

# **MEETING OF THE PARLIAMENT**

Thursday 16 September 2004

Session 2

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# Scottish Parliament

Thursday 16 September 2004

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

## Growing Scotland's Economy

**The Presiding Officer (Mr George Reid):** Good morning. The first item of business is a debate on motion S2M-1695, in the name of Jim Wallace, on growing Scotland's economy and building on progress, and three amendments to the motion.

09:30

**The Deputy First Minister and Minister for Enterprise and Lifelong Learning (Mr Jim Wallace):** I very much welcome the opportunity in what are still our very early days in this splendid new debating chamber to open the debate and allow the Parliament another opportunity to discuss Scotland's growing economy. Indeed, I also welcome the opportunity again to emphasise the Executive's commitment to growth as our top priority.

Twelve months ago, I was able to give the Parliament an assessment of the state of the economy. It was a mixed picture, with tentative signs of recovery in some areas, but weaknesses and worrying fragility in others. Twelve months on, I believe that the picture is clearer and improved. I remain highly sceptical of those who latch on to individual reports—or, more precisely, elements of them—to peddle messages of doom and gloom. They are as misguided and irresponsible as those who selectively grasp at other reports to suggest that everything in the garden is rosy. However, I believe that the evidence—indeed, the trend—that we are witnessing is broadly positive. That is certainly backed up by anecdotal evidence, which all too often we overlook.

I believe that there is cause for optimism about our economic performance, but let me put in context where I believe the Scottish economy currently stands and, equally important, what I believe we can expect in going forward. Over the period 1998 to 2000, there was a clear gap in gross domestic product growth between Scotland and the United Kingdom. That gap remains, but it has been a lot closer for most of the period from 2001 to 2003. Since 2001, our growth performance has broadly matched that of the UK, with the most recent annual GDP growth figure for 2003 putting Scotland at 1.7 per cent, compared with a UK figure of 1.9 per cent.

Predictions of what will happen next year vary, but there is a reassuring unanimity among

economists that Scotland can expect to continue enjoying GDP growth for 2004—and, indeed, into 2005—that is above trend. It will come as no surprise to members that our service sector has been the main driver of GDP growth over recent times, growing by 2 per cent over the year to the first quarter of 2004.

**Jim Mather (Highlands and Islands) (SNP):** I am very interested in what the minister said about GDP, but how can we be confident that that gap will narrow and close when the competitive indices show that we are so far behind the rest of the UK? We are 36<sup>th</sup> on the International Institute for Management Development survey and the UK is 22<sup>nd</sup>. We are a full 16 percentage points behind. How can that gap close?

**Mr Wallace:** I will obviously come on to that report. However, I referred earlier to selective reporting and we should remember that the IMD report also says that Scotland ranks sixth for export and commercial services and second for exchange rate stability. Moreover, we are top ranked for stock market capitalisation and, for the illiteracy rate of adults over 14 as a percentage of the population, we are ranked as having the least illiteracy and the best approach to tackling illiteracy.

I do not run away from Mr Mather's point because that, indeed, is why we have undertaken work such as that outlined in "The Framework for Economic Development in Scotland" and the smart, successful Scotland strategy. We have identified that there are, going back over many years—generations, possibly—structural problems, not least in research and development in business and in productivity. That is what the Administration's proposals and policies are intended to address.

**Murdo Fraser (Mid Scotland and Fife) (Con):** The most interesting aspect of the IMD report is the section on the extent to which Government policies are conducive to competitiveness. In that area, our rank is the lowest: we are down at number 39 out of 60. In fact, we are 10 points behind the rest of the UK. What Executive policies does the minister think are contributing to that lack of competitiveness in the Scottish economy?

**Mr Wallace:** First, Mr Fraser might want to reflect on the fact that there are another 21 countries below us in that ranking. However, some of the IMD report is done not by objective economic analysis but subjectively. That is a part of the report that we want to look at. As I indicated, the whole thrust behind "The Framework for Economic Development in Scotland" and the smart, successful Scotland strategy is to identify the areas where we are weak competitively and to ensure that policies are put in place that can address those areas.

Looking forward to the remainder of 2004 and 2005, we believe that the prospects for our economy generally appear to be positive. A series of business surveys of the Scottish economy predict that output and employment in the service and manufacturing sectors will continue to expand. In the meantime, as HBOS's latest figures, which came out yesterday, bear testimony, our labour market remains remarkably robust. Employment continues to rise and is already at its highest level since records began. Unemployment is low by historical standards, despite recent rises, and, although unacceptably high levels of economic inactivity still prevail, there are more participants in the Scottish labour market than ever before.

In the IMD report to which members have referred, we score very well in degree of employability, but we get marked down because of the absolute numbers of people in employment. As long as we have a population of around 5 million, we are never going to have the same number of people in employment as the rest of the UK or, for that matter, other large countries such as Japan. Therefore, there are contradictions in the IMD report, which do not give a fair test of what any Government can do. It is unlikely, by any stretch of the imagination, that any Government could raise our population from 5 million to 55 million in any period.

**Alex Johnstone (North East Scotland) (Con):** Will the minister give way?

**Mr Wallace:** No. I want to make progress.

As I said, we need to take forward what we are trying to do in encouraging enterprise, developing skill levels, promoting research and development and innovation and providing the physical and electronic infrastructure that will help to deliver continuing and sustainable economic growth. I accept that those are medium-term to long-term endeavours, but it is important that we start now. Part of the problem is that Governments in the past did not make those kinds of investments and did not address those issues.

Last week, much was made of the findings in the IMD "World Competitiveness Yearbook". While recalling what I said about individual surveys, I accept that Scotland lags behind where we should be in terms of our overall level of competitiveness. Raising our game requires action, which we intend to take right across the Government.

Our rates of productivity are too low, as is business spend on R and D and innovation. Our skills and transport infrastructure need further investment, which has already been earmarked. The health of our population is unacceptably poor; the focus on health improvement as much as on health treatment is a way of securing sustainable, long-term change. We also accept that our

planning system is in need of major, root-and-branch reform.

Recognition of those facts predates the IMD report and requires from Government a considered response and a consistent approach over the medium to long term. Short-term soundbites no doubt grab headlines, but they do not answer the serious challenges that our economy faces, which must be tackled if we are to move Scotland up the league table of competitiveness. I am sure that members in all parts of the chamber share that objective.

Globalisation means increasingly fierce competition for foreign investment and export markets. European Union enlargement and the continued rapid growth of the Asian economies, notably China's, means that our Scottish businesses face not only many new challenges, but new opportunities.

The second FEDS document—FEDS 2—which was published after a lengthy period of consultation, underscores our on-going commitment to raising productivity in the private and public sectors. It identifies that, as before, we must encourage the development of basic education and skills and support R and D and innovation, which are the foundations for improvements in productivity and sustainable global competitiveness. We must encourage a positive, ambitious, risk-taking enterprise culture and continue to improve our electronic and physical infrastructure.

FEDS 2 also identifies our response to a number of the new challenges that have emerged or come into sharper focus since 2000. There is the challenge of an aging and falling population, to which we are already responding through our fresh talent initiative. There is also the challenge of ensuring that our growth is sustainable and that we capitalise on the real wealth and job opportunities that exist in Scotland from the development and manufacture of processes or products in areas such as renewables, recycling and waste. There are also the challenges of reforming Scotland's planning system so that it is fit for purpose in the 21<sup>st</sup> century and of making efficient and effective use of public services and investments.

Of course, having a framework or strategy that commands widespread support is all very well, but I accept that delivery is also important. Let me remind the Parliament that considerable progress has been made since 2000. For example, a £3 billion programme of investment on new transport infrastructure over the 10-year period 2002 to 2012 is now under way. Moreover, we have exceeded our target of extending broadband coverage to at least 70 per cent of Scotland's population. We are now working to ensure that

every community in Scotland will have access to, and make effective use of, broadband services by the end of next year.

**Alex Fergusson (Galloway and Upper Nithsdale) (Con):** I welcome the Deputy First Minister's announcement, but will he tell us which of the 27 definitions of "community" that exist for rural Scotland he will use?

**Mr Wallace:** We have seen that British Telecommunications has listed the exchanges that it is prepared to enable for broadband. We will ensure that the exchanges that do not appear on the BT list will be broadband enabled in a supplier-neutral and manner-neutral way. The procurement process for that is already under way.

We are driving lifelong learning by paying tuition fees for all full-time Scottish students in higher education. Starting this year, educational maintenance allowances will be rolled out across Scotland. The new individual learning accounts scheme is to be launched in the next few weeks.

To encourage R and D and commercialisation activity, we are putting in place a pipeline of support: the proof of concept fund; the three intermediary technology institutes, which will receive £450 million over the next 10 years; and a range of funds that are aimed at small and medium-sized enterprises and universities. In addition, we are encouraging entrepreneurship through, for example, the business gateway, business start-up funds, the enterprise in education initiative and the business growth fund, which provided £4.7 million to 63 companies in 2003-04.

In the past 12 months alone, great strides have been made in creating the right conditions for growth. Take-up of our air route development fund has been impressive. Furthermore, some £24 million has been injected into the Scottish co-investment fund, which is our innovative venture capital scheme. The effectiveness of our public-private match-funding approach is reflected in the fact that that partnership has concluded 36 deals, many of which have been in the life sciences sector.

Our new business start-up grant is supporting young entrepreneurs to take that crucial first step into business. However, in looking to exciting future opportunities, we are showing that economic growth and job creation can go hand in hand with sustainability through our green jobs strategy consultation. Our support schemes are keeping pace with business needs through R and D support schemes such as R and D plus. Some £27 million has been invested with the aim of increasing Scotland's revenue from tourism by 50 per cent over the next 10 years.

Those schemes and ideas have attracted

national and international attention, even emulation. They give the lie to the suggestions of those who say that nothing has been done. Of course I accept that there is more to be done. That is why I am prepared to listen to constructive suggestions about where else we can make effective interventions and deliver appropriate support.

**John Swinburne (Central Scotland) (SSCUP):** As the minister is looking for constructive suggestions on how we can further improve the economy, may I suggest that he attack the problem of ageism? Teachers and nurses are compulsorily retired at the age of 60 when they have a life expectancy of a further two decades beyond that. If they were allowed to continue contributing, that could add greatly to the economy of our country.

**Mr Wallace:** I am not sure of the accuracy of that specific point, but I accept the general point about the importance of tackling ageism and age discrimination. Given the demographics, the contribution that our older citizens could make is very welcome and, indeed, necessary for economic development.

When I visit businesses throughout Scotland, I find them a source of much encouragement. There is no shortage of creative ideas or of talented and inspirational people. I firmly believe that a key success of devolution is the way in which it brings government closer to Scotland's business community by delivering a more regular and detailed dialogue between ministers, parliamentarians and officials on the one hand and business, academics, unions and the voluntary sector on the other.

That sense of shared responsibility and vision was evident during the business in the Parliament conference in April, which proved a valuable addition to our on-going programme of engaging business in helping to drive Scotland's economic growth. Today, we publish a summary of the issues that the conference participants identified as key to helping to deliver a strong, diverse and thriving economy. We are also publishing our response on each of those key issues. That is an on-going process, which will focus on charting progress against delivery over time. I am grateful to the Presiding Officer and to the Enterprise and Culture Committee for agreeing to hold a similar event in these impressive surroundings in about 12 months' time. Appropriately, the committee will then be once more under the convenership of Alex Neil—although all credit and thanks are due to Alasdair Morgan for all his work—and I look forward to engaging with him on that committee.

My dialogue with business has been stimulating and creative. It is characterised by its constructive nature, whereby both sides listen and seek to

make progress so that ideas and solutions that emerge can be taken forward. From a variety of discussions, it has become clear to me that business feels that more could be done to provide assistance with various aspects of marketing. That point and related points have been made to me on several occasions, so I have asked my department to examine whether a Scottish institute of marketing would be the most effective means of delivering appropriate marketing support to business. The department is working on that at present and I hope to say more about the proposal in the near future.

Another suggestion—in this case, from the manufacturing steering group—was that manufacturing support should be examined. Today, I can announce to the chamber that we will create a new manufacturing advisory service to support Scotland's small and medium-sized manufacturing companies. The aim is to provide high-quality, tailored advice to help SMEs to grow and to exploit new business opportunities, thereby generating greater wealth.

I could say much more but, as time is not available, I am sure that issues will be picked up by other colleagues. In conclusion, our commitment to growth does not rest solely with the enterprise and lifelong learning portfolios but extends to all Government portfolios. Transport, tourism, education, health and communities all have a contribution to make. I believe that growing the economy will also be a theme in our upcoming spending review. Our policy focuses very much on the medium to long term, as we believe that the short fix often does not sort out the problem in the long run. I commend the motion to members.

I move,

That the Parliament welcomes the publication of the Scottish Executive's response to the issues raised at the Business in the Parliament Conference 2004; welcomes the input of the business community into the current revision of *A Smart, Successful Scotland* and welcomes this opportunity for members to influence that revision; notes the broad consensus in support of the Executive's recently published framework for economic development in Scotland for addressing Scotland's historically low rate of economic growth by working to deliver improved productivity, and believes that improved economic growth is key to generating first-class public services for the people of Scotland.

09:46

**Jim Mather (Highlands and Islands) (SNP):** In an ideal world, given the support in the chamber and in the country at large for the idea that we need to acquire the power to manage our own economy, the Executive's contribution to today's debate would have reflected the urgency and importance of that idea for Scotland. As usual, that did not happen. Instead, we have heard the

minister talk about long-termism and the need to keep faith with failing and incomplete policies.

In response to the FEDS 2 announcement, Alf Young said that the Executive's

"own policy prescriptions will not be delivered in one Holyrood term or even two."

Like the majority of Scotland's population, I have a problem with that. In the 21<sup>st</sup> century, people will not wait seven years for results. This week's Allander lecture proved the point: the current fiscal mismatch does not provide a basis for growth, savings or efficient government. None of our competitors is sitting around waiting for failed policies to work. Where will Estonia and Poland be in 2011?

**Ms Wendy Alexander (Paisley North) (Lab):**

Can the member name one devolved country or federal country anywhere in the world that exhibits fiscal autonomy?

**Jim Mather:** I had thought that Wendy Alexander would keep her head down today given that, essentially, she made the case earlier this week for full-blown independence. Let us not get involved in semantics or play the vocabulary game. What Wendy Alexander did this week was wonderful and material. First, she proved that the current system will not work. Secondly, she admitted that fiscal federalism will have a negative or at least ambiguous effect on growth. She made the case for independence as eloquently as anybody on the planet. Well done, Wendy. We have heard enough.

Another seven years of the Executive's false-hope syndrome will not undo the untold damage to hard-working families and the fabric of Scotland. In short, the current Executive will not be in power in 2011. That is why I speak primarily to the vast majority of people—including some members in the chamber—who recognise the truth when they see it. It is time to call the Executive firmly to account by exploding some of the myths that it peddles and by proving that the current system must be remedied.

First and foremost, any criticism of the Executive repeatedly produces the accusation that we are talking Scotland down. For the avoidance of doubt, let me say that our party's hard-wired objective is the furtherance of all Scottish interests. We promote Scotland and its potential in every speech, presentation and manifesto. We are simply exposing the atrocious mismanagement that, despite all our great attributes and potential, produces perennial low growth, a declining population and an array of gaps in incomes, employment and life expectancy between us and our neighbouring competitors. We only ever talk down the minister's methods and his performance in the management of the Scottish economy—we



would be guilty if we did not do that. The core problem that the Executive faces is that it does not control our economy. If the Executive is genuinely to control our economy, it needs tax powers.

**The Deputy Minister for Enterprise and Lifelong Learning (Lewis Macdonald):** Mr Mather says that he is innocent of the charge of talking Scotland down. In that case, in commenting on the Deputy First Minister's speech, will he say whether he welcomes the rate of 70 per cent broadband coverage, the £3 billion of investment in transport and the highest employment rate in Scotland's history?

**Jim Mather:** Of course I welcome those figures, but I ask Lewis Macdonald to consider the Royal Bank of Scotland report, "Wealth Creation in Scotland: A Study of Scotland's Top 100 Companies", which tells us that, apart from privatisations, not one major company has been created in Scotland in 30 years. Thank goodness for Cairn Energy—I hope that the deputy minister has intimated to that company his appreciation of its performance.

The self-evident truth of what I am saying gained further endorsement last month when the Fraser Institute of Canada listed the attributes of economic freedom as being personal choice, voluntary exchange, security of privately owned property and the freedom to compete. In line with that, we can state that what prevents Scotland from achieving a full, proper and fair return on our many attributes and massive potential is our lack of economic freedom.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** Will the member take an intervention?

**Jim Mather:** I have taken enough interventions.

The Fraser Institute list of the impacts of low levels of economic freedom include two features of Scotland today: first, countries that are not economically free grow less rapidly, as we are doing, and, secondly, such countries attract less investment and have lower productivity than countries with more economic freedom. That explains the differences between Scotland and the rest of the UK and between Scotland and, for example, Estonia, which is 28<sup>th</sup> in the IMD survey, compared with our 36<sup>th</sup> place.

**Jeremy Purvis:** Will the member give way? I will be constructive.

**Jim Mather:** The member has nothing to say to me.

The First Minister has decided to make productivity the key issue after economic growth, but to achieve better productivity he must understand that we need to create autonomous, competitive conditions to attract more

headquarters that spend on research and development, which is a prerequisite for productivity. I am sure that the First Minister's colleagues will explain that to him if he is in difficulty. We will certainly be counting the score on productivity.

The Executive's management of the economy is typified by there being no top-level targets, poor data, outcomes and international comparisons and a crushing, damaging reality for many people in Scotland.

**George Lyon (Argyll and Bute) (LD):** Will the member take an intervention?

**Jim Mather:** I have taken enough interventions. Let me crack on.

**The Presiding Officer:** You have about a minute, Mr Mather.

**Jim Mather:** I will still crack on through this part of my speech.

**The Presiding Officer:** I am sorry, you have three minutes, Mr Mather.

**George Lyon rose—**

**Jim Mather:** Let me make this point.

The Executive has a delusional approach to the results. It distorts our position—as we have seen yet again today—and desires to appoint its co-conspirators in economic mismanagement throughout the post-war years, the Tories, as its auditors by talking them up as the potential Opposition. Good try, but no chance.

**George Lyon:** Will the member take an intervention and have a debate?

**Jim Mather:** Go for it, George.

**George Lyon:** We have heard the member's litany of doom and gloom, but how does he explain that, out in the real world, house prices rose by 19.3 per cent last year, new car registrations are at an all-time high, retail sales are powering ahead—the latest figure is up 7.3 per cent—and we are close to having full employment? How can Mr Mather portray this country as one that is going down the plughole?

**Jim Mather:** Scotland is playing catch-up in the union. Gaps exist on all the features that the member mentioned. He should look for 54 registrations in Rothesay the next time he is there—he will not find many. What he says is absolute rubbish because gaps exist and they are widening. He knows it, I know it and the people of Scotland know it.

The people of Scotland are on the case. The recent Joseph Rowntree Reform Trust state of the nation poll shows that 66 per cent of people want more power for the Parliament. An Ernst & Young

report has shown that 46 per cent of the business community want more power for the Parliament, with 26 per cent neutral on the issue and able to be swayed, and that 73 per cent have actively considered voting for the SNP, although we are not satisfied with that figure and we will work harder to increase it.

I make an appeal for more powers for the Parliament not to the Executive and other opponents, who have a terrible and worsening record, but to the majority of MSPs and people in Scotland who want Scotland to compete and thrive. We simply want to do what the Irish did in 1986: stop doing what does not work any more. The people of Scotland are getting wise to the Executive and its facile style of governance; they are increasingly aware that there is no such thing as a free lunch or a Government that can deny the facts on international economic life. We have international data to prove the point. Robert Huggins Associates forecasts that the Scottish GDP position compared to other European nations and regions will drop from 36<sup>th</sup> to 49<sup>th</sup> in the period to 2010, whereas London and the south-east will move from 14<sup>th</sup> to 10<sup>th</sup>. On top of that, the huge gap between GDP and the real wealth of people in Scotland is material.

A more revealing and indicative sign of future outcomes is the IMD "World Competitiveness Yearbook", in which Scotland is 36<sup>th</sup>, Estonia is 28<sup>th</sup> and the rest of the UK is 22<sup>nd</sup>. The gap in the rankings between Scotland and the rest of the UK is 16 per cent, while the gap between London and the south-east and the Highlands is even greater. The Government's macro policy is holding us back in 39<sup>th</sup> place and on micro policy we are in 38<sup>th</sup> place. How long will the Executive let the matter go? The minister's speech today is yet another statement that historians will doubtless pore over to discover why ministers, perversely, sat on their thumbs and were willing to watch wealth, skills and opportunity transfer out of Scotland to competitors who are cracking on in their national self-interest. That negligence and apathy are part of the Executive's problem and they will come back to haunt it.

I move amendment S2M-1695.2, to leave out from "notes" to end and insert:

"in the belief that the case has now been made and popularly acclaimed at home and internationally-proven in recent competitiveness indices for more powers for the Parliament, which are needed in order to reverse Scotland's historically low rate of economic growth and generate both the wealth required to provide world-class public services and infrastructure and the high quality employment opportunities needed to retain and develop fresh talent in Scotland."

09:56

**Murdo Fraser (Mid Scotland and Fife) (Con):** I

welcome the opportunity to speak for the Conservatives in today's debate on growing Scotland's economy. It is more than a year since the previous full Executive debate on the economy and, given that we are always told that the subject is the Executive's top priority, I am a little surprised that it has taken so long to get round to the debate. However, I am glad that we are having it at the start of the new term.

During a lecture given in 1755, the great Scottish economist Adam Smith, who is buried just up the road in Canongate kirkyard, said:

"Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice: all the rest being brought about by the natural course of things."

The Executive must learn some lessons from one of Scotland's greatest sons. It is noticeable that Adam Smith did not say that what was required was a central economic strategy running to 32 pages, with a supporting document of some 106 pages that is updated every few years, no doubt at great public expense.

Sadly, we are a long way from the "highest degree of opulence" to which Adam Smith referred. Despite the fact that the Executive subtitled today's debate "Building on Progress", there has been precious little progress in the past five years on which to build—or so people in business in Scotland are forever telling us. On almost every conceivable level, we lag behind the rest of the UK. Economic growth was just 1.6 per cent in the year to quarter 1 of 2004, which trails the UK rate of 2.3 per cent. That is even with the Executive's recalibrated figures. New business VAT registrations are at 28 per 10,000 of the population, compared with 37 per 10,000 in the UK as a whole; 3.1 per cent of Scottish adults are trying to start their own business, compared with 4.1 per cent in the UK; and whereas 10.9 per cent of adults in the UK call themselves business owners or managers, the figure in Scotland is only 9.1 per cent.

**Mr Wallace:** I share Murdo Fraser's concern about the number of business start-ups and the fact that people do not necessarily think of themselves as entrepreneurs, but does he accept that we cannot change a culture overnight? Does he endorse our enterprise in education strategy, which, it is intended, will be rolled out to every school to make young people more creative and more willing to take responsible risks?

**Murdo Fraser:** The enterprise in education strategy is an element in turning round our performance, but the Executive could be doing many more things, to which I will come in a moment.

Another factor that has been referred to is

population decline. We have a net loss of people aged 16 to 34 to the rest of the UK and the population is due to dip below 5 million by the end of the decade.

It is clear that something is wrong and that we suffer from a competitive disadvantage. Much of the blame for the sorry state of affairs lies squarely with the Executive, whose policies have done little to help and much to hinder economic competitiveness. The findings of the IMD "World Competitiveness Yearbook" are absolutely crucial because, in the category of the extent to which Government policies are conducive to competitiveness, Scotland ranks 39<sup>th</sup> out of 60, which puts us behind countries such as Estonia, Ireland and China—which we might expect—but also behind the Slovak Republic, Columbia and Jordan, which are hardly economic giants. Most worrying of all, the IMD report ranks Scotland some 10 places behind the rest of the UK in that category. That is illuminating because we have the same macroeconomic factors and the same corporate tax regime as the rest of the UK. Therefore, it can only be the Executive's policies that are leading to Scotland's comparatively poor position. We in the Scottish Conservatives have been saying that for years and it gives me no satisfaction to see our opinions confirmed by independent international observers.

**Lewis Macdonald:** Will Murdo Fraser accept that, in the section of the report to which he refers, out of the 10 criteria on which that assessment is made, eight are based on subjective survey material, with only two being based on objective criteria?

**Murdo Fraser:** If that report is not acceptable to Mr Macdonald, perhaps he will listen to the recent report from the University of Glasgow, which measures Scotland's economic performance against the Executive's strategic objectives. It says:

"The overall picture which emerges is of a relatively low output, high emissions economy characterised by ... business sector underperformance".

It goes on to say, politely:

"much remains to be done to achieve the vision of *A Smart, Successful Scotland*."

To go back to the IMD report, I was interested to note that the SNP amendment says:

"the case has now been made ... and internationally-proven in recent competitiveness indices for more powers for the Parliament".

I read the IMD report and I saw nothing in it that argues for constitutional change. The report argues for a change of policy and for the Executive to be more competitive, but that does not make a case for more powers to be granted to the Parliament.

**Jim Mather:** The common denominator among the countries that Murdo Fraser mentioned as outperforming Scotland is that they are all independent countries. How will he close the gap without independence?

**Murdo Fraser:** I have visited many countries in the world and I have visited regions such as Catalonia and Bavaria, which have very successful economies without being independent countries. To say that somewhere can only have a successful economy if it is fully independent is absolute nonsense and it is not borne out by the factors used in the report. We need a change of policy, rather than a change of passport, which is what the SNP is offering.

**Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** Will the member give way?

**Murdo Fraser:** I am sorry—I need to make some progress. I will perhaps give way in a moment if I have time.

The Executive needs to start listening to the people who know best: the hard-working people of Scotland. They have made it clear that they want action. On the FEDS document, which is yet another glossy document bursting with rhetoric yet bereft of substance, the Scottish Chambers of Commerce remarked:

"The good intentions in this document are somewhat undermined by other policies which have added to the regulatory burden and costs on business."

The Executive's motion refers to the broad welcome for the FEDS update. For that, the Minister for Enterprise and Lifelong Learning deserves to win this week's Peter Peacock award for having the brightest brass neck in the Executive.

The time has surely come to move beyond trite statements such as those made in the framework document. It is plainly absurd to call for economic growth "through greater competitiveness", as the document does, without taking action to reverse those policies that have made us uncompetitive. It demeans the Executive to talk about

"the creation of new enterprise and a positive, risk-taking attitude to enterprise"

when its policies actually hamper business growth.

What is to be done? First, as the Institute of Directors, the Confederation of British Industry and the Scottish Chambers of Commerce have made clear, we need to start reducing the burdens on business. Business rates must at least be cut to the level that applies in England. If we speak to anybody in the business community, the first thing that they say is that we need to cut the taxation rate to make businesses more competitive. That would reverse the inexcusable competitive

disadvantage that is crippling Scottish business.

**Mr Wallace:** Given that those businesses that had an average increase in their valuation at the time of the last revaluation, in 2000, are now paying lower business rates in real terms than they were in 1995, when Murdo Fraser's party was in power, does he believe that his party was crippling business in the way in which he is now accusing us of doing?

**Murdo Fraser:** Surely the point is that, when we were in power, we had a level playing field with the rest of the United Kingdom. The Executive has created a system whereby we now have a competitive disadvantage compared with the rest of the UK. That applies not just to business rates, but to water charges. On the whole, water charges for business are substantially higher in Scotland than they are south of the border. We must move Scottish Water out of the public sector so that it can start being responsive to its customers and start reducing bills.

Businesses cannot understand why it should be the role of the Executive, via Scottish Enterprise, to pick winners. Let us refocus Scottish Enterprise on providing skills, vocational training and business advice and use some of the savings from its budget to cut business rates and improve the transport infrastructure.

There is much more that I could say about the size of the public sector, but I will close by saying that we can only guess what Adam Smith would have made of this new Parliament building of ours. I am sure that he would have been deeply ashamed of the way in which the first Scottish Government in 300 years and a so-called Liberal enterprise minister have done so little to promote economic growth.

Surely it is time for the Executive to re-embrace the teachings of Adam Smith, which have been adopted the world over, yet have been shunned here in his homeland. It is time to concentrate not on glossy strategies but on the simple recipe that Adam Smith identified 250 years ago, which is still appropriate today:

"peace, easy taxes, and a tolerable administration of justice."

I move amendment S2M-1695.1, to leave out from first "welcomes" to end and insert:

"notes the continuing underperformance of the Scottish economy relative to the United Kingdom as a whole, despite the economic strategies of the Scottish Executive over the last five years; further notes with concern that Scotland was ranked 36th out of 60 countries in *IMD World Competitiveness Yearbook 2004*, some 14 places behind the United Kingdom as a whole; recognises the broad consensus of the business community in response to the Executive's recently published framework for economic development in Scotland, that action rather than words is required from the Executive to grow the Scottish economy,

and calls upon the Executive to take immediate steps to create a more business-friendly environment by reducing business rates and water charges and cutting red tape, thereby encouraging business development and boosting Scotland's economic competitiveness."

10:05

**Shiona Baird (North East Scotland) (Green):**

This is a new Parliament in a new building in a new century, so surely this is the time to start thinking in new ways. Economic growth at all costs ignores the fundamental links with social and environmental issues. For too long, that has been the accepted mindset. It ignores the opportunities for real economic progress, a better quality of life and an environment that is cared for.

We applaud the rhetoric of the Executive. Ministers say that they do not want growth at any cost, yet their words ring hollow when we consider the facts that are in front of us all. The CAG Consultants report spells it out:

"The most significant weakness emerged in relation to the perceived need for economic growth and the failure to acknowledge the negative environmental impacts of such policies."

The M74 extension, the Aberdeen bypass, the pursuit of more and more air travel and support for genetically modified crops tell the real story of the Executive's dinosaur approach to economic growth—an approach that is apparently alive and well in modern Scotland. The Executive says that it wants sustainability to be a green thread running through all its policies, yet the contradictions are glaring—it does not add up.

**Jeremy Purvis:** In London, the Green Party's policy is for utilities in Scotland to be renationalised, paying compensation at a cost of anything upwards of £20 billion. How could public services be sustained in a bankrupt Scotland under a Green Administration?

**Shiona Baird:** There are a lot of policies that really need to be examined with respect to their true environmental impact. What we are looking at all the way through our policies is their effect on the climate and the environment. That is what matters to us.

GDP is useless for measuring a sustainable economy. It measures the money that changes hands within an economy for good or ill. Money spent on cigarette advertising or terrorist protection is given equal weight to money that genuinely benefits society. Money spent on clearing up after landslides is good for GDP, while using low-energy light bulbs is deemed bad for GDP, because it means that less energy is used and because they last for about five years.

Economic growth is strongly linked to energy use. The fact that so much of our energy use is

dependent on oil can only mean more climate change, leading to an eventual economic crash. We must decouple genuine economic growth from oil-based energy demand. No matter how much or how little oil is left for us, we cannot afford to burn it if we are at all serious about carbon dioxide emissions.

The opportunities are available if we could only persuade the Executive to turn away from its present dead-end path. It is imperative that such a change of route is taken, as Tony Blair said this week with some urgency. We cannot afford to be as short-sighted as the SNP, which is quite happy to extract oil for another couple of generations without any concern about the possible impact of climate change on those same generations. We should all consider future generations. That is what sustainability is all about.

The positive opportunities for sustainable economic growth are huge if we invest in them now. Marine energy is the most obvious example. The job opportunities from this emerging industry are huge, with a potential for 7,000 jobs. I have heard concerns from the industry that the Executive is placing too much emphasis on onshore wind development in the route planning for upgrading transmission lines. Not enough regard has been given to emerging marine renewables and their requirements in the appropriate placing of transmission routes.

**Lewis Macdonald:** Will Shiona Baird accept that the vast majority of our marine energy potential lies off the north and west coasts of Scotland, and that it is connecting the Highlands and Islands to the rest of the UK that will provide the biggest possible support for the development of marine energy?

**Shiona Baird:** Yes, I was aware of that and I took it on board. However, when I spoke to a couple of potential developers in the north-west, they expressed concerns that the routes are not going to serve their needs adequately. Perhaps the minister needs to talk to them and resolve the problem. If that is what they are feeling, the industry is not being given the confidence that is vital for it to proceed.

There is no coherent national strategy for onshore wind development, just a multitude of haphazard planning applications, which are stoking up community fears and playing into the hands of the pro-nuclear lobby. Does that demonstrate whole-hearted support for renewables or a sleight-of-hand welcome for a nuclear future, which some Labour MSPs seem to be in favour of?

**Mr John Home Robertson (East Lothian) (Lab):** Hear, hear.

**Shiona Baird:** Do I need to say more? My

goodness—what a future.

There are jobs in creating a more energy-efficient society, which would have a massive impact on climate change, but climate change does not figure in any present-day calculation of GDP. Zero waste is about creating jobs as well as conserving natural resources. We Greens have a clear picture of the economic growth that this country needs. It is achievable without trashing the planet or compromising future generations. Surely, that is what all members want too. I urge all members to support my amendment, which is about our future.

I move amendment S2M-1695.3, to leave out from first “welcomes” to end and insert:

“acknowledges that Scotland’s economy, society and environment are interlinked and cannot be treated in isolation; notes that prioritising economic growth, above all else, contradicts the Scottish Executive’s stated commitment to human and environmental welfare, and that GDP growth alone is not a measure of improvement in people’s quality of life and environmental sustainability; notes the revelation in the recent report to the Environment and Rural Development Committee by CAG Consultants, *Is The Scottish Executive Structured and Positioned to Deliver Sustainable Development?* that the most significant weakness emerged in relation to the perceived need for economic growth and the failure to acknowledge the negative environmental impacts of growth policies, and calls on the Executive to place quality of life as its number one priority, supported by the development of a sustainable economy that does not undermine social and environmental justice.”

10:11

**Mike Watson (Glasgow Cathcart) (Lab):** Since our re-election in May 2003, Scottish Labour has been unequivocal that the number 1 priority is to grow Scotland’s economy. Of course it is self-evident that the major means of delivering first-class public services and improving the lives of Scots must be sustainable and actions must cut across all departments of Government. Although growing Scotland’s economy involves, at its core, delivering basic education skills, building entrepreneurial dynamism and investing in the electronic and physical infrastructure, it also embraces environmental issues as well as the cultural agenda in its widest sense.

The Executive has a twin-track approach to developing Scotland’s economic performance with “The Framework for Economic Development in Scotland”—referred to as FEDS—which was updated two weeks ago, and “A Smart, Successful Scotland”, which was published in 2001 and is to be updated, or refreshed as the jargon has it, fairly soon. At its most basic, FEDS is the economic strategy and “A Smart, Successful Scotland” is the enterprise strategy. “A Smart, Successful Scotland” is in effect the Executive’s strategic direction for the enterprise networks and is meant

to build on FEDS.

What should a refreshed “A Smart, Successful Scotland” say? I believe that it must remain the policy direction for Scottish Enterprise and Highlands and Islands Enterprise and that it must explain how the enterprise networks can deliver against FEDS, with FEDS as the overarching document. The refreshed “A Smart, Successful Scotland” must take into account the central messages of FEDS. FEDS must also lie at the heart of “A Smart, Successful Scotland”, which must respect the central vision of maintaining a commitment to the idea that economic opportunity exists for all Scotland’s people. Delivering on FEDS means ensuring that everyone in Scotland benefits, which should be an important feature of the refreshed “A Smart, Successful Scotland”. FEDS has balanced objectives, which I want “A Smart, Successful Scotland” to have as well.

FEDS retains its four strategic objectives of economic growth, regional development, social justice and sustainable development. Economic growth is fairly rated as the priority, as we need strong growth to secure at least two of the other three objectives. However, it is fundamental that social justice, regional development and sustainable development retain their importance in the face of some of what I could describe as more conservative—with both a small c and a large C—voices that would advocate that we concentrate solely on economic growth, leaving distribution of benefits to trickle-down theory. Trickle down simply does not work; special measures are needed to help the less well-off both to contribute to and to enjoy the fruits of economic growth. That help remains especially important in the parts of Scotland that are still suffering from the consequences of industrial and economic change. That means that the refreshed “A Smart, Successful Scotland” must lay out a programme of actions that tackle economic growth, regional development, social justice and environmental sustainability together. The original document was fairly strong on economic growth, limited on regional development and social justice and almost silent on environmental sustainability. It is essential that “A Smart, Successful Scotland” does not encourage the enterprise networks to reduce their efforts to bring the excluded into the economy and that it moves even further towards full employment.

Since 1998 Scotland’s performance on jobs has been good. We now have historically high levels of employment and unemployment has been steadily reducing, which is testament to the Executive’s initiatives to date. However, the job is not yet done. In Glasgow, Dundee, Inverclyde, Lanarkshire, Ayrshire and many parts of the Highlands and Islands, unemployment and high rates of economic inactivity persist. A report by the

Institute for Public Policy Research states:

“if the government’s targets for eradicating child poverty by 2020 are to be achieved, full employment will be key.”

That applies no less to Scotland as a whole and to Glasgow in particular. The cities review, which was published last year, showed that Scotland’s biggest city—the city with the highest number of poverty indices—needs another 40,000 to 50,000 jobs if it is to close the jobs gap with the UK average.

It is perhaps even more significant that striving for full employment is not just an equity issue; there are efficiency gains too. Getting more people into work not only increases economic growth but helps to limit the labour shortages that we still face in Scotland. Improving the rate of employment was part of the current “A Smart, Successful Scotland”. This is not the time to move away from that commitment.

Economic growth is the number 1 priority and FEDS makes it clear that improving productivity is the most important measure. The First Minister stressed that a fortnight ago when he launched FEDS mark 2, highlighting that that measure applies to the public and private sectors. The refreshed “A Smart, Successful Scotland” should also emphasise the importance of productivity.

Productivity improvement depends on measures being taken to invest in human capital through education and skills, the national infrastructure and our capacity to innovate. The Organisation for Economic Co-operation and Development demonstrates the extent to which the UK lags behind the United States of America. Perhaps that is not unexpected, but we also lag behind some of our main European competitors, which is simply not good enough. FEDS shows that we fall about 5 per cent below UK performance. That demonstrates clearly why raising productivity is the key challenge that Scotland’s economy faces.

In the pursuit of improved productivity, enterprise networks have an enviably wide range of powers in relation to skills and support for new and existing businesses. In comparison, the regional development agencies in England have to pull together several bodies to match the powers that our networks have. The refreshed “A Smart, Successful Scotland” should retain the strength that Scotland has in its enterprise networks. Business support, skills, training and physical regeneration should all remain part of the enterprise network’s remit.

It is widely accepted that Scottish businesses just do not invest widely enough in research and development—that has been an historical problem—and we are not creating enough new businesses. That is why the intermediary technology institutes are so important, as they

focus on digital media, energy and life sciences. I welcome the fact that the Executive recently doubled resources for the Scottish co-investment fund to help small and growing businesses.

Finally, the new version of “A Smart, Successful Scotland” must acknowledge the different economic opportunities in and needs of the regions of Scotland. Economic networks have structures in the local enterprise companies that are designed to ensure that Scotland’s economic development acknowledges local differences. However, “A Smart, Successful Scotland” currently says very little about the distinctive needs of each local enterprise company area. Surely we should expect “A Smart, Successful Scotland” to acknowledge the geography of Scotland. The acknowledgement of the resurgent role of Scotland’s cities as growth hubs should surely be warmly welcomed, especially given that, in the cases of Glasgow and Dundee, much could be done to help to address persistent pockets of economic inactivity and dereliction by linking explicitly programmes of regeneration with employment initiatives and skills programmes. However, we should also expect the enterprise networks to exploit their local enterprise companies to make it clear that every part of Scotland has its role to play in helping the country’s economy to grow.

We have the levers available to us in Scotland to drive Scotland’s economy forward, backed up by a stable and supportive macroeconomic environment at UK level. The past years have seen sustained growth, even if at a rate below the UK level.

What is important now is the next stage. FEDS sets out a coherent strategy and needs a complementary approach from “A Smart, Successful Scotland” to build on it. I hope that that is what the refreshed document will provide.

10:19

**Linda Fabiani (Central Scotland) (SNP):** I am sorry to have immediately to disagree with Mr Watson. Andy Kerr, the Minister for Finance and Public Services, has already stated:

“There is no point in my setting targets for things over which I have no control or influence ... we do not always have the direct levers of control.” —[*Official Report*, Finance Committee, 27 April 2004; c 1299.]

Mike Watson spoke about jargon and I agree that too often we get into jargon when we talk about these issues. “A Smart, Successful Scotland” could be viewed that way. I would like to think of it as a vision, and as part of the vision for “The Framework for Economic Development in Scotland”.

The vision that is written down early in the

document is

“to raise the quality of life of the Scottish people through increasing the economic opportunities for all on a socially and environmentally sustainable basis.”

That is quite a vision. However, to achieve a vision we have to have a strategy. I am not convinced at all that, in the FEDS document, we have a strategy for achieving any of that. I do not think that there is any real thinking about changing the face of Scotland and driving forward the ambitions that we should have in this modern country.

There is a commitment early in the document to nurturing the education system, especially higher and further education, which leads on to the research and development that we have heard about. However, that commitment comes from an Executive that imposes tuition fees on students in the form of a graduate endowment—an Executive that has failed to address student poverty and graduate debt. Let us have some big thinking on that issue and a recognition that the system that is being used here is not working. While we are at it, we should have a serious reconsideration of the use of the private finance initiative in Scotland. The evidence from Audit Scotland two years ago told us that the use of PFI to build schools is having a seriously detrimental effect on education budgets and, therefore, on provision.

While we are waiting for the nurturing of education to start, we had better hope that we do not have to travel anywhere fast. Our road network is crumbling, having suffered years of neglect; our railways are among the slowest in Europe; and our airways are underutilised. The original FEDS—“The Way Forward: Framework for Economic Development in Scotland”—states that infrastructure underpins economic success. We have to get that infrastructure right. Someone can have the best product in the world, but if they cannot get it to their customers they cannot sell it.

The same applies to the communications framework. Of course, we welcome the aim of achieving 70 per cent broadband coverage, but would it not be better for the Executive to aim for 100 per cent coverage and give us some details on when it is going to achieve that, how it is going to bring the Highlands and Islands in and what criteria it is going to use, about which Alex Fergusson asked earlier?

**Lewis Macdonald:** Jim Wallace has said that we will achieve broadband access for every community in Scotland by the end of next year.

**Linda Fabiani:** We look forward to the Executive achieving that target—unlike so many targets that we never hear about again.

The best that we have heard recently about how we are going to achieve all this has been from the

First Minister, who is going to cut civil service jobs and sort out the public sector. That is what we have heard about how the Executive is going to go forward with "A Smart, Successful Scotland". Scotland's economic outlook is really bad. We need an awful lot more than targets that are easy to hit when we look for reasons for the failure that the Executive has achieved by its lack of vision, its lack of firm objectives to achieve and its lack of admission that, without the real levers and the powers that Scotland needs to move forward, it will never achieve anything. We need the levers over fiscal and monetary policy.

I was heartened when Wendy Alexander and her colleagues at the Fraser of Allander institute came round to the SNP's way of thinking on a move towards fiscal federalism. I am convinced that that will move us on. Other members—even the Tories—have talked about the need for fiscal federalism and more powers. Susan Deacon has talked about it, and the late—of this chamber—lamented John McAllion has come round to our way of thinking on it as well. I think that the Executive will move forward and agree with us that, without independence, it cannot really make a difference for the people of Scotland or raise their quality of life through all the things that it aims to do.

**Murdo Fraser:** Will the member give way?

**Linda Fabiani:** No, thank you.

Some things in the framework document are the germs of good ideas; the problem is that the Executive does not have the ability to carry them forward. Look at what an independent Scottish Government could do with the Inland Revenue and the Department for Work and Pensions. We could co-operate with banks and financiers to encourage business birth and support small businesses that are facing difficulty. We need business support and we need to encourage business birth rates. I cannot find much in the FEDS document about encouraging business start-ups. Perhaps we will get a surprise when the minister sums up.

I suggest that, instead of allowing Scotland's wealth to be stripped away by the Executive's policies and the policies of the Government at Westminster, the Executive should really have a vision and look towards it. Let us look at growing the economy so that it filters down and really achieves something for social justice in Scotland. Only in that way can the Executive realise the vision that it sets out in its statement about raising the quality of life in Scotland.

10:25

**Alex Fergusson (Galloway and Upper Nithsdale) (Con):** As this is the first opportunity

that I have had to speak in the new chamber, I wish to add my sincere congratulations to those who have worked long and extremely hard to make the building ready for occupation—and I do not refer to any members in saying that. I vividly recall Enric Miralles saying, during one of the early briefing sessions that he gave members in the former committee room 1, that he felt sure that his debating chamber would be a wonderful chamber for discussion. I dare say that it will be, but whether it will prove to be a wonderful chamber for debate—which is a very different thing from discussion—remains to be seen. I hope that it will be. Whatever happens, I look forward to continuing to represent the electorate of Galloway and Upper Nithsdale in what I do not think that anyone will deny is a strikingly impressive arena.

It is upon the economy of Galloway and Upper Nithsdale that I will concentrate. I make no apology for repeating what I have said on many occasions. It is a traditional rural economy that still depends on the old faithfuls of farming, fishing and forestry, now combined with tourism, for the bulk of its gross domestic product. The major employers by a long way are the council and the health board, and the dependency on the public purse is, at times, almost alarming. Although I would not want that to put Tavish Scott off announcing, any day he likes, which public sector jobs will be relocated to Newton Stewart or Stranraer—a matter about which he has assured the council's convener by letter—it is an economy that is ready for expansion, ripe for innovation and raring for investment. However, before that can happen a kick start needs to be administered, and the only Administration that can provide that boost is the Scottish Executive.

The private sector in my constituency, as in many other similar constituencies in rural Scotland, comprises a broad spectrum of the small and medium-sized enterprises to which Jim Wallace referred in his speech this morning. Those are the very businesses that have been hammered hard by Scottish Water, which has imposed increases in water rates of up to 700 per cent in my constituency. Those businesses could and should be able to benefit—some such businesses have been able to benefit for some time—from broadband technology. If that facility was more widely available, it would undoubtedly attract new businesses to rural areas such as mine.

When I questioned the Executive's commitment to rolling out broadband across the South of Scotland, in a speech to the Parliament on 9 January 2002, I was verbally roasted by Jim Wallace for not hailing the benefits of the pathfinder project, which would help to do just that. He asked where I had been over the past year



"when we announced that on the broadband strategy the pathfinder project would cover the whole of ... Scotland".—  
[*Official Report*, 9 January 2002; c 5184.]

Perhaps I am now entitled to ask where the Deputy First Minister has been for the past three years, during which time not one individual connection to broadband has taken place due to the pathfinder project. That probably explains why, having made no progress under the careful management of the Scottish Executive, that project has been handed over lock, stock and barrel to Scottish Borders Council and Dumfries and Galloway Council to administer.

It has been left to private initiatives to bring broadband to the remoter areas of my constituency—initiatives that are now facing a quandary since the Executive's rather belated announcement that it will ensure that every community in Scotland is connected by 2006. Nevertheless, I welcome the minister's assurance that every exchange will be connected by that date. That assurance will bring comfort to many of my constituents.

It is not only the information superhighway that needs to be upgraded. I make no apology for highlighting yet again the need for, and the economic benefit that would be achieved by, a significant upgrading of the transport infrastructure of the region. Recently, the Minister for Transport helpfully informed me by letter that trans-European network funding could provide a 50 per cent grant for studies. I urge the Scottish Executive to consider undertaking an in-depth study into the economic impact that a major upgrade of the A75, which is a trans-European network route, would have. That would not only accrue benefit to the south-west of Scotland; it would provide relief for the central belt, the infrastructure of which is already creaking at the seams.

Finally, I mention the greatest current constraint on development—Scottish Water. Scottish Water has effectively become a second tier of planning procedure, and one from which it is considerably harder to gain approval for any proposal than that run by the local authority. Scottish Water now asks any developer to pay for the modelling costs and alterations required before connection to the sewerage system is granted. If a developer is building 500 or more homes, that cost might be bearable and sustainable. However, in my constituency, developers usually talk of building three, four, five or six houses. When the cost is split between that number of structures, the project becomes impossible. In every village throughout my constituency there is a burning need for such small developments of local affordable housing, yet, time after time, Scottish Water stops them happening. The Scottish Environment Protection Agency will not allow septic tanks where it believes that there is a possibility of connection to

the mains. We have ended up with a moratorium on development.

There we have it in a nutshell. We have to sort the roads, provide the information technology and bring Scottish Water to book, then Galloway and Upper Nithsdale will give us an economy to be proud of—one that will build on progress and help to grow the economy for all of Scotland. Sadly, I have little faith that this Government has either the desire or the ability to deliver those much-needed improvements.

10:31

**Ms Wendy Alexander (Paisley North) (Lab):** I should perhaps say to Parliament that I will not shirk any matters of interest in my remarks this morning. We are here to talk about growth.

The update of FEDS is an excellent document; it is superior to the one that was published when I was in the Cabinet. It rightly puts the focus squarely on productivity in the public and private sectors. Above all, it identifies the right problems and provides many of the answers. Asking the right questions goes to the heart of the debate about the Scottish economy; if we ask the wrong questions, we are unlikely to come up with the right answers.

I start by talking about Scotland's economic performance. Less than a week ago, the Chancellor of the Exchequer went to the economic and financial affairs council in Brussels and produced some interesting statistics about economic performance. During the past three years, our European neighbours—the countries of the euro zone—have grown at 3 per cent. During the same three-year period, the United States grew at 5.5 per cent and the United Kingdom grew at 6 per cent. There is not much evidence there of the UK dragging Scotland down.

I asked the Scottish Parliament information centre—which is ever attendant to my many queries—to analyse how Scotland had performed compared to all the other countries in Europe, and to the United States. SPICe came back with what we in our trade call a killer fact. During the past three years, the euro zone grew at 3 per cent, but Scotland grew at 5.2 per cent, which is almost double the growth in the euro zone and only a whisker behind the US economy. That all happened while Scotland was creating more jobs than in recent times and the US was shedding jobs.

**Jim Mather:** Will the member give way?

**Ms Alexander:** That was my introduction. Let me move on to the matter that I believe Jim Mather wants to ask me about.

It would be remiss of me not to talk about the

Scottish budget as there was something on which the Allander lecture series had rather interesting things to say earlier this week. It should come as a surprise to no one that a lecture series that was considering the economy decided to consider fiscal autonomy—an idea that has generated rather a lot of heat, if not much light, in the chamber.

Let me share what the Allander economists discovered. For all the talk of the past, our experts came up with a fascinating discovery—or another killer fact, if I can put it that way—which is that there is no federal or devolved country anywhere in the world where fiscal autonomy exists. I will reinforce that point. It does not exist in the United States, which has had two and a half centuries to perfect its federalism. It does not exist in Canada, which has the most devolved finances in the world. It does not exist in Germany, Australia or Italy, nor does it exist in Spain, although the SNP might try to drag up one obscure autonomous province. I look forward to taking on the SNP on that issue. After two centuries of experience, nowhere on the face of the earth do we see the solution that the SNP is touting for Scotland.

**George Lyon** *rose—*

**Jim Mather:** Will the member give way?

**Ms Alexander:** No; let me finish. In the light of the bruising conclusions in the Fraser inquiry report, we might think that there would be a case for relying on tried and tested methods rather than using something that does not exist anywhere in any devolved country. We await the SNP's answers on their flagship policy.

That brings me to the implications for the rest of us. The Barnett formula under Labour during the past five years has delivered to Scotland the most generous funding that the nation has ever seen, and it has started to deliver a step change in public services. During the summer, the spending review that we promised gave three more years of growth in public spending. We in Scotland now know what our budget will be until April 2008. Many households in Scotland would give their right arm for that degree of certainty.

It would be madness to say no in any way to that committed cash. Equally—as I say this, I am fully conscious of what Lord Fraser has told us about keeping abreast of good practice—it would be daft not to stay abreast of good practice around the world.

That is exactly what the Treasury does. Last year, when assessing the case for Britain's participation in monetary union, the Treasury produced a fascinating paper on US federalism and monetary union. I recommend it to everyone. It is a fascinating assessment of the risk and possibilities of fiscal federalism in the US. If the

Treasury can produce such assessments of experience elsewhere, surely Scottish think tanks should be allowed the space to do the same.

A coalition that has delivered the highest employment and that is strengthening growth and providing the most generous investment ever in public services has the right to have that discussion. It is time to stop peddling myths and start talking economics, not politics.

**Jim Mather:** Will the member give way?

**The Deputy Presiding Officer (Murray Tosh):** The member is in her final minute.

**Ms Alexander:** In California, Connecticut and Colorado—all fiscally federal states—no one is talking about fiscal autonomy because no one sees it as the economic answer.

In conclusion, I say to the convention parties that when we argued for devolution in the 1980s and 1990s, the Tories and the SNP told us that it was the slippery slope to independence. What nonsense that has proved to be.

Those of us who have delivered a Parliament, more jobs than ever before, stronger growth than in the rest of Europe and the best public services are the people who have earned the right to look to the future. Just as delivering a Parliament was not a slippery slope, having a mature discussion about best practice around the world is not a slippery slope. It is about being true to ourselves and true to our history, and about living up to the hopes that people have vested in us.

**Jim Mather:** That was a lecture, not a speech.

**Richard Lochhead (North East Scotland) (SNP):** Just like a schoolteacher.

**The Deputy Presiding Officer:** Order.

10:38

**Frances Curran (West of Scotland) (SSP):** I will pursue the debate about the influence that Parliament can have on economic growth. Wendy Alexander said that Scotland's growth was 5.2 per cent during the past three years. That is fine, but the question is this: how much of that was down to the policies of the Executive and the influence of Parliament? We need to take a reality check while we have this discussion.

Scotland is a country of 5 million people on the northern tip of Europe and it is locked into the global economy; our economic fortunes are much more to do with decisions that are made in the boardrooms of transnational companies, in the euro zone, in the G8 and in the World Trade Organisation. The influence of the Scottish Parliament is extremely limited.

As we heard in today's debate, the Deputy First

Minister's big idea is about productivity and the need to increase it. For the past 20 years, I have been involved in a debate about productivity through the three stages of the restructuring of the Scottish economy. We have never had the productivity levels of Germany or other countries in Europe and we have never been able to drive our productivity levels up, despite the measures that have been taken to follow the US model.

We talk about the need for productivity, but what influences productivity? It is capital investment, not our working harder or our skills—although both are factors. Capital investment influences productivity, but how are we going to get capital investment in the Scottish economy? The key issues are new technology, new development and new processes. How will the Executive influence those?

We have had the restructuring, or rather the death, of manufacturing industry, but UK politicians—we did not have a Scottish Parliament then—were unable to influence that process. We then had the new bright idea for Scotland of inward investment, which was followed by the collapse in south-east Asia of electronics and new technology. We stood by and watched that happen on the international markets and there was no way politicians could influence that process.

**Lewis Macdonald:** Will the member give way?

**Frances Curran:** If the minister wishes to intervene, I will ask him a question. We have had a further restructuring, towards service jobs, which are now the main part of the economy. In the next 10 years, the big question will be this: how, in this global economy, will Scotland hang on to those jobs?

**Lewis Macdonald:** Frances Curran made the point that capital investment is critical to competitiveness and productivity. In what is clearly a global market for capital investment, what are her proposals for attracting private capital to Scotland?

**Frances Curran:** I do not believe that the minister's model works. My model is socialism and public investment. We cannot rely on transnational companies to decide that they will invest in Scotland. We have no control over such development.

The minister talked about competition and competitiveness. However, when it comes to the restructuring of the economy and to service sector jobs—especially jobs in the finance sector, which makes up only 4.5 per cent of the economy—competition is about wage levels. We have what the minister calls flexibility, but what I call insecurity. The number of temporary contracts in the work force in Scotland has gone through the roof. There is no security, because we have so-called flexibility. However, most people in

Scotland—75 per cent, or three quarters of the population—still earn less than £25,000 a year and many are in jobs for which they have temporary contracts. How will the Executive prevent jobs from being exported to China and to India or to countries in the euro zone? Those are not manufacturing jobs, but service sector jobs.

We have seen Helen Liddell and others trying to persuade Boots not to move its manufacturing to Poland. We have seen the same thing happen time and again with Motorola, IBM—the list goes on. We have been through that phase, but the next phase will involve Abbey National, HBOS and similar companies. Where will those jobs go? Where is the policy to prevent them from leaving? What powers will the Executive have to stop those jobs being exported to places where people will do them for a 10th of the salary that people would be paid in Scotland, which is not a highly paid society?

The other agenda that gives the Executive fewer powers is the wholesale privatisation of public services. In those services, at least, the Executive has a tiny and very limited lever to influence the direction of the Scottish economy. However, once the Executive has privatised them, it and Parliament will not control the decisions that will be taken in America, Holland or other countries, because the Executive will have given away the levers of power. I will not go into what that will mean for the public sector, because this debate is about the economy. However, it will not place the Executive in the position of being able to raise wages, to create efficiencies or to influence the economy.

The Executive should take the bull by the horns on renewable energy and set up a public finance model. In the next 10 years, renewable energy will be a huge technology. Let Scotland show the way ahead—we cannot rely on the venture capitalists coming in to finance renewable energy.

The other issue is oil. Last year, oil revenues were £20 billion, but only £8 billion of that sum came into Britain, never mind into Scotland. At \$30 a barrel—never mind \$50 a barrel—public ownership of oil would yield the entire annual budget for Scotland. There is an enormous source of wealth in this country, but those who benefit from it are the big transnational companies. Let us do what Norway and Venezuela have done and have public ownership of oil.

10:44

**Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** In today's debate I would like to touch on two points. I echo Mike Watson's comments on sustainability, to which Shiona Baird also referred. Besides sustainability, I would like to

mention corporate social responsibility, to which sustainability is inextricably linked.

Members have already asked how sustainable our economy and Scottish businesses are. Coming from Caithness, Sutherland and Easter Ross, naturally I view tourism as one of the most sustainable sectors of our economy. As long as Scotland remains—to use the composer Hamish MacCunn's term—the “Land of the Mountain and the Flood”, and as long as we have Edinburgh Castle and this fine building, people will come from all over the world to visit us. We have an image that is instantly recognisable and we have a singular nature, which I view as great strengths. However, if we trash and foul up the land that God has given us, the citizens of the world will not be quite so keen to come and see us.

Although tourism can and should be sustainable, there are many other sectors of the economy that are not. The Greens are right to talk about the trail of rubbish that we leave behind, from BLT wrappers to toppling oil rigs in the middle of the North sea. Only last week, Tony Blair talked about the threat of climate change, and he was right to do so. The Executive is making great strides in the renewable power sector, but I would like to share something with Parliament. This week the cross-party group on tackling debt had a meeting with the power companies. I asked them what they were doing to encourage energy saving using the low-wattage light bulbs that have been mentioned and insulation, for example. I received the impression that I was not quite on their radar. After all, these companies are interested in making a profit out of selling energy.

However, the picture is not quite so glum when we turn to corporate social responsibility. Some members may be aware of Scottish Business in the Community, which has produced the publication “Excellence in 2003”. The contents of the brochure are most encouraging. It describes initiatives by corporations such as BT, the Scottish Nappy Company, the Royal Bank of Scotland, Standard Life, Rolls-Royce and many others. Those initiatives are educational and environmental, and the companies are contributing a huge amount.

Another example of corporate social responsibility, which I mentioned in our previous chamber, is FareShare Edinburgh and Lothians, which redistributes food from supermarkets that is about to pass its sell-by date to some of the poorest and most needy people in our society. That is a move towards sustainability, because it means getting rid of landfill and it contributes a great deal. Much is coming from business for altruistic and high-minded motives. It is not all bad out there.

The crux of my point is this: we are apt to talk a

wee bit too much about a green threat—I am as guilty as the rest of us of doing that—instead of concentrating on delivery. We could use the tools that we have at our disposal slightly better than we do at the moment. Government can regulate, enforce and bind everything in red tape, but it also has the power to encourage and to reward—to offer carrots, so to speak. The challenge for all of us is to build on the strengths that we have already developed and to examine what more we could do via the enterprise networks—Scottish Enterprise and Highlands and Islands Enterprise—to encourage companies to take the corporate social responsibility route. That would benefit companies, in that it would inspire loyalty and affection, which always helps the trading position.

**Shiona Baird:** There are many questions that I would like to put to Mr Stone. I wanted to ask him where air travel fits in, but he has raised the issue of corporate social responsibility. I am concerned that corporate social responsibility is a panacea that allows companies to feel good about themselves. Does the member agree that what we really need from companies is social responsibility in the attitude that they take to running their businesses?

**Mr Stone:** I have been polite about the Greens so far, but the trouble with the Green party and with the Scottish Socialist Party is that they would smash private business on the anvil of their political dogma. That is why their approach will not work. I say to Shiona Baird and to Parliament that we should go with the thread of business and offer companies inducements to accept corporate social responsibility. In that way, we can deliver for our society and deliver sustainability in the longer term, which will benefit us all.

10:50

**Christine May (Central Fife) (Lab):** To drive economic growth is the most important challenge that faces the country today. Without growth, we will not improve health, we will not improve education and Scotland will not become a better place to live. I commend the Executive for what it is doing, for the documents that underpin the strategy and for the initiatives that have been announced by the minister today.

The minister asked Parliament for constructive suggestions; he will not be surprised to know that I have some. Two of the most important issues for the economy are transport and energy. Transport can either be a barrier or a boost to economic growth, but too often it has been a barrier, so the Executive is doing what has needed to be done for many years by making significant investment. As others have said, Scotland has a great opportunity to exploit the energy industry to its gain. Without a secure, affordable and sustainable supply of

energy, economic growth becomes virtually impossible.

**Alex Neil (Central Scotland) (SNP):** I agree with Christine May, but does she accept that the recent British electricity trading and transmission arrangements will do enormous damage to the renewable energy sector in Scotland unless they are changed radically?

**Christine May:** No, I do not agree. I have great confidence in the discussions that the current minister with responsibility for energy is having with his counterpart down south to ensure that Scotland does not suffer from the arrangements and that they create a single market, which will be good for Scotland.

The Executive has made a huge amount of investment in rail, bus and road transport with more to come in station improvements, trams and crossrail developments. Other than the Rosyth ferry and some investment in passenger ferries for peripheral areas, however, little long-term thought appears to have been given to strategic uses of our inshore coastal waters. I commend the approach that has been taken to development of container traffic at Scapa Flow and Hunterston, but the time has come for the development of an east of Scotland maritime transport strategy. It has been discussed briefly on the fringes of policy making, but has not been treated as a serious alternative to road or rail. It is a resource on our shores to be used, as it was in the past; it has the potential to take freight and passengers on a new generation of barges and fast ferries that might link, for example, Rosyth, Dundee and Aberdeen. Investment has already been made in the canal network so that freight can move from west to east. Why not invest in moving north to south as well? I will write to the minister to ask for a meeting to discuss that proposal further.

The renewables debate has taken place and there is a strategy in place to encourage and support the development of renewable energy in the future. However, as I—and others—have said, there is still a need for conventional sources of energy, not just for power generation but for large-scale industrial users. Representatives from Tullis Russell and Company Ltd and Smith Anderson & Company Ltd paper mills in central Fife have already met me to discuss the problems that have been caused by the 50 per cent rise in the price of gas in the past six months. They are not alone. Members know about my support for alternative forms of energy and their economic potential for Scotland, but they also know about my firm belief that this country will need to use coal as a source of energy for many years to come.

Scotland used 40 million tonnes of coal in 1999. The figure is now 50 million tonnes and will soon rise to 60 million tonnes. The indigenous supply is

20 million to 25 million tonnes per annum, which means that we import more than half our coal, mostly from Russia. Whatever happened to the proximity principle? One reason why a lot of our coal comes from Russia is its sulphur content, which is 0.4 per cent—similar to the coal that was mined in Fife. The sulphur content of Scottish opencast coal is 1 per cent. The supplies that currently exist under Fife and the Forth will need to be exploited.

**Patrick Harvie (Glasgow) (Green):** Does the member accept that, in discussing trends of ever-increasing demand, she is really making the case for reducing consumption? If the energy gap exists, we need to reduce consumption before we start looking at increasing the amount of coal that we are using, the amount of fossil fuels that we are burning or even the nightmare of new nuclear stations.

**Christine May:** We need to do both simultaneously and that is what the Executive is doing.

The spot price of coal is currently £39 to £45 per tonne, up from a low of £16 per tonne. If the price goes any higher, there exists the realistic economic prospect of a return to deep mining. The coal industry in Scotland supports 3,500 jobs directly and indirectly: think of the economic potential if we were to use those resources.

Security of supply and the questionable stability of some of the regions of the world from which we currently source, or might need to source, our energy requirements in the future, mean that we need to give serious consideration to uses for coal. Coal firing and the development of biofuels for that and other uses, clean coal technology and gasification, CO<sub>2</sub> sequestration and storage are all relatively environmentally friendly and are all referred to in various energy documents. It is time to develop serious policies for their use, so I ask the minister to discuss with his counterpart in Westminster the development of their potential.

Our vision for Scotland needs to be discussed in a coherent and planned manner, not by ad hoc groups, but in a committee of Parliament. I look forward to the day when the Executive agrees to set up a committee of the future such as has been developed in Finland, to develop policies for the long-term future of Scotland.

10:56

**Richard Lochhead (North East Scotland) (SNP):** Given that this is my first opportunity to participate in a debate in our spectacular new building, I pay tribute to the many people who contributed to the building as well as to the staff who made sure that it was ready in time for us to convene a few days ago. It is a truly outstanding

building. It feels like a Parliament and it looks like a Parliament, so the challenge that faces us all is to act like parliamentarians and to earn the trust and respect of the people who put us here. We have moved in and it is now time to move on. We have to change Scotland because that is what the people out there want. To do that, we will have to abandon the mediocrity that we have produced in great quantities over the past few years and replace it with a culture of ambition and radicalism.

Huge challenges face this Parliament, many of which are key to today's debate. They include the deep-seated social problems in Scotland, the declining population—which has already been mentioned—the widening gap between the rich and the less well-off in our society and our record of low economic growth in comparison with the rest of the UK and many other countries.

We have finally built a Parliament and we have finally got here, but the task that now faces us all is to build a nation; it is the biggest task that we face in the coming years. To do that, we need more powers; all parties must accept that. There is a huge gulf between the expectations of the people who elected us and what we can deliver with our lack of powers. The sooner we recognise that, the sooner we can move on as a nation.

The well-worn phrase, "raising our game", must apply to all politicians in Parliament and not to one particular party. The First Minister was quick to send out that message when he launched his legislative programme, but it has to be a two-way process. As Opposition parties, we have a duty to take on good ideas from the Executive and to support it. Likewise, ministers, the Government and the Government parties have to accept good ideas from the Opposition and to accept that they might have got it wrong sometimes. We have to adopt new strategies and attitudes to move on.

I paid close attention to the debates that have been spurred by Wendy Alexander and others about fiscal federalism this week, although that is a bit of a red herring because one cannot have fiscal federalism alone—one has to have federalism in energy, trade, competition and many other policies and not just in relation to taxation and the fiscal system. I will try to clear up the confusion that Wendy Alexander caused when she talked down to Parliament. We hear talk about talking down Scotland, but Wendy Alexander always seems to talk down to Parliament—she does not engage in debate or take interventions.

We must bear it in mind that the only way we can have true financial independence is to be an independent nation state. The problem with federalism is that the rest of the UK does not want it, so we will not go down that route anyway. We could wait 20 years to try to persuade the rest of the UK to go for federalism, but Scotland cannot afford to wait that long. When one considers many

of the small nations that are competitive and which have fiscal autonomy in their independent states, we see that they are much higher up the competitive index than is Scotland. According to the 2004 world competitive index, Denmark, Finland, Ireland and Sweden—which have true financial independence—are in the top 11 countries while Scotland, which does not, is down at number 36.

**Ms Alexander** rose—

**Richard Lochhead:** I will lead by example and show Wendy Alexander how to conduct a debate by accepting her intervention.

**Ms Alexander:** I thank Richard Lochhead very much. I appreciate that he is whole-heartedly committed to independence. However, we would be interested if he could tell us his plans for the economy under devolution.

**Richard Lochhead:** Under devolution, we will continue to fight for Scotland's best interests. If that means gaining more powers short of full independence, we will—of course—support such a move. The SNP is a progressive party and we want Parliament to have more powers so that we can change Scotland's economic and social fabric. We cannot do that with our existing powers. Because we do not have any genuine powers, we will continue to dance on the head of a pin and tinker around the edges of issues.

We can publish as many glossy documents as we like; indeed, ministers—enterprise ministers in particular—are very efficient at bringing out such documents. However, they contain only the same words time and again. We need more powers to deliver some of the objectives that are outlined in those documents.

It is important that Parliament punch its weight—and above its weight—on the international stage if we are to boost the Scottish economy. After all, many things that are happening overseas will impact on it. For example, proposed changes to regional funding could cost us hundreds of millions of pounds if we do not fight our corner. Moreover, we must grasp the economic opportunities that have been presented by European Union enlargement.

A couple of weeks ago, I spoke to some Irish people who told me that they have completed air links to all 10 accession states that joined the EU on 1 May. Scotland has only one such direct air link. Although tens of millions of people and huge economic opportunities are involved, we have done absolutely nothing to exploit the situation. Ireland of course has been proactive and is miles ahead of Scotland. Among the other federal or devolved Governments, the Flemish have started up 77 offices around the world to exploit economic opportunities for their country. Scotland, which has

virtually the same economic powers as the Flemish Government, has only 21 overseas offices.

**Christine May:** Will the member give way?

**The Deputy Presiding Officer:** I am sorry. The member is now over his time.

**Richard Lochhead:** As I said, we must not only punch our weight, but punch above our weight.

We all agree that we in Parliament have to change our attitudes. However, we also have to change Parliament's powers if we want to bring genuine change to Scotland.

11:02

**Richard Baker (North East Scotland) (Lab):** The keys to continuing sustained growth in the Scottish economy are enterprise, innovation and skills. Those themes were central to the renewed economic strategy that the First Minister and the Deputy First Minister unveiled two weeks ago. Because of that emphasis and Labour's determination to be Scotland's party of enterprise, we are debating how to build on progress. Predictably, we have heard baleful pronouncements on the Scottish economy, but those ignore the progress that has been made. Such pronouncements echo the great soothsaying of doom a couple of years ago when people were predicting a significant recession. Instead, today's debate is not on whether we can achieve economic growth but on whether we can achieve even greater economic growth. As Wendy Alexander pointed out, growth has been strong and significant.

We can now be confident about much in our economy. For example, retail sales last month rose by 3.9 per cent in Scotland but rose by only 0.6 per cent in the rest of the UK. That trend is continuing. We all want more research and development; however, figures reveal that R and D in Scotland—

**Jim Mather:** Does the member not agree that there is a double standard at work here? While we are being criticised for using short-term statistics, most Labour MSPs are citing the same kind of figures. The fact of the matter is that, for 30 years, this country had average growth of 1.6 per cent while such growth in the rest of Europe was 2.5 per cent. The big question is: what is the Executive going to do to close the gap?

**Richard Baker:** My figures for the increase in expenditure on research and development are over a six-year period, which is not the short term. In any case, we are talking about long-term strategies. As a result, I reject the member's point.

The Executive is investing to create a more

successful economy. For example, it is investing in infrastructure, particularly in transport projects; in a skilled work force through such successful schemes as modern apprenticeships; and in innovation through our universities and colleges and our technology institutes. I would fervently hope that those institutes would be spared from the cuts in the Scottish Enterprise budget that the Opposition parties recommend.

I was pleased to find that the refreshed economic development strategy places an emphasis on ensuring that all regions enjoy the same economic opportunities. The intermediary technology institutes in Dundee and Aberdeen are key to the north-east's prosperous future and it is vital that we turn Scotland's world-class expertise in research and skills into commercial success. In Aberdeen, ITI Energy will turn skills in the oil and gas sector into new business for Scotland and will help to sustain and renew that vital industry. It will also help us to capitalise on the city's academic expertise in renewable energy development, which is a key area for future industrial success. Moreover, I hugely welcome the news over the summer that £50 million Government support will be made available for developing renewable technology, as it will help to develop wave and tidal power. That said, I again urge the Executive to consider a more generous renewables obligation certificate for wave and tidal power to help to create a market stimulus for an industry that could create 20,000 jobs in this country.

Our universities and colleges must also be at the heart of our economic development strategy. However, they now face the challenges created by the introduction of top-up fee income for universities in England. Although we do not want to go down that route in Scotland, our universities and colleges must be able to compete. I hope that that issue will be addressed in the short term when we hear the outcomes of the spending review.

We must also be aware that our universities face competition from further afield. For example, graduate numbers in India are expanding at a huge rate. Indeed, we face such challenges not only in the higher education sector but in the service sector, in which certain jobs, particularly those in call centres, have been offshored to countries where costs can be lower. I know that the Executive is doing something about that situation and, in that respect, I welcome the establishment of the financial services group to work on the issue with trade unions and employers. Moreover, I welcome the Executive's establishment of a manufacturing advisory service, which I trust will also involve key partners including the trade unions.

Such actions and the economic strategy as a whole show that our Executive has been working

to build our economy and that it already has the ability to introduce important measures to encourage growth. Inevitably, these debates focus on what the Executive can or cannot do to stimulate our economy and this particular debate has focused on fiscal autonomy. I welcome the recent calls for further examination of what fiscal autonomy would involve, because I do not think that we have heard enough about how it would be administered, which powers should be devolved and what it would mean for business. I do not accept it as a foregone conclusion that we should focus on fiscal autonomy as a means of delivering growth. We must be clear that any decision to go down that road must be based on hard economic facts and not on a political desire to give the Parliament greater powers. No doubt some would be tempted by that not simply as an economic argument, but as a step to separation. However, that would mean separation from economic partnerships that have served us well.

At a time when economies across Europe are seeking to harmonise, we in Scotland need to be cautious about seeking greater divergence on strategy. By being part of our UK economy, we are benefiting from low inflation, still low interest rates and the lowest unemployment for a generation. We also need to put a health warning on giving greater tax-varying powers to this Parliament. Of course, we are perfectly able to manage such powers, but those who might be tempted to support fiscal autonomy because they want lower taxes must be aware that taxes can go up as well as down. It can never be a foregone conclusion that future Scottish Administrations will always seek to cut them.

I am puzzled by those who say that only by having such powers would the Parliament feel accountable for spending decisions. I am sure that we are all well aware that we not only feel accountable for such decisions but are—and are held—accountable for them. We already have important powers to enable us not just to form the right economic strategy for Scotland but to build our economy in other key areas such as health, transport and education. Let us not focus on debates about the Parliament's powers at the expense of making our economic strategy deliver for Scotland. It is the right strategy for growth, it will help us to achieve a more prosperous economy and it is already working for Scotland.

11:08

**John Scott (Ayr) (Con):** First, I declare an interest as a modest businessman and refer members to my entry in the register of members' interests.

I endorse my colleague Murdo Fraser's comments about the lack of growth in the Scottish

economy. It is a matter of record and shame that the Scottish economy consistently underperforms in the UK economy as a whole. It is an indisputable fact that business rates remain 7 per cent higher in Scotland than they are in England and that high water charges are putting excessive burdens on our small businesses in particular. It is also a matter of the greatest regret that so many of our talented young people are moving to England or elsewhere in the world.

The Executive makes much of giving young people and the younger population transferable skills. The reality is that transferable skills are just that and are being transferred out of Scotland. Such migration is nothing new—historically, it has been known as the brain drain—but its consequences for a devolved Scotland are becoming more damaging by the day. The Executive is doing nothing to stem the exodus at a time when, if our economy is to grow, it is essential that Scottish firms are in a position to set up, expand and compete in an environment that is conducive to their success.

In my constituency, business start-ups fell by 17 per cent in the April to June quarter of 2004, compared with the same quarter of 2003. Business start-ups are proportionately fewer across Scotland than in England. In addition, that was the second consecutive quarter in which we saw a drop in business start-ups in and around Ayr, Prestwick and Troon, but that should not come as a surprise, given the economic climate across Scotland.

If I were a younger man—I wish I were—without ties, would I consider either working in Scotland or setting up a business in Scotland now? The answer is that I would not. I would not set up a business where I knowingly put myself at a competitive disadvantage to similar businessmen in England. I would not set up a business in Scotland, where business rates are higher than in England and where water rates are penalising businesses young and old alike.

What further compounds the position is the lack of self-esteem in our Scottish population, and that must be urgently addressed. We must restore the can-do attitude that is so evident in Scots abroad and so lacking in Scotland. It is not that the genes of Scots abroad are any different from those of us at home, but the upbringing, the business environment and the fiscal climate do not all conspire to keep Scots abroad from fulfilling their potential as they do in Scotland. We must start in our schools and give our young people the appropriate skills and confidence to equip them for life in a competitive world. We must make it easier for school pupils aged 14 and over to access business-led vocational training at FE colleges instead of bribing them to stay at school to collect



their education maintenance allowance. We must support our distinguished universities and colleges in producing an annual crop of highly trained graduates, and we must keep those graduates in Scotland.

To keep our young in Scotland, we must make it a more exciting place—a destination of choice, as it were—to be enjoyed rather than deserted, as happens now. To that end, we must have better communication links with the outside world. Better roads, better rail connections and better airport links not only help businesses and the business establishment, but they allow people to travel easily and, crucially, to return, rather than encouraging them to buy a one-way ticket out of Scotland as they currently do.

We must encourage mentoring and business angels. We have to develop co-operation and collaborative organisations, which are often the spawning ground for new businesses. Mentoring and co-operation build confidence and self-esteem, and that vital bridge between ideas and delivering shining new businesses is something that we have not yet explored closely enough.

More and better housing must be made available by reforming our outdated planning practices.

Such improvements in our infrastructure require leadership, political will and example—things that are not currently on display in the Executive. Encouraging and rewarding excellence in the private sector, rather than promoting political correctness in the ever-growing public sector, will create the vibrancy and excitement that we are missing in Scotland and which many seek elsewhere. We need a determination from the Executive to do everything possible to keep our young in Scotland, to create the right business climate, to foster new businesses, to use the levers of power that are currently available to create new businesses and to encourage our young to stay here. Until we get that determination, coupled with action, nothing will change and further decline will be our future.

We have to up our game. What needs to be done is self-evident, but people are asking whether the Executive has either the ability or the will to do the strikingly obvious. Indeed, many businessmen feel that they achieve what they do in spite of rather than because of the policies of the Scottish Executive. Needless to say, the Conservatives are, as ever, happy to point the Executive in the right direction, and for that reason I urge members to accept the Conservative amendment as the only sensible way forward.

11:14

**Jeremy Purvis (Tweeddale, Ettrick and**

**Lauderdale) (LD):** I welcome the debate and I also welcome the framework, which clearly states that improving productivity in the economy and the public sector is the key aim. Through the commitment in the Executive's programme for skills and education, through research and development, through universities, through the welcome commitment on universal broadband and through the work on efficient government, the Executive is addressing the real issues.

As Mr Watson and other members have said, human infrastructure is the key to that success. In this chamber, we are often too free in making international comparisons, but I noted the foreword on the Swedish Prime Minister's website, where he says:

"Continued good economic development requires a broad base of support for two major tasks, both of which are of key importance for the future of our country. In the first place, we must make working life more human and reduce the level of absence from work due to illness. The Government's aim is to halve the number of sick leave days by 2008. The other major task is to increase the access of immigrant Swedes to the labour market. These two social problems—the high rate of illness and the exclusion of many immigrants—overshadow all other tasks in this period of office."

I look forward to the Finance Committee's cross-cutting review of economic development and I hope that health issues in this country, such as alcohol and drugs misuse, stress, psychological issues and injuries at work, are all part of that review.

I am pleased that the Executive is also working hard to attract inward labour. Recent statistics from the registrar general for Scotland showed that the number of people coming to Scotland from overseas exceeded the number of emigrants in 2002-03 and that 2,400 fewer people left Scotland to go to the rest of the UK. It is interesting to note that Futureskills Scotland has said that it is unlikely that by 2020 the working population in Scotland will have decreased by more than 1 per cent.

We have heard from Opposition members in the debate and over the summer that the Executive is not willing to discuss the levers that could really deliver positive change. What hypocrisy! For seven years now, the alleged official Opposition has not published a single shadow budget or explained how it would use the levers that are currently open to us. Where is the promise to cut income tax, if it is a tax-cutting party? Which SNP councils have slashed council tax, if it is the tax-cutting party? Where are the alternative proposals for spending the Scottish budget? Not once has the SNP said what it would do differently. It is simply not credible.

**George Lyon:** We also heard the newly elected SNP deputy leader, in her first speech in this new

Parliament, committing her party to a further £8.3 billion of spending. It will be interesting to hear how the official Opposition intends to pay for that, given its finance spokesman's commitment to cut taxes in Scotland.

**Jeremy Purvis:** Indeed. I absolutely agree that the SNP's whole platform for financing independence—its only hope—is North sea oil. Since 1970, according to the United States Government's Department of Energy, there has been—

**Jim Mather:** Will Mr Purvis give way?

**Jeremy Purvis:** If the member will forgive me, I wish to make progress with my speech. If I have time later on, I shall give way. It is worth noting that Mr Mather did not give way to me.

According to the US Government's Department of Energy, there have been only five years in the 30 years since 1970 when the price of oil has fluctuated by less than \$3 a barrel. In the past five years alone, the price of oil has fluctuated from \$17 to \$33 per barrel. There is no way that the SNP could provide a spending review statement similar to the three-year spending announcement that this chamber will hear.

We go from the sublime to the ridiculous. As George Lyon said, the Salmond-Sturgeon dream team has so far clocked up £8 billion of spending commitments. I know that election campaigns are expensive, but there was no holding back this dream team over the summer. Dualling roads, European championships and bullet trains all added up to £8 billion of spending commitments, plus there was £300 million-worth of tax cuts if corporate taxation in Scotland was reduced by only 5 per cent.

Members will know that earlier this summer I started the debate about taking a real look at the fiscal system that funds this Parliament. My pamphlet, which is available from my website and which I warmly recommend to the chamber, was endorsed by the Federation of Small Businesses, which said:

"After five years of political point scoring on the fiscal powers of the Parliament, Jeremy Purvis' analysis of greater fiscal devolution is to be welcomed."

The Allander report adds weight to my view that fiscal autonomy as proposed by the SNP is a sham. Let us be honest and call independence independence. No country in the world, federal or unitary, operates fiscal autonomy, and there exists no academic study that supports the argument that Scotland has a sustainable fiscal surplus.

Catalonia, which operates under a system of fiscal federalism, has not chosen to secede from Spain—members should consider why that is the case. In my paper on fiscal federalism, I propose

new powers for the Parliament. I would welcome a debate on the matter, but such a debate would have to be followed by a debate about policy platforms, the levers that the Opposition parties would use, the choices that they would make and the policies that they would present at elections. The Opposition parties have been woefully inadequate at offering any alternatives in relation to the powers that they would use and the policies that they would present. I welcome the debate, but there must be substance from other parties if it is to be meaningful.

11:20

**Mr Duncan McNeil (Greenock and Inverclyde) (Lab):** Given some of the contributions that we have heard from the Scottish Socialist Party and others, it is no wonder that some people think that a debate in the Scottish Parliament about business is akin to a debate in the British National Party about equal opportunities. It is surprising that when we debate business and enterprise, there are still members to whom we need to make the case for wealth creation, which would be regarded anywhere else as a statement of the obvious. A strong economy creates jobs; having a job gives people dignity; and having money improves people's quality of life. However, that should not be allowed to overshadow the fact that, for the second week running, the Scottish Parliament is debating real issues for Scotland. Long may that continue.

In the partnership agreement, the Executive makes the commitment to

"reduce the gap in unemployment rates between the worst 10% of areas and the Scottish average by 2006",

and to

"regenerate those communities where there are persistently high levels of unemployment."

That is of particular interest to me, because I represent Greenock and Inverclyde. In his statement to the Parliament last week, the First Minister made clear his commitment to reach out to people who are still unemployed and to give them the tools that they need to take up the jobs that are there. The First Minister continued:

"To do that, we must help to create the conditions in which our companies can grow."—  
[Official Report, 7 September 2004; c 9880.]

It has been pointed out that we must also rise to the productivity challenge. That seems to make sense, but how should we do that? As we have said before, in similar debates, the regeneration game is a package deal. In communities like Greenock and Inverclyde, where the scars that were left by the industrial vandalism of the 1970s and 1980s are compounded by a downturn in electronics, we need a larger number and a

greater variety of employers and jobs. The economy cannot be rebuilt on the foundation of low-pay, low-skilled, temporary jobs, so the quality of jobs is as important as the number.

It is about more than that, of course. If we are to attract talent, families and businesses, we need to make places such as Greenock and Inverclyde places of choice, where the general quality of life is high. We need to provide affordable, quality housing in areas in which people want to live. Parents need to know that their children will be well educated in a warm, comfortable classroom that is fit for teaching in the 21<sup>st</sup> century. The environment must be improved and brownfield sites must be redeveloped. Crime—and perceptions and fears of crime—must not be allowed to drive people out of Inverclyde and to deter newcomers. Progress has been made on some of those issues locally and some of the developments on reclaimed waterfront land will be nothing short of spectacular, but more needs to be done.

I welcome some of the recent plans—

**The Deputy Presiding Officer (Trish Godman):** You have one minute left.

**Mr McNeil:** Okay, I take the point.

I am glad that the Executive acknowledges the importance of the issue and recognises—even though some people choose to look away—that enterprise and a business-friendly environment are essential if we are to have healthy, prosperous communities in a successful Scotland. The Executive also recognises that, just as every public service depends on a successful economy, a strong economy depends on just about every public service. We, too, need to recognise that everything that we do in the Parliament can contribute to the creation of that successful Scotland.

**The Deputy Presiding Officer:** We move to winding-up speeches.

11:24

**Patrick Harvie (Glasgow) (Green):** I want to relate a little anecdote from the European elections, which took place earlier this year. At most of the hustings that I attended and in most of the media coverage that I saw, whenever the economy was mentioned, every party bar the Greens talked about the need for GDP growth and about how Scotland performs. At one hustings, which was organised by Scottish Environment LINK, every party joined us in calling for a sophisticated analysis of growth and for a recognition that there are downsides to growth and that we need new measurements of economic activity. In short, every party knew that the

audience would not swallow the growth stuff, so instead of discussing how to grow Scotland's economy, they joined us in talking about whether we need growth and about how much and what kind of growth we need. They talked about economic development rather than economic obesity. Today, Jim Wallace stood up and told us that what is required from politicians is a consistent response. I agree. The Green response is certainly consistent, and it is distinctive. I will make the case that it is also irresistibly credible.

However, first I will consider the motion and the amendments. The Executive's position displays glaring inconsistencies, if we want to hand on a better Scotland in relation to transport, renewables, waste, housing and aviation—I mention aviation in particular. Several members have referred to Tony Blair's speech on climate change. It is not possible to take seriously the local, national or global impacts of climate change while wanting to grow ever more aviation. The contradiction between an obsession with GDP growth and the social and environmental aspirations that we must prioritise drives through all the Executive's inconsistencies. Instead of a focus on those aspirations, there are a few decorative, green-thread policies—enough to allow ministers to say that they are doing something.

I agree with the Scottish National Party that the Scottish Parliament could do more if it had more powers. That is undeniable. In an independent Scotland, we would have our hands on more of the levers of power. I support that, but what really matters are the hands that are on the levers and the controlling mind that is behind them. If the controlling mind remains obsessed with growth, nothing meaningful will change. I perceive no interest or advantage in swapping growth-obsessed government in London for growth-obsessed government in Scotland.

I was disappointed that the Scottish Socialist Party joined the SNP in calling for an economy that is based on oil. Public oil does not pollute the planet any less than private oil does.

There were few surprises in the Tory position. The main difference between the Tory growth addicts and the Executive growth addicts is that the Tories are a bit more ambitious about how they might find the cash to pay for the next fix.

Only the Green amendment recognises that growth carries social and environmental costs, acknowledges the inherent flaws in the old thinking and calls for the focus on GDP growth to be abandoned. Economic growth is irresponsible in the context of the vast majority of our environmental problems. It is utterly facile to try to solve those problems with the same mindset that caused them. The Executive is trapped in an

economic orthodoxy and every other party, bar the Greens, seems to accept much of its agenda. We need to cast off those blinkers and seize the opportunities that an economy based on social and environmental justice would offer.

Economic growth is strongly linked to energy use. The obsession with growth feeds into ever-higher carbon emissions and ever-higher demand for energy that is derived principally from fossil fuels. We must break that link. The economy is inextricably linked to social and environmental issues and it is absurd to treat any of those matters in isolation, yet the Executive does exactly that, month after month and year after year.

GDP is useless as a measure of a sustainable economy. It measures the money that changes hands in the economy, whether that happens for good or ill. Money that is spent on cigarette advertising increases GDP as much as money that is spent on recycling does. Every car crash or family break-up contributes to GDP. GDP also ignores non-monetary transactions, such as the vital services in the home and in communities that form the social fabric of society. An increase in GDP might have some benefits in some aspects of the economy, but it also undermines and decreases the strength of our social fabric. We must ask ourselves whether we are heading in the right direction.

GDP also treats the depletion of natural resources as income: when parkland is tarmacked over to make a car park, that boosts GDP; and when old forest growth is cut for cheap timber, that boosts GDP too. Those events should be treated as depreciation; they should be in the debit column, not the credit column.

**Richard Lochhead:** Will the member take an intervention?

**Patrick Harvie:** I am sorry, but I am in my last minute.

Everlasting GDP growth is, of course, impossible—even if it were desirable—because the resources destroyed to fuel GDP growth will not last for ever. However, there are alternatives, and the Green position outlines them. The sustainable economic welfare index, developed by the New Economics Foundation, is a useful way of moving forward. I urge members to support the Green amendment and to support new and radical thinking.

11:30

**George Lyon (Argyll and Bute) (LD):** Unfortunately, this debate has followed its usual pattern. The coalition and the Tories have engaged in a discussion on the economic policy choices that lie before us, and the official Opposition—the SNP—has engaged in its usual

constitutional navel gazing. Every SNP speaker so far has failed to address the economic policy choices. I have great respect for Alex Neil and I expect him to address those choices when he sums up.

Too often, the real debate about Scotland's current economic performance is bedevilled by out-of-date statistics and poor-quality information. The Executive, to its credit, is now trying to tackle that problem—a welcome example being its recent rebasing of GDP figures to bring us into line with how the UK measures GDP. The figures reveal that Scotland outperformed the UK in 16 of the last 23 quarters, to the end of 2003. Those figures are reinforced by the work done by SPICe on behalf of Wendy Alexander.

That information is rather at odds with the picture painted by some in the debate. In the real world, house prices in Scotland rose by 19.3 per cent last year; car registrations are at an all-time high; and retail sales figures this week show 7.3 per cent total growth—outperforming the rest of the UK. That seems to be a picture of growing individual wealth among ordinary Scots.

**John Scott:** Would Mr Lyon accept that the figures also paint a picture of growing national debt, and that much of what he claims as a success is a huge debt for future generations?

**George Lyon:** Is the member referring to Scotland's debt or the UK's debt? I am not quite sure. Anyway, to move on—

**Murdo Fraser:** It is personal debt.

**George Lyon:** That may well be and the issue is certainly of some concern. However, all that I am trying to say is that the experience of ordinary Scots does not chime with what some members have been saying in the debate.

We must not be complacent. Rightly, there are concerns about Scotland's economic performance. We still need to improve on that performance and create the wealth to fund good public services. That is fundamental and it is the Executive's current priority.

The Executive has been listening to business. The 2003 manifesto of the big five—the Confederation of British Industry, the Institute of Directors, the Scottish Council for Development and Industry, the Federation of Small Businesses, and Scottish Financial Enterprise—listed priorities. The top priorities are investment in skills, which, with "Determined to Succeed" and modern apprenticeships, we are delivering; investment in our infrastructure—as the minister said, £3.2 billion is going into transport over the next few years; and investment in broadband. As Lewis Macdonald said, broadband will be delivered for all communities by the Executive in 2005. The

Executive is delivering on the business sector's key priorities, which are firmly embedded in the Executive's policies for a smart, successful Scotland.

**Jim Mather** *rose*—

**Murdo Fraser** *rose*—

**George Lyon:** I have to make some progress, but I might take an intervention later.

I want to turn to the Opposition party's policy positions. Jim Mather outlined his usual simplistic solution—more powers for the Parliament to solve all our economic problems. However, his speech was quite unusual, because it did not contain the phrase “fiscal autonomy”. As Wendy Alexander said, fiscal autonomy is really a smokescreen for independence, which the SNP knows the Scottish people have rejected many times before.

**Jim Mather:** In this significant week, during which Wendy Alexander's study has vindicated our view on the need for independence, I want to ask George Lyon how far down the international league table Scotland has to fall before he will ask for more powers for the Parliament? By IMD standards, we are 21<sup>st</sup> out of 30 small countries.

**George Lyon:** I hope that Mr Mather will listen to what I say. Powers are not the answer; policies are the answer. The SNP has so far absolutely failed to address the policies. It may well be that, as a result of a debate on policies, we move on to a debate on the powers of the Parliament, but it should not be the other way round. That is the fundamental mistake that the SNP keeps making.

**Mr Wallace:** Would George Lyon acknowledge that, in the same league table, Hong Kong is sixth? Can he tell us when Hong Kong was last independent?

**George Lyon:** I acknowledge the point that the minister makes; he has answered the SNP's point.

The notion that giving the Parliament more powers will, in itself, guarantee economic growth is clearly wrong. It is not credible. Ireland is a classic example of independence, in itself, not guaranteeing economic success. Ireland gained independence in 1921, yet languished at the bottom of the economic league table until 1986, when the International Monetary Fund was forced to help to bail the country out because it was insolvent. As Wendy Alexander points out in her pamphlet, it was only when all the social partners and the political parties agreed that economic growth should take priority over all other policies that spectacular growth was delivered—albeit from a low base—for Ireland. As Murdo Fraser points out, it is policies, not powers, that count. The SNP is unwilling or unable to engage in that debate.

The coalition is right to reject the competitive

tax-cutting approach that Murdo Fraser and the Tories present. The notion that we should try to compete with the Chinas and the Indias for low-wage, low-tech jobs is the road to ruin. We are right to reject that notion. I support the motion in Jim Wallace's name.

11:37

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

In opening his speech, George Lyon said that he thought that this was the same old debate again, and I suppose that it is, to a large extent. We have become used to people taking the same positions. However, we used to be reasonably agreed that growth was a good thing. That is no longer the case; the consensus appears to have been lost. It is a surprise to me to find members—from the Green benches in particular—taking the view that growth is somehow the cause of the problem rather than the solution to it.

**Patrick Harvie:** Will the member take an intervention?

**Alex Johnstone:** No, thank you. Over the past five years, the Greens have become to some extent the green conscience of the Parliament. However, their success in the recent election appears to have given them the confidence to become a little more than the conscience. They have tried to introduce some new ideas, but they will find little support for them among the vast majority of those involved in political life in Scotland.

It is interesting, too, that the Scottish Socialist Party should come up with some fairly unique positions. I am not entirely familiar with the *raison d'être* of the SSP, but the idea that we should shut out external investment and then legislate to prevent a competitive Europe from delivering success to countries such as Poland is quite extraordinary. I do not know about other members, but I wish every success to Poland and I welcome that country to the European Union. We must accept that we will succeed by competing and trading with Poland, not by placing barriers between us and Poland and similar small countries in Europe. The idea that we should drop out of the world economy is not one that is shared by the major parties here.

I agree with George Lyon's view that, as yet, the Scottish National Party's contribution has been limited to the same view that we have heard often before—that independence is the answer to Scotland's problems. However, the argument that is beginning to develop between SNP front-bench members and members such as Wendy Alexander on the Executive benches appears to concern the definition of what financial independence, or financial federalism, will ultimately mean.

What I want from Scotland's politicians in the long term is not necessarily a contribution to the economic development of Scotland, but genuine accountability for fiscal policy, which will be delivered not through any sense of justice among politicians but through the ballot box. Ultimately, that will produce politicians who will deliver for Scotland's economy.

**George Lyon:** Will the member define "fiscal flexibility"?

**Alex Johnstone:** Did I use the phrase "fiscal flexibility"? I tried to avoid it. The phrase that I will use now—and will continue to use—is fiscal accountability for all Scotland's politicians, delivered at the ballot box by electors who will judge the performance of their politicians in fiscal matters.

Moving on to the Executive, I think that Jim Wallace talks a good game and I congratulate him on a great deal of what he had to say. However, I will criticise him on the way in which he seeks to deliver some of his policy priorities. I greet the significant investment in infrastructure, but the message has not yet dropped adequately with the Executive that that infrastructure requires yet more investment in specific areas. I am glad that the Executive now has a road-building programme that is beginning to approach that which the Conservatives had in Scotland prior to 1997. However, until the Executive understands that the way to solve Scotland's economic problems is to improve our road networks still further, the Conservatives will continue to argue for individual road developments. There are those in the chamber who believe the old adage that new roads just create new traffic. I assure them that one man's traffic is another man's economic expansion, which is what, by improving transport links, I want to happen in Scotland.

Yet there are other elements of infrastructure that continue to give trouble in Scotland and they demonstrate how the Scottish Executive is perhaps beginning to drift off the mark. We have a problem in the fact that Scottish Water has become the de facto planning authority over large areas of Scotland. That is, in effect, caused largely by the fact that we in Scotland continue to try to exert political power in areas that are best led by the market. A demand-led water system would be much more desirable than one that is led exclusively by policy from the centre. That is an example—there are many others—of the fact that the Executive talks a good game on markets, yet is afraid to deliver decisions into the hands of the marketplace and continues to restrict the development of the Scottish economy.

We need look no further than the discussion that took place at the start of the debate. An argument developed over the comparative rate of growth in

the Scottish economy, yet the distinction was not made between growth in the Scottish economy that is delivered through private enterprise and that which is funded directly through Government expenditure on the provision of services. The latter, we must remember, is largely funded through a disproportionate transfer of resources from the Westminster Parliament via the block grant. We must always remember that, in the Scottish economy, we tax at a proportionate rate to the rest of the UK, yet we spend well in excess of that. Unless we can wean ourselves off that disproportionate contribution to our economy, we cannot take the figures for growth in Scotland as representing like for like. The Conservatives will happily agree with the Executive that it is important that we continue to judge our economy against that of our nearest neighbours and partners south of the border but, unless the Executive is willing to accept our amendment, it is difficult for us to accept its motion.

11:44

**Alex Neil (Central Scotland) (SNP):** I thank the Deputy First Minister for his best wishes—assuming that I win the vote in the Enterprise and Culture Committee on Tuesday. I look forward to working with him and my comrades from the five parties on the committee on promoting the enterprise, culture, tourism, sport and lifelong learning agenda for Scotland. I welcome his announcement of the second business in the Parliament conference next year. As the convener of the Enterprise and Culture Committee, I will work with him and others to make a success of that.

There is clearly a wide consensus throughout the chamber on the problems facing the Scottish economy, although there are differences in the solutions offered. Before I offer some solutions of my own, I wish to take issue with three points that have been made this morning. First, I take issue with the comparative growth figures given by Wendy Alexander. Not for the first time, Wendy was ingenious with which figures she selectively chose for the comparison, so much so that, in a past age, she would have made Houdini look positively arthritic. She compared the growth rates of the Scottish and UK economies with the growth rates in the euro zone and the United States economies. We all know that, since George Bush took over, with his version of voodoo economics, the growth rate in the US has collapsed. We also know that, because of the particular problems of the German economy, the euro zone has experienced much lower growth than it had done previously.

**Alex Johnstone:** Will the member take an intervention?

**Alex Neil:** I will let Alex Johnstone in later, but I want to finish a point.

I will draw a comparison, this time comparing apples with apples, rather than apples with oranges. Let us consider the figures that Wendy Alexander got from SPICe for the growth rate in the period that she mentioned, and compare Scotland's fairly miserable growth rate—barely touching 2 per cent on occasion and now forecast to go slightly over—with the growth rates in similar-sized economies. The Norwegian rate, for example, has been about 50 per cent higher than the Scottish rate. The Irish rate has been twice the Scottish rate. The rates in Finland, Sweden and Luxembourg have been one and a half times the Scottish rate. When we compare what is happening in Scotland with what is happening in similar economies, the picture is not nearly as rosy as Wendy Alexander would have us believe. In general terms, big economies have been underperforming in comparison with small economies, not only in Europe but throughout the world.

That does not apply only to the growth rate. If we consider GDP per head, on 16 July this year, the United Nations Development Programme published a league table on human development throughout the globe; the UK ranked only 12<sup>th</sup>. On the specific measure of GDP per head, the Norwegians had £5,500 more, not than the figure for Scotland, but than the higher figure for the UK as a whole. Norway was substantially ahead of the UK. Seven of the 11 countries that were ahead of the UK are of the same size as Scotland. In other words, the evidence is clear that small economies are achieving higher performance rates in growth and GDP per head than larger economies. That is why Scotland needs to raise its game, not only in productivity but in GDP per head—which is a measure of living standards—and in economic growth.

**Mr Stone:** If we took away the fig leaf of fiscal autonomy—or whatever it is called—and went down the independence route, we would not have the Barnett-Goschen cash and we would be bust, would we not?

**Alex Neil:** Quite frankly, if Scotland had access to its own oil and other resources, far from being bust, we would be one of the fastest-growing economies in the world.

That neatly brings me on to the second point with which I take issue. If we examine the paper that was produced by the two so-called professors who lecture at the Fraser of Allander institute for research on the Scottish economy—

**Members:** Oh.

**Alex Neil:** Yes, they must be dishing out professorships like confetti in some of the

institutions.

When the two professors come to oil in their analysis, they say, "Oh, we cannot allocate the oil to Scotland, because it is volatile." Can members imagine the Norwegians saying, "We don't want that money, because it's not the same this year as last year"? Let us suppose that Wendy Alexander was a punter who did the lottery and that last night the jackpot was £2.8 million, although last week it was £3.3 million. If she checked her numbers this morning and found that all her six numbers were up, she would have won £2.8 million. The professors' comment would be like her phoning Camelot and saying, "Thank you very much. I've won the jackpot, but I don't want the jackpot because it's volatile."

**Ms Alexander:** Alex—

**The Deputy Presiding Officer:** Mr Neil is in his last minute. I am sorry, Ms Alexander.

**Ms Alexander:** You do not win the lottery if—

**The Deputy Presiding Officer:** Ms Alexander, sit down.

Mr Neil, you are on your last two words.

**Alex Neil:** Thank you, Presiding Officer—it is like being at home.

**The Deputy Presiding Officer:** You will have to sit down now.

**Alex Neil:** I will go now and hold a press conference to tell members my third point.

11:52

**The Deputy Minister for Enterprise and Lifelong Learning (Lewis Macdonald):** I cannot predict what Alex Neil's third point would have been, but I will seek to respond to those that he made and other points that were made in the debate.

I am delighted that we have had such a wide-ranging debate on the Scottish economy this morning. As was pointed out at the outset, we had a similar debate 12 months ago, but it is also worth noting that we have had numerous debates on the economy at the Executive's initiative over those past 12 months. To name just a number of them, we have had debates on enterprise in education, the economy of the Highlands and Islands, renewable energy development and learning and skills. Those are all critical aspects for achieving growth in the Scottish economy.

In our previous parliamentary chamber, we also held the business in the Parliament conference, which was a unique collaboration between the Executive and the Parliament to engage with representatives of Scotland's business community. Jim Wallace announced the publication of the

Executive's response to the main issues that were raised at the event. I affirm that business in the Parliament was extremely productive in focusing the debate on enabling business to talk directly to ministers and MSPs and I look forward to the next such event to be held here in our new Parliament building in the course of the next year.

One of the things that I heard from business people was that Scottish business recognised Scotland's strengths and wanted politicians to recognise that there was little point in business talking Scotland up if Scottish politicians were determined to talk Scotland down. Therefore, it was disappointing, although not surprising, to hear Tory front-bench and SNP members highlight one report from the Swiss International Institute for Management Development to try to find evidence to let them talk Scotland down. I have looked at that report and, like Murdo Fraser, I am happy to quote a selection of its findings. As an antidote to his pessimism, I will mention some of the positives: Scotland is number 6 in the world on exports of commercial services, number 5 in the world on country credit rating, number 4 in the world in value traded on stock markets and, according to the report of which Mr Fraser is so fond, second to none in stock-market capitalisation.

However, like other members, I admit that the points that I have quoted from that report are selective—it is always possible to be selective. Jim Mather suggested that we should look instead to the Royal Bank of Scotland for an indication of our real economic strength. I am happy to do that. The Royal Bank's "Purchasing Managers' Index Scotland Report" for August 2004 says that

"growth of private sector output was maintained for a fourteenth successive month";

service sector activity remained "robust";

"For the fourteenth successive month"

growth in the manufacturing sector was "sustained", with output growth still "solid" over the period; and

"private sector employment expanded for a ninth successive month".

Therefore, there are grounds for optimism.

**Jim Mather:** I suggest to the minister that a closer look at the Royal Bank study will show that we are over-dependent on five major sectors. However, it is more important to consider the international report. I know that the minister will put the date of the IMD's next report—31 July 2005—in his diary, but where does he expect Scotland to be in the IMD's league table in 2005?

**Lewis Macdonald:** There is a range of economic analyses, many of which have been examining Scotland for a great deal longer than

the IMD in Switzerland has been doing, and they all point towards continuing growth over this year and next year and to continuing competitiveness in the years ahead.

Scotland is indeed growing under devolution. Wherever we look at the Scottish economy, devolution is making a difference. The signs of progress are to be found in the economic stability that we enjoy, the increased number of doctors, nurses and hospitals and the increased attainment in our schools. Devolution gives us the advantage of macroeconomic stability that is provided by the United Kingdom economy and Government, which the SNP could never match. That advantage provides us with a sound macroeconomic position on which we can build, a strong labour market, a strong service sector and encouraging signs of growth in manufacturing. We have fewer unemployed people and more jobs in Scotland than we have had for a generation.

However, there are no grounds for complacency. We realise that our economy and the global economic climate are constantly evolving, which is why we have sought to bring up to date our framework for economic development in Scotland. That is why we are determined that the smart, successful Scotland strategy, with which we direct the efforts of the enterprise networks, will reflect the principles that are laid out in the framework.

Our approach is, of course, about more than having the right strategies and plans in place. It is also about taking action to help to deliver economic growth, such as strengthening the transport infrastructure to a degree that has never happened before, extending broadband coverage, promoting enterprise in education in all our schools, providing more than 30,000 modern apprenticeships throughout Scotland, promoting excellence in further and higher education and supporting business start-ups by young people.

John Scott seems to have missed the announcement on business start-up support that was made during the summer, so I will remind him of it. We will provide £6.6 million for grants to young entrepreneurs aged 18 to 30 and additional support for business start-ups through Highlands and Islands Enterprise and the Prince's Scottish Youth Business Trust.

In those and a range of other areas, we are taking action to deliver on our ambitions to grow the Scottish economy.

**John Scott:** If that scheme is so successful, why are business start-ups in my constituency so reduced over the past quarter?

**Lewis Macdonald:** I know that the Executive works well and works fast, but as the announcement was made only on 28 July, even I



would not expect a tremendous difference in the rate of business start-up success over the past six weeks. If Mr Scott looks ahead, I am sure that he will see the benefits coming through not only in his area but throughout Scotland.

Christine May put the case for coal in the context of our targets for reducing CO<sub>2</sub>. We recognise the potential of new technologies in power generation and the potential of co-firing and other methods. I met the new UK minister of state with responsibility for energy, Mike O'Brien, earlier this week, and I am happy to undertake to continue our dialogue with the Department of Trade and Industry on the whole range of energy issues. I would welcome a positive approach to the British electricity trading and transmission arrangements from all members and recognition that giving Scottish power generators access to English markets is an enormous benefit, no matter the outcome of the current consultation on transmission charges.

Looking ahead, we anticipate taking action on a range of other areas in the next period. We look forward to confirming the competitive position and advantage of Scottish higher and further education and to producing our detailed green jobs strategy to help to position Scotland as a world leader in that field and exploit the enormous economic opportunities that exist. We also look forward to our intermediary technology institutes, which are funded through Scottish Enterprise, beginning to produce the benefits that we expect of them.

We believe that Scotland's people need opportunities for good jobs, for entrepreneurship, for lifelong learning and to achieve their ambitions. We believe that economic growth is fundamental to achieving those ambitions by enriching life for everyone and working to the benefit of the many, not the few. That is why economic growth is and will remain our top priority, to ensure that we generate that prosperity and that it is shared by more people throughout Scotland. Those are the right ambitions and I commend them to Parliament.

## First Minister's Question Time

12:00

### Prime Minister (Meetings)

**1. Nicola Sturgeon (Glasgow) (SNP):** To ask the First Minister when he will next meet the Prime Minister and what issues will be discussed. (S2F-1038)

**The First Minister (Mr Jack McConnell):** I said last week that I did not want to do this every week, so I apologise, but after what I said last week, it would be wrong not to congratulate Andrew Murray on his outstanding achievement at the weekend in winning the US Open boys tennis championship. [Applause.] It would be truly remarkable if the first British person to win Wimbledon for a very long time was a Scot.

I have no immediate plans to meet the Prime Minister, but in my next conversation with him, I intend to raise with him my ambition that the civil service in Scotland should be the most innovative and the best in the United Kingdom. I would welcome his support to help us to achieve that objective.

**Nicola Sturgeon:** I, too, congratulate Andrew Murray on raising his game. I am sure that the First Minister will learn some lessons from that.

Lord Fraser's report on the Holyrood project confirms that it was decisions that were taken before the Parliament existed that sowed the seeds of the fiasco that has cost Scottish taxpayers dear. Does the First Minister acknowledge that, regardless of what civil servants messed up and when, and of whether members of the Scottish Parliament voted for the project as he did, or against it as I did, all politicians have been tainted by the whole sorry saga? Does he agree that, to move on, politicians must stand up, take responsibility and end the it-wisnae-me culture, and that the first step in that process is to admit the mistakes of the past? If he had known then what we all know now, would he still have voted in June 1999 to press ahead with the Holyrood project?

**The First Minister:** As Lord Fraser's report says, it was impossible to know then what we know now, but it was always the case that we had to have a Parliament building in Scotland for our new Parliament and that we wanted a Parliament building that would rise to the occasion, perhaps raise the game and be an international showcase in which we could have the quality of debates that people in Scotland want. It is absolutely the case that in the past five years, people in Scotland have—rightly, as I have said many times—

become increasingly angry at how costs have escalated and delays have occurred.

That is why I agree with Nicola Sturgeon that ministers and other politicians should accept responsibility. Last year, I did that as First Minister. I established the inquiry that would get to the bottom of the matter, produce an accurate and full record and ultimately make the recommendations that would allow us to ensure that such a situation did not happen again.

I reiterate what I said yesterday, shortly after Lord Fraser published his report: I support his recommendations in full and I will ensure that recommendations that relate to the work of the Executive, ministers and the civil service are implemented immediately. I will also ensure that we use the report to provide the momentum for further change and improvement and to speed progress towards the sort of civil service and government in Scotland for which people voted when they voted for devolution seven years ago.

**Nicola Sturgeon:** I am sorry that the First Minister dodged the direct question, because what the Scottish people want right now is frankness from politicians. The fact is that if Parliament had voted in 1999 for a pause in the project, that would have saved some of the £150 million that Lord Fraser says could have been saved. That money could have been spent on schools and hospitals.

The fundamental problem that Lord Fraser highlighted is that our system of government too often rests on the principle that civil servants do not tell and politicians do not ask. That is why ministers and Parliament did not have all the facts. Will the First Minister agree that what badly needs to change is a system in which the Sir Humphreys rather than the ministers take the decisions and then take the rap when things go wrong?

**The First Minister:** On the third and final point, Lord Fraser made specific recommendations yesterday about the information that should go to ministers. I accept those in full and I will ensure that they are implemented. Indeed, the permanent secretary has said exactly the same thing today. What is important, though, is that we use Lord Fraser's report to move forward. We can all speculate about what might have happened over the past five years. Indeed, it is entirely possible that, if there had been a further six-month delay in the project, the costs could have escalated by £150 million just as easily as they could have been reduced.

What is important is that those of us who now have the responsibilities learn the lessons from what happened and take an accurate record from a very independent figure, someone who has never been a political friend of mine or of anybody on the Executive benches, someone whose

reputation is intact and who has put forward a series of recommendations that we can implement. We will take that report and move further and faster towards the reforms that are required.

It should not be the case just that we look forward to further progress and, indeed, praise the progress that has already been made inside the civil service in Scotland over the past five years. We must go further and increase the number of civil servants who are externally recruited and the number who have the professional specialisms that appear to have been so lacking back then. We must use not just new technology, but performance management and everything else that we would expect in a modern organisation to ensure that our civil service here in Scotland performs to the best of its ability and delivers the objectives set by this Government and this Parliament. That must be our objective.

People in Scotland might—rightly—have blamed many people in this Parliament and beyond over the past five years, but they also want us to be mature enough to move on and say that the time has come to learn the lessons and to get on and build a better Scotland.

**Nicola Sturgeon:** But the problem that the Fraser report highlights is not just one of civil servants, but one of the relationship between civil servants and ministers who do not take responsibility. We have a Minister for Health and Community Care who is not in control of hospital closures and a Minister for Justice who does not read the Reliance contract, so the public have a right to conclude that not enough in the culture of government has changed. It is not enough to promise reforms; the public have to know that change is being made and that lessons are being learned.

The only reason that the truth has come out about Holyrood is that Lord Fraser had full access to the minutes, memos and e-mails between ministers and civil servants—documents that would otherwise have stayed secret for 30 years. He shone a light into government. We cannot now allow that light to go out. Therefore, will the First Minister now agree to revisit the Freedom of Information (Scotland) Act 2002 to ensure that the advice that ministers receive and the questions that they ask are always open to public scrutiny? Politicians must be open with the Scottish people at all times. Will the First Minister pledge today to end once and for all the culture of secrecy within government in this country?

**The First Minister:** I believe that that is a silly suggestion and it is certainly not one that we are going to take up. If Miss Sturgeon is ever close to government—I do not expect that she will be—she will understand exactly why that has to be the

case. I want the civil service leading the way, not hiding away. I want us in Scotland to have the most innovative, most professional civil service in the whole country. I believe that the reforms that we have brought in over the past five years have already got us down that road. However, we need to go further and faster and we intend to do so. When we do, the civil service in Scotland will not be delivering either for itself or, indeed, for this partnership Government: it will be delivering for Scotland. That is what matters; that is what this Parliament building was ultimately all about; and that is what has now got to happen.

### **Cabinet (Meetings)**

**2. David McLetchie (Edinburgh Pentlands)**  
**(Con):** To ask the First Minister what issues will be discussed at the next meeting of the Scottish Executive's Cabinet. (S2F-1030)

**The First Minister (Mr Jack McConnell):** At the Cabinet meeting next Wednesday, we will discuss our budgets for the next three years, which are to be announced in Parliament shortly thereafter.

**David McLetchie:** I thank the First Minister for that answer. I look forward to, but do not expect, a substantial cut in the tax burden on Scots in that budget. However, we will wait and see the details.

I note that, in relation to the Fraser report, the First Minister has been talking about civil service reform. I would agree that the reform of the civil service may well contribute to better government in Scotland today. However, does the First Minister agree that that should not obscure the fact that ministers are accountable to Parliament and the people for the decisions that are taken and that civil servants are accountable to ministers, and that we must not get that the wrong way round? Does he also agree that, if ministers do not accept those core principles of our constitution and fail to accept their responsibilities, our whole system of democratic accountability will break down and that that will further erode trust in politicians, Parliament and Government?

**The First Minister:** I absolutely agree with that. That is precisely why I took the initiative last year to set up an inquiry. I did that to ensure that the facts were on the record with recommendations that we could take forward. I decided precisely that the inquiry would be headed by a former Conservative minister, who I am sure also understands that point. As a leading Tory in the House of Lords, he is completely independent of anyone on these benches and is someone whose reputation should ensure that the end report is clearly accepted by people across Scotland. I hope that Mr McLetchie will recognise that and accept how Lord Fraser has conducted his business.

I accept that ministers have responsibilities. That is why I expect ministers in this team to sort out problems as they occur and to anticipate them where possible. However, I also expect ministers to accept responsibility for taking Scotland forward. That is why the inquiry was established. That is why I accept each one of its recommendations and that is why we will now move forward, using the report and the lessons that have been learned to improve Scotland.

**David McLetchie:** I agree with the First Minister that there are important recommendations, in particular on public procurement processes and on the construction and financing of major public sector projects. I hope that those lessons will be learned.

I was pleased to hear the First Minister accept the principle of ministerial responsibility, which lies at the heart of our system of government. Having accepted that principle, will he therefore accept that, whatever the shortcomings—so graphically described in Lord Fraser's report—of some of the civil servants who were involved in the Holyrood project, those who are to blame must, in the last analysis, be those who took the crucial political decisions? Ministers chose the site and the architect. Ministers pressed ahead regardless of cost. Ministers failed to ask the appropriate questions of their civil servants. Ministers—and Labour MSPs—voted to press ahead with the project in 1999. Throughout the process, ministers—including the First Minister when he was Minister for Finance—abdicated their financial responsibility and continued to sign blank cheques. The First Minister's failure to make the BBC hand over the tapes means that, according to the Fraser inquiry report, the inquiry is still not formally closed. Given that litany of failure, will the First Minister accept the ministerial and collective responsibility of his party and of his colleagues for those disastrous political decisions?

**The First Minister:** On the final point, I remind Mr McLetchie that we live in a democracy, not a dictatorship. In my view, politicians should not dictate to broadcasting organisations what decisions they should make on their research material. I hope that Lord Fraser, like the rest of us, will be able to view that material in due course. I regret the fact that the BBC did not co-operate, but in a democracy it should not be forced to do so. I believe that very strongly indeed.

Let me also say that it is easy—I shall not go so far as to say that it is cheap—to criticise someone who is not here to answer for himself. However, if Donald Dewar were here, I think that he would indeed have accepted responsibility. Perhaps he would have accepted responsibility far more than he should but, as the honourable man that he was,

I am sure that he would have done so. I have no doubt about that whatsoever.

However, as I have said before, I wish that all members, in particular members of the four main parties, would accept their responsibility for the fact that the building project has been in the hands of the Scottish Parliamentary Corporate Body since 1 June 1999. As members of the corporate body, every one of those parties—the Scottish National Party, Labour, the Liberal Democrats, but also the Conservative party—took part in every decision that was made. Ultimately, they share some of the responsibility. I am prepared to accept, as I have been all along, my share of that responsibility as an individual MSP. As First Minister, I accept fully my responsibility to ensure that this never happens again and to ensure that Scotland can now move forward. However, Mr McLetchie and the nationalists should accept their responsibilities. We were all involved in the decisions, so we should all learn the lessons.

**The Presiding Officer (Mr George Reid):** As John Home Robertson has withdrawn question 4 to allow the questioning on the issue to continue, I will take a few more supplementary questions.

**Mr John Home Robertson (East Lothian) (Lab):** I welcome the First Minister's response to what is a constructive report. I suppose that it is inevitable that the usual suspects are still peddling the same old drivel, regardless of what Lord Fraser said. If any apology is due to Scotland for the fact that we have Scottish granite paving and cladding on Scotland's Parliament building instead of Portuguese granite, I am prepared to offer that apology.

Does the First Minister agree that the time has come to recognise that this building is a tremendous national asset for Scotland? Does the Executive have plans to take advantage of the image of a confident new Scotland to promote communities throughout the country, and Scotland as a whole abroad?

**The First Minister:** I hope that the international visitors who are in the gallery today are impressed by what they see and by our resolve, which I have mentioned before, to ensure that we learn the lessons of what has happened. We now have a national asset and our job is to use it to promote our country, not just for tourism; we must promote in a symbolic way everything that has now been refreshed about Scottish identity, confidence and the future for Scotland. I hope that we can do so and we intend to start around the official opening of the building, which is on 9 October.

**Margo MacDonald (Lothians) (Ind):** It wisnae me.

I want to return to what should be concerning us: the working relationship between the Executive

and civil servants, which the Fraser report illuminated. I fully accept that the First Minister has agreed that that relationship should be changed and modernised. Does he worry, as I do, that worthwhile reforms are not in his gift, given that they require the consent of Whitehall because civil servants here are home civil servants? What assurances can the First Minister give that his best intentions will not be bogged down in the corridors of power, which I think are still in Victoria Quay, not St Andrew's House?

**The First Minister:** One reason why there has been so much progress on civil service reform in Scotland in the past five years is precisely because the civil service in Scotland is now directly accountable to me and to the other members of the ministerial team in Scotland. Those civil servants may be employed by the UK home civil service, but they are accountable—for their actions, the direction in which they work and for the priorities that are set for them—to the team of ministers and to me as First Minister. That is a good working arrangement.

Devolution was not devised for Scotland so that we could become insular and restrict people's ability to have contact outside our borders. It is good and healthy that there is interchange and dialogue between the civil service in Scotland and in London and that people can move within the home civil service to develop their skills, professionalism and careers. However, it is important that our civil service is accountable to the Scottish ministers. I assure Margo MacDonald that that is the case, which is precisely why we will lead the drive for further reform and modernisation and why we will not need to ask anyone's permission to do so.

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** Yesterday, Lord Fraser suggested at his press conference that Labour ministers should have asked more searching questions about the Holyrood costs. Given that the First Minister was Minister for Finance at that time, does he regret failing to pose the right questions then to his civil servants?

**The First Minister:** If Mr Ewing checks the evidence, he will see that it is recorded that I posed questions. In the short time that I was Minister for Finance before the project was handed over, and in the weeks following that, and in the time up to my announcement to the Parliament of the budget in September 1999, I insisted absolutely that there should be full disclosure of all costs and all potential costs that might have been outstanding. That was our understanding at the time. That was the right approach to take and we have taken it in the Parliament.

Our financial systems are far more open and transparent than the systems ever were at Westminster and than they are today at Whitehall. We in this Parliament have a system that we should be proud of. It declares in an open and transparent way where money is being spent and it seeks approval for that expenditure in advance. That is a mark of this new Parliament, and it is something on which we should build in years to come.

**Elaine Smith (Coatbridge and Chryston) (Lab):** Given Nicola Sturgeon's last comments, does the First Minister agree that the truth has come out about Holyrood precisely because he set up the inquiry? Looking to the future and to the lessons that can be learned, following the defect period, and given the fact that this is a specialist building that might require high maintenance, does the First Minister know what maintenance arrangements are in place? Will construction professionals be involved in maintenance, or will we be tied to the original contractors? If so, are we talking about blank cheques again? Can they charge what they like? We need to ask those questions.

**The First Minister:** Although I welcome Elaine Smith's reminder to those who might try to portray the report as coming from anything other than a proper inquiry that was set up for the best of objectives, I might be in trouble with you, Presiding Officer, if I were to interfere in answering questions on the maintenance of the new building. Although I would love to comment on that in some respects, I would be very happy for the Presiding Officer to deal with the matter. I am sure that he will write to Elaine Smith with the answer that she requires.

**The Presiding Officer:** I shall do so, in a written form that can be circulated to members.

### Hospital Closures (Moratorium)

**3. Tommy Sheridan (Glasgow) (SSP):** To ask the First Minister whether the Scottish Executive endorses calls for a moratorium on the closure of hospitals and rationalisation of health services first made in the Parliament in October and December 2003, following calls at the Parliament's Health Committee for such a moratorium and recent protests against proposed health service cuts and closures. (S2F-1055)

**The First Minister (Mr Jack McConnell):** No. A moratorium would be meaningless. In some cases, it would also be unsafe.

**Tommy Sheridan:** The First Minister cannot continue to ignore the grass-roots rebellion against hospital closures and the centralisation and rationalisation of vital services, which is sweeping across Scotland. In Inverness and Fort William, in

Inverclyde and Dumbarton, in Glasgow, Livingston and Wick, tens of thousands of ordinary Scots are protesting against the loss of hospitals and access to vital hospital services.

Does the First Minister recognise that the calls for an immediate moratorium on further closures and service reductions are coming from health unions, medical professionals, the Parliament's Health Committee and ordinary Scots? Will he take back his jibe that a moratorium would be a "meaningless" gesture and open his ears to the ordinary Scots who prize the health service as their national asset?

**The First Minister:** The only immediate impact of a moratorium would be to leave the people of Glasgow and the west of Scotland, and indeed people in the rest of Scotland who use Glasgow's maternity services, in uncertainty until at least the spring of next year, which would be extremely unhelpful, not just for the best use of resources and the best management of the health service in Glasgow, but for all those who use that service and who want to be able to plan for the use of that service in years to come.

The moratorium that Mr Sheridan calls for would in some instances—and certainly could in others—lead to an unsafe situation. That has been made absolutely clear by a number of clinicians and medical professionals over the past week. I will quote only one: Professor David Kirk, lead consultant urologist at Gartnavel hospital. He said:

"the moratorium ... would be greeted with dismay by all those working hard within the health service to improve standards of care."

I have with me a whole series of other quotes, which have been made on the record over the past week by medical professionals expressing that same concern.

Malcolm Chisholm has made it perfectly clear that, where decisions are not urgently required and where decisions could be affected by the outcome of the national planning group on care in our hospitals and related centres, those decisions will not be taken before next March, when the planning group reports to him. Where he does have a responsibility before then to make a decision in the best interests of patients, he should make that decision. Just because people shout loudly, they are not necessarily correct.

**Tommy Sheridan:** It appears that the First Minister has the wrong man heading up his national strategy and reporting to the Parliament next March. At last week's Health Committee meeting, Helen Eadie made the following point:

"Some decisions that are coming before us are about not just small general hospitals ... but big strategic hospitals, such as the homoeopathic hospital and hospitals in Glasgow and elsewhere that cater for people in my

constituency. It is not unreasonable to ask for a moratorium for only those six months."

Professor Kerr indicated agreement and the convener asked him whether he agreed with a moratorium or with the statement. He said:

"The statement is reasonable."—[*Official Report, Health Committee*, 9 September 2004; c 1179.]

**The Presiding Officer:** Ask a question, Mr Sheridan.

**Tommy Sheridan:** The man appointed by the First Minister to investigate a national plan believes that it is reasonable to suggest a moratorium on the decisions for the next six months. Will the First Minister eventually take sides? Instead of taking the side of the consultants and health board managers, whose views are welcome but not tablets of stone, will he start to take the side of the ordinary people of Scotland, who see their health service being dissected before their eyes and who want a national plan and a national strategy, not more cuts and health service reductions?

**The First Minister:** To be absolutely clear, there are no district general hospitals in Scotland whose sites will close. There are no cuts in the health service in Scotland. There are the biggest increases ever in our health budget here in Scotland. The choice that is in front of us is a difficult choice for the politicians and a difficult choice for the managers, but—if Mr Sheridan will listen to what is being said—it is also a difficult choice for those in the health service who are advising us on the matter. When they make their recommendations, it is right and proper for the Minister for Health and Community Care to make a judgment on them in the best interests of patients, having listened to their responses during consultation and having taken on board how patients in individual geographical areas might be affected by changes in the location of services.

Those changes can happen in both directions. Yes, in some instances, because of the nature of the health service today—modern 21<sup>st</sup> century care—services will move from one area to another in a way that appears to be centralisation. There will also, however, be the services that are happening right across Scotland, such as new renal units in the different hospitals that Mr Sheridan claims are closing but which are in fact developing new services. Those units and new services are happening in more local areas too, so changes are happening in both directions. Every decision is difficult, but we need that national overview and that is what we will have before further decisions, that are not immediately required, are taken.

**Pauline McNeill (Glasgow Kelvin) (Lab):** The First Minister will know that I am anxious about the

decision on the future in my constituency of the Queen Mother's hospital, which faces closure. However, I commend the Minister for Health and Community Care for how he has conducted the process so far because he has listened to clinicians and midwives on the decision while the health board has not. I just hope that he makes the right decision. Will the First Minister assure me that he values the unique service model of care that is based at the Queen Mother's hospital? Does he understand that it delivers a specialist and integrated service, that it is a national service for mothers and babies throughout Scotland, and that it affects many members in the chamber? Does he agree that, rather than agree to a moratorium on the decision, he should assure the Parliament that a decision will be taken as soon as possible and that he will do all that he can to ensure that the Queen Mother's hospital has a future?

**The First Minister:** As Pauline McNeill knows, I absolutely understand not only the strength of feeling on the issue in Glasgow and outside Glasgow but the importance of the service that is provided at that hospital. It is precisely because of that understanding and that concern that Malcolm Chisholm has spent many months trying to ensure that the final decision that is reached is in the long-term interests of not only the patients who use the services today, but the patients who will use them in the years to come. That decision is required, and it is required soon. A moratorium would prevent it from being made, and Pauline McNeill is absolutely right to say that that is one of the best reasons why a moratorium would be so wrong. Malcolm Chisholm will announce his decision as soon as possible and I hope that that decision is one that can be justified and seen as right by people in all parts of the chamber.

**The Presiding Officer:** There is just enough time for Christine Grahame.

#### Dungavel House

**5. Christine Grahame (South of Scotland) (SNP):** To ask the First Minister whether the Scottish Executive has had any discussions with the commissioner for children and young people in Scotland about the health and welfare of children at Dungavel House immigration removal centre. (S2F-1033)

**The First Minister (Mr Jack McConnell):** Yes, I have discussed the matter with the commissioner personally.

**Christine Grahame:** Given the fact that it is plain that the children's commissioner's role in Scotland is severely constricted, despite her comment that children are not a reserved matter, I refer the minister to section 52(2) of the Children (Scotland) Act 1995 with which he is, no doubt,

familiar and which self-evidently is not reserved. Does he agree that a referral under that section, regarding individual children in Dungavel, could competently be made to a children's panel by which a determination might be made to remove children from those premises?

**The First Minister:** I do not have all the facts about individual cases before me. However, it is my understanding that not only do we have a regular programme of proper social work inspections and other inspections at Dungavel, involving the agencies that are established by the Parliament and that are accountable to the Parliament, but that children who are in Dungavel or who may, at some time, spend some time there could be involved in many aspects of our children's hearings system and wider children's services. My understanding is that there have been examples of that in the past, which I hope helps to answer Christine Grahame's question. The important fact is that there are no children currently in Dungavel. Whatever attitudes members may have to the issues of immigration and asylum, everyone will welcome that fact.

**The Presiding Officer:** I apologise to David Mundell. We did not reach question 6.

12:31

*Meeting suspended until 14:00.*

14:00

*On resuming—*

## Question Time

### SCOTTISH EXECUTIVE

#### Education and Young People, Tourism, Culture and Sport

##### European Championships 2012

**1. Richard Lochhead (North East Scotland) (SNP):** To ask the Scottish Executive whether it intends to make a solo bid to host the European championships in 2012. (S2O-3220)

**The Minister for Tourism, Culture and Sport (Mr Frank McAveety):** That is a matter for the Scottish Football Association. The SFA has not approached the Scottish Executive about bidding to host the European championships in 2012.

**Richard Lochhead:** I know that 2012 seems a long way away—Scotland will be independent by then and the minister may well be back on civvy street—but I am sure that Mr McAveety will agree that we have to start the ball rolling sooner rather than later. Is he willing to go on record saying that Scotland is perfectly capable of making a solo bid and that that should be the preferred option next time around? Will he reconsider his decision to keep confidential the report that was commissioned into the lessons learned from the failed 2008 bid? We should start the ball rolling so that we can try to win the huge economic and sporting benefits that could be secured for Scotland.

**Mr McAveety:** As an individual who is often accused of lacking in self-confidence, I say that there is as much chance of Scotland being independent by that time as I have of being selected for the Scottish football team.

We have ambitions to ensure that Scotland competes for major international events. We would have to take into account the criteria set by the Union of European Football Associations, which it will not set until next year. We would then have to make a judgment about who else would be likely to compete for the championships and about the resource base for a bid. I assure Parliament that we have an open mind on those issues.

Even from the unsuccessful bid for 2008, the beneficiary has been the national facilities programme, which we announced during the summer and which provides substantial new investment in major facilities throughout Scotland. I hope that with that investment, combined with our youth football review, we will make the

necessary developments and that, wherever the 2012 European football championships take place, those developments will result in Scotland being able to qualify through legitimate means rather than just through being the host nation.

**Dennis Canavan (Falkirk West) (Ind):** As a strong supporter of the joint bid for 2008, I suggest that, with the benefit of hindsight, we might have had a better chance of success with a solo bid. Even some of my Irish friends now agree with me on that. What lessons have been learned from the last bid so that a future bid by Scotland will have a better chance of success, which would be of immense benefit to Scottish sport, to the Scottish economy and to the promotion of Scotland throughout the world?

**Mr McAveety:** One of the key lessons that we learned from the previous experience was about our capacity to navigate the tortuous waters that surround the international football bodies. A key lesson was that, in partnership with our colleagues throughout the United Kingdom, we must maximise the influence of the British football associations to ensure that we maximise opportunities that arise for the home nations. Like Dennis Canavan, I was a keen advocate of the joint bid in order to try to maximise the opportunity that arose. Another key lesson that we learned was about the stadiums and the technical assessment. I felt that Scotland had a strong bid in that sense, but that the nature of the voting process resulted in our not being successful. Until we get the UEFA guidelines and have the views of our governing body, it would be premature to say here and now that we will go for a 2012 bid without looking at those issues, never mind considering the resource implications for the Executive.

### Schools (Physical Education)

**2. Janis Hughes (Glasgow Rutherglen) (Lab):** To ask the Scottish Executive what progress is being made in plans to increase physical education in schools. (S2O-3230)

**The Minister for Education and Young People (Peter Peacock):** I have outlined a 10-point action plan that is aimed at providing more time for physical education in our schools, more teachers of physical education in our schools and more choice in physical education for our pupils. The Scottish Executive Education Department is working with Learning and Teaching Scotland, Her Majesty's Inspectorate of Education and other stakeholders to take those pledges forward.

**Janis Hughes:** I am pleased to hear the minister promise more physical education teachers in our schools. Will he tell us just how many more teachers we can expect? Does he agree that only by encouraging more children to participate will we be able to help them to achieve

successes like Andrew Murray's recent achievement?

**Peter Peacock:** Janis Hughes makes an important point about Andrew Murray's success, which the First Minister highlighted earlier today. We want that kind of success in our schools and we want young people to come through with those kinds of skills. However, we also want more people to participate actively in sport. That is why we will increase the number of PE teachers by 400, which is a significant increase. Our teacher training colleges and universities have already taken on many more trainees—this year's intake of PE teachers has increased by 300 per cent—to ensure that we can fulfil that pledge of providing 400 extra teachers.

**Michael Matheson (Central Scotland) (SNP):** Does the minister agree that it is important not only to increase the level of physical education in our schools but to ensure that the physical education programme is varied? On that note, is he aware that 350 young people from 30 different countries gathered at the Adventure Centre at Ratho last weekend to participate in the world rock-climbing championships? Does he agree that education authorities across the central belt could utilise the Ratho centre to provide a varied PE programme? Given the Ratho centre's financial difficulties, what action will he take to ensure that education authorities use that world-class facility?

**The Deputy Presiding Officer (Trish Godman):** I remind Mr Matheson that he may ask only one supplementary question of the minister.

**Peter Peacock:** I agree entirely about the need to increase the available choice in physical education programmes for young people in our schools. A key recommendation of our PE review made that very point. We need to widen choice so that we can engage young people in the things that they enjoy doing. Having participated in rock climbing when I was a good deal younger, I would very much welcome it if more young people were involved in that sport. I have been to the Ratho facility, although I have not yet climbed there—

**Michael Matheson:** It is very good.

**Peter Peacock:** I take the member's word for it. I will be happy to try the facility out when I regain some fitness.

I would love to see more people use the kind of facility that exists in Ratho, which is an excellent example of its kind not just in Scotland, but in Europe. Ultimately, the decision rests with schools, but I will do everything that I can to encourage them to use those kinds of facilities.

**Lord James Douglas-Hamilton (Lothians) (Con):** What progress is being made through the active schools programme to improve the



involvement of parents and volunteers in the provision of after-school sports clubs?

**Peter Peacock:** Lord James highlights an important issue. Developing sports and increasing capacity are not only about increasing the number of teachers in our schools—although that is an important part—but about encouraging links between schools and the voluntary associations that provide a great deal of high-quality sport in Scotland. Our active primary school programme now extends to more than 600 primary schools in Scotland and to all local authorities except one. We have employed co-ordinators to develop the initiative. The thrust of the programme is to ensure that more young people are more active within the school, but we also need to take activity beyond school, so we require the help of volunteers in that process.

### Scottish Traditional Music

**3. Rob Gibson (Highlands and Islands) (SNP):** To ask the Scottish Executive what steps it will take to support Scottish traditional music in responding to requests for examples of Scottish cultural excellence to be performed at overseas events. (S2O-3199)

**The Minister for Tourism, Culture and Sport (Mr Frank McAveety):** The Scottish Executive is conscious of the scope for using both traditional and contemporary Scottish music during overseas promotional activities and does so whenever appropriate. Examples of that can be found in our recent promotional programmes in Sweden, Catalonia and the tartan day events in the United States.

**Rob Gibson:** In answer to my question earlier this year, the minister's colleague Andy Kerr dismissed a request to support the invitation to Scottish pipers to play at a tartan day event that was to be organised in Paris. He described the event as "commercial", but what else are the American tartan day events? Does the minister recognise the contradiction in the Government's behaviour in that regard? Will he send an unambiguous message to the Scottish traditional music community by adopting transparent and well-publicised guidelines for any overseas invitations that are received and by showing that our Government is proud to promote our unique culture around the globe?

**Mr McAveety:** We actively support traditional music in Scotland. I assure the member that, in any projects and developments in which we are involved, we want to maximise the opportunities for promoting our indigenous culture, traditions and music. That is why a number of visits that ministers have carried out in the past year or so have involved substantial contributions from traditional musicians, such as those who attended

the Smithsonian folklife festival, where the stellar talents that we have in Scotland exhibited their work and went down a real storm, so much so that the Scottish Arts Council produced a wonderful CD—"Scotland the Real: Music from Contemporary Caledonia"—which is an opportunity to profile and maximise the wonderful talents that we have in the country.

We will always be innovative in finding ways of addressing the issue and, if good suggestions are made, we will take them on board. My colleague Andy Kerr and I would be happy to support any appropriate suggestions that can be demonstrated to be good value for money.

**Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** I am sure that Rob Gibson and the minister will share my delight that the group Gizzen Briggs is coming down from my home town of Tain to play on the day when the Queen comes to open our splendid new Parliament building. The minister mentioned a CD. Does he agree that we could probably go a little further to help recording facilities, which would really promote our local music groups?

**Mr McAveety:** Throughout Scotland, local recording studios have been developed through a combination of lottery, local authority and Scottish Arts Council funding. During the summer, I visited one such centre: the Lews Castle College centre for music development in Benbecula. One of the key elements of that project is to enhance the work that has been done in the development of music. Another benefit is that the Scottish Arts Council has developed the tune up programme, which covers a variety of forms of music and aims to showcase the best talents that we have in Scotland. I assure the member that we are working on the issue. We can and wish to do much more, but we are working in partnership with other organisations to maximise the opportunities.

**The Deputy Presiding Officer:** Question 4 has been withdrawn.

### Schools (Rugby)

**5. Mary Scanlon (Highlands and Islands) (Con):** To ask the Scottish Executive what action it has taken to ensure that all secondary school pupils have the opportunity to participate in rugby. (S2O-3161)

**The Minister for Education and Young People (Peter Peacock):** It is for individual education authorities and schools to determine what sporting activities are offered in schools. However, I hope that the excellent work of the Scottish Rugby Union, supported by the Executive, will continue to widen opportunities for schools to offer rugby as an option.

**Mary Scanlon:** Rugby is one of the Scottish Institute of Sport's core sports, yet less than 30 per cent of our state schools participate in the annual schools cup. Does the minister agree that the promotion of rugby as part of the physical education curriculum could be seen as encouraging a form of social inclusion and that allowing more people to participate could, I hope, improve the success of our national team?

**Peter Peacock:** As someone who was brought up in Hawick, how could I possibly disagree with that proposition? I enjoyed playing rugby while in school.

**Mary Scanlon:** We thought that the minister was climbing.

**Peter Peacock:** When I was not climbing, I was playing rugby. I had the great privilege to have Bill McLaren, the voice of world rugby, as my PE teacher. He was a true inspiration and we saw the product of that in contemporaries of mine who went on to play international rugby, such as Jim Renwick, Colin Deans and later Tony Stanger. Hawick has been a rich stable for rugby players and I would love that to be the case more widely throughout Scotland. I will seek to do anything that I can to support that.

### Wildlife Tourism

**6. Chris Ballance (South of Scotland) (Green):** To ask the Scottish Executive what measures it will take as part of its efforts to support growth in wildlife tourism to address any increasing risk that operators and visitors can inadvertently disrupt wildlife and their natural habitats. (S2O-3245)

**The Minister for Tourism, Culture and Sport (Mr Frank McAveety):** We are keen to support the development of the tourism sector, particularly green tourism and wildlife tourism, and we have been delighted to support that sector in the past few months and years. The new direction of VisitScotland includes a focus on those niche markets to try to maximise the opportunities that arise from them.

**Chris Ballance:** On 20 May, the minister kindly offered to report back to me on VisitScotland's plans to produce a brochure to advertise the green tourism business scheme, but, to the best of my knowledge, I have not yet received such a reply. I would be grateful if I received a detailed reply on exactly how the scheme will be promoted and when the booklet will be printed.

**Mr McAveety:** I would be happy to pursue that matter on behalf of the member. As I said, we are keen to ensure that we maximise the opportunities with which wildlife tourism presents us. The member will be aware that in North Berwick recently we launched the wildlife Scotland

initiative, which will allow us to examine ways in which we can develop wildlife tourism with a number of major operators while protecting and respecting the environment. If we get that balance right, we can take advantage of wildlife tourism to a greater degree.

### Local Tourism Hubs

**7. David Mundell (South of Scotland) (Con):** To ask the Scottish Executive what the funding arrangements will be for the new local tourism hubs. (S2O-3198)

**The Minister for Tourism, Culture and Sport (Mr Frank McAveety):** Local tourism hubs will be funded through partnerships with other bodies in their areas, just as area tourist boards are now. That will include funding from local authorities, VisitScotland, Europe and tourism businesses, which will be charged for services such as marketing and quality assurance.

**David Mundell:** Can the minister clarify what transitional funding arrangements will be in place between the time when ATBs, as they currently are, receive membership fees from businesses and the time when the hubs receive those fees? What will the arrangements be should gaps arise in that period?

**Mr McAveety:** We will continue to work actively on that issue and others as we develop the tourism network for Scotland over the coming period. On the issue that Mr Mundell raises, we are waiting for final recommendations from the working groups.

I assure the member that we are on track with our commitment to the reorganisation of the tourism network across Scotland. Many of the discussions that we are having with local authorities and private sector companies are part of our attempt to ensure that the resources currently in the system are sustained and that we can lever in additional resources to match those that were invested by the Executive for marketing. We hope to report back on the issue in the near future. I anticipate that, when that happens, I will come before the Enterprise and Culture Committee.

**Elaine Smith (Coatbridge and Chryston) (Lab):** I understand that the new service-level agreements have been designed to ensure that the vital funding link between local authorities and networks remains strong. However, what input will local authorities have in the new structure to enable them to steer local strategies towards encouraging visitor numbers in their areas? I have in mind facilities such as North Lanarkshire Council's Time Capsule, Summerlee heritage park and Drumpellier park in my constituency.

**Mr McAveety:** I recognise that we need to resolve that issue over the period of the negotiations, which is why I have been meeting the Convention of Scottish Local Authorities and local authority representatives and leaders. I assure the member that the local networks that will develop will be autonomous with regard to some of their resources. We want to ensure that those local authorities and other partners who invest money can demonstrate that it maximises local provision. However, the real trick is to maximise what is done locally while linking that with what we have nationally. That is the sort of integration that we are seeking. I am confident that we are moving forward in that regard. As I said in response to David Mundell, we are actively working on that issue and hope to report soon on the progress that we are making.

### **Tourism (Jura)**

**8. Colin Fox (Lothians) (SSP):** To ask the Scottish Executive whether it has considered the tourist potential of Jura as the location where George Orwell wrote "Nineteen Eighty-Four". (S2O-3158)

**The Minister for Tourism, Culture and Sport (Mr Frank McAveety):** I always found George Orwell's book to be an interesting examination of totalitarianism and absolutism in politics. I am sure that, as he is a libertarian socialist like me, Colin Fox shares my view.

The Argyll, the Isles, Loch Lomond, Stirling and Trossachs tourist board—which is a mouthful in itself—is responsible for the promotion of Jura. The board recognises the significance of George Orwell's connection to the island of Jura and its value to tourism in the area. In addition to marketing activities that are being undertaken by Jura's marketing group, Orwell will feature significantly in the proposed Jura discovery centre. Its website, which is under development, will include a section on famous people with a link to the island, including Orwell.

**Colin Fox:** Having trekked to the Barnhill site on Jura, I know how difficult it is to visit it, so I welcome the minister's answer. I hope that he will take the opportunity to press VisitScotland on its plans to tap into what I believe is an enormous potential for cultural tourism connected to sites in Scotland. I am thinking not only of Orwell in Jura but the Grassic Gibbon Centre in Kincardine and so on. Will he press with VisitScotland the case not just for Orwell, but for Lewis Grassic Gibbon and others?

**Mr McAveety:** I thank the member for that contribution. In the past couple of months, I visited the Grassic Gibbon Centre in Kincardineshire, which is a positive development. Any way in which we can maximise the contribution that writers,

intellectuals and creators have made to our understanding of society would be beneficial. That is why, as well as supporting Jura, we are committed to exploring the option of world city of literature being awarded to Edinburgh through the United Nations Educational, Scientific and Cultural Organisation and will press the case over the coming period. I acknowledge the contribution that such individuals and writers can make to our understanding of a place and its people.

## **Finance and Public Services and Communities**

### **Land Price Inflation (Social Housing)**

**1. Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** To ask the Scottish Executive how it plans to address the impact of inflation of land prices on the construction of social housing. (S2O-3225)

**The Minister for Communities (Ms Margaret Curran):** As part of the review of affordable housing, we have carried out an analysis of price inflation of residential land, which we will factor into the outcomes of our review.

**Jeremy Purvis:** I thank the minister and put on record the thanks of communities in the Borders for the £1.5 million additional housing support to buy land for social housing there. Is she aware of statistics that the Bank of Scotland sent me over the summer showing that, in my constituency, the average property price is now nearly £139,000, which is an increase on the previous year of 44 per cent? Is she aware of the difficulty that that will cause younger people in particular who are trying to enter the housing market or secure social housing? Will she ensure that her department works with Communities Scotland and the lenders to see whether there are productive ways for us to address the issue?

**Ms Curran:** Yes. I am grateful for the response from many organisations in the Borders to the extra resource of £1.5 million. I am sure that Jeremy Purvis will appreciate that that came out of his invitation to me to visit the Borders, where I saw at first hand some of the challenges that communities there face. I understand some of the particular issues around house price inflation that we have in Scotland, which is why we initiated our affordable housing review. I will ensure that the points that Jeremy Purvis made are factored appropriately into that review.

**Christine Grahame (South of Scotland) (SNP):** I do not think that I will be part of this love-in. Given that applications for social housing in the Scottish Borders rose from 582 last year to 817 this year, which is an increase of 40 per cent, will the minister consider—for the whole of Scotland,

not just the Borders—introducing the right for local authorities to acquire 20 per cent of development sites purchased by private developers for the provision of affordable housing and requiring that developers who have acquired such zoned land have a time limit for completion of the project?

**Ms Curran:** Those kinds of issues are among the ones that we are considering in the review of affordable housing. The member will know that we are considering the modernisation of planning, into which those issues will factor.

Christine Grahame has not been part of the love-in, because I have not received terribly many questions from her on housing, particularly housing in the Borders. As you would expect, Presiding Officer, I have done some research for question time. I asked my officials to indicate how many questions I have had from Christine Grahame. The answer in my notes is:

“To inform the minister we have a written PQ from Christine Grahame just arrived on the system a few minutes ago.”

I welcome Christine Grahame to her new status as my shadow. If she wants to find out more about housing in the Borders, perhaps she could have a word with Jeremy Purvis.

### Voluntary Sector Funding

**2. Chris Ballance (South of Scotland) (Green):** To ask the Scottish Executive how voluntary sector funding will be reformed. (S2O-3255)

**The Minister for Communities (Ms Margaret Curran):** The Executive is currently undertaking a strategic review of voluntary sector funding in partnership with the Convention of Scottish Local Authorities and the Scottish Council for Voluntary Organisations. We are now agreeing a joint action plan to take forward key recommendations, which we expect to publish shortly.

**Chris Ballance:** We look forward to seeing the definition of “shortly”. I am sure that the process has been constructive and we all look forward to reading the published document. How might the Executive’s intentions to make efficiency savings in spending on public services impact on the voluntary sector and the overall intentions of the strategic funding review?

**Ms Curran:** As Chris Ballance indicated, we have a constructive working relationship with the voluntary sector and with all key partners, including COSLA, which is part of the discussion. We intend to take forward with those organisations any efficiency proposals that we have. Broadly, most of them would be up for an efficiency agenda because, like us, they share a strong commitment

to ensuring that resources are directed to front-line services.

### Antisocial Behaviour etc (Scotland) Act 2004

**3. Donald Gorrie (Central Scotland) (LD):** To ask the Scottish Executive what discussions it has had with the commissioner for children and young people on the impact of the Antisocial Behaviour etc (Scotland) Act 2004. (S2O-3261)

**The Deputy Minister for Communities (Mrs Mary Mulligan):** Ministers on the Cabinet’s children and young people delivery group met the commissioner in June. They had positive discussions about the commissioner’s priorities and about the Executive’s agenda to support and encourage young people to achieve their potential and to make positive lifestyle choices. That includes diverting a small minority of young people away from antisocial behaviour.

**Donald Gorrie:** That is excellent, as far as it goes. Will the minister consider using the commissioner as one method of reassuring young people that they are not being stigmatised, because a lot of the publicity surrounding antisocial behaviour—which I am sure did not reflect anything that the minister said, although the message appeared in the media a lot—was seen by young people as anti-them? Anything that we can do to persuade them that the act is not anti-them would be helpful. The commissioner could help in that way.

**Mrs Mulligan:** I appreciate that the commissioner could be helpful, but I would not want to suggest to her what her agenda should be. However, Donald Gorrie is correct in saying that at no time during the debate on antisocial behaviour did any minister say that the Antisocial Behaviour etc (Scotland) Act 2004 was anti-young people. In fact, we continually reiterated the point that it was often young people themselves who were the victims of antisocial behaviour.

Ministers have continued to speak with young people. I met young people recently in Elgin in Moray to discuss issues around antisocial behaviour and how they are being addressed within the local area. It is important that we continue to have such dialogue. In fact, just last week, on 11 September, YouthLink Scotland held a conference to ensure that young people had an opportunity to examine the Antisocial Behaviour etc (Scotland) Act 2004, to comment on it and to see how it would affect their lives.

**Johann Lamont (Glasgow Pollok) (Lab):** I hope that the minister agrees with me that in any future dialogue with the children’s commissioner it is important that ministers express the strong view that the needs of young people such as those in my constituency who are chased away from youth

facilities because of the behaviour of a small minority, or who are kept in their homes because their parents are afraid to let them go out as a result of what is happening in their communities, should be discussed. The commissioner should be listening to those young people as a matter of urgency and working with the Executive and other agencies that are trying to make our communities as safe as possible.

**Mrs Mulligan:** It is clear that our reason for progressing the Antisocial Behaviour etc (Scotland) Act 2004 was to improve the quality of life of all people throughout Scotland, which includes children and young people.

### Council Tax

**4. Mike Pringle (Edinburgh South) (LD):** To ask the Scottish Executive whether it considers the council tax to be a fair system of local authority taxation. (S2O-3216)

**The Minister for Finance and Public Services (Mr Andy Kerr):** With due respect to the member, it would not be appropriate for me to comment on the issue when the Scottish Executive has recently instigated an independent review in order to look at local government finance. Once the review team has submitted its recommendations, we will respond to them.

**Mike Pringle:** I thank the minister for that brief reply. Does he agree that, when local taxation requires pensioners to pay 9.2 per cent of their income, whereas the Prime Minister pays only 0.6 per cent of his income, it is time that Scotland took the lead and replaced the property tax with a fair local income tax?

**Mr Kerr:** All forms of taxation will be tested to destruction through the work of the independent review committee. For people on low incomes, there is a council tax benefit system. Indeed, a quarter of households in Scotland benefit from that system, as do 40 per cent of the elderly population. I quote the Help the Aged campaign report:

"The Council Tax, like property taxes in general, is 'regressive' - it places a proportionately higher burden on those on the lowest incomes rather than those on the highest."

However, it goes on to say,

"But the benefits system modifies this regressivity".

**Tommy Sheridan (Glasgow) (SSP):** The minister did not mention the part of the report that says that the council tax is a pensioner tax. Who is on the independent review for which the minister took nine months to develop a remit? When will it report to Parliament on its findings?

**Mr Kerr:** I am surprised that the member does not know that the review is being led by Sir Peter

Burt, who is being supported by others. It would be inappropriate for ministers to instruct an independent body on when to report. All forms of taxation, including the very regressive form advocated by the member, will be tested to destruction and destruction is what will happen to that particular form of taxation on hard-working families in Scotland.

### Council Tax (Second Homes)

**5. Maureen Macmillan (Highlands and Islands) (Lab):** To ask the Scottish Executive how the discretion given to local authorities to reduce the current 50 per cent discount on council tax on second homes and long-term empty properties will benefit rural communities. (S2O-3190)

**The Minister for Finance and Public Services (Mr Andy Kerr):** The responses to our consultation made it clear that, in rural areas, second home ownership has an adverse effect on the availability of affordable housing for local people. Therefore, the money gained from reducing the discount will be routed to registered social landlords for the provision of affordable housing. We believe that that is a balanced decision that will reassure those who are paying the revised amount of council tax that the money will be spent wisely.

**Maureen Macmillan:** I know that rural councils appreciate what has now happened and the fact that they will be able to use the money for housing. However, Highland Council wonders why 10 per cent is being retained and why it cannot completely abolish the discount and keep all the money for housing.

**Mr Kerr:** I am well aware of the member's work in the Highlands, particularly the work she does for Highland Council's homeless for Christmas campaign.

Our decision was made because we want there to be a flow of information on the number of second homes that are owned in rural areas. The 10 per cent discount is an incentive for the owner to register the second home so that we can analyse what is happening with second home ownership. I hope that, through the mechanisms in which the Executive is investing, registration of social landlords will increase and that the number of homes available for those in the local community will likewise increase.

### Planning Regulations

**6. Richard Lochhead (North East Scotland) (SNP):** To ask the Scottish Executive whether it will review planning regulations to increase the ability of local communities to develop vacant properties or land. (S2O-3221)

**The Deputy Minister for Communities (Mrs Mary Mulligan):** The Scottish Executive is taking forward a range of measures designed to strengthen and enhance public and community involvement at all stages of the planning system. Planning policy encourages the redevelopment of vacant sites and premises. The ability of local communities to develop vacant property or land depends on a number of factors, in particular ownership.

**Richard Lochhead:** Does the minister agree that more should be done to give urban and rural communities the ability and powers to access vacant land and properties that can be used to benefit the community? We all have examples in our constituencies of local communities that have spent years jumping through hoops to access such sites. Is that not now an important issue that the minister must address urgently? Will the minister use this opportunity to put my mind at ease, given that a local government source has told me that, as part of the current planning review, a change in compulsory purchase powers has been ruled out from behind the scenes?

**Mrs Mulligan:** On Mr Lochhead's final point, he will be aware that we are considering proposals for a planning bill to be introduced later in this parliamentary session, so several discussions are going on at the moment.

Over the next two years, the Executive will make available £20 million to local authorities to try to deal with the issues that surround vacant and derelict land, so that it can be brought back into purposeful use by local communities. We will continue to monitor the operation to ensure that it is successful, but we acknowledge that where communities make proposals for derelict land, they will have to be considered.

### Scottish Executive Procurement Policy

**7. Eleanor Scott (Highlands and Islands) (Green):** To ask the Scottish Executive what measures in its procurement policy will contribute to a sustainable Scotland. (S2O-3257)

**The Minister for Finance and Public Services (Mr Andy Kerr):** The Scottish Executive's procurement policy is contributing positively to a sustainable Scotland. The Executive has published a considerable amount of guidance and information for both purchasers and suppliers, which underlines the important role that procurement must play in delivering a sustainable Scotland. The guidance that is available from the Executive's website requires that procurement processes take full account of relevant sustainable development objectives and policies, such as the requirement for suppliers, where relevant to the contract, to have in place environmental management policies and systems. In May this

year, the Executive published guidance on integrating sustainable development into public procurement in food and catering services.

**Eleanor Scott:** The minister may be interested to know that the newly formed cross-party group on food will consider the issue of procurement at its inaugural meeting on 6 October. I believe that an invitation to the minister will be forthcoming. In advance of that meeting, it might be interesting for us to know how far we have progressed towards having Scottish-produced food, especially organic food, served in our institutions, in particular our schools and hospitals.

**Mr Kerr:** That seems like an invitation that my dietary habits would probably accept fully.

At one of our procurement conferences, I had the pleasure of launching advice and guidance to Scottish suppliers that will benefit not just the sectors to which the member refers, but Scottish business in its totality. Environmentally friendly and sustainable sources were included in that guidance. We are doing our bit and have issued information on food procurement, but I am sure that we can and will try to do better. I look forward to seeing the work of the cross-party group on food.

### Affordable Housing

**8. Alex Johnstone (North East Scotland) (Con):** To ask the Scottish Executive what action it is taking to encourage the provision of affordable housing for first-time buyers. (S2O-3156)

**The Minister for Communities (Ms Margaret Curran):** This year we have increased the funding for a range of low-cost home ownership schemes to £17.6 million, which is up by 9 per cent on 2003-04 and has accelerated the supply of such schemes, particularly in pressured areas. Our plans for a future programme of support for low-cost home ownership to help those on low or modest incomes, including first-time buyers, will be announced shortly.

**Alex Johnstone:** Does the minister believe that the measures that the Executive has taken so far are adequate to extend opportunities of home ownership to those who live in our high-pressure areas, especially those who are employed in our public services, who in the long term want to have the opportunity to buy their houses, rather than simply rent them?

**Ms Curran:** I find myself in the surprising position of agreeing with Alex Johnstone. I hope that that never happens to me again. The issues that the member raises are exactly the issues that we want to address in our review of affordable housing. The Executive supports completely people's aspiration to be home owners. We want to lower the barriers that people encounter on their

way to becoming home owners and we recognise that key parts of Scotland are under particular pressure. For a variety of reasons, we want to attract essential workers to those areas. That is a key component of our review.

**Linda Fabiani (Central Scotland) (SNP):** I am interested to hear about the review. It is nice to be back in a situation where I can monitor it. Will the review also examine some of the infrastructure problems that exist, especially in rural areas but also in urban areas? Will it examine issues such as serviced land initiatives and equity sharing? Will the minister take on the issue of shared ownership schemes, which we should be considering? Those who buy half of their house and rent the other half are at a great disadvantage. Will the review consider ways of creating a better shared ownership scheme for people who want to buy their houses?

**Ms Curran:** I recognise the fact that Linda Fabiani has considerable knowledge in this area, both from her work in the Parliament and from her previous experience as a housing professional. I reassure her that we are trying to incorporate precisely such experience in the affordable housing review. The review will consider not only past schemes that did or did not work, but a variety of different mechanisms that can facilitate ownership and the supply of appropriate housing, especially in areas of need throughout Scotland.

The member referred to work on infrastructure. We recognise that the availability of public services infrastructure can be a major constraint on development. The Executive is consulting on proposals to resolve the development constraints associated with water and waste water in particular and will give attention to that issue in the coming period.

**Mary Scanlon (Highlands and Islands) (Con):** Does the minister agree that the provision of affordable housing depends on the provision of affordable land? Some time ago, I asked the minister whether she would meet Andrew Bradford, who represents the lairds and landowners, to see how they could be involved in releasing land. Has she met him and, if so, what was the outcome of the meeting?

**Ms Curran:** Timing is everything in politics. I gave Mary Scanlon a commitment that I would meet Andrew Bradford and I met him yesterday. Despite some of the politics and the prejudices that I hear around me, in meeting housing needs in Scotland, the Executive is prepared to consider all options and nobody will be turned away from a minister's door if they have constructive options to offer us. I met Andrew Bradford, my Executive will look in depth at the analysis and the options that he has provided to us and we will make decisions

on that in the best interests of public money and housing supply in Scotland.

## General Questions

### Scottish Water

#### 1. David Mundell (South of Scotland) (Con):

To ask the Scottish Executive how Scottish Water will be involved in its community planning process. (S2O-3201)

**The Minister for Environment and Rural Development (Ross Finnie):** As required by statute, Scottish Water has a consultation code that provides a framework for its engagement with its customers in relation to major investment. Scottish Water engages with communities in a number of ways, including through the water customer consultation panels, via its participation in a number of community planning partnerships throughout Scotland and by contacting its customers directly.

**David Mundell:** Does Mr Finnie appreciate the frustration that many local authorities and community partners feel? Having achieved progress on community planning, they feel that Scottish Water's actions and its development constraints are undermining the community planning process.

**Ross Finnie:** I do not accept that, as David Mundell knows. We have to understand that, although the serious problem of development constraints has grown considerably in even the past 12 months, the same local authorities and others were part of the consultation process that preceded the determining of the £1.8 billion—the largest ever single investment in Scottish Water. At no point in that consultation were development constraints raised as a major item. The programme was fashioned on the basis of the evidence that was produced at the time and directed Scottish Water in dealing with regulatory requirements for public health, the quality of drinking water and outfall sewerage.

### Congestion Charging

#### 2. Karen Whitefield (Airdrie and Shotts)

**(Lab):** To ask the Scottish Executive whether congestion charging can assist in improving public transport options. (S2O-3171)

#### **The Minister for Transport (Nicol Stephen):**

The Scottish Executive recognises the potential benefits of congestion charging. It can reduce congestion; allow faster and more reliable public transport; raise revenues for transport infrastructure; reduce journey times; and improve the environment.

**Karen Whitefield:** Does the minister agree that the provision of a reliable rail service between Airdrie and Bathgate would go a long way towards relieving congestion on the M8? Does he further agree that it is essential that the scheme is established and operational to ensure that the people of Lanarkshire and West Lothian can leave their cars at home and not have to face congestion charging?

**Nicol Stephen:** I agree that the Airdrie to Bathgate rail scheme is an important project and I would like to see it proceed. As Karen Whitefield knows, the Executive supports the scheme. The work that is being done at the moment has been valuable in laying the ground for the development of the line. In due course, there will have to be a bill in the Parliament and consideration of whether the business case for the scheme offers value for money.

It is important to encourage more people to use public transport, and the proposed new service could help to reduce congestion on the M8—whether it would relieve the M8 of congestion is another issue. We need to do all that we possibly can in public transport to first contain and then reduce the numbers of cars on our roads. That will be a long-term initiative that requires long-term investment, but if we do not make the commitment to that investment in public transport now, we will not make progress.

### **NHS Argyll and Clyde (Clinical Services Review)**

**3. Frances Curran (West of Scotland) (SSP):** To ask the Scottish Executive how much money NHS Argyll and Clyde has allocated for the current consultation on its clinical services review. (S2O-3148)

**The Minister for Health and Community Care (Malcolm Chisholm):** I am told by NHS Argyll and Clyde that it has set aside £100,000 to cover the costs of consultation on the proposed clinical strategy.

**Frances Curran:** That figure sounds a bit low. The board might well have allocated that amount, but I bet that the bill will be a lot higher by the time the consultation is finished.

Does the minister accept that that public money has been spent not on a genuine consultation, but on a propaganda campaign for the health board's closure programme? How can we have democracy when health boards are allowed to use that money in such a partisan way? Is the minister in the least bit concerned that some of the money has been spent on private security firms, such as Rock Steady Security Ltd, at some of the public consultation meetings that the health board has held?

**Malcolm Chisholm:** I think that we all agree that good public consultation is important. When considering proposals from boards, I obviously look in great detail at the precise nature of the consultation.

One aspect of NHS Argyll and Clyde's approach that we can welcome is the fact that it has commissioned an independent evaluation of the consultation procedure from Dr Andrew Walker, a highly regarded health economist who has helped the Health Committee in various ways. He will examine among other issues the extent to which NHS Argyll and Clyde has listened to and taken on board the public concerns that have emerged as a result of the consultation. I will examine that key issue very closely when the proposals come to me in due course.

**Mr Duncan McNeil (Greenock and Inverclyde) (Lab):** I am pleased that the minister agrees that as far as public consultation is concerned the issue is not just how much it costs but how to ensure that those who undertake it actually listen.

Does the minister support the comments of Professor David Kerr, the chair of the advisory group on service change in NHS Scotland, who was reported in *The Herald* today as saying that he

"would contemplate changes at Inverclyde Royal Hospital ... which would keep it open in a way that would satisfy public demand"?

**Malcolm Chisholm:** I certainly welcome Professor Kerr's comments and the interest that he is showing in Duncan McNeil's area and throughout Scotland. I echo his general approach to these matters. Of course we must listen to the public. Indeed, that is as critical in NHS Argyll and Clyde as it is everywhere else in Scotland.

I should point out that Professor Kerr made the same point that I have made in different ways over the past couple of weeks—and indeed long before now—that we must also ensure that we deliver clinically safe and high-quality services. We should follow those two key principles.

**Jackie Baillie (Dumbarton) (Lab):** I welcome the minister's commitment to wait until the national framework is in place before he takes any decision on NHS Argyll and Clyde. However, does he acknowledge that, although the volume of protest is not of the essence, the fact that 23,000 people have signed a petition saying no and that 5,000 people from my area have written to the health board saying no is an indication that this particular health board thinks more about boundaries than about the people it serves? Will he send it back to think again?

**Malcolm Chisholm:** I know that Jackie Baillie and Duncan McNeil have highlighted the issue of boundaries as a key feature and I am sure that



many of the public responses are picking that up. I repeat the point that I made last week and have made many times before that NHS boards must consider these issues across board boundaries, because such boundaries are of no interest to patients. I believe that NHS Argyll and Clyde is getting that message and that it is carrying out further work with NHS Greater Glasgow in particular to examine these matters in a patient-centred way, which means examining them across board boundaries.

### Heroin Prescription

#### 4. Ms Rosemary Byrne (South of Scotland)

**(SSP):** To ask the Scottish Executive whether it is considering the prescription of heroin under clinical conditions as part of a drug treatment plan. (S2O-3140)

**The Deputy Minister for Health and Community Care (Mr Tom McCabe):** We have no plans for a centrally supported initiative. However, it is already possible for suitably qualified clinicians in Scotland to apply for a Home Office licence to prescribe diamorphine as a treatment for drug addiction. It is important to stress that decisions on treatment plans are for individual patients and their clinicians. I should also point out that a range of treatment and rehabilitation interventions for drug addiction is already available and is supported by record levels of investment from the Executive.

**Ms Byrne:** Will the minister consider examining the work that is being carried out on this matter in Germany and Switzerland? In particular, will he try to take some time out of his busy schedule to meet Nicole Stutzmann, the head of the heroin-assisted treatment unit of the Swiss Federal Office of Public Health, who will address the cross-party group on drugs and alcohol on 29 September?

**Mr McCabe:** We always try to make time to meet people who are making a contribution to evidence-based solutions to drug addiction or any other issue that affects us in Scotland. However, in this case, there has been no request for a meeting. If Dr Stutzmann makes a formal request for one, it will be considered appropriately.

We monitor developments in various countries in the world, whether in Australia, Canada or Holland, and we are aware of trials that are going on south of the border. We shall monitor those trials and move forward on the basis of robust evidence.

### Higher Education (Participation)

**5. Rhona Brankin (Midlothian) (Lab):** To ask the Scottish Executive what steps it is taking to increase the participation of young people from

underprivileged backgrounds in higher education. (S2O-3200)

**The Deputy First Minister and Minister for Enterprise and Lifelong Learning (Mr Jim Wallace):** The Scottish Further Education Funding Council and the Scottish Higher Education Funding Council have, in the context of the Executive's commitment to widening access, a range of measures in place to increase participation in further and higher education by under-represented groups. This year, the councils have made a total of £20.5 million available for that purpose. There are also a number of local initiatives in schools to support the widening access agenda, and I know that the Lothian equal access programmes for schools will be of interest to Rhona Brankin.

**Rhona Brankin:** The minister is aware of my concerns about the low percentage of young people in my constituency who go to university from school. Is he aware that other former coal-mining areas in Scotland share those low participation rates, and will he agree to meet me and representatives of the Coalfield Communities Campaign to discuss how we can ensure that more young people from former coal-mining constituencies can benefit from a university education?

**Mr Wallace:** I am certainly anxious that not only young people from former coal-mining communities but those from other parts of Scotland and from other groups that have traditionally been under-represented in further and higher education should be encouraged to come into further and higher education. I shall certainly take further with Rhona Brankin the specific proposals that she has mentioned with regard to a meeting.

I also want to underline our commitment, which is reinforced by the educational maintenance allowances, to allow young people beyond school-leaving age to stay on at school in circumstances in which there might in the past have been a financial handicap or disincentive to doing so. Our whole package of student support—from the tuition fees paid by the Executive for Scotland-domiciled students going into Scottish higher education to the support that is made available in bursaries—is there to help those from groups that have traditionally not had a high level of involvement in higher education. I will certainly follow up the specific proposals that Rhona Brankin makes.

### Climate Change

**6. Mr Mark Ruskell (Mid Scotland and Fife) (Green):** To ask the Scottish Executive whether it intends to review its policy on climate change in light of recent flooding and landslides. (S2O-3251)

**The Deputy Minister for Environment and Rural Development (Allan Wilson):** The “Scottish Climate Change Programme”, published in November 2000, contained a commitment to review the effectiveness of the policies it contained. We have been working with the UK Government on the terms of reference for a review of the Scottish and UK programmes. Those were published yesterday and they demonstrate the Scottish Executive’s commitment to tackling the causes of climate change and helping to protect Scotland from its impact.

**Mr Ruskell:** I am sure that the minister will be aware of the words that the Prime Minister used this week when he talked about the “catastrophic consequences” of climate change. The M74 motorway extension will make a significant contribution to climate change pollution, producing an incredible 1 per cent share of all our CO<sub>2</sub> emissions from Scotland by 2010. Will the minister argue in the Cabinet for a delay—just a delay—in the decision on the M74, until he has completed the review of his climate change strategy?

**Allan Wilson:** No. I understand and share the concerns that the Prime Minister expressed about the potentially catastrophic effects of climate change, but sustainable development, which is the answer to the problems posed by climate change, has three important pillars. One of them is environmental protection, but there are two other important pillars—economic development and the social division that is caused by a lack of economic opportunity. It is as important to place emphasis on those when we develop our sustainable development strategy, and an integrated transport policy is very much part of that. As a resident of the West of Scotland, I know—and I am sure that the same is the case in Mid Scotland and Fife—that the real blight on communities has been unemployment. Developing sustainable economic policies that address unemployment and the social division that it causes is as important as environmental protection.

**Alex Johnstone (North East Scotland) (Con):** Will the minister give an undertaking that any action taken by Government in relation to climate change will be taken as a result of informed discussion rather than the reactionary approach?

**Allan Wilson:** I assure the member that there will be no reactionary approach from this Administration.

As I said, we are working with the United Kingdom Government and others on revising our climate change strategy and we will take account of the broad and inclusive range of opinion on how we might best do that. As I said, sustainable development is the key and there are three pillars to that: economic, social and environmental. We

look forward to hearing the Conservative party’s proposals on those issues.

**Des McNulty (Clydebank and Milngavie) (Lab):** The minister is well aware of the importance of flood protection measures to the progress of the Clyde waterfront initiative. Can he assure me that such issues will be given a high priority when infrastructure expenditure is considered? Can he also assure me that he will look beyond the boundaries of Glasgow and take into account West Dunbartonshire and Renfrewshire?

**Allan Wilson:** Absolutely. The member makes an important point, which we have recognised in our development of sustainable flood management: the matter cannot be compartmentalised into local authority areas and we must consider river catchment areas—I see that my colleague the Minister for Finance and Public Services is nodding in agreement. We will consider the Clyde basin in a sustainable and cross-boundary way. We understand the real importance of the strategy to economic development as well as to the sustainable environmental protection of the Clyde basin.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** The minister might be aware that Selkirk in my constituency has suffered two floods in two years, which had a major impact on the local authority, local estates and private enterprises, such as Selkirk Rugby Football Club—the club’s field was flooded twice. In his discussions with the UK Government, will the minister consider the support that might be available outside the Bellwin scheme to benefit private enterprises, charities and housing associations in future?

**Allan Wilson:** As part of our overall policy on sustainable flood management, we consider assistance to communities that suffer the effects of flooding and we try to alleviate the effects of such floods and to adapt engineering solutions to them. We are concerned to ensure that when floods take place that are inevitable, the citizens and residents of the areas that are affected, such as Selkirk, are assisted in every way possible. I give the member an undertaking to consider the matter in concert with colleagues down south.

#### **National Health Service (Consultants)**

**7. Colin Fox (Lothians) (SSP):** To ask the Scottish Executive how the shortage of national health service consultants is impacting on communities. (S2O-3159)

**The Minister for Health and Community Care (Malcolm Chisholm):** NHS boards seek to respond to short-term shortages in consultants in a way that has a minimal impact on communities,

for example through the deployment of locum staff. NHS consultant numbers increased by 307 between 2000 and 2003 and continue to rise in line with the partnership agreement commitment to expand the number of consultants in Scotland.

**Colin Fox:** As the minister knows, there are nearly 200 vacancies for NHS consultants in Scotland, 90 of which have been empty for six months or more. The minister will be well aware of the furore—that is the appropriate word—in West Lothian over the potential loss of services at St John's hospital, precisely because of the shortage of consultants there, which will mean that people will have to travel into Edinburgh. What new plans does the minister have to solve the acute and chronic shortage of consultants, in the short and the long term, given that previous plans have gone so seriously wrong?

**Malcolm Chisholm:** There are problems in particular hospitals in particular specialties, some of which are to do with past defects of work-force planning. In the past, in certain specialties—radiology is one example—not enough people were put into the training process, which obviously should have started several years ago. However, the overall picture is of an increasing number of consultants and the commitment in the partnership agreement to provide 600 extra consultants represents an unprecedented growth in the consultant work force. That is the general picture, although of course I accept that there are difficulties in particular hospitals for particular specialties. Sometimes a reconfiguration of services is required to deal with the issue.

**Mrs Nanette Milne (North East Scotland) (Con):** I share concerns about the shortage of NHS consultants. What can the minister say about the interconnected problem of junior hospital doctors potentially spending less time on training, as a result of the European working time directive? I am sure that that will impact on communities.

**Malcolm Chisholm:** We must, of course, comply with the working time directive, and everybody knows that it has had a major impact on the delivery of health services. That has been particularly true in the United Kingdom because, traditionally, all the countries within the United Kingdom have relied more on junior doctors than have other European countries. We must address the issue, which has implications for training, as Nanette Milne points out. We have a whole project called modernising medical careers, which is addressing the issue of doctors' training in the new age and in the new circumstances. Scotland is very much ahead of the field in its preparations. The guardians of standards in the training of doctors are confident that the requisite amount of training can be given within the new arrangements.

## Business Motion

15:00

**The Deputy Presiding Officer (Trish Godman):** The next item of business is consideration of business motion S2M-1702, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, setting out a timetable for stage 3 consideration of the Tenements (Scotland) Bill. Would any member who wishes to speak against the motion press their request-to-speak button now and would anyone leaving please do so quietly?

*Motion moved,*

That the Parliament agrees that, during Stage 3 of the Tenements (Scotland) Bill, debate on each part of the proceedings shall be brought to a conclusion by the time-limits indicated (each time-limit being calculated from when the Stage begins and excluding any periods when other business is under consideration or when the meeting of the Parliament is suspended or otherwise not in progress):

Groups 1 to 4 – no later than 30 minutes

Groups 5 to 8 – no later than 45 minutes

Groups 9 to 11 – no later than 1 hour and 15 minutes

Groups 12 to 16 – no later than 1 hour and 30 minutes

Motion to pass the Bill – 2 hours.—[*Patricia Ferguson.*]

*Motion agreed to.*

## Tenements (Scotland) Bill: Stage 3

15:01

**The Deputy Presiding Officer (Murray Tosh):** The next item of business is stage 3 proceedings of the Tenements (Scotland) Bill. For these proceedings, members should have the bill—that is, SP bill 19A, as amended at stage 2—the marshalled list and the groupings of amendments. Members should note that, under rule 9.10.6, I have today decided to allow one manuscript amendment, amendment 81, which is set out in a supplement to the marshalled list, which members should find on their desks. The amendment will be debated as part of group 9.

In relation to the amendments, I will allow a voting period of two minutes for the first division this afternoon. Thereafter, if further divisions are necessary, I will allow a voting period of one minute for the first division after a debate in any group, and 30 seconds for all other divisions.

### Section 4—Application of the Tenement Management Scheme

**The Deputy Presiding Officer:** Group 1 in the marshalled list of amendments is on procedural irregularities in the making of scheme decisions. Amendment 1, in the name of the minister, is grouped with amendments 68 and 70.

**The Deputy Minister for Communities (Mrs Mary Mulligan):** We intend that a decision made by the owners of a tenement should not be invalidated by a procedural mistake that occurred when the decision was being taken. Amendments 1, 68 and 70 ensure that that principle will cover any decision in respect of a tenement, unless the title deeds themselves make a specific provision on procedural matters.

I move amendment 1.

*Amendment 1 agreed to.*

**The Deputy Presiding Officer:** Group 2 is on emergency work. Amendment 2, in the name of the minister, is grouped with amendment 69.

**Mrs Mulligan:** Amendments 2 and 69 deal with situations in which the title deeds for the tenement provide a way of arranging for emergency work but do not say how the cost of that work should be shared out. The amendments ensure that such shares will be split on the same basis as emergency work carried out under the tenement management scheme.

I move amendment 2.

*Amendment 2 agreed to.*

### Before section 5

**The Deputy Presiding Officer:** Group 3 is on an ombudsman for tenements. Amendment 79, in the name of Dennis Canavan, is grouped with amendment 80.

**Dennis Canavan (Falkirk West) (Ind):** The main purpose of amendment 79 is to establish an ombudsman service to try to resolve disputes between residents of different flats in a tenement, or disputes between a resident and the factor, or manager, of the tenement.

At present, if the tenement is owned by a registered social landlord, certain categories of complaint may be referred to the public services ombudsman. However, no such service exists for residents in tenements that are privately owned. Residents can, of course, take legal action through the courts, but such a process can be lengthy and expensive. That was certainly the experience of some of my constituents who live in privately owned, sheltered accommodation at Springbank Gardens in Falkirk. The residents are all owner-occupiers, but a company called Sheltered Housing Management Ltd is the manager and is supposed to provide certain services.

Some of the residents became increasingly dissatisfied with the poor standard of service provided by the manager and with the lack of consultation, lack of transparency and lack of accountability in respect of its decision making and budgeting. Yet the company was imposing service charges that some of the residents considered to be extortionate. From 1985 to 2002, the service charges increased by 86.8 per cent. As a last resort, some of the residents withdrew or withheld their service charges and Sheltered Housing Management Ltd went to Falkirk sheriff court to recover the payment. The sheriff dismissed the action and awarded costs against Sheltered Housing Management Ltd because it had no legal right to impose the charge under the original minute of agreement. However, Sheltered Housing Management Ltd then went to the Court of Session and, in what can only be described as an incredible judgment, Lord Nimmo Smith allowed retrospective amendment of the original minute of agreement and awarded costs against the residents. The expenses totalled £50,000, split between nine residents, all of whom are elderly, retired people.

I submit that such a dispute could, and should, have been settled without the expense of going to court, but Sheltered Housing Management Ltd continues to behave in an arrogant and unaccountable fashion. Following a complaint from a constituent, I wrote to Mr Miller of Sheltered Housing Management Ltd on 3 November last year; I am still awaiting a reply. I realise that, under recent legislation, if a majority of residents

want to sack the manager and appoint someone else, they can do so, but that should only be a last resort. Even one resident, or a minority group of residents, within a tenement should have the right of redress without having to go to court. Amendment 79 therefore seeks to set up an ombudsman service to try to solve such disputes without court action. As members will see from subsection (4) of the section that amendment 79 would introduce, regulations made under the section may provide that an application to the sheriff may not be made unless the applicant has already sought to have the agreement resolved through the offices of the ombudsman.

I would hope that the Executive will respond positively to my amendment and I hope that the Parliament will accept it in the interests of justice, not just for my constituents but for others who, I am sure, are in a similar situation in many other constituencies throughout Scotland.

I move amendment 79.

**Pauline McNeill (Glasgow Kelvin) (Lab):** I want to say a few words on amendment 79 because I have a great deal of sympathy for Dennis Canavan's proposal. In my constituency, there is a high number of landlords, and in particular absentee landlords, some of whom are good landlords but a minority of whom are not and who are not really interested in maintaining or making improvements to their properties. We have even had cases in which that has resulted in the demolition of a building.

There are some issues that might not be dealt with in the spirit of the Tenements (Scotland) Bill and, if things were unclear, it would be useful to be able to take such matters to a third party to be able to talk out the issues. One of the issues of which I am thinking is the fact that, if a social landlord owns more than half the properties in a tenement and there is a minority of owner-occupiers in the block, in a vote, some people would be voting on a financial burden that they would have to pay while others would be voting on a bill that would be picked up by someone else. The decision in such a vote might seem unfair.

Therefore, I support the idea that, in certain circumstances, there should be a third party to whom tenants and owners should be able to go for mediation.

**Miss Annabel Goldie (West of Scotland) (Con):** I, too, am not unsympathetic to what Mr Canavan seeks to achieve. However, my reservation is twofold. The bill goes a long way towards eradicating many of the difficulties that have plagued tenemental ownership and there are remedies in the bill that might have been relevant to and welcomed by Mr Canavan's constituents all those months ago. My principal concern is that an

ombudsman is not a way to address that issue because I suspect that people in the position of Mr Canavan's constituents are looking for enforceable solutions. The role of ombudsman does not provide that, whereas the bill contains available remedies.

For that reason, I am unable to support amendment 79, but I am sympathetic to the reasons for its being lodged.

**Karen Whitefield (Airdrie and Shotts) (Lab):** Like other members who have spoken, I support the intention of amendment 79. Mr Canavan's constituents' terrible experiences demonstrate the need for the Executive to take action on mediation. Those are views that many members share and Labour members on the committee raised the issue with the minister. We believe that there is a need for the statutory provision of mediation, not only under the bill, but under other bills and acts, such as the Antisocial Behaviour etc (Scotland) Act 2004. For that reason and because of the assurances that we received from the minister that the Justice Department is carrying out research into mediation, we decided that the bill is not the right vehicle for the inclusion of mediation. However, it is something that the Executive needs to consider and introduce so that people do not always have to have recourse to the courts but are able to sort their disputes out amicably and quickly without too much emotional or financial cost.

**Mr Kenny MacAskill (Lothians) (SNP):** Like Annabel Goldie, Pauline McNeill and others, the Scottish National Party is sympathetic to what Mr Canavan proposes. There is a significant number of areas, not only in Falkirk, where there are problems.

I am grateful to the minister for taking time to discuss matters with me and for letting me hear the Executive's position. Our view is that it would be wrong to embark on a parallel course of action to that approach. It appears that ombudsmen are a last court of appeal to some extent; they are involved after mediation has been tried, after litigation has taken place and where there is no other avenue or recourse for an individual. To have a parallel route might simply create more problems.

What is important is that, as the minister has assured me, we will initially attempt to deal with matters by mediation. If that is unsuccessful, there will be the right to litigation, but to have a further right of appeal to an ombudsman after that is not required. If, at some stage in future, it is felt that an ombudsman is required because mediation has been attempted and has failed and litigation has been tried and been unsuccessful, perhaps there should be an ombudsman. The idea that we could justify yet another ombudsman in a small country dealing with a limited number of cases seems to

me to be untenable, but the role could be considered as part of an overall ombudsman for individual rights.

We must take cognisance of the valid points that Mr Canavan made. I am in tune with the Executive's approach that mediation should initially be tried. If that fails, there is litigation. That is the way to settle disputes, not a twin-track approach that may result in greater difficulties.

15:15

**Mike Pringle (Edinburgh South) (LD):** I agree with Kenny MacAskill and others. I have much sympathy for Dennis Canavan's position; it is a pity that he did not raise the issue at stage 1, because that would have given us a full opportunity to debate the situation and we might have asked some of our witnesses what they thought of it. The minister was fairly receptive to the Justice 2 Committee's views and we might have considered and incorporated the proposal. However, Kenny MacAskill is right: if we feel that the situation is causing a problem in the future, I am sure that we will be more than happy to return to it.

**Mrs Mulligan:** I will deal first with the amendments on the ombudsman, but I will return to the specific situation that Dennis Canavan described.

The Executive does not believe that an ombudsman for tenement disputes is necessary. The evidence is that few tenement disputes end up in the sheriff court and it is hoped that the bill will make disputes among owners, which are typically over repayment for repair work, become increasingly rare.

Section 6 makes it clear that the sheriff court is the place in which to determine legal issues that relate to the operation of the management scheme for a tenement, such as whether a scheme decision was validly made, whether it related to scheme property and who is liable for the cost of repair.

Section 5 permits an owner to apply to the sheriff for an order to determine whether a scheme decision by a majority of owners in a tenement should be annulled because it was unfairly prejudicial to an owner or not in the best interests of all owners.

I note that amendment 79 would make it necessary for owners to seek the proposed ombudsman's assistance only in the case that section 5 deals with and not in the section 6 case. I suggest that that makes the amendment incoherent.

The Executive acknowledges the valid argument for making available to tenement dwellers an

alternative method to resolve disputes that does not involve the expense and stress of raising an action in the sheriff court. In fact, the housing improvement task force suggested that in some cases groups of owners might find it helpful to obtain outside assistance to resolve disputes about work that needs to be undertaken.

The Executive agrees that people should be encouraged to resolve disputes without going to the court and is keen to raise awareness of alternatives that are already available. There is therefore no need to create an ombudsman for tenements. As Karen Whitefield said, the Executive recently published a booklet that gives information and advice on alternative dispute-resolution methods. That information is also available online.

We are working with organisations such as Scottish Mediation Network to develop awareness of mediation and to support the growth of mediation services throughout all sectors. We already support mediation projects in several areas. For example, at the sheriff court here in Edinburgh, we are considering options for encouraging the greater take-up of mediation and making the link between people who are willing to use mediation and the service providers that are available.

I take issue with Mike Pringle. The matter that Dennis Canavan raises was brought up in committee; my colleague Ken Macintosh asked several questions about it and brought it to our attention. For that reason, we examined the matter, but we decided that the bill deals with ownership in tenement blocks, whereas occupiers of shared-equity properties, for example, which may be what Dennis Canavan speaks about, do not own the properties—they own equity shares in a company. We therefore felt that the bill was not the place to deal with the issue. However, I have heard the concerns that Dennis Canavan and my colleague Ken Macintosh have expressed and we are happy to look further into whether we could resolve the situation. However, it is a complicated matter and one for which it may be difficult to provide answers without creating unwelcome side effects, so we will have to consider it carefully. I do not think that the amendment that is in front of us today addresses that specific, so I ask members not to support amendment 79 because other methods, such as mediation, might be preferable.

In response to Pauline McNeill's point about an owner who owns the majority of flats within a tenement, we believe that it would be difficult to interfere with the voting process along the lines of who the owners are and to restrict particular owners because they own more than one flat. It is only owners who would vote—it would not be tenants within the properties—so each owner

would have equal access to voting rights. We think that that is the fairest way to deal with the issue.

**The Deputy Presiding Officer:** I ask Dennis Canavan to wind up the debate and to indicate whether he will press amendment 79.

**Dennis Canavan:** I listened carefully to participants in the debate and in particular to what the minister had to say, but I am not convinced.

I welcome the fact that the Executive is at least considering introducing its own measures for mediation in housing disputes, but that should not exclude the acceptance of my amendment. If at some future date it is felt that the powers of my proposed ombudsman should be extended or amended, so be it. The Executive could introduce regulations for parliamentary approval to bring such amendments into effect. I take on board the criticism that we are perhaps in danger of setting up too many ombudspersons, but I would certainly be in favour of there being one ombudsperson for all disputes relating to housing matters. Although amendment 79 aims specifically to set up an ombudsman service for tenements, it could be extended at a later date to include other types of complaints relating to housing.

Annabel Goldie expressed some sympathy for the purpose of my amendment—I am grateful to her for her sympathy—but she argued against the amendment on the grounds that the findings of the ombudsman would not be legally enforceable. However, that is the case with most of the ombudsmen who are in existence, whether in the public sector or the private sector. That is not sufficient reason for not setting up an ombudsman in the first instance. In some cases, the ombudsman might be able to resolve the dispute in a voluntary fashion without it having to go to court, but if the ombudsman's intervention could not solve the dispute, either party would still have the right to seek legal action through the courts.

For all those reasons, I hope that Parliament will accept amendment 79. I press my amendment to a vote for two reasons: first, I think that it is an excellent amendment and, secondly, I want to test the new-fangled electronic voting system to ensure that it works.

**The Deputy Presiding Officer:** On that basis, I am sure that we are all obliged to Mr Canavan.

The question is, that amendment 79 be agreed to. Are we agreed?

**Members:** No.

**The Deputy Presiding Officer:** There will be a division.

#### FOR

Ballance, Chris (South of Scotland) (Green)  
Canavan, Dennis (Falkirk West) (Ind)

Fox, Colin (Lothians) (SSP)  
Harvie, Patrick (Glasgow) (Green)  
Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
Scott, Eleanor (Highlands and Islands) (Green)  
Sheridan, Tommy (Glasgow) (SSP)  
Swinburne, John (Central Scotland) (SSCUP)  
Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

#### AGAINST

Adam, Brian (Aberdeen North) (SNP)  
Aitken, Bill (Glasgow) (Con)  
Alexander, Ms Wendy (Paisley North) (Lab)  
Baker, 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)  
Cunningham, Roseanna (Perth) (SNP)  
Curran, Ms Margaret (Glasgow Baillieston) (Lab)  
Davidson, Mr David (North East Scotland) (Con)  
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
Douglas-Hamilton, Lord James (Lothians) (Con)  
Eadie, Helen (Dunfermline East) (Lab)  
Fabiani, Linda (Central Scotland) (SNP)  
Ferguson, Patricia (Glasgow Maryhill) (Lab)  
Fergusson, Alex (Galloway and Upper Nithsdale) (Con)  
Finnie, Ross (West of Scotland) (LD)  
Fraser, Murdo (Mid Scotland and Fife) (Con)  
Gibson, 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)  
Ingram, Mr Adam (South of Scotland) (SNP)  
Jackson, Dr Sylvia (Stirling) (Lab)  
Jackson, Gordon (Glasgow Govan) (Lab)  
Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)  
Johnstone, Alex (North East Scotland) (Con)  
Kerr, Mr Andy (East Kilbride) (Lab)  
Lamont, Johann (Glasgow Pollok) (Lab)  
Livingstone, Marilyn (Kirkcaldy) (Lab)  
Lochhead, Richard (North East Scotland) (SNP)  
Lyon, George (Argyll and Bute) (LD)  
MacAskill, Mr Kenny (Lothians) (SNP)  
Macdonald, Lewis (Aberdeen Central) (Lab)  
Maclean, Kate (Dundee West) (Lab)  
Macmillan, Maureen (Highlands and Islands) (Lab)  
Martin, Paul (Glasgow Springburn) (Lab)  
Marwick, Tricia (Mid Scotland and Fife) (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)  
McMahon, Michael (Hamilton North and Bellshill) (Lab)  
McNeill, Mr Duncan (Greenock and Inverclyde) (Lab)  
McNeill, Pauline (Glasgow Kelvin) (Lab)  
McNulty, Des (Clydebank and Milngavie) (Lab)  
Milne, Mrs Nanette (North East Scotland) (Con)  
Mitchell, Margaret (Central Scotland) (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)  
 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, 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)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

**The Deputy Presiding Officer:** The result of the division is: For 9, Against 93, Abstentions 0.

*Amendment 79 disagreed to.*

**The Deputy Presiding Officer:** The system works.

### **Section 5—Application to sheriff for annulment of certain decisions**

*Amendment 80 not moved.*

**The Deputy Presiding Officer:** Group 4 is on applications to the sheriff for annulment of certain decisions. Amendment 3, in the name of the minister, is grouped with amendments 4, 5 and 37.

**Mrs Mulligan:** I am sure that we are all grateful to Dennis Canavan for that experience. Those who thought that the Tenements (Scotland) Bill was not important have not yet had that experience.

Amendments 5 and 37 will clarify who can apply to the sheriff court under section 5 for annulment of a decision that is taken by a majority of owners under whichever management scheme applies to the tenement. Although the bill ensures that majority voting will become the norm for tenements in Scotland, the power of the majority will not be unfettered, as an individual who did not vote in favour of a decision will have the right to apply to the sheriff for an annulment of a decision of the majority. The sheriff will be able to grant an annulment if he or she is satisfied either that the

relevant decision is not in the best interests of all the owners taken as a group, or that it is unfairly prejudicial to one or more of the owners.

Amendment 5 provides that those who can seek to have a majority decision overturned are, first, the owner at the time that the decision was made and, secondly, a new owner. The owner at the time that the decision was made may not have been in favour of the decision or may have expressed no view, perhaps because they were not present. A new owner who was not the owner at the time of the decision must also be included to deal with the situation of a change in ownership because, under section 11, the incoming owner may be severally liable with the former owner.

Amendments 3 and 4 reflect the new definition of a management scheme that will be introduced by amendments 33 and 43, which will be discussed under group 14. Amendments 3 and 4 simply make it clear that all tenements will be subject to a management scheme, whether that be a tenement management scheme, the development management scheme, the burdens in the title deeds or a combination of the burdens and the individual rules of the tenement management scheme.

I move amendment 3.

*Amendment 3 agreed to.*

*Amendments 4 and 5 moved—[Mrs Mary Mulligan]—and agreed to.*

**The Deputy Presiding Officer:** Group 5 is on the meaning of “owner”. Amendment 6, in the name of the minister, is grouped with amendments 7, 34 to 36 and 41.

15:30

**Mrs Mulligan:** Amendments 6 and 7 will clarify that if two or more persons own a flat, either or any of them may raise an action in the sheriff court under section 5. The amendments will also make it clear that the 28-day period within which an application to the sheriff must be made cannot be started for all co-owners by service of notice of a decision on just one of them. The purpose of the amendments is to protect each owner where there are two or more co-owners of a flat. Each owner must have equal rights and the action or inaction of a co-owner must not remove those rights.

The remaining amendments in the group are technical drafting amendments that are designed to ensure that the references to “owner of a flat” and

“owner of a part of a tenement”

work properly.

I move amendment 6.



*Amendment 6 agreed to.*

*Amendment 7 moved—[Mrs Mary Mulligan]—and agreed to.*

**The Deputy Presiding Officer:** Group 6 is on the giving of notice. Amendment 8, in the name of the minister, is grouped with amendments 46, 57 to 59 and 71.

**Mrs Mulligan:** Amendments 46 and 71 will make a technical change to the rules for giving notice to owners of decisions that are made under the bill or the tenement management scheme. Section 25A provides that a notice can be sent to the flat in question if the name of the owner is not known, but it is of course possible for the owner's name to be known while his or her whereabouts are a mystery. Amendments 46 and 71 will provide that, in that case, it will be sufficient for the notice to be sent to the flat. However, the person who sends the notice will have to have made "reasonable inquiry" as to where the owner is.

Amendments 8 and 57 to 59 are technical drafting amendments that will ensure that the language that is used in the bill is consistent.

I move amendment 8.

*Amendment 8 agreed to.*

#### **Section 8—Duty to maintain so as to provide support and shelter etc**

**The Deputy Presiding Officer:** Group 7 is on support and shelter: maintenance of parts in common ownership. Amendment 9, in the name of the minister, is in a group on its own.

**Mrs Mulligan:** Section 8(1) provides that the owner of any part of a tenement building is obliged to maintain his property if it provides support or shelter to any other part of the tenement. That is a restatement and replacement of an existing rule under the common-law doctrine of common interest. Section 8(1) imposes a duty on each and all of the owners to look after, for example, the roof, but does not permit any one pro indiviso owner—which to you and me means co-owner—to maintain it. If the roof is common property, the co-owner needs the consent of all the other owners, unless the repair is a necessary one. Amendment 9 will allow a co-owner to carry out maintenance to common property without the consent of the other owners in order to comply with section 8.

I move amendment 9.

*Amendment 9 agreed to.*

#### **Section 10A—Determination of when an owner's liability for certain costs arises**

**The Deputy Presiding Officer:** Group 8 is on the determination of when liability for certain costs

arises. Amendment 10, in the name of the minister, is grouped with amendments 11 to 20 and 23.

**Mrs Mulligan:** This group of amendments was prompted by concerns that members of the Justice 2 Committee raised when it considered the bill at stage 2. Section 11 deals with the apportionment of liability for repairs and other costs when a flat is sold and makes it clear that an owner does not cease to be liable when he or she ceases to own a flat. However, section 11 was framed on the basis that incoming owners would become severally liable with the seller for outstanding liabilities in relation to the relevant flat, although the buyer would have a right of relief against the seller. Concerns were expressed at stages 1 and 2 that an incoming owner might be exposed to large and unexpected bills for repair work if a seller did not disclose the existence of such a liability and then disappeared without trace. The buyer would then, in effect, be solely liable for work that was done before he or she became owner of the flat.

The amendments in this group will allow any owner in a tenement to register a notice in the property registers to make it public that works have been or may be carried out to the tenement. If there is no notice, the incoming purchaser will not be liable for the costs of any work carried out before he or she became an owner. If there is a notice, he or she will be alerted to the fact that there might be an outstanding liability for the work. The purchasing solicitor will, no doubt, ask the seller what that is about. If necessary, a sum can be retained from the purchase price to cover the liability, so the purchaser will be protected, which is what the committee asked us to ensure during stage 2. The notice will also protect the other owners in the tenement because, when a notice is registered, liability will pass to the incoming owner as originally proposed in section 11. The proposals apply only to maintenance work that has already been carried out by the owners.

I apologise, Deputy Presiding Officer. I believe that I have skipped a grouping and am speaking to group 9 rather than group 8.

**The Deputy Presiding Officer:** Please continue speaking to the amendments that you are currently dealing with.

**Mrs Mulligan:** The notice procedure is set out in amendments 22 and 24. To be effective against a new order, the notice will have to be registered at least 14 days before the incoming owner becomes the new owner in order to allow time for the property registers to be searched by solicitors for purchasers. The notice will be in a form specified in amendment 72. Amendment 21 is consequential and amendments 38, 42 and 45 are technical.

At stage 2, Nicola Sturgeon envisaged that there should be a financial limit on liability and the notice procedure should not apply until that limit had been exceeded. Although the Executive was originally attracted to the idea of there being a financial limit, we now feel that that would be undesirable. If a limit of, say, £1,000 were imposed, we suspect that purchasing solicitors would simply retain that sum in every case, which would have the effect of distorting the conveyancing system. The other reason for not having a limit is that the incoming owner might be faced with a number of competing demands for a number of repairs from various owners. If the limit applied to all the various repairs, it would not limit the new owner's liability. I suggest that all of that would be unnecessarily complicated, which is why we have not agreed to the suggestion at this stage. I hope that that will be acceptable to the committee members.

I also hope that the committee members will feel that the Executive's proposed amendments to section 11 will provide the kind of protection to incoming owners that they sought and offer an acceptable solution that balances the competing interests of new owners and other owners in a tenement if there is an outstanding liability.

Shall I move amendment 21?

**The Deputy Presiding Officer:** No, you should not move amendment 21 at this stage. I thought that it would make sense for you to complete your speech for the sake of the coherence of the debate and the *Official Report*.

I would like you now to address the amendments in group 8. Members who want to speak about the amendments in group 9 will be able to do so when we have disposed of the amendments in group 8. I should not think that it will be necessary for you to repeat any of the points that you have just made.

**Mrs Mulligan:** Group 8 is a highly technical grouping of amendments. Amendments 10, 11, 13, 15, 17 and 18 amend parts of section 10A so that references to "scheme costs" are changed to "relevant costs". Members will be aware that rule 4 of the tenement management scheme refers only to "scheme costs" but, in cases in which the management scheme is in operation for a tenement is wholly or partly made up of burdens contained in the title deeds of the tenement, it is possible that the burdens might go further than the scheme. At present, burdens that do so would not come within the scope of section 10A and, as a consequence, the rules in that section on determination of liability would not apply. The amendments will alter section 10A so that it will now cover cases in which the burdens in the title deeds are more extensive than the provisions of the tenement management scheme.

Amendment 23 is consequential and amendment 12 relates to the time at which an owner's liability for certain costs arises. Section 10A(4) is on costs recoverable as a result of statutory notice. Subsection 6 relates to work instructed by a manager and subsection 1 relates to work or other costs that arise from the scheme decision.

I move amendment 10.

**The Deputy Presiding Officer:** No member has asked to speak on group 8.

*Amendment 10 agreed to.*

*Amendments 11 to 20 moved—[Mrs Mary Mulligan]—and agreed to.*

### **Section 11—Liability of owner and successors for certain costs**

**The Deputy Presiding Officer:** We now come to group 9. Amendment 21, in the name of the minister, is grouped with amendments 22, 22A, 24, 81, 38, 42, 45 and 72. I require the minister to move amendment 21. I do not think that it is necessary for her to say anything further.

*Amendment 21 moved—[Mrs Mary Mulligan].*

**Miss Annabel Goldie (West of Scotland) (Con):** I come to the aid of the minister—she is not the first person to become confused by the Tenements (Scotland) Bill. There were many furrowed brows and perspiring heads in the Justice 2 Committee.

The Executive's amendments to section 11 are welcome, as they acknowledge the concerns of the Justice 2 Committee. As the minister indicated, two amendments were lodged at stage 2 to try to avoid the situation in which a hapless purchaser becomes liable for a seller's obligations without knowing anything about it. I appreciate the attitude that the minister has adopted, as the amendments that have been lodged in her name accept the full spirit of the concerns that were expressed by the Justice 2 Committee and which I personally advocated as a member of that committee.

The reason why I lodged amendment 22A is that even though the Executive's amendment 22 is excellent, I am trying to make it a little better. Any purchaser who is buying a property, which is an important financial commitment, wants to know as soon as possible what the likely obligations of acquiring that property will be. Under the Executive's amendment, the purchaser will be liable but they will at least know about that liability because a notice can be registered until 14 days before the date of settlement. I thought that it might be desirable, for the sake of the purchaser, to make that date a little earlier, so my amendment 22A seeks to bring the date forward to the date of conclusion of missives.

**Mike Pringle:** Section 11 probably exercised the committee more than any other section of the bill. There was considerable discussion on it and a considerable number of people gave evidence. I was certainly persuaded to agree with the committee's view. In my experience as a councillor, purchasers came to me on two occasions to ask me to resolve problems whereby owners who had sold their properties had disappeared. I am delighted that the minister listened and has lodged amendments at stage 3. They are different from the amendments that were lodged by Annabel Goldie and Nicola Sturgeon at stage 2, and what we now have is something that will work extremely well for purchasers, who were in an invidious position. The amendments will oblige not only sellers but sellers' lawyers to ensure that they give the information to the purchaser and the purchaser's solicitor at the point of sale. That can only benefit the huge number of people throughout Scotland who purchase tenement flats.

15:45

**Mr MacAskill:** I concur with the points that Annabel Goldie made; the amendments to section 11 are welcome. We can never make the purchase of property risk free—given the circumstances and costs involved, there will always be difficulties—but the law can seek to make matters as transparent as possible and to make information readily available so that people can find out what the factual situation is and can get a clear remedy as quickly as possible. That is the purpose of section 11, and it is greatly welcome.

On the points that Annabel Goldie made on her amendment 22A, I had the opportunity of discussing matters with the minister, and I will be supporting the amendment. The minister may be technically correct in saying that matters are addressed and clarified in the schedule, but terminology is important. People do not like to have to look at schedules to find out what is being referred to.

The terminology of missives is quite clear in Scots law, and it is understood, not just by practising lawyers but by those who participate in the process, that there are two aspects to the purchasing of property: the conclusion of missives and the creation of the contract and, subsequently, the handing over of the property and the passing on of the money. The minister is correct to say that that is referred to in the schedule, and it could be argued that the nomenclature change proposed by Miss Goldie is superfluous, but it is important that matters are as clear as possible. Section 11 should be as transparent as possible, and we

should make clear the position to which we refer, without having to flick through several pages.

The minister may be legally correct, but in the interests of clarity and transparency Miss Goldie's amendment 22A is welcome. It will not undermine the ethos of the bill, but it will make the bill more accessible to lawyers and other practitioners who flick through it, by making it clear that risk transfers when missives are concluded.

**Mrs Mulligan:** I realise that I am taking my life in my hands by discussing legal points with two lawyers, but I will do it anyway.

I acknowledge that Annabel Goldie's amendment 22A is meant to be helpful. The concern is that the bill's definition, which refers to the date when the new owner acquired right to the flat, might give rise to confusion, and that providing for the date on which "missives were concluded" might be more certain. However, I do not share that concern. The phrase "acquisition date" is the established phrase for the date on which a purchaser acquires right to a property. It is familiar to conveyancing solicitors from legislation such as the Conveyancing and Feudal Reform (Scotland) Act 1970—with which I am sure all members are familiar—and it has been used generally in recent legislation. It is also used elsewhere in the bill. Essentially, a person has right to a flat once that person has delivered disposition for that flat. We would prefer to stick with the established definition, which is in line with other statutes.

Moreover, I suggest in the nicest possible way that amendment 22A is defective, because it deals only with the normal purchase and sale situation where there will be missives of sale. Not all transfers of flats will require missives, for example transfers of property following the owner's death. I ask Annabel Goldie not to move amendment 22A.

*Amendment 21 agreed to.*

*Amendment 22 moved—[Mrs Mary Mulligan].*

*Amendment 22A moved—[Miss Annabel Goldie].*

**The Deputy Presiding Officer:** The question is, that amendment 22A be agreed to. Are we agreed?

**Members:** No.

**The Deputy Presiding Officer:** There will be a division.

**FOR**

Aitken, Bill (Glasgow) (Con)  
Baird, Shiona (North East Scotland) (Green)  
Ballance, Chris (South of Scotland) (Green)  
Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
Davidson, Mr David (North East Scotland) (Con)  
Douglas-Hamilton, Lord James (Lothians) (Con)

Fabiani, Linda (Central Scotland) (SNP)  
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)  
 Fox, Colin (Lothians) (SSP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Neil, Alex (Central Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

#### AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baker, 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) (Ind)  
 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)  
 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)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (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)  
 McMahon, Michael (Hamilton North and Bellshill) (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)  
 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, Margaret (Edinburgh West) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

**The Deputy Presiding Officer:** The result of the division is: For 29, Against 57, Abstentions 0.

*Amendment 22A disagreed to.*

*Amendment 22 agreed to.*

*Amendment 23 moved—[Mrs Mary Mulligan]—and agreed to.*

#### After section 11

*Amendment 24 moved—[Mrs Mary Mulligan]—and agreed to.*

#### Section 12—Prescriptive period for costs to which section 11 relates

*Amendment 81 moved—[Mrs Mary Mulligan]—and agreed to.*

#### Section 14—Access for maintenance purposes

**The Deputy Presiding Officer:** Amendment 25 is grouped with amendments 26, 28, 30, 39, 47 and 48.

**Mrs Mulligan:** This group of amendments deals with the installation of new services in tenements. A distinctive feature of tenements is that they have a great deal of common property, such as the common close and the stair. Under the common law, it would not be possible to carry out any alteration or addition to common property without the consent of all the owners. That means that an owner could not install a new service without the consent of all of his or her neighbours. Special legislation is already in place to cover some services such as electricity. Members might recall that in the consultation draft of the bill, there was provision to cover gas pipes and television aerials. We took that out before the introduction of the bill because those matters are reserved, and we hope that provision will soon be made for them at Westminster by a section 104 order under the Scotland Act 1998. However, we think that it is wise to make provision for other devolved services in future.

Amendment 30 proposes that an owner will be able to install services, subject to any of the procedures that can be prescribed by Scottish ministers and as long as the services have been

prescribed. Amendments 47 and 48 are technical amendments. Amendment 26 makes it clear that an owner will be able to access another's flat for the purpose of installing service pipes and suchlike. Amendment 39 is a technical amendment and amendments 25 and 28 are consequential on the new definition of management scheme introduced by amendment 33.

I move amendment 25.

**Miss Goldie:** Will the minister clarify a point in relation to amendment 30? I know that the whole spirit of the bill is such that titles deeds should have precedence where they are relevant. Am I correct in interpreting amendment 30 as meaning that its provisions would overrule title deeds?

**Mrs Mulligan:** The member is correct that the spirit behind the legislation seeks to ensure that where title deeds have something to say on an issue, they will take precedence. However, where there is a gap, the provisions in amendment 30 will fill in that gap.

*Amendment 25 agreed to.*

*Amendment 26 moved—[Mrs Mary Mulligan]—and agreed to.*

**The Deputy Presiding Officer:** Amendment 27 is grouped with amendments 31, 40, 44 and 73 to 77.

**Mrs Mulligan:** This group of amendments is intended to make the provisions relating to the sale of an abandoned tenement building operate more effectively.

Amendments 27 and 31 will ensure that it is possible to get access to an abandoned tenement. That is to avoid a situation in which the sale of an abandoned tenement might be frustrated because of a lack of access, and the building might then become blighted. Amendments 73 and 74 are drafting amendments. Amendment 75 provides a right of appeal to the Court of Session against a sheriff's decision to grant or to refuse to grant the power of sale under the schedule 2 procedure.

Amendment 76 provides not only that the power of sale will be of no effect unless it is registered within 14 days, but that it will not take effect until 42 days after it has been registered. The aim of the amendment is to avoid possible problems if more than one owner is trying to sell an abandoned tenement.

Amendment 77 obliges the person to whom a power of sale is granted to erect a for sale sign at the site of the property when advertising the sale. The sign will give the details of the selling agent.

Amendment 40 makes it clear that any reference to an owner in relation to the power of sale provisions in schedule 2 will be construed as a

reference to any person who owns a flat either solely or in common with another.

Amendment 44 is a technical drafting amendment that allows "power of sale order" to be used as shorthand for the procedure under schedule 2.

I move amendment 27.

*Amendment 27 agreed to.*

*Amendment 28 moved—[Mrs Mary Mulligan]—and agreed to.*

### **Section 15—Obligation of owner to insure**

**The Deputy Presiding Officer:** Amendment 29, in the name of the minister, is in a group on its own.

**Mrs Mulligan:** Section 15 of the bill requires each owner in a tenement to insure their flat for reinstatement value, rather than just market value, against the list of risks to be prescribed by Scottish ministers. The bill currently provides that if the title deeds of the tenement require the tenement building to be insured by way of a common policy of insurance, that common policy must be used in order to satisfy the duty to insure under the bill.

Amendment 29 was prompted by discussion of section 15 by the Justice 2 Committee and, in particular, consideration of an amendment that was lodged at stage 2 by the committee's convener, Annabel Goldie. She wished to allow owners in a tenement to have the flexibility to use a combination of a common policy of insurance and individual policies, provided that the cumulative cover provided by all the policies covered the reinstatement value of the building. That would be the case in circumstances where the relevant title deeds required there to be a common insurance policy for the whole tenement.

The background to Annabel Goldie's amendment was that common policies are often stipulated in title deeds, but not necessarily for reinstatement value, and are therefore often supplemented by individual policies. I am led to believe that that is the case in the west of Scotland in particular, where properties are more commonly managed by a professional factor.

Amendment 29 would amend section 15(2) of the bill so that the requirement to insure would be fulfilled if the insurance cover were provided in whole or in part by a common policy of insurance. That would allow owners to have a combination of common and individual policies of insurance, regardless of whether the title deeds contained provision for a common policy. I hope that Annabel Goldie will feel able to support this change, because it gives effect to the purpose of the amendment that she lodged at stage 2.

I move amendment 29.

**Miss Goldie:** I am positively overwhelmed by such uncharacteristic adulation from the Executive. Once again, on behalf of the Justice 2 Committee I extend to the minister my appreciation of the Executive's willingness to take on board important arguments. In lodging amendment 29, the Executive has done a great deal to remove possible restriction and inflexibility faced by the individual flat owners. I welcome the Executive amendment.

*Amendment 29 agreed to.*

### After section 15

*Amendment 30 moved—[Mrs Mary Mulligan].*

**The Deputy Presiding Officer:** The question is, that amendment 30 be agreed to. Are we agreed?

**Members:** No.

**The Deputy Presiding Officer:** There will be a division.

#### FOR

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baird, Shiona (North East Scotland) (Green)  
 Ballance, Chris (South of Scotland) (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) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Cunningham, Roseanna (Perth) (SNP)  
 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)  
 Fox, Colin (Lothians) (SSP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Harvie, Patrick (Glasgow) (Green)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 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)  
 Kane, Rosie (Glasgow) (SSP)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)

Matheson, Michael (Central Scotland) (SNP)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (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)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Welsh, Mr Andrew (Angus) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)

#### AGAINST

Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Johnstone, Alex (North East Scotland) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Scanlon, Mary (Highlands and Islands) (Con)

16:00

**The Deputy Presiding Officer:** The result of the division is: For 70, Against 9, Abstentions 0.

*Amendment 30 agreed to.*

### Section 20—Sale of abandoned tenement building

*Amendment 31 moved—[Mrs Mary Mulligan]—and agreed to.*

### Section 22—Amendments of Title Conditions (Scotland) Act 2003

**The Deputy Presiding Officer:** Amendment 32, in the name of the minister, is grouped with amendments 49, 50 and 78.

**Mrs Mulligan:** Amendments 32, 49, 50 and 78 are technical amendments to the Title Conditions (Scotland) Act 2003. Although amendment 78 is lengthy, most of its provisions were already in the bill after stage 2. They were previously contained in section 22, but it is thought that gathering together all the amendments to the 2003 act in a

schedule would be more convenient. Of the new amendments, some rectify minor drafting errors or omissions in the 2003 act and others ensure consistency with amendments made to the Tenements (Scotland) Bill. The most notable of those is on the liability of incoming owners, as discussed earlier in the context of amendment 22.

Refinements are also made to the 2003 act's provisions that affect rural housing and housing estates. In relation to rural housing, the 2003 act specifies that rural housing bodies must have as one of their objectives or functions the provision of housing on rural land or rural land for housing. For example, that would exclude a body that, although it provided rural land, did not have that as an objective or function. The amendment will allow bodies with a wider function to be designated as rural housing bodies, although it will only be possible for rural housing burdens to be created in rural areas.

The amendment to section 53 of the Title Conditions (Scotland) Act 2003 is highly technical. Its purpose is to make it clear that, if a developer or local authority, for example, is using section 53 of the act to extend a common scheme of real burdens, it will not be necessary for them to nominate benefited properties as under the general rules set out in section 4 of the act.

I move amendment 32.

*Amendment 32 agreed to.*

### After section 23

**The Deputy Presiding Officer (Trish Godman):** Amendment 33 is grouped with amendment 43.

**Mrs Mulligan:** The amendments tighten up the definition of a management scheme and give it more prominence. The concept that every tenement will in future have a management scheme to assist in common decision making is a fundamental aim of the bill. Amendment 33, therefore, moves the definition of management scheme from the interpretation section to a section of its own.

Amendment 43 makes a slight modification to the definition to ensure that any specific provisions that the title deeds of the tenement make on improvements to the tenement are included in the management scheme so that they benefit from the general provisions of the bill.

I move amendment 33.

*Amendment 33 agreed to.*

### Section 24—Meaning of “owner”, determination of liability etc.

*Amendments 34 to 41 moved—[Mrs Mary Mulligan]—and agreed to.*

### Section 25—Interpretation

*Amendments 42 to 45 moved—[Mrs Mary Mulligan]—and agreed to.*

### Section 25A—Giving of notice to owners

*Amendment 46 moved—[Mrs Mary Mulligan]—and agreed to.*

### Section 27—Orders

*Amendments 47 and 48 moved—[Mrs Mary Mulligan]—and agreed to.*

### Section 29—Short title and commencement

*Amendments 49 and 50 moved—[Mrs Mary Mulligan]—and agreed to.*

### Schedule 1

#### TENEMENT MANAGEMENT SCHEME

**The Deputy Presiding Officer:** Group 15 is on the meaning of “scheme property.” Amendment 51 is grouped with amendments 52 to 55.

**Mrs Mulligan:** This group of very technical drafting amendments is intended to clarify the definition of scheme property in the tenement management scheme in schedule 1. The three classes of scheme property, which are set out in paragraphs (a), (b) and (c) of rule 1.2, could all be present in the same building. However, the word “or” tends to infer that the items in the list are alternatives, when they are in fact collective. As a result, amendment 54 seeks to remove the word “or” from rule 1.2(b). Amendments 51, 52, 53 and 55 seek to reflect the fact that reference to scheme property will always relate to a particular tenement.

I move amendment 51.

*Amendment 51 agreed to.*

*Amendments 52 to 55 moved—[Mrs Mary Mulligan]—and agreed to.*

**The Deputy Presiding Officer:** Group 16 is on scheme decisions and costs. Amendment 56 is grouped with amendments 60 to 67.

**Mrs Mulligan:** These amendments seek to make a range of alterations to the rules of the tenement management scheme. The point of amendment 56 is to remove any ambiguity as to whether rule 2.3 includes cases in which the obligation in the title deeds is to pay rather than to maintain. As the bill stands, if the owner is not liable for the flat's maintenance, he does not get a vote in a scheme decision. The amendment seeks to make it clear that he or she would be entitled to a vote under rule 2 procedures only if the terms of the burdens are such that he or she is either obliged to maintain or to pay for maintenance.

Amendment 56 seeks to bring the language of rule 2.3(b) into line with rule 1.2(b).

Amendment 60 seeks to allow owners to delegate any of their powers to a manager and to avoid the possibility that a restrictive interpretation will be applied to rule 3.1(d). Nevertheless, it is made clear that such a power could include the power to decide to carry out and instruct maintenance. Amendment 63 is a drafting amendment designed to clarify that, in cases in which a scheme decision gives authority to operate a maintenance account, that authorisation must be given to a manager or to at least two other persons. It seeks to bring the wording of rule 3.4(a) into line with rule 3.4(c).

Amendments 61, 64, 65 and 66 make the most noticeable changes in this group by permitting the owners of a majority of flats in a tenement to decide to install an entry system that can be operated from each flat. Allowing such facilities to be installed has clear security and amenity benefits that outweigh our general policy that improvements, as opposed to repairs, should be subject to the unanimous approval of all owners. I hope that Sarah Boyack, who raised the issue at stage 2, will welcome this amendment, which seeks to permit the installation of entry systems by a majority vote.

Rule 3.1 of the tenement management scheme lists the matters on which the owners in a tenement are permitted to make scheme decisions. Rule 3.1(g) permits owners to make a scheme decision to authorise any maintenance of scheme property that has already been carried out. Amendment 62 seeks to remove the words "by the owner" to avoid any danger that work carried out by a property manager or factor would be excluded from the operation of the rule.

Amendment 67, as I am sure members will be pleased to hear, is the final amendment of the day. It clarifies the redistribution of a share of costs where one owner is sequestered or cannot be found. As the bill is currently worded, the other owners at the time that the redistributed share is recoverable would have to pay a defaulting owner's share. Amendment 67 imposes a liability on the owner of a flat and makes it clear that the other owners would only be owners who were together responsible for the rest of the cost of the repairs. That covers the situation that would arise when one of the flats was sold between the time when the owners became liable for the costs and the time when they discover that one of their number cannot pay.

I move amendment 56.

**Sarah Boyack (Edinburgh Central) (Lab):** I am delighted that the minister has got a fix for us in the bill. The installation of entry systems is a

practical issue and something that many of my constituents have problems with, particularly in the old town of Edinburgh and the city centre, where people have lots of amenity problems and where there are security and safety issues. It is a practical problem that people cannot currently get resolved, so I am delighted that amendments 61 and 64 will be made to the bill, if everybody supports them, which I am sure will be the case.

Door entry systems are crucial to improving people's quality of life as well as their personal security. They are also an important way of maintaining the quality of the tenement and of ensuring that maintenance is not continually interrupted by people doing the most appalling antisocial things in people's tenements. That is a real problem and something that we can solve today by voting for the minister's amendments. I am absolutely delighted about that.

Many tenements have multiple owners—not just individual owners, but the City of Edinburgh Council and housing associations—and people have been unable to get progress because at the moment everybody needs to sign up. By moving to a majority system, we are going to improve thousands of people's lives. I am pleased to support the amendments. There are people who will, in the next few months, achieve a real improvement in their quality of life. That is one of the improvements that we have brought about through the Tenements (Scotland) Bill, which I warmly welcome.

Like other members of Parliament, I went along as an interloper to the committee to plead with committee members to be interested. The committee was supportive and I am delighted that the minister has been able to find a technical solution. Sometimes a technical problem can remain a technical problem. Getting a solution is something that we should be grateful for.

*Amendment 56 agreed to.*

*Amendments 57 to 71 moved—[Mrs Mary Mulligan]—and agreed to.*

#### **After schedule 1**

*Amendment 72 moved—[Mrs Mary Mulligan]—and agreed to.*

#### **Schedule 2**

SALE UNDER SECTION 18(3) OR 20(1)

*Amendments 73 to 77 moved—[Mrs Mary Mulligan]—and agreed to.*

#### **After schedule 2**

*Amendment 78 moved—[Mrs Mary Mulligan]—and agreed to.*



**The Deputy Presiding Officer:** That ends consideration of amendments.

## **Tenements (Scotland) Bill**

**The Deputy Presiding Officer (Trish Godman):** The next item of business is the debate on motion S2M-1493, in the name of Margaret Curran, that the Tenements (Scotland) Bill be passed.

16:13

**The Minister for Communities (Ms Margaret Curran):** I am pleased to move the motion this afternoon to pass the Tenements (Scotland) Bill, which, if members agree to it, will be the first piece of legislation to be passed in this magnificent new Parliament building. It seems particularly appropriate that the first piece of legislation to be passed here should concern buildings and should be a bill that affects the lives of many Scots.

I am sure that most of us in this chamber have lived in a tenement at some point in our lives. Some may even, like me, have been born in one. Tenement living has been a feature of Scottish life for hundreds of years and examples of ancient tenement buildings may be seen not far from here in the Royal Mile. In modern times, however, nearly 1.5 million Scots continue to live in tenement properties, so the proper management of tenements is indeed an urgent matter for the attention of Parliament.

The bill does not simply cover the sandstone and granite buildings that we all think of as tenements. Mary Mulligan and I are dutifully informed that the bill covers all property where ownership is divided horizontally. Modern blocks of flats, high rise towers, four-in-a-block properties and converted villas all come within the ambit of the bill. Commercial properties such as office blocks are also included, so it is wide ranging and the measures are of great consequence. The bill is a law reform measure, but it also represents a commonsense modernisation of the law that will improve the daily lives of people who live or work in tenement property.

In the past there has been widespread frustration about the absence in the existing common law of a proper system of management and decision making in cases in which the title deeds of individual tenements make no provision on the matter. The basic common-law rule has been that every owner in a tenement must agree before repairs can be carried out, unless the title deeds stipulate that majority decision making is allowed. As we know, it is difficult to get everyone to agree, so very often nothing gets done. The common-law rule does not help people; it just gets in their way.

The tenement management scheme that the bill proposes will solve that problem. The scheme will

enable a majority of owners to take a decision that will be binding on all owners. All owners will have to contribute their share of the cost of common repairs. Owners will be empowered to take responsibility for the condition of their property. The housing improvement task force was clear in its belief that the responsibility for the upkeep of houses in the private sector lies first and foremost with owners and that there is a need for greater awareness and acceptance of their responsibilities on the part of owners.

Of course, many tenements already have adequate arrangements, which will not be overturned. Similarly, future developers will be able to put in place their own management schemes to suit the individual circumstances. The Justice 2 Committee supported the policy of supplementing and underpinning gaps or deficiencies in title deeds rather than imposing one new set of rules on all tenements.

I am grateful to the Justice 2 Committee for its careful consideration of the bill and to the other interested parties who suggested amendments during either the consultation process or the bill's passage through Parliament. I am sure that I do not say this for the first or the last time: the committees of the Parliament are often a credit to the legislative process that is enshrined in the Parliament.

Members have acknowledged that the Executive has sought to modify the bill in response to concerns. As we heard, amendments have been made to section 11 to protect incoming owners from outstanding liabilities for repair work that has been carried out but not paid for—a matter that accounted for a substantial part of the stage 1 debate. An amendment was made to section 15 to reflect Annabel Goldie's concerns about the requirement for compulsory insurance for tenement flats and an amendment has been made to the tenement management scheme to permit a majority of owners to install an entry system, as a result of representations from Sarah Boyack. I am grateful to the members of the Justice 2 Committee for making those suggestions. The amendments clearly improve the bill.

The bill represents the third and final part of the Executive's programme of property law reform and follows the Abolition of Feudal Tenure etc (Scotland) Act 2000 and the Title Conditions (Scotland) Act 2003. If the motion is agreed to this afternoon, we intend that the bill will become law on 28 November, at the same time as the other two pieces of legislation. All the reforms have resulted from reports of the Scottish Law Commission and I take this opportunity to pay tribute to the commission's work. The commission carried out an exhaustive review of Scots property law in recent years, which has led to the imminent

abolition—long overdue—of the obsolete feudal system of land tenure and the replacement of that system by a system of simple, outright ownership of property.

It is appropriate that I pay tribute to the work of Mary Mulligan. I think that it is obvious to members that she shouldered the burden of negotiations on the detail of the bill. I heard the many compliments that she received from members about how she conducted her work and it is clear to me that there might be something in that consensual approach to politics—perhaps I should learn something from Mary Mulligan as we conduct our work. That will be a challenge, but I promise to try.

It is also particularly appropriate to thank the team of officials who worked on the bill. There is talk in the press today of the role of the civil service and the need for reform, but I think that Mary Mulligan and I would both say that the team that Joyce Lugton led was extraordinarily professional in its work—unless there is something that we did not ask and do not know about, which might become clear in time. The team produced work of the highest standard, worked well with ministers and made every attempt to meet the needs of the Justice 2 Committee, so the officials' work deserves tribute.

This bill ensures that every tenement in Scotland will have workable management arrangements. Every tenement will have a mechanism for ensuring that necessary repairs are carried out and that owners can reach decisions on other matters of mutual interest and concern. The bill will allow many outstanding tenement repairs to proceed. It provides a robust framework in law for the management and maintenance of existing and future tenement buildings.

I move,

That the Parliament agrees that the Tenements (Scotland) Bill be passed.

16:20

**Mr Kenny MacAskill (Lothians) (SNP):**

Following on from what Margaret Curran said about the work of civil servants, I want to say that they have, in many instances, been maligned unfairly. I was contemplating the points that were made on amendment 22A and, on reflection, I would say that the advice of officials to the minister was correct and that my political judgment was incorrect. I had forgotten about the scenario of a transfer upon death. It may be unlikely that such a dispute would arise, but I accept that the advice given to the minister was correct and that my political judgment was wrong. We should acknowledge that the civil service does an excellent job.

It may not be a hair-shirt mentality, but we have been making a great deal of the fact that this chamber has been pilloried. However, it is now about moving on and making legislation in Scotland. It may not be earth-shattering stuff, but it is stuff of considerable importance. Without this institution, it is likely that we would only have got round to addressing these matters—in some form of consolidated act—some five or 10 years in the future. We would not have been able to address a matter that is of fundamental importance for many people. It is not earth-shattering to the economy, and it does not knock Scotland and the world off its axis, but it does make a significant improvement for many people and for the general community.

Tenements are an important part of Scottish life. They are not unique to Scotland but they are a distinctive part of life. If it was not for the tenement, our whole culture and society would not necessarily have evolved as it has. However, society has changed, which is why this legislation is necessary. There are now more student flats, not only in Edinburgh but in many places where universities and colleges have grown up. There is also the growth of buying to let. As a result, in many stairs in which a common repair is needed it is not possible for people to meet their neighbours. That is not because society has moved on and people do not interact as we did before, when people lived together; it is because people simply do not know who the other owners are, because they are absentee landlords—they are elsewhere. We have to address that problem. We have to be able to litigate properly, rather than ending up in court because there has been a stairheid rammy after people got upset. A significant amount of money can be involved.

This legislation is important. As I said earlier when we were debating the amendments, it will not necessarily take the risk out of purchasing a property. That risk will always be there. However, we must have transparency and the right to proceed when there are problems.

The minister was right to oppose the points made by Mr Canavan. We should try to resolve matters through mediation, because nobody wishes to go to court. The first stage should be to see whether everybody in the stair can meet together and agree. If that cannot be done, we should see whether there can be some formal mediation system in which some attempt at brokering can be made—with either local or central Government involvement. If that fails, we have to be able to have recourse to litigation, because substantial amounts of money can be involved.

We can never ensure that there will not be a risk of a bill being left outstanding or of absentee

landlords or others not paying their share. When that happens, there will have to be litigation. However, we can ensure that people know their rights and have a clear recourse to litigation. That is why we have no hesitation in saying that we fully support this bill. I again put on record my error of judgment and my recognition that the civil servants got it right.

16:24

**Miss Annabel Goldie (West of Scotland)**

**(Con):** The Tenements (Scotland) Bill probably does not have the people of Partick raising their glasses or the folk in Auchtermuchty jigging in the streets. I did not hear from the public galleries many gasps of delight and excitement as we worked our way through stage 3. However, often what is not in gaudy colours is the substantive fabric of what matters in life.

It is important to recognise that the bill is a significant piece of legislation that, in fairness, it would probably have been difficult to find time in a Westminster timetable to pursue in the detail in which it has been pursued here. Although I may not have been a fan of devolution before 1999, I accept that one of the virtues of the system is that it enables a legislature in Scotland to give detailed attention to such bills.

I pay tribute to my colleagues on the Justice 2 Committee, who have done a commendable job in trying to understand highly technical legislation. In paying tribute to them, I also have to pay tribute to the drafting team. There must have been times when members of the drafting team wished that we would all go away for a holiday somewhere and perhaps arrange for the Justice 2 Committee to be bereft of lawyers for a while. The drafting team has taken a very technical issue, has dealt with the views that have been expressed and has done a creditable job in translating those into sensible legislative provisions.

I thank the minister for her comments about the committee and the drafting team. I certainly would not like to see the Parliament with a passive Margaret Curran in non-feisty guise. That would be a deterioration of the situation. I say to her that she should keep her pecker up and we will look forward to continuing exchanges. This may be a rare occasion on which we are significantly in agreement about a piece of legislation. It is good that we are, as the legislation will make a significant difference to property ownership in Scotland.

The amendment to section 11 was an important recognition by the Executive of something wider than just the position of a purchaser buying a flat and finding it incumbent on them to pay for repairs of which they were completely unaware. It is right

that, whenever possible, the Parliament tries to recognise and uphold good principles of Scots law. There is much in our Scots law and Scottish legal system that is unique and distinctive. Perhaps more important, it works well and has worked well over centuries. The fundamental principle of buying property has been based on our registration of title system that was the envy of the world for many years. One of the cardinal principles of that was transparency—long before devolution was ever heard of—which meant that someone could go to that register and know exactly what burdens, obligations, liabilities and responsibilities went with the property that they proposed to acquire. It has been very important that that principle of Scots law has been recognised and honoured in the bill.

I hope that the bill will make a significant contribution to improving the regulation of arrangements for those who live in tenement properties and properties of the type defined in the bill. It is a good, solid step forward. As Kenny MacAskill said, there may be technical aspects that we have not got right or aspects about which only time and practice will tell. However, one of the features of the Parliament—especially in its committee system—is its review of legislation. That may be a legitimate task for us in future.

I commend the bill, which will certainly have the support of the Conservative group.

16:28

**Mike Pringle (Edinburgh South) (LD):** I congratulate the civil servants and the drafting people who must have had an extremely difficult time in compiling the bill. It is very technical. As the minister said, it is the third part of the jigsaw, and it is great that it is going to become law as soon as November. It will make a difference.

During committee proceedings, we dealt with things called pertinents. I had never heard of a pertinent before. There was also considerable discussion of such things as chimney stacks, flues and water tanks. At one point, another member of the committee said to me, “I’ve heard enough about chimney stacks, flues and water tanks.” It is technical; however, the bill will allow a modern system of management and maintenance to develop in tenements. In my constituency we have a large number of tenements, and I agree entirely with what Sarah Boyack said. People have approached me many times with problems about door entry systems, not being able to find owners and not being able to proceed with a repair because of the lack of unanimous agreement throughout the stair.

One of the major aspects of the bill is the fact that, if a group of people in a stair forms a

majority, they will not need to worry about owners of whom they cannot get a hold. I remember one case in which an owner lived in Ceylon and there was no way in which the stair could get a unanimous decision, so the problem dragged on and on over years and years. I remember another instance in which pretty well everyone in a stair was in agreement about getting repairs done—they were major repairs; underpinning of the property was needed. There were 16 owners and only one owner refused to have anything to do with the repair work. The result was that the council eventually took over the repair works and the matter went on for a number of years. That set of repairs on the tenement was never completed because of the intransigence of one person, but that will simply not happen in future. That is one of the key aspects of the bill, and it will bring huge benefits to many people who live in tenements.

Where title deeds are defective, the bill will address the problem. Again, my experience tells me that that is a very welcome addition. If the title deeds are deficient, the tenement management scheme will rule, and there will be no problem.

The one contentious issue, to which I referred earlier, was purchasers’ liability. When the bill was introduced, perhaps the minister, civil servants and draftsmen had not appreciated the problem. The committee decided unanimously to address it, and the minister listened. The matter involved one or two small technical difficulties at one point, but those have been resolved and the minister has introduced amendments on the matter. I am delighted, because those amendments will have huge benefits to huge numbers of my constituents.

I agree entirely with the comments that Annabel Goldie and Kenny MacAskill have made. I welcome the bill. There is no doubt that, as the minister has said, it will become law quickly, and that is a great advantage to many people who live in tenements.

16:32

**Karen Whitefield (Airdrie and Shotts) (Lab):** I welcome the passing of the Tenements (Scotland) Bill, which concludes the Executive’s programme of property law reform, following the Abolition of Feudal Tenure etc (Scotland) Act 2000 and the Title Conditions (Scotland) Act 2003. The bill, which followed from the recommendations of the housing improvement task force, ensures that Scotland now has property law fit for the 21<sup>st</sup> century.

I, too, add my thanks to all who were involved in the passage of the bill, especially our committee clerks. Not every member of the committee had the detailed conveyancing knowledge that our convener did, and our clerks’ advice was

invaluable. I would also like to say a special thanks to the minister, Mary Mulligan, who was always happy to engage with the committee and committee members to discuss our concerns and find ways to address them.

The bill aims to ensure that basic repair and maintenance work is carried out in tenemental properties and it seeks to protect those who are willing to pay for such work by placing legal responsibilities on all owners in tenemental properties. The bill, as amended today, will achieve those aims and will help to protect a large number of properties throughout Scotland.

The introduction of tenement management schemes will provide a safety net where title deeds do not clearly set out joint repair and maintenance responsibilities. At the beginning of our deliberations on the bill, I believed that the TMS should sweep aside all existing title deeds, as the housing improvement task force originally suggested. However, it is now my belief that the Executive was right not to do that and that the scheme as proposed offers greater protection and flexibility.

I am pleased that the Executive was able to respond to the concerns that the Justice 2 Committee raised during stage 2. The amendments that the Executive has lodged are reasonable and sensible responses to those concerns. In particular, the amendments on purchaser liability for work that has been done strike the right balance between the need to protect a purchaser's interest and the need to protect other owners in a tenement. I also welcome Executive amendment 29, which removes the requirement to use a common insurance policy and gives tenement owners greater flexibility. That will ensure that owners are not required to overturn the way in which their tenements are insured.

I know that many colleagues sympathised with the intention in Dennis Canavan's amendment 79 to create an ombudsman for tenements—who could fail to be moved by his constituents' experiences?—but it is right to give the Executive time to research best practice in mediation, to ensure that any schemes that are introduced are meaningful and effective.

I welcome the Executive's amendments to allow tenement owners to install door-entry systems by a majority vote. It is right that improvements should require a unanimous vote of tenement owners, as they are a matter of choice rather than necessity. However, secure entry systems benefit an entire tenement and could protect a building's fabric. My colleague Sarah Boyack brought that important point to the Justice 2 Committee's attention and we are all aware of how pleased she is with the Executive's moves on the matter.

Many of the laws and practices that are reformed by the bill, and by the Abolition of Feudal Tenure etc (Scotland) Act 2000 and the Title Conditions (Scotland) Act 2003, were hundreds of years old. For many of those years, Westminster had neither the time nor the willingness to modernise those practices. Devolution has ensured that Scotland has a set of property and land laws that was created in and designed for life in 21<sup>st</sup> century Scotland. That is exactly why the Parliament was created. I am pleased to support the bill's passing.

16:37

**Colin Fox (Lothians) (SSP):** I put on record my support and that of my party for the bill—there goes anybody's last hope that the cosy consensus would be shattered.

I, too, am a member of the Justice 2 Committee, which scrutinised the bill. I welcome the efforts in the bill to set a uniform, clear standard for title deeds and instructions to tenement owners on common repairs and maintenance. The bill makes several welcome proposals to clarify liability for costs and repairs for tenement owners and especially for new tenement owners.

I also welcome the tightening of obligations on owners and the clarification of the meanings of many liabilities. As Karen Whitefield said, a big part of the bill is the tenement management scheme, which I welcome.

I broadly welcome the bill. I was glad that the minister took on board—not only in her remarks today but in her conversations with the committee—many of the amendments that were produced as a consequence of the committee's scrutiny of the bill.

I acknowledge that the bill is the third part of the property and land reform legislation that the Parliament has passed. It is a fair point that the bill, along with the Abolition of Feudal Tenure etc (Scotland) Act 2000 and the Title Conditions (Scotland) Act 2003, would in all likelihood not have been passed in the Westminster Parliament; that underlines this Parliament's purpose.

I concur with other Justice 2 Committee members in thanking the committee clerks for helping us to understand a complicated bill. It remains to be seen how the bill will work in practice, but I hope that it creates benefits for tenement owners throughout Scotland.

**The Deputy Presiding Officer:** I would be grateful if members were slightly quieter than they have been.

16:39

**Patrick Harvie (Glasgow) (Green):** It is a pleasure to add the Green party's voice in support of the bill at stage 3. The bill develops the Executive's property law reform programme and is a significant step forward.

The reforms have been widely welcomed. Like others, I congratulate the Executive, the Justice 2 Committee and the Scottish Law Commission on their work to bring the bill to its current stage.

The Green group of MSPs supports the policy intentions of the bill and the measures in it. Given that tenements represent more than a quarter of our housing stock—a much higher proportion than in other parts of the United Kingdom—the bill will impact on many people, including those who were mentioned by the minister who live in other types of buildings that we do not usually associate with tenements, and which will be covered. The bill will ensure that they benefit from a system of management and maintenance. I hope that that means that we, as MSPs, hear fewer complaints and calls for help from residents who are having difficulties in resolving issues related to repairs and improvements. In Glasgow, 60 per cent of residents—my good self included—live in tenements and all members will be aware of such issues being brought to us.

Some tenement properties are among the best housing that we have to offer, but others are among the worst. If they are kept in good condition and there is a sense of community and friendship among the residents, tenements offer a terrific way to live and one that probably has a lot to say about the future, not just the past, of housing in Scotland. Such good, cohesive community spirit still exists and there is much that we can do to encourage it.

As I say, the bill has received widespread support and has created a sense of hope for the slightly more ambitious ideas that could perhaps show up in the forthcoming housing bill. I hope that the minister is aware of some of the ideas that it was perhaps inappropriate to include in a tidying-up bill, but which many individuals and organisations hope to see in the housing (Scotland) bill for when we come to consider it.

I end by saying that I am very pleased to support the Tenements (Scotland) Bill today, and that I am very hopeful for an ambitious housing bill in the future.

16:42

**The Deputy Minister for Communities (Mrs Mary Mulligan):** I start by adding my thanks to those of other members: first, to the committees of the Parliament who have scrutinised the bill, and secondly, to the members who have participated

in the debate. I also add my thanks to the bill team who have supported me and responded appropriately to the committee. They supported me even when I changed the order of the amendments—just to check whether anybody was paying attention.

I will pick up on a couple of points that have been made in the closing speeches this afternoon. I recognise that, good though the bill is, other issues still need to be examined. One of the issues that was raised by Kenny MacAskill and others centres on absent owners. Although we have partly addressed that issue through the amendments that Cathie Craigie introduced to the Antisocial Behaviour etc (Scotland) Bill on identifying absent landlords and establishing a register of them, I acknowledge that not every absent owner is a landlord, and so is therefore not necessarily encompassed within the register. We are therefore committed to consulting during the lead-up to the housing bill on how we could identify those who are owners but not landlords, in order to ensure that they have a say in the work that needs to be carried out on the tenements, thereby ensuring that our tenements are properly maintained and managed.

As has been said, the bill has been a model for how Parliament is supposed to operate. A full and detailed consultation process was conducted by the Scottish Law Commission, which produced the original draft of the bill, and the Executive then issued a consultation paper on which a wide variety of people commented. A considerable number of meetings were held with stakeholders and all the points that were raised were thoroughly considered. That was all informed by the work of the housing improvement task force, so the ground was well prepared before the bill was introduced in January.

The main policy issues were then carefully and thoroughly considered by the Justice 2 Committee and the committee's stage 1 report demonstrated the degree of consensus that exists around the bill. As members will have seen this afternoon, many of the points that were raised by members during consideration at stage 2 have reappeared as Executive amendments at stage 3. We believe that those amendments and the detailed stage 2 discussions have strengthened the bill. Like Mike Pringle, I remember the many details about chimney stacks and water tanks—they will live with me for some time to come.

As many members have said, this afternoon we have been able to appreciate the value of having a Scottish Parliament. Even Kenny MacAskill's comments about the advantages of having the Parliament show that the work that we do here is making a difference to the people of Scotland. Perhaps that will persuade Kenny MacAskill to rest

with the will of the Scottish people, which is the Scottish Parliament as we have it today.

**Christine Grahame (South of Scotland) (SNP):** The minister is pushing her luck.

**Mrs Mulligan:** Well, I must.

After the bill is passed this afternoon, it will become an act that will make a real difference to the many Scots who have lived, currently live or will live in the tenements. I commend the bill to Parliament.

## Business Motion

16:46

**The Deputy Presiding Officer (Trish Godman):** The next item of business is consideration of business motion S2M-1685, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, which sets out a timetable for legislation.

*Motion moved,*

That the Parliament agrees that the Justice 2 Committee reports to the Justice 1 Committee by 24 September 2004 on the International Criminal Court (Enforcement of Fines, Forfeiture and Reparation Orders) (Scotland) Regulations 2004 (SSI 2004/360), the Sexual Offences Act 2003 (Prescribed Police Stations) (Scotland) Amendment Regulations 2004 (SSI 2004/370), the Freedom of Information (Fees for Disclosure under Section 13) (Scotland) Regulations 2004 (SSI 2004/376) and the draft Freedom of Information (Fees for Required Disclosure) (Scotland) Regulations 2004.—[*Patricia Ferguson.*]

*Motion agreed to.*

## Motion without Notice

16:47

**The Deputy Presiding Officer (Trish Godman):** As we have completed business ahead of schedule, I am minded to accept a motion without notice on behalf of the Parliamentary Bureau, to bring forward decision time.

*Motion moved,*

That the Parliament agrees under rule 11.2.4 of Standing Orders that Decision Time on Thursday 16 September 2004 be taken at 4.48 pm.—[*Patricia Ferguson.*]

*Motion agreed to.*

**The Deputy Presiding Officer:** I thought that members might agree to that.

## Decision Time

16:48

**The Deputy Presiding Officer (Trish Godman):** There are five questions to be put as a result of today's business.

The first question is, that amendment S2M-1695.2, in the name of Jim Mather, which seeks to amend motion S2M-1695, in the name of Jim Wallace, on growing Scotland's economy and building on progress, be agreed to. Are we agreed?

**Members:** No.

**The Deputy Presiding Officer:** There will be a division.

### For

Adam, Brian (Aberdeen North) (SNP)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Cunningham, Roseanna (Perth) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Grahame, Christine (South of Scotland) (SNP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of 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)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 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, Richard (North East Scotland) (Lab)  
 Ballance, Chris (South of Scotland) (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)  
 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)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (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)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 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)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (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, 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

Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Curran, Frances (West of Scotland) (SSP)  
 Fox, Colin (Lothians) (SSP)  
 Kane, Rosie (Glasgow) (SSP)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Martin, Campbell (West of Scotland) (Ind)

**The Deputy Presiding Officer:** The result of the division is: For 20, Against 82, Abstentions 6.

*Amendment disagreed to.*

**The Deputy Presiding Officer:** The second question is, that amendment S2M-1695.1, in the name of Murdo Fraser, which seeks to amend motion S2M-1695, in the name of Mr Jim Wallace, on growing Scotland's economy and building on progress, be agreed to. Are we agreed?

**Members:** No.

**The Deputy 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)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mundell, David (South of Scotland) (Con)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Tosh, Murray (West of Scotland) (Con)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

#### AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baird, Shiona (North East Scotland) (Green)  
 Baker, Richard (North East Scotland) (Lab)  
 Ballance, Chris (South of Scotland) (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) (Ind)  
 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)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Fox, Colin (Lothians) (SSP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 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)  
 Kane, Rosie (Glasgow) (SSP)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)

Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Campbell (West of Scotland) (Ind)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (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)  
 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, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### ABSTENTIONS

Adam, Brian (Aberdeen North) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Grahame, Christine (South of Scotland) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of 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)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

**The Deputy Presiding Officer:** The result of the division is: For 15, Against 76, Abstentions 18.

*Amendment disagreed to.*

**The Deputy Presiding Officer:** The third question is, that amendment S2M-1695.3, in the name of Shiona Baird, which seeks to amend motion S2M-1695, in the name of Mr Jim Wallace, on growing Scotland's economy and building on progress, be agreed to. Are we agreed?

**Members:** No.

**The Deputy Presiding Officer:** There will be a division.

#### FOR

Baird, Shiona (North East Scotland) (Green)  
 Ballance, Chris (South of Scotland) (Green)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Curran, Frances (West of Scotland) (SSP)  
 Fox, Colin (Lothians) (SSP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Kane, Rosie (Glasgow) (SSP)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Martin, Campbell (West of Scotland) (Ind)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

#### AGAINST

Aitken, Bill (Glasgow) (Con)  
 Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, 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)  
 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)  
 Fergusson, Patricia (Glasgow Maryhill) (Lab)  
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)  
 Finnie, Ross (West of Scotland) (LD)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marilyn (North East Scotland) (Lab)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 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)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 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)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (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)  
 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, 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

Adam, Brian (Aberdeen North) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Grahame, Christine (South of Scotland) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of 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)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

**The Deputy Presiding Officer:** The result of the division is: For 15, Against 77, Abstentions 18.

*Amendment disagreed to.*

**The Deputy Presiding Officer:** The fourth question is, that motion S2M-1695, in the name of Mr Jim Wallace, on growing Scotland's economy: building on progress, be agreed to. Are we agreed?

**Members:** No.

**The Deputy Presiding Officer:** There will be a division.

#### FOR

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, 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, Marlyn (North East Scotland) (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)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (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)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (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, 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)

#### AGAINST

Aitken, Bill (Glasgow) (Con)  
 Baird, Shiona (North East Scotland) (Green)  
 Ballance, Chris (South of Scotland) (Green)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Canavan, Dennis (Falkirk West) (Ind)  
 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)  
 Fox, Colin (Lothians) (SSP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kane, Rosie (Glasgow) (SSP)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Martin, Campbell (West of Scotland) (Ind)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mundell, David (South of Scotland) (Con)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, John (Ayr) (Con)  
 Tosh, Murray (West of Scotland) (Con)

#### ABSTENTIONS

Adam, Brian (Aberdeen North) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Grahame, Christine (South of Scotland) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of 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)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)

**The Deputy Presiding Officer:** The result of the division is: For 65, Against 27, Abstentions 18.

#### *Motion agreed to.*

That the Parliament welcomes the publication of the Scottish Executive's response to the issues raised at the Business in the Parliament Conference 2004; welcomes the input of the business community into the current revision of *A Smart, Successful Scotland* and welcomes this opportunity for members to influence that revision; notes the broad consensus in support of the Executive's recently published framework for economic development in Scotland for addressing Scotland's historically low rate of economic growth by working to deliver improved productivity, and believes that improved economic growth is key to generating first-class public services for the people of Scotland.

**The Deputy Presiding Officer:** The fifth and final question is, that motion S2M-1493, in the name of Ms Margaret Curran, that the Tenements (Scotland) Bill be passed, be agreed to.

#### *Motion agreed to.*

That the Parliament agrees that the Tenements (Scotland) Bill be passed.

## Children of Drug Abusers

16:54

**The Deputy Presiding Officer (Murray Tosh):** The final item of business today is a members' business debate on motion S2M-1306, in the name of Trish Godman, on the children of drug abusers.

#### *Motion debated,*

That the Parliament notes the widespread incidence in Scotland of children whose parents misuse drugs and who, as a result, suffer diminished lives in all kinds of ways; believes that such children, many of whom are infants, require comprehensive care by those concerned with the protection of vulnerable families, and considers that the Scottish Executive, social work departments and other interested parties should adopt healthcare programmes that will ensure that such young citizens escape the blighting of their lives brought about by parents who are themselves in need of treatment and support.

16:54

**Trish Godman (West Renfrewshire) (Lab):** I wonder whether, like me, others in this room spend quite a lot of time asking themselves why they are keen to do a job that most people criticise at the drop of a hat, telling us that they could do it much better than we can but being quite happy to let us do it anyway. Sometimes, however, we come across an issue that we think we might be able to do something about and which causes us to think that we might just be able to bring about a change that will help people's lives. Perhaps that is why we are here. That is the substance of the motion that I have lodged for this debate. If we cannot help children of drug abusers, we have to ask ourselves why we are here.

In Glasgow, at a conservative estimate, there are between 15,000 and 20,000 children who are affected by parental drug abuse. Throughout Scotland, the estimated number is 52,000. It is estimated that 60 per cent of drug users have children and that 46 per cent of them have children who still live with them. It is clear that there is a wide range of figures about the number of kids in such circumstances. For example, in Inverclyde, which my colleague Duncan McNeil and I represent—he represents the Inverclyde constituency and I represent Port Glasgow—the number of cases allocated to social work amount to 307. That is 307 too many, but it is also not an accurate figure because it does not include voluntary organisations' cases or the children who are not put in touch with any kind of organisation.

What public services look after the children of drug abusers? The first service that springs to mind is social work—a much-maligned profession, as my colleague Scott Barrie and I know only too

well. There are also projects such as those that are run by the Aberlour Child Care Trust, which looks after children and their parents in a residential setting and through community outreach. There are also the drug action teams, and in Port Glasgow there is a specialist clinic that is involved in primary care services. In Greenock, in Duncan McNeil's constituency, there is an early-intervention short, sharp detox programme for young people who are just starting down the road of drug abuse.

What does it mean to be the child of a drug abuser? One of the first children with whom I had to deal when I was a social worker suffered from foetal alcohol syndrome. That meant that he had a small, wizened face and pointed ears. Just before I gave up social work, I worked at the Inverclyde royal hospital and the Glasgow royal infirmary with the mothers of children who were going cold turkey from heroin withdrawal. That is not a pretty sight; it is not nice to see a three-week-old child shaking, screaming, crying and suffering from sickness and diarrhoea—with a look of absolute terror on its face—because the mother has been using heroin or other drugs throughout her pregnancy. What does that sort of experience do for those kids when they get older? They are withdrawn, sometimes they are aggressive, they have no confidence, they are socially isolated and they perform poorly at school. They are also more likely to take drugs. It is easy to see why: at home, when there is a problem, their parents take a drug—including alcohol—and the problem, amazingly, is solved. The children then think that it is a good idea to take a drug to solve their problems. At home, the children are neglected and made to feel second to drugs.

There are questions that we must address, as must the relevant agencies. When do we intervene? When we intervene, how can we sustain our intervention in the long term? Do we focus on the child or on the user? Should we intervene and encourage drug users to use contraception? I remind members of my description of what a child going cold turkey looks like. If we intervene in that way, however, how far do we go? What about people's civil liberties?

I believe that we are right to support methadone programmes, but we do not have enough of them. We do not provide enough support for people who are coming off drugs.

All of us know of grandparents in our constituencies who look after children who have drug-using parents. Families and communities are starting to adjust to this massive problem and grandparents and aunts and uncles are taking children in. The minister will tell us that the Executive is doing something about the problem, and he will be quite right. However, I wonder

whether provision is appropriate or adequate; I honestly do not think that it is.

There are no clear statistics on children of drug-abusing parents. There are estimates of 52,000 such children across Scotland and 300 or so in Inverclyde. The Executive is undertaking a scoping exercise to consider all the available research and data. That is good, but if the results show the high numbers that we expect, we in the Parliament will have to be prepared to put our money where our mouth is and finance appropriate services. Core packages must reflect the whole problem during and after drug misuse, and I believe that it is appropriate for services to be local.

Last week, Jack McConnell said:

"There will be further legislation to protect and support Scotland's children."—[*Official Report*, 7 September 2004; c 9873.]

No one would disagree with that. If we can make a change, we should, but I stood four years ago at the Mound and had exactly the same debate. It was instigated by reading on the front page of the *Daily Record* that a five-year-old boy who was new to school had taken a package to his teacher and said to her, "Take this, because it is making my mummy sick." It was her £5 bag of heroin. Sadly, there are many children out there who could say exactly the same thing today.

17:01

**Christine Grahame (South of Scotland) (SNP):** I sincerely congratulate Trish Godman on her motion, to which she spoke with understated emotion and a great deal of experience. When we talk about misuse of drugs, we are also talking about drink and about a cocktail of the two. Trish Godman eloquently described what happens to children whose parents are substance misusers.

I have looked at the Government's good practice guidance for working with children and families and I agree with much of it. One document states:

"It is not sufficient to protect children from the serious risks associated with parental substance misuse. It is important to provide for the wider needs of the child".

It also states something that we must recognise:

"Not all problems can be solved, and no single worker can solve them alone."

Another quotation is very telling:

"Reaching the children is very difficult. The children who say least are of most concern ... Children in need are likely to include children of parents who have problems associated with their use of either drugs or alcohol or both, and young people who provide care and support for parents who misuse drugs or alcohol, often termed 'young carers'."

A destructive cycle will happen in those families.

I will focus on young carers—we have had a debate on the matter before. As Trish Godman said, the statistics are not accurate and the true picture is much larger than they suggest. In an answer to Rhona Brankin on 8 January this year, Tom McCabe said that there are 16,701 young carers, but I believe that that is the tip of an enormous iceberg.

The Health Committee had a presentation from young carers from Golspie, who performed a dramatised narrative about various circumstances in which young carers find themselves. There is no doubt that, with the innocence of youth, they were portraying some of their own experiences. We had a young girl who was looking after the rest of the family while her mother drank herself silly and treated the girl as the mother of the family.

The knock-on effect of children dealing with parents with drug and alcohol problems, apart from their exposure to violence and deprivation, is that those young people become isolated and introverted. They miss school or misbehave at school; the teachers misunderstand what they are saying and think that they are naughty children because they have not done their homework and they fall asleep. They are bullied by other children at school because they are different. Of course they are different—children who are as young as seven or eight are acting like little adults and little heroes.

Apart from the fact that it was difficult for those children to come out and express what was happening, because they felt that that would betray their parents, it is clear that some of them felt that it was their fault that mummy or daddy was drinking or taking drugs. We have to ensure that there is a conduit for such children that they feel is safe and confidential and that is a first contact point for the other agencies, so that the children can express the fact that something is wrong. That is why I welcome the national forum for young carers. I know that it sounds heavy handed, but there has to be a contact point that these young people can use of their own volition so that they can gently be brought in—in some cases, that has to be done very gently—and cared for.

17:05

**Mr David Davidson (North East Scotland) (Con):** I congratulate Trish Godman on bringing an important issue to our attention. We have heard about the iceberg effect: we see the tip of it, but we do not see its depth. Those of us who have worked in social work, in community pharmacy—as in my case—or in medicine know very well that one notices the pattern of a child who comes in regularly and who has a major problem at home. We cannot separate the misuse of drugs from the

misuse of alcohol and the cocktail of the two that Christine Grahame talked about.

Even if we had them, the statistics would be only the start. That fact that leaps out at me is that we do not have co-ordinated systems to deal with addictive problems in the round. We manage to come in only when there is a crisis, whether it involves the police being called out to a domestic incident, a fire in a home or somebody turning up at accident and emergency. We have to ensure that, if the children are going to school, teachers have the support to spot problems and to understand what is going on. In the old days, form masters would pick up early on what was going on in their group. That may sound old fashioned, but we need to have joined-up thinking.

I do not knock the Executive in particular. For generations, Governments have tinkered at the edges, but in this Parliament we need to take the matter seriously. Whether because of nutritional issues, lack of schooling or outrageous behaviour, it is vital that we pick up cases of addiction in children—never mind the horrors of the babies who are born with addiction. Why are we not intervening earlier? It is standard practice in this country to screen women for infection and bodily function when they become pregnant. Why do maternity services not automatically screen in the interests of the child who is on the way? Nobody has addressed that issue. I do not know what the national health service thinks about that, but medics tell us what the problems are. People in children's hospitals are moved by some of the things that they see. We need to have balanced intervention and joined-up action.

Trish Godman talked about detox for the child. The issue with detox—whether for alcohol or drugs in an adult, adolescent or baby—is that it is not enough; there must be rehabilitation. People cannot be placed back in the same risk circumstances. That requires joined-up thinking and interaction.

I hope that the report “Hidden Harm” will not just be dealt with by the justice committees. I am concerned that in this Parliament we have chosen to deal with drug addiction solely as a law and order issue. There is far more to it than that. It is an interagency problem and the Parliament should deal with it on that basis.

“Hidden Harm” refers to a number of issues, but not enough is said about advocacy for children who are victims of drug misuse. We have drug action teams, but what is their role in this field? I think that they are confused about their role.

It is important that we involve the voluntary sector, which has been mentioned. We need to build an interagency statistical database that takes in the voluntary sector, education and so on. We

cannot go on saying that people have a right to confidentiality in everything that they do. That should not apply when somebody else is affected. If we do anything at all in this Parliament, we must take care of the children of Scotland.

Nobody has mentioned the mental health problems that the children develop. The problem is enormous. It is not just that the children are erratic because they are undernourished or have used drugs; the problem is long term. The only way of dealing with it is to take action on a joined-up basis. My party would be willing to participate in anything we can do to move that forward.

17:09

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

The issue is extremely serious, but we know little about it. It will be difficult for us ever to have exact statistics on the number of vulnerable children who are affected by their parents' drug addiction. I believe that the figures of 40,000 to 60,000 that have been mentioned are a gross underestimate. As has been mentioned, chronic alcohol misuse in Scotland is a more serious and widespread problem. We are talking about more than 0.25 million chronic misusers of alcohol and probably about 300,000 to 400,000 children who live with parents who are alcoholics.

The statistics cannot do justice to the lifelong damage that is done to those children. It is impossible to repair such damage, although some surmount it, such as the former President of the United States, Bill Clinton, who came from a highly addictive family. He has been open about the various compulsive-obsessive behaviours, as they are medically called, of his parents, his brother and others in his family. The late Duke of Devonshire, who died last month, headed a family that was well known for what was called the Cavendish disease—alcoholism. We are talking about a disease that often runs in families. We need to study it far more—not just at the aristocratic end of the scale, although that might be the more visible end. We need to study it right across the board.

I know that the Executive has published guidance on "Getting Our Priorities Right—Good Practice Guidance for Working With Children and Families Affected by Substance Misuse". Our priorities are to deal with the children of alcohol or drug misusers. The scope of the discussion needs to be broadened, because both sets of children are vulnerable. Indeed, in the home of an alcoholic, a child might be more likely to suffer domestic violence. Intervention needs to be early. Too often, intervention happens only at the crisis stage. Another problem is that the addict might be reluctant to seek support in case he or she—or both parents—lose custody of the children.

The situation has to be dealt with sensitively, because it might well be in the children's interests not to go into care but to continue to be cared for by their parents, even when those parents have serious drug problems, provided that there is sufficient support.

That is where the role of certain individuals is crucial. For example, general practitioners are important for people undergoing methadone treatment; they see addicts regularly. Nurses in accident and emergency departments see people who have come in because of an overdose, because they are the victims of violence or because they have collapsed in the street. Similarly, social workers, housing staff, voluntary organisation workers and teachers might be the first to detect a problem. That can help to build an information base through which addicts can be contacted, which will enable them to be offered counselling, family therapy, parenting and coping skills and the help of family support groups.

The role of grandparents is important, particularly in relation to the children of drug misusers. I remember meeting grandparents with Margaret Curran when she was convener of the Social Inclusion, Housing and Voluntary Sector Committee and we were undertaking our inquiry into drug misuse in deprived communities. The role of carer is often left to grandparents and we have to consider ways of supporting them far more. Praise should be given to Al-Anon, which is the sister organisation to Alcoholics Anonymous and which does much work with the families of alcoholics.

I have given just an indication of what we need to do. However, it is often through the voluntary sector and the individuals whom I have mentioned that we can help to build up the support networks that addicts so badly need, whatever they are addicted to.

17:13

**Robin Harper (Lothians) (Green):** I add my congratulations to Trish Godman on bringing such an important debate to the chamber. I pick up on one of the points that she made early in her speech about the lack of knowledge despite the certainty that there are many children out there—perhaps thousands—whom we do not know about.

I make the first of a series of pleas to the Executive for extra help, this time for ChildLine Scotland. The organisation is effective, but it estimates that it cannot answer between 30 per cent and 50 per cent of the calls that it receives. In other words, children are desperate to use the facility, but they cannot always get through.

During my time on the children's panel, we had—and still have—the mantra that everything

should be done and every decision should be made in the interests of the child. It is becoming increasingly apparent that when it comes to the children of drug abusers, many of whom are also carers—I will pick up on that point in a moment—it would be useful for children's panels to have extra powers, to enable them to give assistance to the parents rather than just to make decisions in the interests of the child. In other words, the panels would end up being family panels rather than just children's panels. Perhaps the Executive would like to address that issue. I know that there is discussion about it at the moment.

I, too, attended the very moving presentation by the young carers from Golspie to which Christine Grahame referred. From that presentation, it was apparent that the peer groups that children set up more or less by themselves, with some help from outside, are extremely effective. They really work and do an enormous amount for the young people concerned—more than any consultation with an adult could ever do. Children can give one another very special support. Anything that the Executive can do to sow the seeds for groups such as that in Golspie, by providing the adults and services that are needed to establish them around the country, would make a significant difference.

I move on to the kinds of service that children's panels would like to have available as disposals. I mention the work of the Aberlour Child Care Trust and its two houses, one in Glasgow and one in Edinburgh. I want to reflect on one woman's thoughts about Brenda House in Edinburgh. Brenda House offers services to only six people—given the figures that we face, we need many more such houses. It offers young mothers intensive detoxification for three weeks and then all the supports that they need to get off drugs. It offers them those services with their children—mothers and young children are taken in at the same time.

The woman in the case to which I refer went in with a four-year-old. She says that even after three weeks she was able to

"help another woman in small practical ways".

She mentions the benefits of having her child with her throughout her 13-month stay. She says:

"She was a constant reminder of why I was there",

and that

"I certainly would have found it more difficult to clean up my act if she'd gone into foster care."

The space that Brenda House gives its resident families—up to six—also helped her. She says that she and her daughter

"shared a top flat with our own bedroom, living-room and bathroom",

and that

"That space together was so important because when you're coming off drugs you feel really raw and really scared so you don't want strangers around you."

What has Brenda House done for her other than getting her into detox? She says that

"they have helped me believe in myself".

That feeling is reflected in many other people who have been through the programme. They are in Brenda House for a long time—12 to 13 months, and sometimes longer—but they come out believing in themselves. It costs money and I know that it will put a further strain on social services, but such help must continue. The woman whose case I have cited sees a link worker once a fortnight. In other cases, there is weekly counselling to help people to survive in the outside world.

17:18

**Ms Rosemary Byrne (South of Scotland) (SSP):** I, too, congratulate Trish Godman, as today's debate is welcome. All of those present in the chamber are well aware of the serious nature of this problem and of its importance for the protection of children.

I will not go over the statistics that other members have cited. In fact, I would like to begin by being a little anecdotal, if members do not mind. For me, the debate is timely, because last week I heard that a young mother in the community from which I come, whose children I taught at one time, had just had her life support machine switched off. She was suffering from septicaemia as a result of serious drug abuse. She leaves about five children, whose grandmother has been caring for them for a considerable time. That is just another sad reflection of the situation that exists. I am sure that similar things are happening regularly in communities throughout Scotland.

In my community of Irvine, there is a group called Mothers Against Drugs, which for four years has been campaigning to have a community-based rehab facility based in our town. Drug abuse is the scourge of our town. A group of young people is going around breaking windows, smashing up the community and causing violence. They are between the ages of 14 and 20 and they are mainly the children of drug abusers. Their way of fighting back is to go into the community and create havoc.

The young people's problem is not being picked up, so I described the scale of the issue and gave the other side of the situation. Teachers expect the young people, whose self-esteem is non-existent and who come from chaotic homes, to do their homework, but they do not have the ability to concentrate, let alone to do their homework. They



suffer from bullying, and have the label “children of junkies” thrown at them all the time.

Last year, I met a support group in Stranraer called You Are Not Alone. It was made up mainly of grandparents who care for their grandchildren because of the children’s parents’ drug abuse. The grandparents told me of the stigma that the children suffered in school. As if that were not bad enough, the grandparents also had a problem with financial support for kinship care and appropriate support from social services. As we all know—it has been said before by me and others—there is no joined-up strategy for supporting grandparents, but that is another issue.

So many issues are involved, but the best way to protect the children of drug abusers is to treat the parents. We have to have in place strategies to ensure that babies and children in school are monitored closely and that services pull together to do that. Such strategies are important and I welcome them, but we also need to focus our minds on finding community-based support and decent rehab.

A young woman down in Irvine was refused entry to the methadone programme because she did not meet the criteria—she was not pregnant or coming out of prison, she did not have a child on a child protection register and she did not have mental health problems. She is now in a dreadful state and her mother has custody of her child. Although the child is being looked after, how much better would it have been had we been able to get her on to a programme to deal with her problems?

Let us address the need to protect children, which is paramount, but let us also focus on joined-up, community-based rehab facilities that give long-term benefit to children. The workers and the programmes exist; all they need is to be joined together. Let us move forward with the will to do that.

17:23

**John Swinburne (Central Scotland) (SSCUP):**

I thank Trish Godman for returning this issue to the Parliament following my related kinship care debate last session.

Last year’s “Hidden Harm” report highlighted the needs of the children of problem drug users in Scotland and estimated that between 40,800 and 58,700 children in Scotland had a parent who was a problem drug user. As a result of the illicit nature of drug use, it is likely that those figures are underestimates, but they represent between 4 and 6 per cent of children under 16, which is double the figure in England and Wales.

The statistics are simply terrifying, but what are the individual experiences of some of those

children? Drug agencies insist that parents with substance abuse problems are not necessarily bad parents, but few children brought up in the chaotic world of an addict will escape entirely unharmed. A consultant clinical psychologist who runs a drug clinic said:

“Children like predictable, stable environments, and you can’t have that if mummy or daddy is being intoxicated or suffering withdrawal symptoms. The long-term consequences can be damaging for the child.”

Parental drug or alcohol misuse was involved in 40 per cent of the cases that came before children’s panels in 2002. Children of parents whose lives are dominated by drug misuse will have their lives also dominated by it. They endure risks such as needle injury, accidental drug consumption and threats of violence and abuse from dealers who visit the home. They also experience social deprivation, poverty and exclusion, as the parent’s life becomes dominated by the search for drugs, which results in a decline in the adult’s parenting capacity and the child being neglected or going without.

The instability of life in a family affected by drug abuse can lead to psychological problems in the children and personality disorders that manifest themselves in impulsive behaviour and, perhaps, self-harm. Research has shown that routine activities such as eating and sleeping become wholly unpredictable, and children whose parents are having problems finding drugs are obviously more vulnerable.

We must also bear in mind the emotional effects of parents’ drug use, including the stigma of belonging to a so-called junkie family. However, the worst effect is perhaps that caused by broken promises when parents say that they will give up their addiction and then for whatever reason are unable to do so.

The “Hidden Harm” report provided us with a powerful message. I thank Professor McKeganey and his team at the centre for drug misuse for their work on the issue. The majority of agencies and services currently deal with users’ problems and do not even request information about dependants. As a result, I believe that all drug treatment agencies should record data about the children of their clients and meet their needs directly or through referral to or liaison with other services.

These situations are also having an effect on the health and life expectancy of grandparents who look after grandchildren affected by this problem. We cannot imagine the effect on children of losing their grandparents after losing their own parents to a drug overdose. Indeed, grandparents have told me about the type of behaviour that their grandchildren have exhibited in their care. For example, one grandmother was appalled when her

granddaughter was able to point out the house where her mummy got her "medicine".

One of our ministers knows that many Scottish local authorities are failing to meet the needs of these children and grandparents, because I facilitated a meeting between him and grandparents whose lives have been seriously changed as a result of the drug problems of their sons or daughters. This Executive is continually stating that it has an obligation to ensure the welfare of Scotland's children. I again plead with the Executive: if we cannot rid our society of drug abuse, the Executive must stop hiding behind local authorities' autonomy and do its duty by these children.

17:28

**Mr Kenny MacAskill (Lothians) (SNP):** I put on record my thanks to Trish Godman for securing this debate.

It is appropriate both that we should debate this subject and that it should be a members' business debate. With some issues that we discuss and are required to address in the chamber, there is a clear and specific problem to which we know the solution. For example, with the Tenements (Scotland) Bill that we passed earlier, we were aware of the problem and have now introduced legislation that will deal with, if not all of it, then the bulk of it.

However, other problems in our society do not have such clear-cut solutions. In these cases, we know that there is a significant problem and that the ground is changing around our feet, but much of what we require to do does not simply involve legislating against drug use or dealing effectively with those who are peddling drugs. Instead, we need to address the fact that there must be a cultural change. That said, it is much more difficult, if not impossible, to legislate for a cultural change. Anyone of any political party or none who says that they know the solution to the drugs problem in our society—no matter whether we are talking about alcohol or narcotics—is either a fool or a liar. Although we must acknowledge that the problem is multifaceted, we also need a cultural change in our society in order to address it. After all, matters have moved on.

Many others have given anecdotal evidence. I live quite close to the Scottish Children's Reporter Administration headquarters in Edinburgh and I know one of the major safeguarders in the administration, who told me that in the decade or so in which they have been practising, matters have moved on. For example, whereas children would come before the administration as victims of neglect or abusive parents, now they are coming as victims of parents with drug problems.

The problem has changed our whole society and we must address it. There is no magic bullet. We will have to address matters and take on board the points made by members about rehab and resources, but we have to tackle the problem.

We also have to move on from stating that it is simply a question of going to war against those who are dealing in drugs. We can go to war against drugs, but it is a war that we are losing. Nor is it simply a matter of addressing those who are part of a criminal fraternity; it goes beyond that. I am always reminded of reading what Chomsky wrote about the composition of the cocaine that is sold on the streets of the United States of America. Something like 97 per cent of the ingredients of the cocaine that is sold on the streets of America are manufactured in the United States, trans-shipped to Columbia, reassembled into cocaine and sent back. The problem is not with Columbian campesinos; the problem is a societal matter within the United States.

We can go to war with Afghans growing poppies or with Columbian campesinos doing the same, or we can address the fact that there is a societal problem that we need to tackle. It is quite correct to say that there is not just a problem with narcotics; there is also a problem with alcohol. Scotland has to take social responsibility for many of its problems. Some of those we will be able to deal with by legislation and some we will have to deal with by introducing welfare provision, whether through rehab or otherwise, but others need to be addressed by a cultural change that recognises that it is a problem that we face as a community and as individuals. We must recognise that individuals, too, have to take responsibility for their actions.

It is also important that we address the question of children. In any war there are non-combatant casualties and, in the war on drugs, the non-combatant casualties are clearly the children of those who are drug dependent or who are alcohol abusers. They did not wage war in any shape or form, but they fundamentally pay the price, either through their parents' neglect or through what happens to their parents as a result of what we as a society do to deal with their problem, whether by incarcerating them or otherwise. Unless we are prepared to address a cycle of despair, we must tackle that problem. As many have said, those who do not learn from history are condemned to repeat it. Unless we address the problems of children from families that are drug or alcohol dependent, we will simply continue the cycle of delinquency and despair, and that is why the matter has to be addressed.

Some areas will no doubt be dealt with by the legislative action that the minister will comment on, but Scotland, all its politicians and all its people

have to start thinking anew and start addressing a cultural malaise in our society.

17:32

**The Deputy Minister for Justice (Hugh Henry):** Trish Godman spoke eloquently and movingly about the heartbreak that we see all too often in many communities in Scotland. It is nothing short of a tragedy to see so many children suffering so much, their lives blighted, and sometimes destroyed, when they have hardly started. Speakers such as Kenny MacAskill are right to point out the complexity of the problem that confronts us. I wish to God that there were an easy answer, so that we could simply say that by this time next year—or even, as Trish Godman said, in five years' time—we would have a solution, but we know that it is not as simple as that.

Keith Raffan, whose comments were echoed by Kenny MacAskill, was right to remind us that, although what we are debating tonight is the problem of children of drug misusers, there is still a huge and fundamental problem with alcohol abuse in Scotland. That problem blights far too many families and far too many children.

I can stand before members tonight and give some account of the extra money that we are spending and the initiatives that we are taking, and I shall do that, but I want to preface my remarks by saying that the nature of the problem is such that, no matter how much we spend, there will still be a problem before us unless, as Kenny MacAskill said, we start to confront some of the wider societal and cultural problems.

**Mr Raffan:** It is difficult to have joined-up approaches to the matter, as many of the approaches have to be local. Does the minister agree that we need to share the best practice from local areas and the 22 drug and alcohol action teams much more effectively than we currently do, perhaps through annual conferences, so that good local initiatives that work can be copied throughout the country?

**Hugh Henry:** I intended to come to that point and I fundamentally agree that we need to consider good practice and persuade others to share and engage in it.

I was trying to make the point that there will always be a problem, no matter how much we spend. However, we all need to be much more rigorous—whether that is at Executive level or as individual members of the Scottish Parliament who have influence in our communities and who work with councils and voluntary organisations—in asking questions about the money that is spent in communities. What is that money achieving? How can the situation be improved?

Yesterday, during a discussion about the problem and similar matters, I heard about good initiatives that are being developed in communities and schools, such as the initiatives at Forthview Primary School and Firrhill High School, which support children and parents who abuse substances. We need to encourage much more of that good practice.

We are spending significant amounts of money and we have issued policy guidance on a range of matters. In February 2003, we issued "Getting our priorities right: Good Practice Guidance for working with Children and Families affected by Substance Misuse", which sets out our expectations of organisations that work with families in which parents or carers misuse substances—alcohol as well as drugs. The document covers some of the key issues that Trish Godman identified, such as referrals and information sharing. David Davidson spoke about the problem of exchanging information and it is critical that we try to resolve those problems, which are caused sometimes by preciousness and sometimes by a desire to hide behind legal issues—I know that Paul Martin has mentioned that in other contexts. We need to get people to work together and share information.

Trish Godman posed fundamental questions. When should we intervene? We want children to stay with their families if possible and we want families to take responsibility for their children. We do not want a situation in which the state simply assumes all the responsibility. There is a critical point at which we need to intervene. If we intervene too early, we interfere inappropriately, but if we intervene too late, the damage might well have been done, as Trish Godman rightly pointed out.

Christine Grahame talked about young carers and the effects on children who are made to assume responsibilities that are way beyond their years. The Executive published "It's everyone's job to make sure I'm alright: Report of the Child Protection Audit and Review", which highlighted the impact of parental drug use on child protection work. The First Minister announced a five-point plan to deliver improvements to child protection services, including a three-year reform programme. We want to ensure that our approach is child focused rather than systems driven and we need to talk more to children themselves. Through our carer strategy, we support young carers and we have almost quadrupled the amount of money that we spend on young carers. I am sure that we could always do more. In the partnership agreement, we made a commitment to expand respite care.

In "A Framework for maternity services in Scotland", we made a commitment to improve

practice in helping pregnant women who have drug and alcohol problems. We want to work on improving information management and sharing arrangements, to help to identify children who are at risk as a result of parental drug and alcohol misuse.

It is true that we have an idea of, but do not know exactly, the scale of the problem. We need to do much more to get behind the statistics, stop relying on anecdotal evidence and ascertain the scale of the problem so that we can target resources more accurately.

I mentioned two schools that have done excellent work. Schools can play a key role. As far back as 2000 we issued "Guidelines for the Management of Incidents of Drug Misuse in Schools", which made it clear that if a child is at risk as a result of parental drug use, child protection procedures should be followed. A working group is currently exploring how schools can help to build relationships with hard-to-reach parents, including drug misusers, because many parents who misuse drugs are suspicious of professionals.

We are spending more money than ever on early-years services. We have to begin early. We are providing facilities to offer pre-school services to three and four-year-olds. In communities in Glasgow and elsewhere, we have excellent integrated early-years services that address not only education but support for parents, health initiatives and so on. However, the tragedy is that some parents do not access those services. The worst problem is that those parents do not come because they do not want to be seen and do not want to engage. There is a hidden problem, because children are left at home during very important years of their development. Their development will be permanently impaired if we cannot reach out to them.

I assure the members who have participated in this excellent debate that we are spending more money than ever before. However, we have to think about how we spend that money. We are committed to doing even more but we have to identify the scale of the problem and we have to ask ourselves what we are achieving. We have to tell all the services involved that they cannot work in isolation. They need to co-operate and to integrate; they need to work across their boundaries. People have to stop being precious about what they do.

Trish Godman has left us with a series of questions that could not be answered easily tonight. She asked about sustainability, about focusing on the child, about grandparents, about the appropriateness and quantity of services, and—quite rightly—about the statistics. We have to use this occasion as a useful stage to allow us

to move the debate forward. I assure members that we are committed to doing that. We will reflect on the "Hidden Harm" report and consider what needs to be done. However, as Kenny MacAskill suggested, we should not kid ourselves that this is easy, that money alone is enough, or that we can legislate the problem away. There is a big problem that we all have to address—across our party differences and across our community differences.

I hope that, after five years, we can come back to Trish Godman and say that, even though we might not have solved the problem for each and every child in a family with a drug misuser, we did make an effort and we did make progress. I hope that we will be able to show her examples of how we have changed the lives of people in our community for the better, because we will never be able to put a price on transforming the life of a child beyond all recognition through interventions.

I thank Trish Godman for stimulating this debate tonight. It has been a very good debate, but we all have much more to do.

*Meeting closed at 17:43.*

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