottish economy, and therefore calls on all parties to work together to win for the Parliament the full powers that all independent countries enjoy, in order to create a competitive advantage and the conditions for a prosperous and just Scotland."

14:59

Murdo Fraser (Mid Scotland and Fife) (Con): I welcome Mr Wallace to his new position as Minister for Enterprise and Lifelong Learning. I am sure that all in the chamber will wish him every success in his vital task.

I wonder whether Mr Wallace has reflected for a moment on the fate of his predecessors. The Parliament's first enterprise minister rapidly gained promotion to the job of First Minister, but of course did not last long in that job and left in disgrace. Our second enterprise minister left the job complaining of overwork. Our third enterprise minister, I am delighted to say, is no longer with us, because he lost his seat in May to my colleague David McLetchie. I am not sure which of those fates awaits the Deputy First Minister, but it would be ungracious of me not to wish him a happier time than that of his predecessors.

I welcome the emphasis on the Scottish economy in the partnership agreement, and I welcome the fact that on this first day of the new parliamentary session we are devoting the afternoon to a debate on the Scottish economy, especially if, as we are told, it is to be the first in a series of regular debates.

I agree with much of what the minister said. In particular, I and members of the business community warmly endorse what he said about the need to have a new entrepreneurial culture in Scotland. However, it is not just the fear of failure that we have to be wary of but the fear of success. For too long, Scots have looked warily on those who are successful in business, as if making too much money or being too successful is somehow unseemly. Our media love pulling down successful public figures. It is as if the national cry is, "Don't get too far above yourself, sonny." We have to change that attitude. The media have some responsibility in that as well.

There is much more to be done than that, if we are to improve the state of the Scottish economy. Although the words of the new Minister for Enterprise and Lifelong Learning are welcome, he has to take many more steps. We have a dismal rate of economic growth, we have job losses in manufacturing, we have a falling business start-up rate, and we have a generally depressed outlook.

Talking about what needs to be improved is not enough. The minister will need more than words if he is to be taken seriously—he needs to take action.

In particular, the minister needs to take action to cut business rates at least to the level of those in England, which would restore the level playing field that was established by the Conservative Government. I listened with great interest to what he said about the level of rates. I have heard his arguments before, about how the basis of valuations in Scotland is different from that in England. Many of those arguments have been debunked by business organisations, which have provided evidence that in certain sectors of the economy, for example small hotels, the basis of valuation means that Scottish businesses are more heavily rated than those in the rest of the UK.

However, let us assume for the purpose of argument that the Minister for Enterprise and Lifelong Learning is correct, and that there already is a level playing field. Surely if he was serious about promoting the Scottish economy, he would want to give Scottish business a competitive advantage over the rest of the UK, given that we start from a competitive disadvantage because of our geography and our distance from markets. Surely an enterprise minister who is looking to drive forward the Scottish economy would say, “I welcome the opportunity to give Scottish business a leg up.”

George Lyon: On Murdo Fraser’s point about giving small businesses a competitive edge, he must recognise that the small business rates relief scheme delivered to 70 per cent of Scotland’s businesses the competitive edge for which he is calling. I hope that he will welcome that.

Murdo Fraser: I am well aware of the small business rates relief scheme. I am also well aware that many sectors of the economy felt that the scheme was unfair, not least the small hotels to which I referred, which felt that it militated against them. Not every sector of the economy welcomed the scheme.

The issue is not just business rates. We need action on the crippling increases in water charges, which are damaging our small businesses, and we need action to improve the basic skills of our work force, because we have falling standards of literacy and numeracy. As I mentioned, an incredible 25 per cent of the work force have no qualifications whatever. We need action to improve our transport infrastructure, so that goods and people can move around more easily. We also need action to sort out the mess that is Scottish Enterprise. If the minister is serious about driving forward the Scottish economy, he has to take action in those areas and so prove that he is

really committed to making a difference to our economy.

I read with interest the SNP amendment and listened with some interest to Mr Swinney’s speech. As usual in debates on the economy, the SNP has only one club in the bag, and that is to talk about fiscal autonomy. I have some sympathy with the argument that the Parliament needs to be more financially responsible, but it already has the power to deal with aspects of business taxation. It already has the power to cut business rates and the power to deal with water charges, but it chooses not to use those powers, so why would it choose to use any additional powers? What Mr Swinney is arguing for—and I see his argument—is a change of Administration. He is arguing that he should be First Minister and that he would do those things. He is not arguing for a change in powers.

Mr Swinney: It would be a very sensible idea for me to be the First Minister of Scotland because we could do some of those things right away. What is of even greater significance and importance, however, is the fact that, although the Parliament has power over water rates, business rates and a marginal aspect of the basic rate of income tax, the powers that we need relate to business taxation, social security benefits and pensions, to ensure that we create a fairer and more prosperous society. Those are the natural powers that come with financial independence.

Murdo Fraser: My point is that we need a will in the Parliament to cut business taxation. There is no will in the Parliament at present to do that, regardless of whether we use the existing powers or any enhanced powers that we may have in future. It is all about the Administration—who is running it and whether that will exists. The SNP’s position is a handicap to the argument for fiscal autonomy and not an asset.

I heard Mr Swinney on the radio this morning, and in the chamber, saying that the so-called Westminster parties—he did not define them—could be accused of racism. That is a serious charge. I appreciate that the leadership challenge to Mr Swinney is weighing heavily on his shoulders and that he is anxious to get as much publicity as he can, but he should not seek a cheap headline by making unwarranted and outrageous statements about political opponents. That is not conduct becoming the leader of a party in the Parliament. I trust that Mr Swinney will, on reflection, consider his remarks ill judged and withdraw them.

Mr Swinney: No.

Murdo Fraser: Well, there we hear it.

I am sure that Mr Wallace does not wish to go the same way as his predecessors as enterprise

minister. If the words of the partnership agreement

"Growing the economy is our top priority"

to which Mr Wallace referred are to mean anything, he must take the action on the economy that I have outlined. The Scottish Tories will engage constructively with the Executive parties on the future of our economy. Much of what the Minister for Enterprise and Lifelong Learning said today is welcome, but his words will need to be matched with action if our economic decline is to be reversed.

I move amendment S2M-287.1, to leave out from "endorses" to end and insert:

"notes, however, the poor performance of the economy with levels of growth lower than the rest of the United Kingdom, falling levels of business start-ups, rising levels of business failure and job losses in the private sector; recognises that the objective of long-term, sustainable growth is currently being hindered by high non-domestic rates, increased business water charges and a heavy burden of corporate regulation, and calls on the Scottish Executive to use its existing powers to reduce the business rate poundage to levels at least equal to those in England, to ease the burden of increased water charges that are stifling business growth and to work proactively to free businesses from undue regulation, thereby eliminating the competitive disadvantage at which many Scottish businesses find themselves relative to their English counterparts and allowing the Scottish economy to grow to its full potential."

15:07

Shiona Baird (North East Scotland) (Green): The Scottish Executive is at a crossroads. Today will determine whether it has the courage and spirit of enterprise to ensure that our smart, successful Scotland is also sustainable. We must consider the economy with new eyes—the old view must go. We must consider truly sustainable development. The full Brundtland commission definition of sustainability is development that

"meets the needs of the present without compromising the ability of future generations to meet their own needs."

The down turn in the global economy means that inward investment has proved to be as fickle as we always feared. Climate change and all the problems that it could bring add an urgency to the present debate, as do the ever-present mountains of waste and the impending transport gridlock. Over-consumption in the west means that we will need two planets to satisfy our needs. Quite simply, we cannot keep going down that route.

Sustainability must be at the centre of the strategy for a smart, successful Scotland to ensure that sustainable development is at the core of the entire decision-making process. There are green jobs—they are just ready for development. There is the potential for at least 50,000 new jobs in renewables, recycling, transport, energy efficiency and organic farming. We need to create the right

conditions to ensure that growth, and we must change direction to support those new technologies, giving local companies the sort of investment support that inward investing companies received. Research is needed, as is training in the new skills and, most of all, support from Government in establishing green businesses.

The Executive has already set targets for specific sectors, helping to create the market for green products. It is committed to eliminating fuel poverty by 2016, to setting new business standards, to enhancing organic farming and to having 40 per cent of its electricity needs met by renewables by 2020.

Christine May (Central Fife) (Lab): Will the member tell the chamber what additional resources would be needed to accelerate the process that she has just described? From where in the resources that we have got for this year and the next three years would her party take those moneys?

Shiona Baird: As I have just said, all the money that was going through Scottish Enterprise to inward investment—we are talking about millions—can be quickly diverted. Robert Crawford indicated yesterday that—

Christine May: That is a surplus.

Shiona Baird: No, it is not a surplus. It is diverting money from one funding stream to another. It is quite simple. It is moving from one way of working to another.

George Lyon: Will the member give way?

Shiona Baird: No. I want to carry on.

The initiatives that the Scottish Executive has set in place, which I mentioned earlier, need to be at the forefront of its strategy for a smart, successful, sustainable Scotland. The Executive could bring to bear an enormous influence to ensure true sustainability in the public procurement budget of £5 billion per year. It could insist on local authorities including an environmental audit in their best-value tendering for goods and services. That extra dimension would allow community enterprises to compete more effectively against companies for which cost is the main imperative. Community businesses, especially those in the reuse sector, offer better value. They address issues such as local ownership, social inclusion and volunteering, all of which increase community spirit and the real spirit of enterprise.

Most businesses in Scotland are far from being sustainable at present. That often results in lost income through resource inefficiency. In the UK as a whole, £12 billion of energy is wasted each year by inefficient businesses. Our businesses across

all sectors are not competing in terms of resource efficiency with businesses in many other developed nations. That results in reduced profits, which is a double whammy for the businesses and for the environment.

Despite our bountiful resources, skills base, industrial capacity and historic spirit of enterprise, we are losing out on our potential to become a key player in the green technology industry.

In the spring of this year, the Fraser of Allander institute for research on the Scottish economy calculated that Scotland's natural resources, including our seas, farmlands, lochs and woodlands are worth at least £17 billion per annum to our economy. That figure is equivalent to one quarter of the nation's gross domestic product and dwarfs the value of any single Scottish industry. They are a huge resource that we must not lose.

George Lyon rose—

Bruce Crawford (Mid Scotland and Fife) (SNP): Will the member give way?

The Presiding Officer: No. The member must conclude shortly.

Shiona Baird: I am sorry, but I am running out of time.

Quality of life is an increasingly important element in attracting high-value jobs to Scotland. Robert Crawford mentioned that yesterday at the Scottish Enterprise public meeting. If we were to replace GDP with a quality-of-life measure as the main indicator of the country's well-being, we would be well on the way to achieving a sustainable Scotland. That would be a real win-win situation.

I urge members to support our amendment, which is not radical but sensible. It is also not new: the National Assembly for Wales has adopted the principle.

We are pleased that the Executive is beginning to recognise these issues—witness the little green trees that are to be found in the partnership document. Courage and a real spirit of enterprise are all that is needed to add the word “sustainable” to a smart, successful Scotland. For all our sakes, I ask members to give the Executive that courage by supporting our amendment.

I move amendment S2M-287.3, to leave out from “long term” to end and insert:

“sustainability as distinct from growth in the Scottish economy; supports the use of the terms ‘sustainable’ and ‘sustainability’ in accordance with the generally-accepted definition of ‘meeting the needs of the present without compromising the ability of future generations to meet their own needs’; endorses the Scottish Executive’s establishment of a Sustainable Development Forum and Sustainable Development Indicators as initial steps in the

direction of sustainability; recognises the need to create a spirit of entrepreneurship, promote innovations and encourage sensible risk taking; believes that this can be achieved by building on the strength of our education system and research and development capability and through development of specific initiatives such as a green jobs strategy; welcomes the Scottish Executive’s commitment to be responsive to ways in which its current strategy can be enhanced and refined, and affirms that long-term prosperity, first-class services and social justice are only achievable through sustainable development.”

15:14

Mike Watson (Glasgow Cathcart) (Lab): There has been a lot of talk about growing Scotland’s economy. That is at the centre point of what the partnership is trying to do. Growing Scotland’s economy was Labour’s approach during the election campaign this year and it remains our position. We want to grow the economy through investment in research and training, skills, science and our transport infrastructure across Scotland. That throws into sharp contrast what we have heard from SNP and Tory members, whose track record on this issue has centred in particular on cuts both in Scottish Enterprise and in investment, with only a minimal benefit for the owners and employees of individual companies.

We can grow the economy by building on strengths that it already possesses and by working in partnership with the UK economic policies that we benefit from. I accept that that approach will not go down well with the Opposition. However, through devolution, we have been given the economic levers to create growth, and we are backed up by the stability of a UK economic framework, which gives us the base from which to grow our own economy. We cannot and should not try to divorce those two aspects.

Although the following facts might not serve any particular argument that the SNP or even the Tories might put forward, I should point out that 146,000 more people in Scotland are in work now than in 1997 and unemployment is down by about 65,000, to its lowest level in 30 years. Those figures cannot just be cast aside.

Tommy Sheridan: Will the member give way?

Mike Watson: By all means. I know that the member is about to tell me that those are not real jobs, but he can have his intervention.

Tommy Sheridan: The member is wrong; I am not going to say that they are not all real jobs. Instead, I want him to explain why poverty in Scotland is still rising. Does he accept that the unemployed poor have unfortunately become the employed poor because of the scourge of low wages?

Mike Watson: I do not accept that. Levels of poverty in this country are higher than anyone

would want them to be. However, there is no question but that the main lever in alleviating poverty is getting people into work and creating a vibrant economy that employs more people and enables different types of employment. By that, I do not simply mean manufacturing jobs versus service sector jobs; I mean jobs that provide some flexibility to allow people to work at times that suit them.

Alex Neil (Central Scotland) (SNP): Does the member accept that although the individual level of unemployment is lower than that in 1997, the percentage of households where no one is in employment is at its highest since that year and stands at 18 per cent in Scotland? That is the highest of any area of the UK. Is that not an indictment of the Tory policies that Blair and Brown are pursuing?

Mike Watson: As ever, Alex Neil has been selective with figures. He is like his colleague Jim Mather who, just a couple of weeks ago, said that

“the wealth gap between Scotland and London”

has widened. However, he was comparing Scotland as a UK region—and I understand the implications of that term—with London and the south-east as another region. He did not compare Scotland with many parts of the north of England, which is a far more relevant comparison to make.

Stewart Stevenson (Banff and Buchan) (SNP): Is the member saying that we are wrong?

Mike Watson: No, I am saying that it is not very valid to compare Scotland's economy with that in London and the south-east. Given the situation with manufacturing and the changes that have been made over the past two or three generations, the economy in the north-east and south-west of the UK is more similar to ours. We should compare like with like.

The figure that Alex Neil just quoted might indeed be true. I have not heard it before but, because I know Alex, I believe that it is true. Obviously I want every household to receive earned income and if that is a problem, we have to tackle it. However, that figure should be put in the context of comparing current overall levels of jobs and unemployment to what they have been in the very recent past.

On the issue of joint working, there has recently been some criticism of the joint committee on the economy that has been established by the UK Government and the Government in Scotland. Surely the establishment of that committee highlights the importance of Scotland's work with other parts of the UK and how the UK economy benefits Scotland to ensure that Labour in Scotland works with Labour at Westminster. I do not see anything wrong with that at all. It is the sort

of sensible planning that one would expect any partnership to have in running Scotland's economy.

Fiona Hyslop (Lothians) (SNP): Will the member give way?

Mike Watson: No, I have given way enough. I might do so later if I have the time.

Given that Scottish Enterprise has been in the news, it is important to focus on the proposals from the two main Opposition parties to cut the organisation's budget. This morning, I heard Annabel Goldie on the radio saying that the budget should be slashed—I do not know by how much, although I believe that the figure that was given in the past was one third—and that business rates should be cut. However, they have not acknowledged that business rates have been frozen. Moreover, business rates are not the most important factor in this equation as far as competitiveness is concerned.

We must consider all the competitiveness costs and not only rates. For example, employment costs are lower in Scotland than in England. What does that tell us about the Tory approach? I am concerned about what the SNP and Tory proposals would have meant if we had cut the Scottish Enterprise budget. The effect would have been the reduction of modern apprenticeships and the abandonment of the intermediary technology institutes, which are just getting started, and of the commercialisation of research and development, which has to be the basis of how we build our economy. We must also provide support for business start-ups because we all know how important that is.

We cannot have one without the other. Having low business rates would not have kept Chunghwa or Motorola in Scotland. Nor would a cut in the Scottish Enterprise budget or the partnership action for continuing employment programme have replaced the kind of jobs that were lost in those companies. Let us be clear that it is not simply a case of cutting business rates to create a booming economy in Scotland. That is a rather naive approach.

I want to say something about a small sector of the economy, but I am being told that it is time to wind up. I pay credit to the small creative industry sector in Scotland, which is being supported. Whatever anyone says about Scottish Enterprise, the “Creative Scotland: Shaping the Future” project, which began in 2001, is putting a lot into the creative industry sector, which employs up to 100,000 people in Scotland in very small businesses that might not have been able to get off the ground before. That means that the commercialisation of research and development

that I spoke about earlier links into digital media, film and computer games technology.

Let us consider the whole picture instead of being selective in the way we bandy about statistics. Labour will invest in growing Scotland's economy. It is too simplistic to talk about business rates alone or cuts in Scottish Enterprise. The programme outlined by Jim Wallace and the partnership agreement, to which he referred at the start of the debate, will enable Scotland's economy to grow during the next four years.

The Deputy Presiding Officer (Trish Godman): We move to open debate. Many members wish to speak, so I intend to hold you to a tight five minutes. I hope that we will be able to fit in seven or eight back benchers.

15:22

Tommy Sheridan (Glasgow) (SSP): The debate so far has been characterised by the classic argument that we must produce a higher growth rate in the economy to close the opportunity and wealth gaps in our society. The problem is that no one so far has addressed the need to redistribute the current level of wealth—the current national cake. The idea of greater production with no emphasis on redistribution leads to greater inequality and not to closing the wealth gap.

Mike Watson said that Opposition parties want to cut the budget of Scottish Enterprise. The member might know that the Scottish Socialist Party does not want to cut the budget: it wants to abolish Scottish Enterprise. We want to invest the £450 million of public money that makes up Scottish Enterprise's annual budget in a programme that reduces the hours worked in the public sector to 35 hours a week and raises the minimum wage in the sector to the European decency threshold of £7.32. That is only £246 a week; it is not a king's ransom.

According to the Scottish Parliament information centre, such an investment would deliver 24,000 new jobs in Scotland. That is the type of public investment that leads to redistributive growth in our economy. If more workers have money to spend, they will spend it in Scotland. The fact is that low pay in this country is the biggest barrier to economic growth. One in three Scottish workers is officially low paid. The situation is getting worse. That is why the minister was not able to respond adequately to my intervention. I asked him what he was going to do about the situation and he talked about increasing growth and activity, but I say to him that the situation is getting worse.

Between 2001 and 2003, the average wage increase for the top 10 per cent of earners in this country was more than £240 a week, but the

average wage increase for the bottom 10 per cent of workers was only £9.40 a week. The gap is growing, and poverty is growing as a consequence. In Scotland there is now a growing army of the employed poor, but our power to change the situation is limited. That is why the amendment that the Scottish Socialist Party lodged for this debate states clearly that if we want to address this country's economic malaise once and for all we need the full powers of a normal country.

We need power over the minimum wage, over pensions, over benefits and over working hours, but at the very least let us use the powers that we already have. Murdo Fraser is right to say that we should use the powers that we have. We have the power to introduce a shorter working week and a higher minimum wage in the public sector and, instead of diverting it into Scottish Enterprise, we can use the £450 million that we are spending annually there to create via our colleges, our local authorities and our small business sector a purpose-built approach to developing our local economies. We have 32 local authorities in Scotland, for goodness' sake, every one of them with an economic development and planning department. They could easily take up the role that Scottish Enterprise is supposed to play in economic regeneration and skilling.

From our point of view, what was lacking from the minister's speech today, and what is lacking from his approach, is any emphasis on the redistribution of wealth or on tackling the scourge of low pay. What the minister is saying is, "Steady as she goes. Let's just keep things going the way they are." The fact is that the private sector and big business have failed Scotland miserably. That is what we have to realise, and that is why what we need is not less but more public intervention, and public ownership as well. That will be the generator of greater economic wealth and of redistribution of wealth across our economy.

I ask the minister in summing up to address the question of what the Executive will do with its existing powers to tackle low pay. If we tackle low pay and give workers more money in their pockets, that will lead to a massive boost in demand in our economy. That is the type of economic growth that we should be generating.

15:28

Fiona Hyslop (Lothians) (SNP): Last night, I was in Oatridge College in West Lothian, where I attended the Prince's Scottish Youth Business Trust business awards for West Lothian. It was a celebration of young entrepreneurial talent in the area, and the winners were Laura Hutton and Angela Hope of Allure Beauty Salon in Armadale. I am not suggesting that they should give the

minister business or beauty tips, although I am sure that they would be accepted if offered, but I am sure that the minister would want to congratulate those two winners and other young people in Scotland who are taking the courageous step of striking out on their own in business. This is a time in politics when many want to denigrate young people, but we must remember that the vast majority of young people want to, and do, contribute to our society and our economy in a positive manner.

I want to return to the role of young people in higher education and, in particular, in the economy. Alarm bells should be ringing about the current state of our economy and our prospects for the future if our birth rate and the emigration of our young talent continue according to present trends. A falling birth rate is both a symptom and a cause of economic problems and I fear that, unless we can build a national consensus for a national project in pursuit of economic growth, the prospects are grim.

Scotland is not a poor country, but it has particularly poor economic growth and prospects under the current settlement. The key to starting to deal with the problem is to acknowledge what it is in the first place, and we should not think for a minute that the problems now facing Scotland are just about the current global downturn in certain sectors. The loss of NEC Semiconductors in particular has had a major impact on export figures and on the electronics sector, but we also have longer historical concerns. I would like to reflect a little on NEC's problems. When I visited NEC before it closed, it had major concerns about global demand, but the problem of the lack of competitiveness of a Scottish base was also on the agenda. The problems that NEC faced were created by the UK Government. There were interest rates and exchange rate policies that suited the south-east of England but not the exporting bases for Scotland's economy. Nor did the Parliament have any control over the climate change levy.

The problems facing our economy are fundamentally that we do not have the powers of a normal country to effect change and we do not have a national consensus for economic development that provides a clear direction. Business wants a long-term national project for economic growth. That is what other European countries, such as Norway and Ireland, have had. Instead, we have devolution solutions that seem slow and sluggish and have an over-emphasis on supply-side conditions. The minister talked about supply-side solutions such as skills, planning and transport. Those are important, but addressing such issues will not provide a solution in itself and neither, as he admits, will reform of the bankruptcy laws.

George Lyon: Fiona Hyslop mentioned that businesses in other countries want long-term stability. That is what businesses in Scotland want. They want long-term economic stability and they want a path to be mapped out. How on earth does ripping Scotland out of the United Kingdom and renegotiating our position in Europe square with the requirements of a stable business culture? That baffles me.

Fiona Hyslop: Will George Lyon ever stop his scare stories and have ambitions for Scotland? Why is it that between 1975 and 2001 the stability that George Lyon is so proud of under the union gave Scotland a growth rate of 1.7 per cent, while the UK had a growth rate of 2.3 per cent and small, independent European countries had growth rates of 3.1 per cent? For every £1 billion raised in the economy as a result of economic growth the country gets £400 million back in revenue to deal with issues such as those that Tommy Sheridan raised about the level of wages in the public sector. Remember that we face a population time bomb in the public sector as many workers such as teachers and social workers are about to retire and people are not coming forward to replace them.

On higher education, I support "A Smart, Successful Scotland", but we have to deal with the supply of smart, successful Scots. What guarantees can we have that the supply of smart, successful Scots will not leave the country as they have done for generations? It is not good enough to talk about the pull of the heartstrings and say that that will bring them back to Scotland. Ambitious, hard-headed young Scots will need to have a fire in their belly and know that there is a future for their children and their businesses. Emotion will not be enough to make them want to stay.

We must be competitive in science and research. Why is it that in England higher education and universities will receive an increase in funding of 19 per cent in the next three years while in Scotland the increase will be 6 per cent? The introduction of top-up fees in England will compound the Barnett squeeze, which is already kicking in. The consequences of recent research funding decisions could cause further problems. We can have Scottish solutions, but that means that this country needs to get a grip, needs to get real and needs independence.

15:33

Ms Wendy Alexander (Paisley North) (Lab): I thank the Executive for introducing this new series of economic debates; they are very welcome.

Two interesting economic events that took place during the summer recess should capture our

attention today. The first was the release of the long-delayed GVA statistics—that does not stand for God-awful acronyms, although members could be forgiven for thinking so—but for gross value added. The statistics show the wealth that is generated per head in Scotland relative to the rest of the UK, and they make for interesting reading. In 1992, 1993, 1994 and 1995, Scotland outperformed the whole of the UK for the first time in history; 40 years of catch-up since the UK—

Murdo Fraser: That was under a Conservative Government.

Ms Alexander: I will give credit where it is due; I am coming on to that. Scots were wealthier per head than the average Briton. One might think that that makes it game, set and match to the Tories, but of course unemployment was still high, interest rates soared and high inflation added to household misery. Nevertheless, the strategy of low-value, mobile, inward investment seemed to be working a treat.

Of course, the SNP—as we heard from its leader today—cannot even get to the first base of admitting the existence of those statistics, because the SNP has to allege that the union is always bad for the Scottish economy, irrespective of what the statistics say. I will come back to that later.

That brings me to this summer's other economic story, which was Chunghwa and its fire sale last week. In the mid-1990s, when Scotland was doing rather well, Chunghwa was hailed as the next step in our future success. The strategy was Chunghwa and the cheque book; £50 million was promised to Taiwanese investors for technology that was outdated, jobs that never came and training that never happened. The Chunghwa story is the story of what went wrong. The Chunghwa episode will be remembered as the time when we got complacent and when we tried to use the cheque book to buy projects for Scotland rather than investing in reasons to bring projects to Scotland. It was all about currying favour through cutting costs. That low road to Scotland's future was flogged in the early 1990s by those who talked competitiveness but copped out when it came to creating a Scottish economy that was ready for the cut-throat world of global competition that we now face. We should have known that our national competitiveness would not be about cutting costs and corners and crude assembly.

The search for cut-price competitiveness—the low road—set Scotland back by almost two decades compared with our nearest rivals. It was 20 years ago—not two years ago, when we introduced “A Smart, Successful Scotland”—that the SNP's favourite example, the Irish, created more than 150 specialist technician courses and the software institutes that are similar to the

intermediate technology institutes that we are now creating. It was 20 years ago that the University of Limerick became geared to the needs of inward investors. However, the fact that we are two decades too late does not make “A Smart, Successful Scotland” wrong. Co-investment funds, modern apprenticeships, learndirect Scotland, Careers Scotland, technology institutes and technology entrepreneurs are all new, but none of them is wrong or peripheral; they are just decades overdue.

Today, our task is not to bemoan the past—the Tories have paid the electoral price for getting it wrong—but to show courage, commitment and consistency in our strategy. That means achieving a degree of consensus. What sticks out about the Irish is that no other country in Europe has such a remarkably consistent record in economic policy. On today's evidence, God help us, because there is not much chance of consensus in Scotland.

Let me talk about the consequences of turning the Scottish economy into a political football.

The Deputy Presiding Officer: You have one minute.

Ms Alexander: I will be brief. John Swinney was at least clear that the only answer is independence. Let us test that proposition with the SNP's favourite example of Ireland. If SNP members believe that a country's constitution drives its economic performance, they should reflect on the fact that, tragically, this year the Irish economy is forecast to grow more slowly than the Scottish economy. Nobody suggests that the fix for that is for the Irish to change their constitution and to consider rejoining the UK.

Last year, SNP members talked about growth targets, but today the ground has shifted and they talk about immigration. They say that having power over immigration is the key to economic success. Try that on the Irish example over the past 50 years—my goodness, they had control over immigration policy, but in the 1950s and 1960s people left Ireland in bigger numbers than they left Scotland.

The answer is to have the right policies, not the right constitution. Let us take the third example that we have heard from the SNP today.

The Deputy Presiding Officer: I hope that it is a short example, because you must sum up.

Ms Alexander: The SNP asks for Irish tax rates, but there is no acknowledgement of the fact that Ireland was allowed to keep its low tax rates in 1972 only because it was the poor man of Europe or that, since then, the European Union has encouraged—some would say compelled—Ireland to raise its tax rates.

If we are interested not in improving the Scottish economy, but in bickering about the constitution and independence, the fundamental issue of how we get the economic strategy right will be far from our minds. Let us have consensus, but it must be built around the people who want to focus on the economic fundamentals and not those who want to move the debate on to constitutional territory.

The Deputy Presiding Officer: I remind members that they must stick strictly to speeches of five minutes.

15:39

Alex Johnstone (North East Scotland) (Con): In a debate on the economy, one takes it as given that growth is a good thing and that productivity is important. Therefore, I am disappointed that we have an amendment and a speech from a member of another party that put out the view that growth is not important and that we can survive without it. I am delighted that so many members understand the need for growth. I will discuss the development of an idea, which, I hope, we can consider from a long-term perspective and which will perhaps start a discussion of something that really needs to be discussed.

The Conservative party in this Parliament has in recent months set great store by the fact that the water industry has become a burden to both industry and domestic consumers. Consequently, it has become a drag on growth. Today, we have heard the SNP beginning to take up that battle as well. I am delighted that SNP members have caught on so quickly. Perhaps it is time that we moved on to a different subject and gave them the opportunity to consider how that would impact on growth over the longer term.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Alex Johnstone suggests that the SNP has developed an interest in the water industry only today. Can he explain why his colleague, Ted Brocklebank, did not support my motion that there should be a full parliamentary inquiry by the Finance Committee into the finances of the water industry, which I lodged just after the election?

Alex Johnstone: I will move on. What I want to talk about is not water but electricity and the demands for power in the Scottish economy.

In the partnership agreement, we have a commitment to a 40 per cent level of electricity generated from renewable sources in Scotland by 2020. That is a laudable aim. However, I want to know more about that and to ensure that it does not impact on the supply of electricity and, consequently, the opportunities for industry over that period and into the rest of the century. I want Ross Finnie to answer a question that, when I

asked it in the Environment and Rural Development Committee this morning, he quickly passed on to Lewis Macdonald, the minister with responsibility. If Mr Finnie could answer my question now or in his winding-up speech, I would be grateful. The question is this: 40 per cent of what? I am interested to know what the Executive's projection is for electricity requirement in Scotland in 2020. We must know what that figure will be to know how we are going to achieve 40 per cent of it from renewable sources and estimate the necessary base load capacity to augment it and give us a stable generating capacity.

Many renewable sources are, unfortunately, not stable. The figures that we are given often state maximum capacity. I am told that a 100MW wind station is likely, on any given day, to generate between 30MW and 35MW. Consequently, the figures that are being talked about in relation to wind turbine generation capacity are significantly and vastly exaggerated. In tidal, wave and solar power generation there is a level of efficiency far below that which we might expect from base load capacity. We must be sure that we are able to achieve the required level of generation capacity for 2020.

We also have several significant commitments to reduce CO₂ emissions into the atmosphere. I am perfectly happy to support the principles to which the Government has agreed and to which the Conservatives agreed previously. It is necessary to fight against global warming, and control of CO₂ emissions is a key element of the strategy against global warming. However, if we are to guarantee that, in 2020 and beyond, we will be able to produce adequate and affordable levels of electricity to underpin the productivity and growth that are essential in our economy, we must have some indication of the base load capacity of electricity that will be required in Scotland. With the current restrictions, I am in no way confident that that can be achieved without considering nuclear power as a serious option for the future.

I believe that we must have that debate. The commitment in the partnership agreement not to support further development of nuclear power stations while waste management issues remain unsolved is short-sighted and has the potential, in the long term, to deliver a serious if not terminal blow to growth in the Scottish economy.

15:44

Christine May (Central Fife) (Lab): I left Ireland in the 1970s to come to London and subsequently to Scotland. I am proud of what my homeland did in developing its economic development strategy.

I was part of the Scottish Enterprise board and the local government sector when "A Smart,

Successful Scotland" was developed. We spent a long time considering how that policy might be implemented, how budgets might be realigned, and what the impact would be of such movements on people, jobs and areas of the economy.

The smart, successful Scotland strategy was considered so important that a considerable amount of time was spent on developing it in the previous session of Parliament. The Parliament did that, I thought, with a consensus that the strategy was what was needed in the long term for the Scottish economy. What I have heard today makes me wonder whether something has happened since May and whether the previous consensus has been torn up.

Fiona Hyslop: If Christine May had listened to John Swinney and me, she would have heard us saying that we support "A Smart, Successful Scotland". However, our problem with the strategy is that if it just produces a supply of smart, successful Scots who leave, it will not have succeeded in its project of rejuvenating and reinvigorating the Scottish economy.

Christine May: I heard Fiona Hyslop say that, but the rest of what she said gave the lie to that statement, I am afraid.

The Scottish Parliament needs to get firmly behind not only "A Smart, Successful Scotland", but globalisation, global connections and internationalisation, building skills, research and development, our intermediary technology institutes and the sectors of our economy that are growing and that are fundamental. We must acknowledge that developments will not take place overnight, because the strategy is a medium to long-term one. The strategy cannot develop without investment in skills, especially in areas that had traditional engineering, mining and shipbuilding industries, where the culture takes longer to change. We cannot develop a spin-out, commercial culture in our universities in the short term; it takes time to do so.

The smart, successful Scotland strategy deserves support and needs encouragement. We must stop moaning and start applauding those sectors of the economy and those businesses that are implementing the strategy and are being successful as a result. They are training their work forces and aggressively pursuing new markets, opportunities and working methods.

I will give members three examples of such businesses from my constituency: Tullis Russell Papermakers Ltd, Donaldson Timber Engineering Ltd and Raytheon Systems Ltd. Examples from a wider area are Babcock Rosyth Industries Ltd and BAE Systems, which was referred to earlier. Those companies report increased profits, reduced debt and significant order books through

innovation, marketing, product development and foreign acquisitions. Equally, those companies buy into the concept of lifelong learning by signing up for the business learning accounts, investing in staff training and developing their work forces in areas that are not directly relevant to an individual's job. The companies report, as a result, better employee motivation, retention and innovation.

In the area of skills and increasing the skills of the work force, we cannot ignore employers' calls for improvement. There is a serious issue to be tackled and the sector deserves our unified support. I was pleased to hear all members who spoke agreeing that that is a priority area.

The review of the higher national certificate and higher national diploma courses is about to take place. I hope that, in his summing up, the minister will indicate whether he is prepared to consider additional resources for the sector so that the review can be carried out quickly and ensure that the courses, which are the major qualifications in the technical areas of our economy, are suitable for the demands of employers and the needs of the new economy.

I want to follow on from what Mike Watson said and highlight some of the good results that have just been reported in the tourism industry. It is time that the Parliament and other areas stopped referring to the economy and to tourism separately as though they were somehow two separate and entirely different areas. Tourism is a vital element of the Scottish economy and it is essential that we get the right level of recognition, training and quality into the industry. Good things are happening. Under the tourism framework for action, the innovation group, which the Executive supports, has developed an award scheme that is already paying dividends and bringing money into the industry.

I remind members that we are part of the United Kingdom, but we are distinctively Scottish. We are not France and we are not Germany. We need to get behind the strategy, work with our colleagues in Westminster and Europe and build a smart, successful Scotland.

15:50

Alasdair Morgan (South of Scotland) (SNP): In response to Christine May, I am not going to moan according to my likes. The trouble is that the Government wants to portray all legitimate criticism as moaning, so that we hear nothing but a succession of good-news stories from the back benches of the Executive parties. Here goes with what I would describe as some legitimate criticisms.

I will talk about some of the constraints on business, some of which have been mentioned. I will touch briefly on water charges. I visited a small shop in Sanquhar a couple of months ago. Sanquhar High Street is not the most vibrant high street in the country as regards retail spending. It has businesses that are struggling on the edge of viability in an area with high unemployment and low wages. Perhaps the Executive does not consider those businesses to be part of a smart, successful Scotland, but their continued viability is crucial to the continuation of that community. The water charge for the small shop that I visited had gone from £152 to £413, which represents inflation of 172 per cent over one year. Where is the logic in that imposition? Where is the strategy for business? It was not much consolation to the shopkeeper that his 172 per cent increase was small compared with the increases of 400 per cent or more with which some other businesses were faced.

I must return again to business rates, about which I have spoken in the past. The minister must be sick of hearing about business rates, so I will gladly continue. The Executive admits that the business rate poundage is higher in Scotland than in England. It says that that is balanced by the lower rateable values because of a different valuation basis, and that, when the two are added together, they come to much the same thing north and south of the border. The minister also says that the Executive has frozen the poundage anyway and is sticking to increases at the level of inflation over the next couple of years. That does not address the problem, to which Murdo Fraser referred, of areas that are disadvantaged compared with south of the border.

The truth is that many sectors have precisely the same valuation north and south of the border. Chemical plants, pipelines, three, four and five-star hotels and pubs have the same, harmonised valuation basis north and south of the border. That means that those businesses pay higher rates in Scotland because of our higher poundage. Other categories of business have a higher valuation basis in Scotland for historic reasons. One and two-star hotels are in that category. They are too big to qualify for small-business relief, have a higher valuation and a higher poundage and therefore have much higher total rate bills. That is an area in which the Executive has power to address the issue. I am not asking the Executive to tear up the Scotland Act 1998 or rip us out of the United Kingdom with respect to that. I am asking only for it to deal with the problem with actions rather than words.

There are other areas—Fiona Hyslop touched on them—in which the financial burdens on business have increased during Labour's period in office as a result of actions at Westminster. The

climate-change levy and the aggregates tax come to mind. Those measures are both designed to address real problems—global warming and mineral extraction—but the problem is that Labour's answer in many instances when faced with a challenge is simply to tax it, not to think out a real solution.

My final theme is population, which John Swinney mentioned. The decline in population is a symptom and a cause of Scotland's relative economic decline. There are even more worrying black spots within the national picture. Net out-migration is now low, which is not before time. However, I suspect that we have not made up all the losses that we suffered from net out-migration in the 1960s, 1970s and the 1980s, although out-migration has stopped.

The combination of continued migration and low fertility is dragging Scotland's population down, notably in many areas of rural Scotland. That is particularly the case in the south-west, where not only is the population dropping, but the percentage and absolute number of older people in the population is rising. That is giving us potentially huge revenue consequences for the future, just as the number of economically active people in the population is falling.

We need to deliver a confident, smart, successful Scotland. The Registrar General for Scotland said that fertility was very likely tied up with confidence in Scotland's economy. *[Laughter.]* If Mr Lyon wants to laugh at the Registrar General, I suggest that he reads his report. He probably knows more about it than Mr Lyon does. If we are to make the people of Scotland confident, we had better stop telling them what bits of their country they cannot run and what bits would be better left in somebody else's hands. How can we give people confidence if we tell them that they cannot control immigration or taxation and that they cannot decide issues of peace and war? Let us give the people of Scotland some confidence—then they will run their economy.

The Deputy Presiding Officer: I call Jamie Stone. I apologise to those members whom I have not been able to call, but I have a note of their names. You have exactly three minutes, Mr Stone.

15:55

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I wish to make three points during my short time, the first of which is on waste management. Anyone who has emptied the contents of their supermarket trolley into the fridge or vegetable rack will have known that we were in danger of choking on our own waste. Our record was appalling, and it could not continue. However, the Liberal Democrats, and indeed the

partnership, are committed to tackling the problem. Therefore, about £250 million has been allocated to the strategic waste fund in order to meet the 25 per cent recycling target by 2006. The Liberal Democrats are committed to raising that target to 55 per cent by the year 2020. That demonstrates that facts are chieftains that win a ding; we put our money—and our efforts—where our mouth is. Look at the prize: in Germany, waste management is worth around £25 billion and employs no fewer than 240,000 people.

My second point concerns renewable energy sources. The Liberal Democrats are committed to renewables, which is why £150 million has been committed to the creation of an intermediate technology institute in Aberdeen. It is also why the Executive is providing a substantial proportion of the £5.6 million of funding that is being allocated to the Orkney marine energy test centre, which builds on work that is under way in Islay and Shetland. Renewables are the way forward.

I remind those who travel this land spreading tales of doom and gloom—Alex Johnstone—that, as long as we have the moon and the sun, the tides will be with us. That resource can and will be harnessed.

Alex Johnstone: Will the member take an intervention?

Mr Stone: I am afraid that I will not give way, given the short time that I have available.

Again, we should look at the prize. In Denmark, the renewable energy industry employs more than 16,000 people and generates £2 billion a year, of which no less than 95 per cent comes from sales to foreign markets.

I cannot help but take a passing swipe at the UK Government. All that we are doing on the renewables front will be sabotaged by a failure to invest in the national grid and make those vital connections. I urge ministers to flex every sinew to ensure that that is understood and acted upon in Westminster.

In the minute remaining I wish, thirdly, to pick up on a point that Wendy Alexander made. We can assist ministers if we work together—the Scottish Executive, the Parliament and the Enterprise and Culture Committee. The committee's away day with ministers last week was most useful. To illustrate that, we agreed that one of our early inquiries would be into renewables. The Parliament can help through the Scottish Parliament and Business Exchange, for example—through an increase in communication and through the business sector and the Parliament working together.

Many of the problems that have been touched upon in the debate, including rates and water

charges, can be tackled, tweaked and improved upon through working together. If all sectors—government, Parliament, economic development and the institutes of higher learning—adopt a co-ordinated approach, we can deliver a sustainable and prosperous future for Scotland. I beg members to support Mr Wallace's motion.

15:59

Mark Ballard (Lothians) (Green): Shiona Baird set a challenge for the debate—to put sustainability at the centre of a smart, sustainable economic strategy for Scotland. Too often, there has been an assumption that conserving the social and environmental well-being of Scotland is an add-on. In fact, conserving the environment and communities is a prerequisite for a successful economy. We cannot continue to consume resources at an unsustainable rate. We cannot continue to destroy ever-increasing swathes of the environment. It is truly short-sighted to assume, as the Tories do, that we can simply continue to produce nuclear waste, which will be poisonous for thousands of years to come, and worry about dealing with it later. Breathable air, pure water and healthy food form the basis of an economy that delivers a decent quality of life for all.

We need a green jobs strategy. We need to invest in industries of the future, not of the past. We need an integrated strategy, not merely a few green spots. We need investment in energy efficiency to reduce the base load. We need investment in a technologically advanced mix of renewable energies, to get round the fact that different forms of renewable energy kick in at different times.

Let us be clear about a green economic strategy and the question of economic growth. Our vision of a fair and sustainable economy needs imagination and ideas. It does not necessarily mean an end to economic growth; in fact, it means quite the reverse. It means efficiency and progress in the right direction, not growth in any direction that makes cash. The green approach is positive—to make the economy provide benefits to all the people and the environment. It is not simply the same old treadmill of cash-hungry enterprises that serve themselves while we politicians, led by Jim Wallace, sit and watch because growth is thought to be good at any cost. A smart, sustainable Scottish economy would be good for communities, good for the environment and good for jobs.

I have another quick challenge for Jim Wallace.

Fergus Ewing: Will the member give way?

Mark Ballard: I cannot, as I am running out of time.

ISO 14001 is the key environmental indicator of energy and resource efficiency for companies. So far, 200 firms in Scotland have signed up to the standard. We would like the Executive to set a target of 1,000 firms a year signing up to ISO 14001, which is the international standard. That would allow us to make the gains in resource efficiency that would create a smart, sustainable, successful Scottish economy.

I urge members to support Shiona Baird's amendment.

The Deputy Presiding Officer (Murray Tosh): I call George Lyon to close for the Liberal Democrats. Mr Lyon, you have four minutes—we are very tight for time.

16:02

George Lyon (Argyll and Bute) (LD): I will be as brief as I can.

I welcome this debate on the Scottish economy. Some excellent speeches have been made on this very difficult subject. If nothing else, the debate highlights the fact that there are no easy answers or quick fixes that can be brought down off the shelf. In the latest issue of "Indicator", Iain Duff, the chief economist of the Scottish Council for Development and Industry, states:

"The current problems are difficult to address as they are the result of a very sluggish world economy and the hangover from a strong pound that has been a factor of business life since 1996."

At the beginning of my speech I want to dwell on one issue. Wendy Alexander highlighted excellently some of the failed policies of the previous Tory Government. The downturn in the world economy has hit Scotland hard. Demand for our economic products has slumped, causing manufacturing output indexes compiled by the SCDI to record a decline of nearly 10 per cent over the past year. However, the figures show a decline in electronic output of 23.2 per cent over the past 12 months.

That highlights one of the major problems that the Scottish economy faces—its over-reliance on the electronics sector, which accounts for 39 per cent of our total manufactured exports. As Wendy Alexander pointed out, many firms invested because we were hooked on the easy fix of luring in low-skill, low-wage electronics jobs to Scotland. As a result, when we hit a major world downturn—especially when demand in one sector, such as electronics, slumps—that has a disproportionate effect on the Scottish economy. One of the key challenges that the Executive and Scottish Enterprise face is to widen and strengthen our economic base. That is not an easy task, as it involves reversing 20 years of encouraging companies to locate in Scotland that up sticks and leave as soon as the going gets tough.

There are signs that we are turning the corner. American growth is starting to pick up. It is reported that America will record annual growth of 2.4 per cent.

Tommy Sheridan: The member talks about American growth, but would he recommend the prescription of America? As members know, the United States now has a budget deficit of \$300 trillion.

George Lyon: The point that I was trying to make is that America is the engine of world economic growth and it is a good sign that it is starting to pull out of recession.

The pound has devalued from a high of 60p to the euro to around 70p to the euro. That will be a major boost for our exporters, especially those in the manufacturing sector, which has been hit so hard.

The International Monetary Fund is predicting world growth of more than 4 per cent—the strongest growth since the peak of the boom in 2000. The UK economy is also starting to pull away. All in all, there are straws in the wind to suggest that we might have turned the corner. It is up to us in Scotland to ensure that our growth picks up on the back of the indicators that show that the world economy is starting to improve.

I will wind up as I see the Deputy Presiding Officer glaring at me. This debate has shown that the Opposition parties have nothing new to offer on how to improve Scotland's economic performance. The SNP's answer, as always in these debates—the SNP speakers make the argument passionately and I respect them for doing so—is divorce from the rest of the United Kingdom. John Swinney made a strong speech with cogent arguments for that. One would almost think that he was facing some sort of election campaign, but we will read about that later.

The result of pursuing such a policy would be huge instability for business, and separating of Scotland from its most important market—the rest of the United Kingdom—makes no sense whatsoever. As Wendy Alexander said, the right policy, not the right constitution, is the answer to Scotland's problems.

16:06

David Mundell (South of Scotland) (Con): There have been several debates on the economy in the Parliament in the past four years. They were instigated mainly by the Opposition parties, so I welcome the fact that the Executive is to take a more proactive role in encouraging debate. Today's Mansion House speech, as it was billed, has at least secured a Wednesday afternoon slot. There are more people in the chamber than there

used to be during the Thursday morning slots that we had for debates on economic matters.

The underlying issues have not changed, because the Scottish Executive and Mr Wallace in his new role seem to believe that by trotting out a few words about how they regard the economy as a priority they make the case. The case is made only by actions and the actions simply do not match the words. It is a bit rich for Mr Wallace to say that he wants businesspeople to take more risks and be more dynamic when it is quite clear that one of the fundamental difficulties with the Executive and its approach to the economy is an unwillingness to take risks and a lack of dynamism.

The various reports on Ms Alexander's well-documented departure from the enterprise role say that it happened because of the stifling of the ability to promote enterprise. Today Wendy, as a back bencher, made a cogent, clear speech that recognised the good things that happened in the 1990s, when the Liberal Democrats subscribed to Tory policies. There were no Liberal Democrats like Mr Wallace at Westminster saying, "Don't bring jobs to Scotland." Everyone thought that that was the right policy at that time, but things change. The economy is dynamic, so policies have to change with the times. We want to see Scotland in a leadership role, rather than in the back row.

A good example of the Executive's unwillingness to take risks is its action in regard to broadband technology. For four years the Scottish Executive sat on its hands in relation to investing in bringing broadband technology to Scotland. Suddenly, there was a miraculous change in legal opinion and it was decided that we could invest in the technology. However, the investment is limited; it is not the dynamic investment that would bring all exchanges up to broadband standard and allow everyone in Scotland to have broadband technology, which really would change Scotland's economy. That caution, lack of dynamism and unwillingness to take risks is at the core of the philosophy of the Executive and of Scottish Enterprise. That is why Scottish Enterprise employed hundreds of consultants to analyse continually what people were doing.

This week, I was in Mr Wallace's home town of Annan to meet some local businesses. I met a very positive young girl who started up a business making curtains and went to seek help from the people at Scottish Enterprise. Yes, they were willing to help her, but she could not stop attending to her business to fill in the multitude of forms that had to be presented to the consultants for evaluation.

The words might be right, but the actions are wrong or not there. The Executive must start delivering instead of putting up water charges and

defending a rates system that Alasdair Morgan and others have shown to be indefensible. The talk is there, but the Executive is not delivering. People in Scotland will find that out eventually.

16:11

Mr Jim Mather (Highlands and Islands) (SNP): This will be a different closing speech. It will be an indication that we need to challenge many of the orthodoxies in Scotland.

The success of our economy is the most important issue facing Scotland. We in the SNP have played a full part in making that so by proving the link between mediocre economic performance and population decline, and the link between mediocre economic performance and virtually all of Scotland's ills. We can also prove the link between the fear of failure and the fact that the dice are loaded against Scottish entrepreneurs because of our higher business rates, council tax, water rates, aggregates tax, climate-change levy and rural fuel and other transport costs. We also have the same profits taxes as apply in London, plus a declining population. That is why many people will be watching today's debate and why the Scottish Executive has decided to make economic growth its top priority. We warmly welcome that decision; it is progress, but it is not enough.

The products of the Executive's smart, successful Scotland programme—talented people, intellectual property rights and fledgling companies—are all extremely mobile and will always tend to move to more competitive, higher-growth areas. That makes Scotland's situation all the more serious—for people and for Government. People are realising that individuals, companies and countries succeed only when they face reality, maximise their comparative advantage and work hard to achieve clear goals. Success—economic or otherwise—has nothing to do with inertia and passivity.

We support the aims of the smart, successful Scotland agenda but lament the lack of tax powers to capture and maximise value for Scotland. Our support deserves the quid pro quo of an open mind over the logic of our case for more powers. Surely it is time for a step change in Scottish politics. It is time for a challenge to go out to concerned people in all parties in the Parliament who realise that Scotland needs more powers. We need those powers for the public sector employees who worry about UK plans for regional public sector pay, for the trade unionists who worry about their members' jobs and widening pay differentials, for businesses and business organisations that worry about competitiveness, and for the voluntary groups that watch their efforts create simply more demand with little long-term improvement.

Increasingly, all those groups are being persuaded that failure to support financial freedom makes them responsible for the consequences that will flow from that decision. They will not be alone. We are seeing many high-profile conversions, especially by students of history who understand how other countries have achieved both constitutional change and economic transformation. Countries such as Australia, Canada, Iceland, Ireland, Malta, Slovakia, the Ukraine and the USA were all able to achieve cross-party consensus on constitutional development. They built purposeful coalitions that addressed that need by drawing down the necessary powers to improve their economies in the long term.

We believe that the situation deserves the realistic, open-minded type of politics that the Scottish people want and which will focus on our core problem of competitiveness. So here is the deal. In the face of the impending national catastrophe that comes from an annual birth rate that has fallen to the lowest ever level of 51,000—we have had the lowest ever rate over each of the past six years—Scotland patently needs more powers and needs them now. Therefore, we are calling for parliamentary and extra-parliamentary effort to create a national consensus on the issues facing Scotland. We need a national consensus that will seek the power to address those issues. We want to keep that approach in place until Scottish living standards converge on the EU average and possibly go beyond that target.

Today, I make a call for a national consensus on financial freedom as the only way to achieve Scotland's and the Government's top priority. I urge members to support the SNP amendment.

16:15

The Deputy Minister for Enterprise and Lifelong Learning (Lewis Macdonald): At the outset of the debate, Jim Wallace set out our medium-term approach to economic development. That approach is based on an honest analysis of the underlying strengths and weaknesses of the Scottish economy. We start from the position of acknowledging that there are weaknesses in the economy that must be addressed, but there are also strengths upon which we should seek to build.

I have listened carefully to contributions from around the chamber this afternoon. I agreed with one or two of the things that John Swinney said in his opening remarks, not only when he thanked goodness that he is not a member of Scotland's devolved Government—a sentiment I am happy to share—but when he said that he and his party continued to support our strategy for achieving a smart, successful Scotland.

That is significant because our strategy is founded upon a stable macroeconomic environment that has produced not only record high levels of employment and record low levels of unemployment, but the longest sustained period of low inflation and the lowest interest rates for a generation. Those are not just healthy economic indicators; they make a real difference to the quality of people's lives, and all parties should acknowledge that.

Murdo Fraser: Does the minister believe that the current consumer spending boom, which is fuelled by low interest rates, and the growing deficit in public finances are sustainable? Does he believe that that is a good outlook for the Scottish economy?

Lewis Macdonald: I certainly believe that low interest rates and people's ability to spend money are good for the Scottish economy, and that putting money into consumers' pockets is a good way to stimulate jobs, business and investment. I accept that point, but I reject the suggestion that the situation is unsustainable. I acknowledge that those matters are not completely in the Government's hands, but Government can make a real contribution. Parliament should be concerning itself with how to use the powers that we have in the context of that strong macroeconomic position to achieve the ends on which we are broadly agreed. That is the proper focus of this afternoon's debate.

The Executive already has significant levers at its disposal to influence the future of the economy. Scotland's devolved Government has the opportunity to use those levers to build on our strengths. For example, we have a well-educated and skilled work force. This week, tribute was paid to that work force by the leader of an American oil company that is newly arrived in the North sea. He commented on the strength of the existing skill levels in the work force that he is employing in Scotland and on the ability of our lifelong learning and further and higher education structures to continue to provide staff of the quality that he requires.

Bruce Crawford: I hear what the minister is saying about education. However, does he not think that the situation is incongruous when English universities are going to receive a 19 per cent increase in funding over the next three years, whereas Scotland's universities are going to receive only a 6 per cent increase? Given that background, how on earth are we going to address the issue of a growing gap between the performance of the economy in Scotland and the performance of that in the rest of the UK?

Lewis Macdonald: I do not criticise the English for seeking to catch up with our level of spending on higher and further education, which is only to

be welcomed. However, we acknowledge the need to continue to sustain investment in higher education. That is clearly one of the bases on which we must build.

We must also address the underlying weaknesses in our economy.

Mr Swinney: To follow the point that Mr Crawford raised, the wealth gap between Scotland and the rest of the UK is still growing. However, in one of the key levers highlighted by the minister—higher education—the funding gap is going to be closed because of the increase in higher education funding south of the border. How are we going to close the wealth gap if our competitiveness in higher education funding is being eroded?

Lewis Macdonald: It is essential that we maintain our momentum in supporting higher and further education. In a moment, I will come on to some of the new things that we are doing in that regard.

Our approach is clearly having an impact in various parts of the economy. I will mention only two or three at this juncture. One is business gateway, which will establish a single point of contact for all business support services and funding delivered by Scottish Enterprise. That will assist in the improvement of the business birth and growth rate, which we clearly require. A similar scheme will also be extended to the Highlands and Islands Enterprise area. We have done a good deal of work on developing the skills of the Scottish work force, with Future Skills Scotland establishing where the gaps are and Careers Scotland providing advice to people of all ages on how to sustain their careers. We will also pilot business learning accounts to add to that work.

John Scott (Ayr) (Con): On investment in the economy, does the minister accept that the Strategic Rail Authority's recent announcement on cutting back maintenance on the railways in Scotland puts the Scottish economy at risk? In particular, will he make a special case for the Ayr to Glasgow line, because the cutback in rail maintenance by the SRA threatens the Ayrshire economy, and in particular the future growth of Prestwick airport?

Lewis Macdonald: We recognise the importance of transport to business growth and the success of regional economies. I have no doubt that we will return to that matter, which Mr Scott has raised before, but in this debate I want to focus on one or two things in the enterprise brief.

Mr Stone: Amid all the doom and gloom that I referred to earlier, does the minister agree that we have had a stunningly successful year for tourism,

and that that is one of the levers that the Scottish Executive has successfully pushed and used to our great benefit?

Lewis Macdonald: I very much welcome the growth in visitor numbers to Scotland this year. I hope to see more of that in years to come. The benefits that such growth brings to the wider economy go without saying.

The intermediate technology institutes that we will establish will target other sectors of the economy that are of great significance for the future. I mentioned meetings in Aberdeen, where this week many millions of pounds of value will be added to the Scottish economy by the business that is done at Offshore Europe by the oil and gas industry, which already provides tens of thousands of jobs directly and hundreds of thousands of jobs indirectly across the UK. That industry will continue to provide those jobs for another generation, but we are clear that the energy industry's future in Scotland will build on our excellence in sectors such as oil and gas and seek to establish the same excellence in new sectors, such as renewable energy.

However, we will not just leave that to happen. As has been indicated, we have set targets for the proportion of electricity that is to be supplied from renewable sources. We commissioned a study in March to identify the estimated figures for our overall requirement in 2020, which Alex Johnstone asked about. We have a good ballpark figure and a good ballpark idea that we can achieve those targets, but not simply on the basis of existing technologies, and not simply on the basis of our existing industrial expertise.

In order to get there, we need to encourage the development of the technology in our universities and industries. That will allow Scotland to play the leading role in developing new, renewable energy technologies. That is why £150 million of public money, through the Scottish Enterprise network, will go into the energy ITI over the next 10 years, and why similar sums will go into ITIs for information and communications technology and life sciences. All those are sectors of the Scottish economy in which we already have a degree of success and the potential for more success to come.

That is what the enterprise networks are for. The Tories want to cut their budgets in half, the SNP would rather use their budgets to fund cuts in business rates, and Tommy Sheridan would abolish them altogether, but the enterprise networks exist to create business, wealth and jobs. In 2002-03 alone, more than 8,000 new businesses were supported by the enterprise networks—more than 8,000 employers creating thousands of new jobs, many of which would not have existed otherwise. Regional selective

assistance, which is provided by the Executive, also creates and safeguards jobs in the most disadvantaged regions of Scotland.

Tommy Sheridan: Will the minister give way?

The Deputy Presiding Officer: No, the minister is over his time now.

Lewis Macdonald: Applications that have been accepted in 2002-03 alone are designed to safeguard or create 7,700 Scottish jobs. That is good use of public money. We recognise that we must continue to make good use of public money in stimulating economic growth and economic activity, particularly in our most disadvantaged regions. However, we want to base our future economic development opportunities around creating opportunities across the range of the economy by supporting innovation, investing in skills and knowledge, fostering a culture of aspiration and ambition, and building global connections for the Scottish economy.

We are working hard to deliver that. We cannot rest on our laurels. We recognise that there is—as has been said by many speakers around the chamber—much more to be done if we are to ensure long-term sustainable economic growth for Scotland. We will work closely with our partners in business, the United Kingdom Government and elsewhere to create opportunities for economic success. We look for the support of all parties for that objective.

Standing Orders (Changes)

The Deputy Presiding Officer (Murray Tosh):

The next item of business is a debate on motion S2M-286, in the name of Iain Smith, on the Procedures Committee's report on First Minister's question time and minor changes to standing orders. There are two amendments to the motion.

Dennis Canavan (Falkirk West): On a point of order. It would help to inform the debate if the Presiding Officer could let us know how the person in the chair intends to interpret standing order 3.1.3 in respect of First Minister's question time. In its report, the Procedures Committee has failed to address one of the major complaints about First Minister's question time—that questions 1, 2 and now 3 are reserved for party leaders, which takes up a disproportionate amount of time and leaves little time for back-bench members. That runs contrary to standing order 3.1.3, which requires the Presiding Officer to take account of "all members equally". It would be helpful if you could indicate to us, before the debate, how the Presiding Officer intends to apply standing order 3.1.3 so that all members have an equal opportunity to question the First Minister.

The Deputy Presiding Officer: At this stage, I do not intend to add to previous rulings on the matter. If Mr Canavan wishes to expand on his point, I suggest that he attempts to speak in the debate, which will be short. I call Iain Smith to speak on behalf of the Procedures Committee.

16:27

Iain Smith (North East Fife) (LD): I am pleased that my worthy predecessor as convener of the Procedures Committee is presiding over this debate. You will perhaps advise me, Mr Tosh, on how to ensure that amendments are not lodged to Procedures Committee motions in future. I welcome Mr Canavan's contribution to the debate.

The remit of the Procedures Committee is to report on the practice and procedures of the Scottish Parliament in relation to its business. The committee also has sole responsibility for proposing changes to the standing orders of the Parliament, which can be amended only on a motion from the Procedures Committee. As convener of that committee, my aim is to ensure that we discharge our remit in a way that ensures that the Scottish Parliament continues to learn and develop from experience. We want a Scottish Parliament that will operate in line with the founding principles of accessibility, openness, responsiveness, accountability and participation, and where every member can participate fully and fairly. The first report of the Procedures Committee

this session is therefore primarily about ensuring that every member of the Scottish Parliament can participate fully and fairly in oral questions to the First Minister.

It is interesting to note that, in the previous session, the first report of the Procedures Committee of which you were convener, Presiding Officer, was also on First Minister's questions. When the Parliament was established in 1999, there were no specific First Minister's questions. They were introduced following the recommendations of the Procedures Committee and quickly became the highlight of the parliamentary week.

It is also worth noting—this point will be particularly important to Mr Canavan—that, when First Minister's question time was established, it was not specified that the leaders of the two main Opposition parties would, as of right, be granted the first two questions. That remains the position in standing orders. It is not for the Procedures Committee to determine how standing orders are interpreted and how the Presiding Officer selects questions. Standing orders specify that questions for First Minister's question time are selected by the Presiding Officer from the admissible questions submitted. It has been entirely at the Presiding Officer's discretion that the questions from party leaders are selected as questions 1 and 2.

Dennis Canavan: Will the member confirm that nothing in standing orders says that the leader of the Scottish National Party must always get question 1 and that the leader of the Tories must always get question 2? Question 3 is, I presume, now to be split between the leader of the Scottish Socialist Party and the Scottish Green Party. Nothing in standing orders says that. It is nonsense.

Iain Smith: If Mr Canavan was listening, he would know that that is what I just said. He is absolutely right—nothing in standing orders specifies that. The selection is at the discretion of the Presiding Officer and the Procedures Committee has no intention at this stage to propose any change to the Presiding Officer's discretionary power.

After the results of this year's elections were known, however, it became apparent that there were implications for the business of the Scottish Parliament. Following a request from the Presiding Officer, in response to a request from the First Minister, the Procedures Committee agreed that First Minister's question time required urgent attention.

I believe that there was general agreement that, if the Presiding Officer was to be able to continue to use his discretion in a way that would be fair to

all members of the Parliament—whether they be party leaders or back benchers—an extension of the time available for First Minister's question time was required. However, it was also recognised that any increase would have knock-on implications for other business in the Parliament.

Prior to the summer recess, the committee conducted a brief consultation to establish the extent of support for an extension of First Minister's question time to 30 minutes and to determine whether there was agreement that First Minister's question time could be held at a time other than immediately following question time, as is currently specified in the standing orders. The consultation was extended to the broadcast and written media, whose role in reporting the Parliament is significant.

We received a total of 87 responses, 94 per cent of which supported increasing First Minister's question time to 30 minutes, although one or two respondents suggested an increase to 40 minutes. There was clear support for the decoupling of First Minister's question time from question time, but a less clear view was expressed about when First Minister's question time should take place—whether at 12 noon on a Thursday, 2 pm on the same day or at another time.

The committee recognised the practical issues that would arise as a result of a shift to 12 noon, including the issuing of tickets for the public gallery and the problems that could arise for the BBC's live broadcasts. However, advantages were also recognised, including those for school parties, some newspapers and lunchtime news broadcasts. The overall balance of parliamentary business was also a factor, given the need to ensure that the time for each debate is adequate. The committee decided by a majority that, on balance, it preferred the 12 noon option to the 2 pm one.

The matter is ultimately not one for the Procedures Committee, however; it is for the Parliament to determine the timing of parliamentary business on a motion of the Parliamentary Bureau. I urge the Parliament today not to close off its options by voting for Jamie McGrigor's amendment.

A suggestion was made that the audience for First Minister's question time might be smaller in the earlier slot than it is in its current slot. The BBC used the figures for its "The Daily Politics" show, which is broadcast in the lunchtime slot, as an example. Frankly, I do not think that one can compare the two—every time that I see Andrew Neil's face on the television, I immediately switch off. I am sure that others do, too.

I also ask the Parliament to reject Tommy Sheridan's amendment. We need to ensure that

the Parliament achieves a balance in its overall business. If we were to agree to Tommy Sheridan's amendment, one sixth of the Parliament's entire time would be taken up by question time. That would result in less time for holding the Executive to account in debates; it would result in less time for proper scrutiny of legislation, Opposition business and back-bench and minority party speeches. We must not reduce time for those important ways of holding the Executive to account.

The Procedures Committee has now embarked on a wider inquiry into question time. We hope to report on that by Christmas. We need to know members' views on how First Minister's question time and question time operate. I also hope that members will make suggestions for improvement and that they will submit their views as soon as possible.

The committee's report also proposes a number of minor and consequential amendments to the standing orders. Those are tidying-up amendments that aim to ensure consistency of language and to remove anomalies and redundant clauses, some of which were relevant only in the first session of the Parliament. If agreed, the changes will be incorporated into a new edition of the standing orders, which will be published shortly. I commend to the chamber the proposed changes to the standing orders that are contained in the report.

I move,

That the Parliament agrees to make the changes to the standing orders set out in Annex A to the Procedures Committee's 1st Report, 2003 (Session 2), *First Minister's Question Time and minor standing order changes* (SP Paper 9) and that those changes to the standing orders should come into force on 4 September 2003.

16:33

Mr Jamie McGrigor (Highlands and Islands) (Con): The Conservative and Unionist Party welcomes an extension to First Minister's question time. We believe that question times are the most effective way of holding ministers to account. We are surprised therefore that the First Minister is pushing for a 12 noon slot, as that would halve the audience figures that are normally achieved when questions to the First Minister are carried on the "Holyrood Live" programme.

One of the founding principles of the Parliament is transparency; another is easy access by the public to the Parliament. We can fit only 400 people into the public gallery, but 63,000 watch our proceedings on television. Televised broadcasts are the way in which the Parliament extends its activities into homes all over Scotland. Is that not what we want? Do we really want to see a possible drop in our audience of 30,000?

I am not suggesting that the Parliament should be bossed around by the BBC, but neither should it be bossed around by the First Minister. Apparently, the First Minister thinks that the audience would follow him to an earlier slot. Far be it from me to suggest that he is being big-headed about the matter; he is a handsome and eloquent man, but he is neither Robbie Williams nor Johnny Depp.

The First Minister might believe that the 12 o'clock slot will allow him to grandstand over the lunchtime news and set the press agenda for the rest of the day. However, if the change goes ahead, he will upset and inconvenience thousands of Scottish people who regularly watch the Parliament on television in the afternoon. Perhaps Labour wants to argue with the BBC, because that seems to be its stock in trade at the moment. The BBC's advice is sensible and we should take it.

The minister, Patricia Ferguson, says that the proposed changes would bring an open, accessible and transparent Parliament. However, that will not happen if we decide to have a 12 o'clock slot for First Minister's question time. Here are the facts. Viewing patterns for political programming show that afternoon programmes have higher audience figures than those in the morning. Furthermore, since the beginning of the year, the average audience for First Minister's question time in its current slot has been 63,000, whereas "The Daily Politics", in its 12 noon to 12.30 slot, has attracted only 32,000 viewers.

A 12 o'clock slot would also mean less time for Opposition parties to scrutinise thoroughly the political developments of the day. Such a reduction in scrutiny can result only in a reduction in the ability to check the Executive and thus a reduction in the chamber's democratic processes. Surely there is too much apathy towards politicians at the moment to allow us to shut the door on 30,000 people who are interested enough to turn on their television sets to watch us.

The Executive says that a 12 o'clock start would benefit schoolchildren. That, too, is nonsense; most schools say that a 2 o'clock start would be just as good.

Parliamentary question times give back-bench members the chance to challenge ministers on topical issues. People find that very interesting. The Conservatives would like time to be made for an additional ministerial question time, to which the previous Procedures Committee's excellent report alluded. A rotational ministers' question time would greatly enhance our parliamentary week.

We believe that, to raise the Parliament's profile, First Minister's question time should be held at a time when viewing figures are high. We fundamentally disagree with paragraph 46 of the

Procedures Committee's report, especially as the original draft recommended a 2 o'clock start. I find it somewhat peculiar that the current committee convener would not support the recommendations in the original draft, which he must have helped to compile. Is this the beginning of the new coalition politics? When Jack shouts "Jump!" do the Liberals ask "How high?" I hope that the convener will see common sense and agree to a First Minister's question time that is as convenient as possible for the Scottish people and is not just designed for the First Minister's convenience.

I move amendment S2M-286.1, to insert at end:

"but disagrees with the recommendation in paragraph 46 of the report that First Minister's Question Time should start at 12 noon and instead recommends that First Minister's Question Time starts around 2 pm."

16:38

Tommy Sheridan (Glasgow) (SSP): The starting point behind my amendment is the determination in standing orders that any party in the chamber with five or more members is formally recognised as a party. There were four such parties in the first parliamentary session; the people of Scotland have since determined that there should be six such parties. Standing orders have to be changed to reflect fully that changed political complexion.

We argue that First Minister's question time should be lengthened from 20 to 40 minutes, ending at 3.50 pm, to allow the four political parties that are not in government to question the First Minister weekly. As those parties were elected to the Parliament by their respective constituencies, they should have the right to question the First Minister on their particular agendas.

Iain Smith: Does the member recognise that it is also the right of every other member in the Parliament to address questions to the First Minister and other ministers?

Tommy Sheridan: Absolutely. Indeed, our amendment recommends that First Minister's question time should be extended from 20 to 40 minutes—not 30 minutes—in order to create the extra time for other back benchers to question the First Minister. That change would not create insurmountable problems for the Parliament. Instead, decision time on a Thursday would take place at 5.30 pm instead of at 5 pm and the members' business debate would take place from 5.30 pm to 6 pm. Is it too much to ask that we manoeuvre our standing orders to allow that extra time for accountability, particularly in relation to the new political parties and back benchers?

The amendment has another key aspect. A point that has not been raised so far is that, if we move

First Minister's question time to 12 noon, the smaller parties and the Opposition parties will have less time for their allocated debating slots. The Scottish Socialist Party gets three debating slots in every parliamentary session. If we move First Minister's question time to 12 noon, 30 minutes will be taken off each of those slots and 90 minutes will be taken from our ability to debate issues in Parliament. That is unacceptable. The Procedures Committee's proposal would cut into the time for the Opposition parties not only to question members and ministers but, crucially, to raise and promote debates on substantive issues. I appeal to members to support my amendment in the interests of greater accountability and to recognise the changed political complexion of the chamber.

I move amendment S2M-286.2, to insert at end:

"except that, in place of paragraph 1 of Annex A of the report, the Parliament agrees that in Rule 13.6.3 '40 minutes each week immediately following Question Time' be substituted for '20 minutes each week immediately following Question Time' and calls on the Procedures Committee to bring forward proposals so that Decision Time on Thursday normally begins at 5.30 pm."

16:41

The Minister for Parliamentary Business (Patricia Ferguson): The Executive welcomes and endorses the Procedures Committee's report on First Minister's question time. As other colleagues have said, the ability to question the First Minister plays a vital part in the accountability and accessibility of our Parliament.

Bruce Crawford (Mid Scotland and Fife) (SNP): The Procedures Committee's report states that the Executive is signed up to the idea of a trial period of changes to First Minister's question time and that the situation will be reviewed at the end of the year. Will the minister confirm that that is the case?

Patricia Ferguson: I will come to that later in my speech, although I can confirm to Mr Crawford now that that is the position.

First Minister's question time has worked well in the past, but it can be improved and we must not be complacent about it. We must always be alert to ways in which the Parliament's business processes can be improved, which is why we are discussing the matter today.

If agreed to by the Parliament today, the recommended changes to the duration and timing of First Minister's question time, which were suggested by the First Minister in a letter to the Presiding Officer in May, will allow greater scrutiny of Scottish Executive policy. Both the First Minister and the Presiding Officer are keen to ensure that, in the light of past experience, new arrangements

should be in place as soon as possible at the start of this second session.

The Executive is pleased that the First Minister's suggestion to extend First Minister's question time from 20 minutes to 30 minutes has been recommended by the Procedures Committee. The First Minister is keen for more time to be made available to back benchers, which addresses Mr Canavan's point. The suggested changes would increase the opportunities for back benchers to ask questions and would enable a fairer balance in the allocation of questions and supplementaries.

Dennis Canavan: Is the minister aware that, even at Westminster, which is far from perfect as a model for parliamentary democracy, even the most humble back-bench member of Parliament can ask the Prime Minister question number 1? Here, we have no chance of asking question number 1 and little chance of asking any other question. That is an absolute disgrace and an affront to democracy.

Patricia Ferguson: I am aware of that issue and I thank Mr Canavan for pointing it out to the chamber. I will refer to his point again before I close.

I also welcome the Procedures Committee's preferred option to move First Minister's question time to 12 noon on a Thursday. However, I confirm what Mr Crawford was trying to elicit from me earlier—we acknowledge that the Procedures Committee has recommended that the change should occur for a trial period, until perhaps the end of the year. The Scottish Executive welcomes that recommendation because the position might need to be reviewed to ensure that we get the fine tuning right.

As the First Minister makes his way around Scotland, he regularly receives representations from schools and teachers about the timetabling of First Minister's questions. The present 3.30 pm finish time is often too late for some school groups to remain in Edinburgh—they have to leave before the end of the session. The suggested timing will therefore make First Minister's question time more accessible to members of the public and to schoolchildren. The proposed timing should also give better lunchtime news coverage, which is an important factor in engaging the public in our proceedings.

The committee's report proposes a number of miscellaneous minor and technical changes to standing orders. The Executive is content with those recommendations, which have been proposed mainly to add further clarity to standing orders. We welcome the changes, which we believe will improve the overall democratic processes of the Parliament, and we acknowledge the Procedures Committee's consideration of all the individual issues under discussion today.

The Scottish Executive looks forward to working closely with the Procedures Committee as it develops the work that we have discussed today and conducts a wider and more general review of question time. At that stage, the committee may want to examine in more detail the points that Mr Canavan has raised today.

16:45

Bruce Crawford (Mid Scotland and Fife) (SNP): The Scottish National Party welcomes this debate on how Parliament goes about organising an important part of its business and we look forward to many more such debates in future. There will always be a continuing need for change and we must embrace that. Without change, we will never improve ways of operating Parliament; without change and improvement, we will stand still and stagnate.

We cannot allow ourselves to hesitate over pilots, experimentation or trial periods for how Parliament goes about its business. Sometimes we will find a change that works to our advantage. On other occasions, the change may produce a negative reaction. So what? The key thing is that we get it right and produce solutions that work both for us and for the Parliament. However, any changes must also work for those who are at the interface between the Parliament and the people—those who facilitate the successful working of this place. That includes the wider parliamentary authorities but, crucially, it also includes the media.

It will come as no surprise to members that the SNP, like 94 per cent of those who responded to the Procedures Committee's questionnaire, fully supports the extension of First Minister's question time from 20 to 30 minutes. Until I read the business bulletin this morning, I thought that that proposal had general support across all the parties. Unfortunately, there is also no consensus on when First Minister's question time should start. That is a finely balanced argument. Good points can be made for why a 12 noon start or a 2 pm start would be advantageous. As we have a trial period until the end of the year, we can assess the success or otherwise of the new starting time, so that makes the choice between noon and 2 pm even more academic. However, a choice will have to be made, because of the amendments before us today.

What are the balancing factors and the issues that are to be weighed up? On access and participation, we have heard the minister saying that the move to 12 noon will be seen as beneficial. Because there will be two question times on a Thursday, more groups of school pupils will be able to experience question time. Moreover, the earlier finishing time should avoid

pupils having to leave halfway through question time. I am sure that we have all heard the rustling as pupils pick up their bags and leave to catch their buses. That is probably a good argument for changing to 12 o'clock.

Of course, as Jamie McGrigor said, the choice of start time will have the biggest impact on the broadcasting media. Some argue that the audience will follow First Minister's questions to noon, but the proof of the pudding will be in the eating. What we know for certain is that at least 20 minutes will be lost from Scottish Parliament broadcasting time on a Thursday. I understand that BBC coverage of First Minister's question time and other parliamentary business will cease at 12.30 with no prospect of an opt-out from the business programme "Working Lunch". That raises questions about time for analysis and consideration. Moreover, there is not much prospect of time being made available for question time later in the afternoon, because of understandable cost factors for the BBC. That makes 12 noon much less attractive and puts the balance of the argument in favour of a start around 2 pm.

Whatever we finally decide to do, a thorough analysis and examination of the trial period is essential. The final decision after the trial must not be taken lightly for reasons of perceived political advantage; it must be taken objectively on the basis of what is considered to be best for the Parliament.

16:49

Donald Gorrie (Central Scotland) (LD): As a veteran of the previous Procedures Committee, I am glad that the issue has been tackled. There is clearly a consensus that we need more time to question the First Minister. The only argument is whether we go for 30 minutes or 40 minutes. Tommy Sheridan made a good argument, which we should consider in due course, if not today.

Some time is already wasted in First Minister's question time by the ludicrous pantomime of the first three questions asking, "Have you spoken to your auntie recently?" and the First Minister giving some banal reply. If we were to scrub that so that the party leaders could get stuck into their first question straight away, we would avoid a minute or two of complete rubbish.

The previous Procedures Committee stated that there should be

"changes to the Standing Orders to require Ministers to offer relevant and appropriate answers to oral questions."

That is an issue, although not particularly in relation to the First Minister, who is better than a lot of the other ministers. Another point is that some questions from the party leaders tend to be

speeches rather than questions. It would be helpful if we could make things tighter and more relevant.

On the timing of First Minister's question time, good arguments are coming from all quarters. I marginally support the idea of having a trial of a 12 o'clock starting time. Nobody knows whether the viewers will follow the move. We do not know whether people like watching question time and will watch it at midday just as they currently watch it at 3 o'clock. We should have a trial along the lines that the committee, by a small margin, proposed.

I hope that we can examine the whole issue of questions and, as other members have said, brigade questions to a specific minister together. I also hope that this is the first of a number of reports through which the current Procedures Committee will build on the extensive work that was carried out by the previous committee, which was so ably convened by Murray Tosh.

The Deputy Presiding Officer: Thank you very much.

16:51

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): My comments will be brief, as other members of the Procedures Committee have explained well to members how the committee's discussions have gone over the past few weeks. First Minister's question time is undoubtedly an opportunity for the Parliament to have a wide viewing audience. I do not share the pessimism shown by Jamie McGrigor, who thinks that the audiences will fall dramatically. I think that people will move with the slot.

In speaking on behalf of the committee, Iain Smith said that we must learn from the experience of working within our procedures and that we must develop them. We have a duty to improve our procedures. Many people want to come along and watch question time. The fact that we are separating First Minister's question time from ministerial question time means that two groups of people will have the opportunity to come to the Parliament to see what is happening. People often enjoy it much more when they come in for the relatively short period of question time rather than for a whole debate. The change must encourage wider participation in the Parliament and will increase the opportunities for people to see how we operate in Parliament—I have to say that we are sometimes not on our best behaviour.

I hope that Parliament accepts the Procedures Committee's recommendations. We state clearly in the report that we want the timing of First Minister's question time to be changed for a trial period. If we all work together—that includes back

benchers—we might have a much better question time process six months down the road, whether that be questions to the First Minister or questions to other ministers. I ask Parliament to support the recommendations in the report.

16:53

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): I have listened to the debate and was not impressed by Jamie McGrigor's comments. It is bizarre to suggest that we in the chamber should not inconvenience the BBC—as much as I like the BBC, I do not think that that is an argument with which we can proceed.

I do not agree with Tommy Sheridan's point. As much as I think we should grill the First Minister, I think that 30 minutes for that is sufficient and we do not need to spend 40 minutes on it.

The point that I want to make at this juncture is about the practicalities of how we organise First Minister's question time. What happened in the previous session of Parliament and has happened again in this session is that the first two questions come from the SNP and the Conservatives. I have no problem with that. However, the Presiding Officers seem to regard those questions as separate from the other four questions that are taken. Members should consider the example of First Minister's question time this week. There are two questions from the SNP and two questions from the Tories. That is wrong. The first question should come from the largest Opposition party, the second question should come from the next-largest party and so on. There should be more fairness in the way in which the Presiding Officers select the questions.

16:54

Patricia Ferguson: I will be brief. I say once again that I am grateful to the Procedures Committee for the work that it has put into the exercise. I look forward to co-operating with the committee in its further review of question time.

It is ironic that Jamie McGrigor argues against a temporary change that will be reviewed at the end of a wider review of question time. Members will not be fooled into tying ourselves down at this point to a change that would not achieve much for the Parliament.

16:55

Karen Gillon (Clydesdale) (Lab): I am not known for jumping to Jack McConnell's tune in the Parliament, so my initial reaction when I heard the proposals for First Minister's question time was to think that I would not be bounced into a decision by the First Minister, the Presiding Officer or

anybody else. The argument in the committee was finely balanced and the committee took on board the views that were presented to it.

I might be accused of heresy, but I do not think that First Minister's question time is necessarily the best way in which to hold the Executive to account, although it is a way of doing so. Sometimes the weekly spat between party leaders does little or nothing to hold the Executive to account and nothing for the Parliament. Like Dennis Canavan, I am not convinced that the party leaders should always get the first three questions, but that is another debate for another time and the Procedures Committee will consider the issue.

We listened to the views that were expressed to us. Ninety-four per cent of the people who responded to the survey, which was sent to all members, agreed that 30 minutes, not 40 minutes, was the correct length of time. We must achieve a balance between the set piece of question time and holding the Executive to account in other ways, which is why I am not convinced that Tommy Sheridan's argument is correct.

I am interested in Jamie McGrigor's arguments. The committee's views are presented in its report, so it was wrong and inopportune for Jamie to bring to the chamber matters that were in a draft report. I hope that Jamie will reflect on the fact that his action betrayed the trust of the committee.

The BBC's view is important to the Parliament, but it is only one view. Other media outlets and people who are involved in broadcasting said that they would prefer a 12 o'clock slot. We must consider the issue and see how the trial works. If audience figures drop, we will have to revisit the issue. I am not convinced that to compare "The Daily Politics" with question time is to compare like with like. I think that, as John Swinney said in a letter to the committee, the audience will follow question time.

I urge members to reject the two amendments and to support the committee's proposals.

Parliamentary Bureau Motions

16:58

The Presiding Officer (Mr George Reid): I will take things very slowly to get us up to 5 o'clock. The next item of business is consideration of four Parliamentary Bureau motions.

The Minister for Parliamentary Business (Patricia Ferguson): If it helps you, Presiding Officer, I will move the motions individually.

Motions moved,

That the Parliament agrees that the Communities Committee be designated as lead committee in consideration of the Environmental Impact Assessment (Water Management) (Scotland) Regulations 2003 (SSI 2003/341).

That the Parliament agrees that the Justice 1 Committee be designated as lead committee in consideration of the draft Advice and Assistance (Assistance by Way of Representation) (Scotland) Amendment Regulations 2003.

That the Parliament agrees that the Justice 1 Committee be designated as lead committee in consideration of the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) (No 2) Order 2003.

That the Parliament agrees the following nominated committee substitutes, as permitted under Rule 6.3A—

Scottish National Party

Audit Committee	Mr Andrew Welsh
Communities Committee	Shona Robison
Education Committee	Brian Adam
Enterprise and Culture Committee	Fiona Hyslop
Environment and Rural Development Committee	Mr Jim Mather
Equal Opportunities Committee	Tricia Marwick
European and External Relations Committee	Nicola Sturgeon
Finance Committee	Mr Adam Ingram
Health Committee	Ms Sandra White
Justice 2 Committee	Michael Matheson
Local Government and Transport Committee	Mr Kenny MacAskill
Procedures Committee	Linda Fabiani
Public Petitions Committee	Mr Rob Gibson
Standards Committee	Alasdair Morgan
Subordinate Legislation Committee	Bruce Crawford

Scottish Conservative and Unionist Party

Audit Committee	Mr Ted Brocklebank
Communities Committee	John Scott
Education Committee	David Mundell
Enterprise and Culture Committee	Mr Brian Monteith
Environment and Rural Development Committee	Alex Fergusson
Equal Opportunities Committee	Mr Jamie McGrigor
European and External Relations Committee	Murdo Fraser
Finance Committee	Mary Scanlon
Health Committee	Mrs Nanette Milne
Justice 1 Committee	Miss Annabel Goldie
Justice 2 Committee	Margaret Mitchell
Local Government and Transport Committee	Mr David Davidson
Procedures Committee	Murray Tosh
Public Petitions Committee	Phil Gallie
Standards Committee	Lord James Douglas-Hamilton
Subordinate Legislation Committee	Alex Johnstone

Scottish Green Party

Audit Committee	Chris Ballance
Communities Committee	Shiona Baird
Enterprise Committee	Mark Ballard
Environment and Rural Development Committee	Mr Mark Ruskell
Equal Opportunities Committee	Patrick Harvie
Procedures Committee	Robin Harper

Scottish Socialist Party

Equal Opportunities Committee	Carolyn Leckie
Public Petitions Committee	Frances Curran— [Patricia Ferguson.]

The Presiding Officer: We will have a 20-second pause for quiet reflection at the start of the new term. Members will appreciate that we must pause in case some members are still in the corridor making their way to the chamber for the magic hour of 5 o'clock.

Decision Time

17:00

The Presiding Officer (Mr George Reid):

There are 11 questions to be put as a result of today's business. The first question is, that amendment S2M-287.2, in the name of John Swinney, which seeks to amend motion S2M-287, in the name of Jim Wallace, on the Scottish economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Rob (Highlands and Islands) (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)
 Martin, Campbell (West of Scotland) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Mr Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinburne, John (Central Scotland) (SSCUP)
 Swinney, Mr John (North Tayside) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baird, Shiona (North East Scotland) (Green)
 Baker, Mr Richard (North East Scotland) (Lab)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Byrne, Ms Rosemary (South of Scotland) (SSP)
 Canavan, Dennis (Falkirk West)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Frances (West of Scotland) (SSP)
 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)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fox, Colin (Lothians) (SSP)

Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Kane, Rosie (Glasgow) (SSP)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 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)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Tosh, Murray (West of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

The Presiding Officer: The result of the division is: For 25, Against 92, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S2M-287.1, in the name of Murdo Fraser, which seeks to amend motion S2M-287, in the name of Jim Wallace, on the Scottish economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Mundell, David (South of Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Tosh, Murray (West of Scotland) (Con)

AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baird, Shiona (North East Scotland) (Green)
 Baker, Mr Richard (North East Scotland) (Lab)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Byrne, Ms Rosemary (South of Scotland) (SSP)
 Canavan, Dennis (Falkirk West)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Frances (West of Scotland) (SSP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Fox, Colin (Lothians) (SSP)
 Gibson, Mr Rob (Highlands and Islands) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)

Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Kane, Rosie (Glasgow) (SSP)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (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)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Campbell (West of Scotland) (SNP)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Mr Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morgan, Alasdair (South of Scotland) (SNP)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robison, Shona (Dundee East) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, Tavish (Shetland) (LD)
 Sheridan, Tommy (Glasgow) (SSP)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinburne, John (Central Scotland) (SSCUP)
 Swinney, Mr John (North Tayside) (SNP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

The Presiding Officer: The result of the division is: For 16, Against 103, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The third question is, that amendment S2M-287.3, in the name of Shiona Baird, which seeks to amend motion S2M-287, in the name of Jim Wallace, on the Scottish economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Canavan, Dennis (Falkirk West)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Sheridan, Tommy (Glasgow) (SSP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Mr Richard (North East Scotland) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Frances (West of Scotland) (SSP)
 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)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fox, Colin (Lothians) (SSP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Rob (Highlands and Islands) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 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)
 Kane, Rosie (Glasgow) (SSP)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (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)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Campbell (West of Scotland) (SNP)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Mr Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morgan, Alasdair (South of Scotland) (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)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robison, Shona (Dundee East) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Murray (West of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Byrne, Ms Rosemary (South of Scotland) (SSP)

The Presiding Officer: The result of the division is: For 10, Against 108, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The fourth question is, that motion S2M-287, in the name of Jim Wallace, on the Scottish economy, 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)
 Baker, Mr Richard (North East Scotland) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marilyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 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)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (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)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)

Smith, Iain (North East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Byrne, Ms Rosemary (South of Scotland) (SSP)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Frances (West of Scotland) (SSP)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Fox, Colin (Lothians) (SSP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Rob (Highlands and Islands) (SNP)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Kane, Rosie (Glasgow) (SSP)
 Lochhead, Richard (North East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Martin, Campbell (West of Scotland) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Mr Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Mundell, David (South of Scotland) (Con)
 Neil, Alex (Central Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, Eleanor (Highlands and Islands) (Green)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinburne, John (Central Scotland) (SSCUP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Murray (West of Scotland) (Con)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)

The Presiding Officer: The result of the division is: For 63, Against 54, Abstentions 0.

Motion agreed to.

That the Parliament supports the objective of achieving long term, sustainable growth in the Scottish economy;

endorses the Scottish Executive's strategy, set out in *A Smart, Successful Scotland* and *A Partnership for A Better Scotland*, as the best means of helping to achieve this growth; welcomes the support of Scottish business and academia for this strategy; recognises the need to create a spirit of entrepreneurship, promote innovations and encourage sensible risk taking; believes this can be achieved by building on the strength of our education system and research and development capability and through development of specific initiatives such as Enterprise in Education and the Green Jobs Strategy; reaffirms the Scottish Executive's commitment to remain focused on the delivery of this strategy while being responsive to ways in which it can be enhanced and refined, and looks forward to delivering increased prosperity as the basis for first-class service and a socially just Scotland.

The Presiding Officer: The fifth question is, that amendment S2M-286.1, in the name of Jamie McGrigor, which seeks to amend motion S2M-286, in the name of Iain Smith, on First Minister's question time and minor standing order changes, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Byrne, Ms Rosemary (South of Scotland) (SSP)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Frances (West of Scotland) (SSP)
 Davidson, Mr David (North East Scotland) (Con)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Fox, Colin (Lothians) (SSP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Rob (Highlands and Islands) (SNP)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Lochhead, Richard (North East Scotland) (SNP)
 Martin, Campbell (West of Scotland) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Mr Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Mundell, David (South of Scotland) (Con)
 Neil, Alex (Central Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)

Scanlon, Mary (Highlands and Islands) (Con)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, John (Ayr) (Con)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Murray (West of Scotland) (Con)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)

AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Mr Richard (North East Scotland) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Canavan, Dennis (Falkirk West)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 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)
 Lyon, George (Argyll and Bute) (LD)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (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)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)

Smith, Iain (North East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Swinburne, John (Central Scotland) (SSCUP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Kane, Rosie (Glasgow) (SSP)

The Presiding Officer: The result of the division is: For 52, Against 68, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The sixth question is, that amendment S2M-286.2, in the name of Tommy Sheridan, which seeks to amend motion S2M-286, in the name of Iain Smith, on First Minister's question time and minor standing order changes, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Ballance, Chris (South of Scotland) (Green)
 Byrne, Ms Rosemary (South of Scotland) (SSP)
 Canavan, Dennis (Falkirk West)
 Curran, Frances (West of Scotland) (SSP)
 Fox, Colin (Lothians) (SSP)
 Kane, Rosie (Glasgow) (SSP)
 Sheridan, Tommy (Glasgow) (SSP)
 Swinburne, John (Central Scotland) (SSCUP)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baird, Shiona (North East Scotland) (Green)
 Baker, Mr Richard (North East Scotland) (Lab)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 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)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Rob (Highlands and Islands) (SNP)
 Gillon, Karen (Clydesdale) (Lab)

Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 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)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Campbell (West of Scotland) (SNP)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Mr Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McGregor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morgan, Alasdair (South of Scotland) (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)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robison, Shona (Dundee East) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)

Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Murray (West of Scotland) (Con)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Ruskell, Mr Mark (Mid Scotland and Fife) (Green)

The Presiding Officer: The result of the division is: For 8, Against 111, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The seventh question is, that motion S2M-286, in the name of Iain Smith, on First Minister's question time and minor standing order changes, 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)
 Baird, Shiona (North East Scotland) (Green)
 Baker, Mr Richard (North East Scotland) (Lab)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Canavan, Dennis (Falkirk West)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gibson, Mr Rob (Highlands and Islands) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marilyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)

Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 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)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Campbell (West of Scotland) (SNP)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Mr Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morgan, Alasdair (South of Scotland) (SNP)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robison, Shona (Dundee East) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Curran, Frances (West of Scotland) (SSP)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fergusson, Alex (Galloway and Upper Nithsdale) (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)
 Kane, Rosie (Glasgow) (SSP)
 McGregor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Mundell, David (South of Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Sheridan, Tommy (Glasgow) (SSP)
 Swinburne, John (Central Scotland) (SSCUP)

ABSTENTIONS

Tosh, Murray (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 98, Against 20, Abstentions 1.

Motion agreed to.

That the Parliament agrees to make the changes to the standing orders set out in Annex A to the Procedures Committee's 1st Report, 2003 (Session 2), *First Minister's Question Time and minor standing order changes* (SP Paper 9) and that those changes to the standing orders should come into force on 4 September 2003.

The Presiding Officer: The eighth question is, that motion S2M-281, 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 Communities Committee be designated as lead committee in consideration of the Environmental Impact Assessment (Water Management) (Scotland) Regulations 2003 (SSI 2003/341).

The Presiding Officer: The ninth question is, that motion SM2-282, 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 1 Committee be designated as lead committee in consideration of the draft Advice and Assistance (Assistance by Way of Representation) (Scotland) Amendment Regulations 2003.

The Presiding Officer: The 10th question is, that motion S2M-283, 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 1 Committee be designated as lead committee in consideration of the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) (No 2) Order 2003.

The Presiding Officer: The 11th question is, that motion S2M-294, in the name of Patricia Ferguson, on committee substitutes, be agreed to.

Motion agreed to.

That the Parliament agrees the following nominated committee substitutes, as permitted under Rule 6.3A—

Scottish National Party

Audit Committee	Mr Andrew Welsh
Communities Committee	Shona Robison
Education Committee	Brian Adam
Enterprise and Culture Committee	Fiona Hyslop
Environment and Rural Development Committee	Mr Jim Mather
Equal Opportunities Committee	Tricia Marwick
European and External Relations Committee	Nicola Sturgeon
Finance Committee	Mr Adam Ingram
Health Committee	Ms Sandra White
Justice 2 Committee	Michael Matheson
Local Government and Transport Committee	Mr Kenny MacAskill
Procedures Committee	Linda Fabiani
Public Petitions Committee	Mr Rob Gibson
Standards Committee	Alasdair Morgan
Subordinate Legislation Committee	Bruce Crawford

Scottish Conservative and Unionist Party

Audit Committee	Mr Ted Brocklebank
Communities Committee	John Scott
Education Committee	David Mundell
Enterprise and Culture Committee	Mr Brian Monteith
Environment and Rural Development Committee	Alex Fergusson
Equal Opportunities Committee	Mr Jamie McGregor
European and External Relations Committee	Murdo Fraser
Finance Committee	Mary Scanlon
Health Committee	Mrs Nanette Milne
Justice 1 Committee	Miss Annabel Goldie
Justice 2 Committee	Margaret Mitchell
Local Government and Transport Committee	Mr David Davidson
Procedures Committee	Murray Tosh
Public Petitions Committee	Phil Gallie
Standards Committee	Lord James Douglas-Hamilton
Subordinate Legislation Committee	Alex Johnstone

Scottish Green Party

Audit Committee	Chris Ballance
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Communities Committee	Shiona Baird
Enterprise Committee	Mark Ballard
Environment and Rural Development Committee	Mr Mark Ruskell
Equal Opportunities Committee	Patrick Harvie
Procedures Committee	Robin Harper

Scottish Socialist Party

Equal Opportunities Committee	Carolyn Leckie
Public Petitions Committee	Frances Curran

European Structural Funds (South of Scotland)

The Deputy Presiding Officer (Murray Tosh):

The final item of business is a members' business debate on motion S2M-177, in the name of Jeremy Purvis, on European structural funds and the south of Scotland.

Motion debated,

That the Parliament recognises the importance to the south of Scotland of European structural funds; welcomes the investment of £44 million in projects such as the Ettrick Riverside Centre, Selkirk, the Eastgate Arts Centre, Peebles, the Border Union Showground, Kelso and harbour investment in Eyemouth; appreciates the efforts of agencies working in partnership to deliver a full spend of the allocated funding, and stresses the importance of the continuation of such funding after 2006, whether delivered from Brussels or repatriated.

17:10

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I am delighted that the Parliament has an opportunity to debate this issue, which is important for the south of Scotland and Scotland as a whole.

The debate is not meant to establish among the regions of Scotland competition over their desires for economic investment. Many members have in the past made powerful speeches on behalf of their own regions—I do not decry those for a moment. However, we have an opportunity to debate the fragility of the economy of the south of Scotland, the region's priorities and its future in partnership with the European Union.

Together, the Scottish Borders and Dumfries and Galloway cover about one seventh of the land mass of Scotland, but have a small population of just over 250,000 people. The areas are famous for their stunning beauty, rich culture, remarkable history and their proud and distinct small towns and villages. Their beauty is, to a large degree, a mask over the fragile nature of our economy and the pressures that our traditional industries have faced over recent years.

We also face a demographic challenge of out-migration of our younger people, which has been brought about by, among other things, low wages and lack of investment in infrastructure. The economic strategy for the Borders—which I welcomed when it was published earlier this year—and the work of the south of Scotland alliance between the two local authorities directly address those challenges. They do so in partnership with the Scottish Executive and the European Union, which, in the early 1990s, developed policies that took account of the wider

problems of economic development in rural areas such as the south of Scotland.

The south of Scotland objective 2 programme has a possible EU funding investment of €73 million—or £45 million. The programme has so far invested more than £24 million in more than 80 projects throughout the south of Scotland. It is worth stressing that the structural funds account for around a quarter of the budgets of the local enterprise companies and area tourist boards and make a major contribution to the economic development budgets of the local authorities.

My motion, which we are debating, highlights some of the innovative ways in which that money has been used. I was delighted to be able to show Jim Wallace, Ross Finnie and other Liberal Democrat ministers and members round Ettrick Riverside, the busy small-business centre in Selkirk, this week.

The funds are also vital for area regeneration initiatives, such as those in Hawick, Eyemouth, east Berwickshire and Innerleithen and Walkerburn in my constituency. The Scottish Borders rural partnership's rural resource centre and the councils for voluntary services have received support from funds and, by working with other organisations and developing expertise in funding applications, they have attracted a net capital increase of over £3 million to the Borders and created more than 100 jobs.

In addition, more than £5 million-worth of awards have been made to the south of Scotland for training and guidance projects under the lowland Scotland objective 3 programme, and there is a large demand for support for environmental and cultural projects under the LEADER + programmes, from which £4 million has been allocated to the south of Scotland.

We also have an opportunity to discuss the future. There are proposed changes to European regional policy post 2006 due to the enlargement of the European Union, which could dramatically reduce the amount of European funding support for the south of Scotland. That will have a significant adverse impact on economic development in the south of Scotland.

The Department of Trade and Industry issued in March 2003 a consultation document on the future of regional policy beyond 2006. That document puts forward the case for the renationalisation of regional policy. It is understood that the Scottish Executive supports that position. I hope that all members made a submission to that consultation and that the minister will be able to comment on the Executive's position in his closing speech.

The south of Scotland requires substantial development assistance in the long term because of the fragility of its local economies. There is

enormous potential in the south of Scotland, with its high-quality environment, strong communities, large number of small businesses and relative accessibility to the populations living in the cities of Edinburgh and Glasgow to the north, Belfast to the west and Newcastle and Manchester to the south. A major effort is being made to exploit that potential through tourism, environmental and cultural initiatives, community development, encouragement of inward investment, expansion of local businesses, training, education guidance and support for child care.

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

Jeremy Purvis: I am about to end my speech. I am sure that the member will have an opportunity to contribute to the debate later, if he will forgive me for not giving way at this point.

We must continue to receive the support of the Scottish Executive and of the European Commission after 2006, and all parties in Parliament must work together. I am delighted that many members are attending this important debate, and I look forward to hearing their speeches.

The Deputy Presiding Officer: We can allow three to four minutes for speeches.

17:16

Christine Grahame (South of Scotland) (SNP): I congratulate Jeremy Purvis on securing this first members' business debate following the recess. My connection with the south of Scotland goes back more than 30 years, to when I was a teacher in Newton Stewart. I campaigned for many years in the Scottish Borders, and have served four years here as a member for South of Scotland. My perspective on, and concerns about, the demise of the economy in the south of Scotland connected with the changes in European structural funding, now and post 2006, are both personal and political.

Although Jeremy Purvis is quite right to highlight projects that have benefited from European funding, the big picture shows that funding to be drops in proverbial buckets. The Borders lacks decent roads and through rail for passengers and freight, for which no one seems to have any funds. The Borders comes bottom in Scotland for average weekly earnings, the average weekly wage being £346.20, which is £80 below the Scottish average. In the Borders, 95.7 per cent of female manual workers earn less than £280 per week, which is the Scottish low pay threshold.

I am much indebted to the south of Scotland alliance, which in June this year held a seminar on its concerns. That led to a series of parliamentary

questions, which I lodged on the subjects of those concerns. The alliance includes representatives from all over the south of Scotland, including councillors and members of local enterprise boards. Some of their concerns are consequences of the enlargement by 10 countries of the EU, of the changes to funding that will be made in 2006, and of the recent DTI proposals, which I understand would involve repatriation of funding to the Treasury and which might also mean any funding's being allocated via the block grant.

I am not surprised that the south of Scotland alliance is worried and I am pleased that it took the opportunity that I suggested at the seminar: to brief our European and External Relations Committee, which is chaired by my colleague, Richard Lochhead. I note that a letter from that committee to Patricia Hewitt—for therein lies the power—expressed concerns about consultation. The letter stated the committee's disappointment with the timing of the consultation, which was launched in March 2003 with a closing date of early July 2003. That period covered the time when the Scottish Parliament was dissolved for elections and its first days afterwards. As the letter went on to point out, that meant that Parliament and its committees had been somewhat disadvantaged in their ability to conduct inquiries and to consult throughout Scotland—one of the founding principles of the way we work. That is much to be regretted. If Richard Lochhead is present for the debate, I am sure that he will say something further on the matter.

Irene Oldfather (Cunninghame South) (Lab): Does the member know that the European and External Relations Committee asked for evidence to be submitted in written form, and that a considerable amount of evidence was received, on the basis of which a report was drafted?

Christine Grahame: Yes, I am aware of that. I was going to leave those points to Richard Lochhead to cover in his speech, which I do not wish to pre-empt.

Let me put on record the Scottish National Party's response on the matter, which was launched by Sir Neil MacCormick MEP. It contains some interesting comments with regard not just to changes to structural funding, but to the whole system. I quote from the response:

"The SNP supports increased flexibility and simplification of regional funding, and recognises that there will be increased demand placed on the structural funds with the accession of ten new Member States. We are strongly of the view that Scotland should be included in the allocation of structural funds after the present programming period ends in 2006."

Do I have another minute left, Presiding Officer?

The Deputy Presiding Officer: I am allowing everybody four minutes.

Christine Grahame: I will curtail my quotation in order to let other members in. The response continues:

"The SNP is of the view that either structural funds or any successor scheme, whether at EU level or Member State level, should be directed at funding infrastructure projects rather than by way of direct payments to foreign companies."

I will not return to the issue of Viasystems and the £17 million that was clawed back by the DTI and which will never see the light of day. However, we must change the rules, because the way to regenerate the Borders economy is to ensure that we have good transport links—good rail and road links. That is the issue on which we must focus.

17:20

Dr Elaine Murray (Dumfries) (Lab): I congratulate Jeremy Purvis on securing the debate and I apologise to him for failing to sign his motion. Unfortunately, I missed it because the business bulletin is not my most required reading during the recess. However, I am pleased to support the member in the debate.

It is important that we take the opportunity to showcase achievement and investment in the south of Scotland. All that we in the south of Scotland do is moan about the hard lot that we have. If we continually talk down our region, jobs will continue to be relocated in Inverness rather than in the south of Scotland and we will continue to have problems recruiting dentists, teachers, health professionals and other key workers in our area. Let us take this opportunity to debate something positive about the south of Scotland and, indeed, something positive about Europe.

Jeremy Purvis has described several successful projects in his constituency that have used European funding. I want to add a small snapshot of key achievements in Dumfries constituency and the way in which those have contributed to the economic and social fabric of the area.

European regional development funding totalling £488,000 in 2001 helped the Crichton Development Company to refurbish Galloway House on the Crichton campus in Dumfries and to develop the Crichton Business Park, which has provided 400m² of business space and now has a state-of-the-art call centre that is used by Telegate, or 118866, as the company would like us to say at the moment. It is hoped that the centre will eventually provide 400 local jobs. It is also offering training that is developed and provided locally.

In the same year, the Crichton campus benefited from a grant of almost £500,000 from objective 2 funding towards the refurbishment of Browne House, which has provided a centre for

management, personal and professional development. The building acts as an interface with the higher education development on the site, which is a unique partnership between several higher and further education institutions. That partnership now includes the business sector, because the centre aims to meet the demands for training and product development of small and medium-sized enterprises, which are very important in rural economies such as the south of Scotland. It will enable local businesses throughout Dumfries and Galloway to compete more effectively.

Nearly £1 million has been allocated to those two projects centred on the Crichton campus in Dumfries. The projects have attracted inward investment, have provided job opportunities and have provided a facility that will allow indigenous local businesses to develop.

The European regional development fund also contributed nearly £700,000 to a £1.4 million project, led by Dumfries and Galloway Council, to develop a community resource centre in north-west Dumfries, which is one of the more disadvantaged areas in my constituency. That funding helped to upgrade and convert a former old people's home in Lincluden, to create an integrated facility that provides child care, further education, training, volunteering and business start-up advice. Forty-six partner organisations from across the spectrum were involved in converting a derelict eyesore into a focus for local pride and a centre for the entire community, from the very young to senior citizens. The centre has provided 120 child-care places and training facilities that have created 27 jobs—mainly for women. It also has an extremely good café-restaurant that I have had the pleasure of visiting on one occasion.

We have also received £270,000 for the arts and crafts sector, which is developing marketing of arts and crafts in Dumfries and Galloway. Nearly £200,000 was allocated to Dumfries and Galloway College for a flexible access centre. The money helped to purchase 50 computers that are linked to the internet and intranet and which are available not only to students of the college, but to the public.

The area tourist board has lost funding because of the decision of the Executive not to pass on the third tranche of foot-and-mouth disease recovery money. I am profoundly disappointed by, and disagree with, that decision. However, it should not detract from the fact that Dumfries and Galloway tourist board has already received approval to spend £1.3 million of objective 2 money that has come into the region and has done a great deal to promote tourism and information and communications technology.

17:25

David Mundell (South of Scotland) (Con): I welcome the opportunity to debate south of Scotland issues. As Mr Purvis knows, I do not quite agree with the emphasis of the debate, because I believe that the benefit of members' business debates lies in our being able to put ministers on the spot about issues; there are many such issues in the south of Scotland. In general, I welcome the work of the South of Scotland European Partnership. When I was a member of the European Committee I was keen for us to have our own south of Scotland area so that funds could be focused appropriately.

I do not want to detract from the issues that Mr Purvis raised, which instigated the debate, but we must reject absolutely Elaine Murray's premise that to highlight Executive failures is somehow to talk down Dumfries and Galloway, the Borders and the south of Scotland. It is not, because it is Opposition members' job to highlight Executive failures.

The clear policy of and similarity between Dr Murray, Mr Robson and Mr Purvis is that when anything good happens, they say it is because of the Executive. They say that the Liberal Democrats have delivered this, that and the next thing in the Borders and that Dr Murray has delivered this or that in Dumfries. When good things do not happen they say, "It wasnae me. It's nothing to do with us. Let's have a cross-party approach. Let's bring in everybody so we don't attach any blame to us." The reality is that Dr Murray and Mr Purvis are not delivering for those areas. Forest Enterprise is not in Dumfries because Dr Murray, as a member of the Executive, did not have adequate clout to bring it there—we cannot be diverted from that fact. Mr Purvis has not had the influence to ensure that money was paid to VisitScotland.

Dr Murray: Will Mr Mundell tell us what he has achieved in the south of Scotland in the past four years?

David Mundell: I have achieved quite a lot, which is why I cut Dr Murray's majority by such a large amount in the election and she suffered one of the Labour party's worst election results. Because of Mrs Grahame's efforts, the Liberal Democrats in the Borders suffered the worst of the Liberal Democrats' results in Scotland. That is because neither the Labour party nor the Liberal Democrats are delivering for the south of Scotland.

Jeremy Purvis: We will obviously not be able to achieve consensus on structural funds, which are so important to the entire region—both the Borders and the south of Scotland. It is not beyond the notice of people in the Borders that David

Mundell has said that the debate would be full of empty rhetoric and that it would be about motherhood and apple pie. However, it is quite clear that the only empty rhetoric that we have heard has been David Mundell's contribution.

David Mundell: I am afraid that that is not the case. It is obvious that Mr Purvis was not listening to Dr Murray's opening remarks, which prompted me to make mine and limited me to about 45 seconds to highlight the important issues that need to be highlighted. One such issue is the serious problem that the south of Scotland faces in relation to the withdrawal of common agricultural policy funding. Although structural funding is important, the amount of money that it brings in is dwarfed by the amount of money from common agricultural policy funding. If that issue is not addressed, we will be in serious difficulty.

I am not going to ignore the fact of Executive failure in this or any other debate just to get cosy consensus. Consensus might have its purpose, but we do not have consensus in the south of Scotland on the Executive's achievements.

17:29

Chris Ballance (South of Scotland) (Green): The Scottish Green Party has many problems with the European Union because the EU is largely unaccountable, highly bureaucratic and centralist. However, we acknowledge and welcome the fact that there have been several positive outcomes; the use of European funding to support regions that have particular geographical and structural problems is an area of European Union activity that I hope we can all support. I would like us to take a non-party line on advocating and securing the retention of those funds for the south of Scotland. That is our central objective. I hope and trust that everyone agrees on the importance of such funds to the south of Scotland.

Many projects in the area that I represent exist or have been helped because of those funds. The Wigtown restoration project, which I have an interest and an involvement in, Dumfries and Galloway tourist board, the south of Scotland childminding development project and the host of other organisations in the Borders that have been mentioned are just some examples of schemes that would otherwise not be able to operate at the level that they do today.

As Christine Grahame mentioned, the Scottish Low Pay Unit's recent survey reported that almost half the male manual work force in the Scottish Borders are below the low-pay threshold. That is nearly twice the Scottish average and gives the Borders the highest number of such workers in Scotland. Dumfries and Galloway is close behind it as the region that has the third-highest number of

male manual workers who are below the low-pay threshold. Low pay is a major problem throughout the south of Scotland.

Financial assistance from schemes such as the European structural funds is vital if we are to develop sustainable industries and support community developments throughout the entire region. The European funding is welcome, but it is not enough. The sorry news that the Executive will not provide the final tranche of the VisitScotland foot-and-mouth recovery fund is a major blow for one of the major industries in the region. I also agree with the comments that have been made about the lack of dispersal of Forest Enterprise jobs to the region.

We need to ensure that the Executive now energetically advocates the case for the south of Scotland, so that we receive the maximum financial assistance available. In tonight's debate, I look for reassurance from the minister—if he is listening—that he will advocate as hard as he possibly can the case for the retention of European structural funds for the south of Scotland as the debate progresses over the next year. If we can secure that from tonight's debate, it will have been well worth while.

17:32

Irene Oldfather (Cunninghame South) (Lab): I am pleased to be involved in tonight's debate. I congratulate Jeremy Purvis on his motion and on securing the debate.

My constituency falls in the south of Scotland. Like the projects that Jeremy Purvis mentioned, there are a number of important projects in my area that would never have gone ahead without assistance from the European regional development fund and European social fund. The Magnum leisure centre and James Watt College come to mind.

Those of us who have been involved in European matters for some time recognise that, although difficulties sometimes occur, when we look back we can see just how much has been achieved. Over the years, we have learned how better to focus and target funds to the areas where they can have the greatest return. The fact that the European Commission has described Scotland as a flagship model makes us realise that we have come a long way in managing funds and in our partnership approach at local level.

Post 2006, things will change. The Parliament has regularly embraced the concept of enlargement, and I know that tonight will be no different. We realise that, while enlargement will present challenges, it will also present opportunities to share with the new member states the kind of expertise that I talked about, which we

have developed over a considerable number of years.

I believe that that gives us a marketable commodity. The European Commission estimates that around 30 to 40 per cent of European Union funding that is spent in the poorer member states will eventually find its way to the richer member states in the form of purchases of equipment or expertise. Therefore, improving the quality of life in the new member states can benefit all of us.

The DTI's consultation paper has been mentioned during the debate. I am aware that the Executive has set up a working group to find a constructive way forward to ensure that we maximise the returns to Scotland. It would be welcome if, in his summing up, the minister could update us on the progress of that, and the proposed time scale.

It would be remiss of me to speak about European funding without mentioning some of the smaller community initiatives that have delivered first-class results. I have been immeasurably impressed at the excellent links that we in Scotland have developed in relation to the educational aspects of European funding. The opportunities afforded to our children, sometimes in our most deprived communities, to develop language and learning skills, demonstrate that we have tremendous returns for relatively small expenditure in some areas of European funding.

It is important to remind ourselves that the objective of structural funds is to promote economic and social cohesion across Europe and to reduce inequalities and disparities. I know that we in Scotland will rise to the challenge that lies ahead of us post 2006.

17:36

Richard Lochhead (North East Scotland) (SNP): I welcome the debate, which Jeremy Purvis secured, because the subject is going to appear on the Parliament's agenda again and again over the next couple of years.

During my first minute, I will wear my hat as convener of the European and External Relations Committee. The committee will be considering the issue because the changes that are going to happen over the next few years are so important to Scotland. Previous committee reports illustrated the value of regional funds to Scotland and the positive impact that they have on the south of Scotland and elsewhere in the country.

Unfortunately, the latest United Kingdom Government consultation gave the committee only a few weeks to consider its ideas, including the controversial idea of renationalising—if we want to use that phrase—the regional funding back to

London, which should mean that it should be coming back to Scotland. That issue is very controversial.

We are, of course, discussing this subject because of the enlargement of the EU. On 1 May 2004, the EU goes from having 15 member states to having 25, bringing in countries such as Poland, the Czech Republic and Hungary. A couple of years after that, Bulgaria and Romania might also be coming into the EU.

At the same time, the UK Government does not want to put more money into the European cake. That means that the cake will stay the same size—although it might increase marginally—but it is going to be spread more thinly across 27 member states. We know that that is going to lead to changes in the distribution of regional funding because we are going to get less of that cake.

We have battles on our hands. The first battle is to ensure that regional funding continues and that Scotland qualifies. Unless economic disparity in Scotland disappears post 2006—which I do not expect to happen in the south of Scotland—we are still going to need regional funding. That is the first battle that ministers will have to start fighting.

The second battle is with Whitehall, which favours renationalising the cash and bringing it back to London because it wants to save money. Whitehall says that Scotland does not have to worry about that because there is a guarantee that Whitehall will match any money that has come from Europe. That has a number of difficulties that have been highlighted by agencies and local authorities throughout Scotland that do not trust Whitehall.

One of those difficulties is that the Administration in London might change; future Governments cannot be bound. One Government might say, "Don't worry; we are going to match the funding," but it cannot bind future Governments to that. That means that we could lose cash in future. Let us not forget that regional funding is worth £1.1 billion to Scotland between 2000 and 2006. That illustrates the price that we will have to pay if we fail to get our act together in the foreseeable future. Many people in Scotland do not believe that the guarantee is worth the paper that it is written on and that is a serious issue for ministers.

It is important that ministers take a view. At the moment they are hiding behind the Scottish structural funds forum. We do not know what our ministers' views are. Do they support the repatriation of regional funding? We need to know if they are going to stand up for Scotland's interests in the foreseeable future. If they do not, we could lose hundreds of millions of pounds for peripheral communities in Scotland.

Irene Oldfather: Will the member give way?

Richard Lochhead: I apologise to the member, but I am in my final minute.

My final comment relates to Jeremy Purvis's remarks about the need for consensus. If there is going to be consensus between the Scottish Parliament and its committees, the Government in Scotland and the UK Government, we must have consensus around a particular view. At the moment there is no view and no view is expressed in Jeremy Purvis's motion. He says that he wants regional funding to continue, whether or not the money is repatriated, but if it is repatriated, there might be no funding in the foreseeable future. Not expressing a view is a classic Liberal Democrat position. We need to hear the Liberal Democrats' view because they are part of the coalition. Please get a view. Let us all rally round it and defend regional funding for Scotland's communities.

17:40

Phil Gallie (South of Scotland) (Con): I am pleased to follow the convener of the European and External Relations Committee, of which I am now a member.

Members in this debate have repeatedly used the phrase "European funding". Richard Lochhead suggested that the Labour Government did not want to put more money for structural funding into the European Union cake. That is quite right, given that Britain is one of the three net contributors to European funding. We talk about European funding being used for all the projects that Jeremy Purvis mentioned, but that funding basically has come directly from the UK taxpayer, not from taxpayers across Europe.

When Gordon Brown talks about repatriation, I have some sympathy with him, and I will support him on that. It disappoints me that, yesterday in the European Parliament, Labour's MEPs failed to support the Chancellor of the Exchequer on that subject and, to a degree, caused chaos with respect to the future of structural funding from a UK Government perspective.

Irene Oldfather talked about the benefits that could come to us from the redistribution of objective funding to the lesser nations in other parts of Europe. She said that the money will work its way back to us, but when I look at her own constituency of Cunninghame South and I see the destruction of manufacturing and production there, I do not know what goods or expertise the people in those far eastern European countries are going to come to Irvine to buy. Unfortunately, the place has been decimated.

We need to examine our own development. I would have far more confidence in a British minister, even a Labour minister, even Gordon Brown, finding funds for useful structural work in

Scotland and the UK than I would have in ministers in Europe doing so. In the past, Richard Lochhead has been vitriotic in his condemnation of ministers in Brussels. He should think back to what they did to fisheries, and tell me how he can justify his words in the Parliament today.

I look to some of the good work that needs to be done, but which is not being done. I look to the minister, who has answered my questions on the Maybole bypass on many occasions. We have funds going to Europe. There is money in the structural funds—bags of money, as far as I can ascertain. The president of the European Court of Auditors concluded that the distribution of structural funds is so complicated that it is almost impossible. On that basis, masses of money has accrued that is not being used to provide the advantages that Jeremy Purvis desires.

I return to the Maybole bypass. I would love some funding to be provided for it. When we get the repatriation that Gordon Brown has talked about, I expect the minister to fight his corner for that bypass. I think about some of the good work in East Lothian, and in particular the work on the A1. Once again, Europe has claimed the credit, but it is British taxpayers' money that is going into those projects.

I congratulate Jeremy Purvis on raising the subject of the debate. I congratulate David Mundell on highlighting the deficiencies of the Executive. He hit the nail on the head. I hope that ministers take that on board.

17:44

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): The SNP response to the DTI consultation paper was submitted by Sir Neil MacCormick and the SNP's European policy review group. In that submission, Sir Neil pointed out that

"Successive UK Governments have shown a marked reluctance ... to ensure funds are truly additional"

and, in particular,

"that since 1975, the Treasury have retained between £1.6 and £3.3 billion of EU funds that should have been spent in Scotland."

That is the true record of Westminster. Phil Gallie's faith in a British ministry belies that record, which is a sad one. His faith is touching if slightly misplaced. If not "vitriotic", it is certainly irrational.

We have no doubt about the way in which this debate should be going. The debate lies in the last sentence of Mr Purvis's motion: no matter whether Brussels or London is in charge, the important thing is to ensure that money flows in the future as it has in the past. If we are to have consensus in this Parliament—as Richard Lochhead of the SNP

has argued that we should—it must be around a clear position. At the moment, the position is as clear as mud. I am indebted to the briefing from the Scottish Parliament information centre, which points out that the current Executive position is that it “cannot adopt a stance”. Well, no change there. I am also indebted to Stephen Herbert and Aileen McLeod of SPICe for stating that the majority of people who responded to the European Committee were in no doubt—they had far more confidence in Europe to deliver a better deal on regional funds than they had in the Westminster regime.

Irene Oldfather: Mr Ewing has made it clear that he is not at all happy with the DTI's consultation paper and the money coming from Westminster. Given that, post 2006, money will go east because many regions in the United Kingdom will not meet the criteria, how does the SNP propose to resolve that problem?

Fergus Ewing: I am coming to that right now. My wife and I, under our own steam, attended a meeting in Brussels that brought together around 100 regional and national representatives and bodies from areas that are mountainous, sparsely populated and include island communities. I do not know how much Irene Oldfather knows about such things, but I know a lot because I have taken the time and trouble to campaign here, and around the Highlands and Islands, where aid is absolutely essential. The work of people such as Drew McFarlane Slack in Highland Council has been remarkable in trying to establish a directive, and a new budget line under European regional policy, that recognises as a specific category areas with those features—mountains, sparse populations and islands. This Parliament should be uniting around such proposals.

Why have we heard nothing about that from the Executive? Why has there been a complete wall of silence over the past months and years when every other small and medium-sized country in Europe has not only been debating what its position should be but, having formulated that position, has been going around Europe and winning friends for the position? Those countries are negotiating as independent states in their own right to ensure that they get the best possible deal. Can anyone imagine Ireland in the shambles that we are in now, without an agreed position?

Jeremy Purvis: Will the member give way?

Fergus Ewing: No—I will give Mr Purvis the same time as he gave me. I notice that Mr Purvis did not give his position, either in his speech or in his press release. He has no idea what it is. The south of Scotland alliance has grave reservations about the DTI's proposals, so I was surprised that we did not hear about that.

I would be interested to hear why, based on the information in the SPICe paper of 14 August, the forum that was set up to consider this vital matter has not had members such as Ben Wallace replaced since the election. If this matter is so important, why has the forum not even got round to replacing members such as Christine May and Ben Wallace, who are obviously no longer appropriate to serve on it?

17:49

The Deputy Minister for Enterprise and Lifelong Learning (Lewis Macdonald): I start by congratulating Jeremy Purvis on securing the debate. As has been said by speakers all round the chamber, structural funds have made a vital contribution to regional policy and to supporting sustainable economic growth in the south of Scotland in recent years. All too often in the past, the difficulties that are associated with regional policy funding have been emphasised. Like Elaine Murray, I am pleased that colleagues round the chamber—not all of them, but the majority—have recognised what has been achieved with the structural funds. The work continues, and the current programme will continue approving new projects until 2006.

Let us not forget that, as well as the £50 million in the south of Scotland objective 2 programme, the region has benefited from other structural funding that organisations in the region can access. For example, nearly €500 million is available across lowland Scotland under the objective 3 programme for 2000 to 2006. Local action groups in the Borders and in Dumfries and Galloway are promoting rural development through the LEADER + Community initiative. Partners in the south are also benefiting from the Equal and Interreg Community initiatives. Those programmes and other Community initiatives have been tackling regional disparities across Scotland. They allow us, through the programme management executives, to respond to local problems with innovative solutions.

During the summer recess, I spent some time in the south of Scotland. I saw for myself the difference that structural funds have made. I enjoyed meeting representatives of the local organisations, including councils, the enterprise network, tourist boards and higher and further education institutions, all of which are using this important European funding to make a difference to the economy and to individuals and communities in the south.

It is clear that, in addition to some specific challenges, the area is facing challenges that are very similar to those facing other parts of rural Scotland. I was very pleased to see people working together to take full advantage of the

natural environment and the geographical features of the region to stimulate the economy. For example, projects such as the Seven Stanes project, which has developed a state-of-the-art mountain biking centre, take advantage of the upland terrain to transform geographical handicaps into economic assets.

I also saw how redundant buildings have been transformed to modern use in various places, including the impressive Crichton campus in Elaine Murray's constituency, in which further and higher education have come together with the business community to make learning accessible to all. I also visited the Ettrick Riverside development in Selkirk, where I saw for myself what has been done to convert a redundant mill into a modern business centre, which is now the home of a number of dynamic local enterprises.

I know that Jeremy Purvis will welcome the fact that Labour as well as Liberal Democrat ministers took the opportunity to visit the south of Scotland to see what is being done at those excellent projects. I am delighted that structural funds have been able to help such imaginative developments and I am also delighted with the way in which people and organisations are working together to deliver them.

The south of Scotland objective 2 programme has been very successful in stimulating partnership working. It has encouraged partners to work together and to share ideas and good practice. We believe that, as the debate on the future of regional policy unfolds, that policy will remain a fundamental part of the promotion of economic development in the south of Scotland and across the rest of the country.

Phil Gallie: Will the minister give way?

Lewis Macdonald: I will do so in a moment.

We are committed to ensuring that regional policy continues to play that role, whether that is through the EU framework for devolved regional policy, as was proposed in the recent UK Government consultation paper, continuing structural funds support or, indeed, through the Executive's own direct support through regional selective assistance.

Phil Gallie: The minister has answered my question in part. Given what he has just said, if objective 2 funding is lost after 2006, can he give a commitment that the Scottish Executive will continue to meet such funding?

Lewis Macdonald: The approach that is being taken by the UK Government which, as the member rightly stated, is the relevant body in this regard, is to give a guarantee that any change in the funding mechanisms that will apply for Scottish regional policy will involve no net loss of funding to Scotland's regions.

Richard Lochhead: The minister referred to the UK Government's consultation on the so-called repatriation of regional funding. To help the Parliament's committees, all parties in the chamber and the local authorities, will he put on record a clear view of whether the Executive believes that that funding should be repatriated?

Lewis Macdonald: I will come to that. I ask Mr Lochhead to be patient.

It is important to note that there was vigorous participation in the consultation exercise in Scotland. UK ministers are expected to report soon on the overall findings of the consultation. A broad range of Scottish opinion was represented and more than 50 responses out of the 300 that were received came from Scotland, including a number from the south of Scotland.

I will come in a moment to some of the other issues that have been raised. Many respondents cited the contribution that the funds have made. They also identified areas in which the funding, by whatever mechanism, could be improved in its delivery in order to remove some of the bureaucratic hurdles and obstacles that exist. Such submissions point us towards some of the things that can be done to ensure that the funds are accessed more readily and that they are more fully used.

The debate has a long way to run and the UK consultation has already stimulated thinking about the critical issues. Of course, the decision process lies in the European Commission's hands. We expect the third cohesion report towards the end of the year to be followed by formal proposals next spring.

Through the European structural funds forum, we pulled together the views and responses of many partners and submitted a response to the consultation that laid out the range of views in Scotland. The Executive's priority is to support regional funding vigorously, whether or not the UK's repatriation proposals are sustained through the European process.

Christine Grahame: The south of Scotland alliance hoped that, if funds were repatriated to the Treasury, the money that would come to Scotland would be ring fenced. Does the minister support that view?

Lewis Macdonald: As we have made very clear to Westminster colleagues, we expect that any proposals to repatriate regional policy decisions or funds should not simply involve repatriation from the European level to Westminster. By definition, the principle of subsidiarity that underlies the repatriation proposals would involve a devolution of responsibility from the UK to this Parliament. However, what we require in any such arrangement is an EU framework that delivers the

UK Government's guarantee that there would be no loss of funding if regional policy funding were repatriated.

Jeremy Purvis: The point that the debate has still to run is very pertinent. Even if the money is repatriated directly to the Scottish Executive or the Scottish Parliament, it does not matter if it is then divided up using indices of multiple deprivation—it could still act against the south of Scotland. As a result, a debate within the regions of Scotland still needs to take place.

Lewis Macdonald: Jeremy Purvis makes an important point. It would be a mistake to pre-empt either the debate or the process. As most of us in the chamber would agree, the priority is to ensure that the regional policy funding stream supporting Scotland's more disadvantaged areas continues in whatever form. That is the focal point of our concerns, our discussions with our colleagues in the UK and the discussions that will take place between the UK and the European Union.

It is clear that, as a result of enlargement, a reduction in structural funds will be inevitable after 2006. No tinkering about with budget lines will disguise the fundamental fact that there will be a change in the balance of regions within the European Union and that that will have consequences. We in government must manage such consequences and seek to ensure that lessons are learned from the programmes that we have introduced thus far. We must also ensure that future funding continues to be targeted effectively to obtain the maximum economic and social benefit.

We will carry the debate forward on that basis; indeed, as various members have pointed out, it is a continuing debate. The strapline that we have used for structural funds in the south of Scotland—"Europe and Scotland: Making it work together"—should continue to inform our debates on this issue in the chamber and elsewhere. I am glad to have seen in practice how that approach is being developed in the south of Scotland and to have had this opportunity to reassert our commitment to make it work together on that basis in future.

Meeting closed at 17:58.

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