

MEETING OF THE PARLIAMENT

Wednesday 29 September 2004

Session 2

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Scottish Parliament

Wednesday 29 September 2004

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

Time for Reflection

The Presiding Officer (Mr George Reid): Good afternoon. Our first item of business is time for reflection. Our time for reflection leader today is the Rev Dr David Campbell, from Holy Trinity Episcopal Church in Dunfermline.

The Rev Dr David Campbell (Holy Trinity Episcopal Church, Dunfermline): Today is the feast day of St Michael and All Angels—nothing to do with Marks and Spencer, but to do with the life of the angels whom many Christian people and others believe constantly surround us. But how do we talk about what we know about and yet cannot see—what we may perceive but cannot touch?

Our age, if we are honest, is one that is poor in language and concept for the realities that lie beyond that which we can see and yet which we know are there. Even with the knowledge of those things, we can feel embarrassed using the language, concepts and metaphors of angels, demons, good and evil. After all, we are modern people, are we not, and we know that those are just old ways of talking about aspects of the human psyche made colourful by the superstitious beliefs of the past.

Well, there is something more here. We know that there is a struggle that goes on, which gives or takes life away in our present environment. Humankind has stories from every age that conceptualise the struggle between good and evil—how it began, who the players are, what their sources of power are, what their limits are and who is working for which side.

If we are honest, we also have a vast array of consumer goods featuring highly sentimentalised images of angels. Angels are everywhere in our popular culture. We find them in mail-order catalogues and they even have their own shops. Yet there is an enormous gulf between what angels are depicted as and what their true reality consists of. Quite simply, an angel is a messenger from God, and as such has specific characteristics.

Megan McKenna in her book “Angels Unawares” wrote:

“Perhaps we can best describe angels by what they do than by how they look. Angels instil in those who see them or hear them a violent need to obey the truth. Sometimes angels have been described as ways by which human beings apprehend the presence, the knowledge and the will

of God ... Angels are evidence that God is taking notice of us.”

So today, in your work and in mine, let us look out for angels: those people who serve the cause of truth and rightness; those people who are sometimes overlooked in our world but who are purveyors of great truth and beauty; those people whom our society sometimes neglects. Who knows, there may even be an angel sitting opposite you, so watch out.

Business Motion

14:34

The Presiding Officer (Mr George Reid): The next item of business is consideration of business motion S2M-1782, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, setting out a revised programme of business for this afternoon.

Motion moved,

That the Parliament agrees the following revision to the programme of business for 29 September 2004—

Wednesday 29 September 2004

after,

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

leave out,

followed by Executive Debate: Spending Review 2004 – Enterprise, Opportunity and Fairness

and insert,

followed by Ministerial Statement on Spending Review 2004 – Enterprise, Opportunity and Fairness

followed by Executive Debate on Ministerial Statement on Spending Review 2004 – Enterprise, Opportunity and Fairness.—[Patricia Ferguson.]

Motion agreed to.

Spending Review 2004

14:36

Tricia Marwick (Mid Scotland and Fife) (SNP): On a point of order, Presiding Officer. I indicated to you that I intended to raise a point of order. During the weekend, *The Sunday Times* and the *Sunday Herald* ran details of the Executive's spending review, which is the subject of the ministerial statement that is to follow. The papers reported that there would be an increase of £200 million in transport spending and £100 million in university building programmes. Both the *Sunday Herald* and *The Sunday Times* stated that they understood that there would be an above-inflation rise of 5 per cent for the bricks-and-mortar programme. It is an amazing coincidence that two journalists could understand the same thing at the same time. Of course, the more likely explanation is that they were briefed by the same person. On Monday, *The Scotsman* ran a similar story, but this time, a senior Executive spokesperson was quoted as saying that there will be an extra 10 per cent for capital investment.

Time has been set aside for a ministerial statement to announce to Parliament the details of the spending review, which is to be followed by a debate. If the Executive believes that the statement is important enough to set aside parliamentary time, it is not acceptable that details of the statement should be given to newspapers three days in advance of the announcement and, of course, three days before members of the Parliament have heard it.

This is not the first time that details of a finance minister's statement have been given to the media in advance of its being given to Parliament. On that occasion, the Presiding Officer ruled that, as the details were almost all in the public domain, the minister would not be allowed to read the statement to Parliament. The circumstances are similar today. The Executive has shown contempt for parliamentary procedures and discourtesy to you, Presiding Officer, and to members of all parties. We deserve an explanation and an apology from the minister. I do not think that, on this occasion, Parliament would be well served by the minister being prevented from making his statement, but I would be grateful if, on behalf of the Parliament, you would make your views known on the matter and if you would make it clear that you will not hesitate to take stronger action if such a discourtesy occurs in future.

The Presiding Officer (Mr George Reid): I have considered carefully the press reports on the minister's announcement and the text of the announcement, which I received about an hour ago. As I have said to members in the past, I

deprecate any discourtesy to the Parliament that is caused by advance notice being given to the press of matters that should properly be aired first in the Parliament. In this case, I have considered all the evidence that is available to me and my view is that there is nothing to suggest that the detail of the statement was put into the public domain in advance of today's proceedings. It appears that considerable parts of what was reported were already in the public domain and I understand that there is some dispute over the accuracy of the figures that were reported. I am therefore fully satisfied that the Parliament is entitled to hear from the minister.

14:38

The Minister for Finance and Public Services (Mr Andy Kerr): That was a bit of grandstanding—or was it low standing?—before we start this important statement in which I will set out our budget plans for this and future generations. We aim to reignite Scotland's enterprise culture and to make us more competitive; to provide new and better opportunities for our young people to achieve their ambitions; and to promote good health and tackle ill health. By 2008, the budget will result in additional growth of more than 5 per cent a year in front-line services. This is a budget for enterprise, opportunity and fairness. It will lock in sound financial management in the longer term.

In our 2002 budget, we set out, step by step, what we wanted to achieve and how we would tackle the barriers that stood in our way to economic progress, educational achievement and involving everyone in realising their ambitions. We have made a difference: 150,000 Scottish children have been lifted out of poverty since 1999; we have reduced mortality rates for cancer by 4 per cent, for stroke by 14 per cent and for coronary heart disease by 21 per cent; we now have the highest clear-up rates for crime since world war two; educational attainment is rising, with 10 per cent more pupils now gaining five good standard grades or the equivalent; more than 50,000 older people have benefited from the introduction of free personal and nursing care; and nearly 100,000 more people are in work than in 1999. That is devolution working for Scotland.

However, we need to do more. We need to make better use of our resources and we need to drive harder and faster for economic growth, for achievement in education and science, for faster and better health care and for safer communities.

The level of extra investment that I am announcing today is made possible by the sound management of the United Kingdom economy by the UK Government. Our partnership with the United Kingdom guarantees Scotland a fair share

of that economic success and the resources that it generates. In total, this budget will see our spending rise from £25 billion this year to £30 billion in 2007-08—an annual average increase of 3.6 per cent, after adjusting for inflation. In every speech that I have made as Minister for Finance and Public Services, I have said that the money that we spend is the people's money—money raised from hard-working families and from Scottish business. Just as they do every day, we too ensure that we get a pound's worth of value from every pound we spend, and because it is their money, we need to be fully accountable for the spending choices that we make.

In June, I said that we would set out a three-year plan to tackle waste and bureaucracy and increase productivity in Scotland's public sector. I promised that those plans would deliver savings of £500 million in the financial year 2007-08, rising to £1 billion by 2010. Some mocked our intention, called it bluff and spin and said that we would not deliver. I have to tell the chamber today that we have not found £500 million of savings; under the plan that I will publish shortly, we have in fact secured annual efficiency savings rising to at least £650 million by 2007-08—nearly a third higher than the target that I set in June. We have made those efficiency savings by doing the job better, quicker and smarter. They are savings made for a purpose: to channel directly into the front line, to the people, the places and the services that matter.

As a Government, we have set ourselves the challenge of leading the way. Today I can announce that the amount that we spend on running the Scottish Executive will be held flat in cash terms over the period to 2008 by spending less on administration and more on delivering the services that people want. In this budget, I can confirm that we will continue to support the achievements of the past five years. We have gone further, though, by building on achievement and investing for the future.

We know that economic growth is central to achieving the ambitions for Scotland. Scotland's universities and colleges are world renowned: in science and research, in new technologies and in innovation. However, we compete in a fast-changing and competitive marketplace—a marketplace that dictates that to succeed, we have to keep investing in the future, innovating and growing.

Investing in our higher and further education sector is one of the foundations on which can we build for the next generation. In this budget, we have prioritised the next generation's needs, and we will deliver a fourfold increase in capital investment in our colleges and universities. We will invest in better facilities, new equipment and

the benefits brought by new technology. We will invest to retain, attract and reward the best university staff; we will improve the transfer of new knowledge between academia and business; and we will invest in research excellence. That step change will take our support to more than £1 billion for the first time ever. That is not just money for bricks and mortar; it is investment in the talents and abilities of our young people to produce the next generation of Scottish entrepreneurs, scientists, engineers and inventors.

Tourism is vital to our economy, and marketing is central to making Scotland an attractive tourist destination. We announced record investment in Scottish tourism earlier this year, and today I can announce that we will extend that commitment by maintaining our increased investment in tourism marketing—taking our investment in marketing Scotland to twice that spent on promoting England. We need to have investment to compete successfully for visitors, but we also need investment in the tourism product. We will support the year of Highland culture in 2007 and bring benefits to the Highlands and to Scottish tourism for years to come.

Our support for the air route development fund has increased the number of direct flights to Europe, the middle east and north America. Today I can announce that we will capitalise on that success. In this budget, we will double our investment in air route development, bringing the world closer to Scotland and strengthening Scotland as a key player in tourism and business location.

The Government's job is to set the right climate for business. That is partly about keeping the costs on businesses to a minimum, so I am pleased to confirm that we will continue to fulfil our commitment to increase non-domestic rates by no more than the rate of inflation. We will invest in knowledge and ideas, research and development, but our businesses need to do that too, so we will ask business for its views on the options to use business rates further to incentivise company-driven growth and productivity.

Since devolution, businesses have consistently told us that the most important challenge for encouraging economic growth in Scotland is to improve our transport infrastructure. We have delivered more than 500 separate public transport measures—new trains, new stations, new rail links and new ferries—and next year, for the first time, we will be spending more than £1 billion on transport. However, now is the time to go further. In this budget, we will increase our investment to £1.4 billion by 2007-08, which will allow us to take the next significant step in delivering our 10-year transport plan. That will mean new rail links for Glasgow and Edinburgh airports, rail lines for

Larkhall and Milngavie and for Stirling, Alloa and Kincardine and much more, representing the implementation of the biggest transport investment programme in Scotland for a generation. That is devolution making a difference.

Over the five years since devolution, we have, step by step, started to put right the damage done by decades of underinvestment by building new schools, hospitals, health centres and homes, but there is much more to do. Our horizons are longer than the electoral cycle and our commitment to building Scotland's future is for the long term. That is why, in June, I announced a new net investment rule: a golden rule to increase net capital investment by at least 5 per cent per annum. I am pleased to say that, as a result of our decisions, net investment will increase from £2.3 billion now to £3.2 billion by 2007-08, going beyond the requirements of the net investment rule in each and every year. That is an increase of almost 40 per cent over the life of the budget.

We are investing in schools, homes and hospitals for the next generation, but we will not build a more prosperous and more productive Scotland unless everyone can take full advantage of the opportunities that are available and play their full part. Therefore, the budget is one for Scotland's children, too, and invests in the potential of each and every child, which means investing in our nation's future.

Today, Scotland's three and four-year-olds enjoy universal access to early-years education to get the foundations of their learning right. Scotland's children have access to vastly expanded child care, and parents have opportunities to work, knowing that their children are well looked after. Scotland's children have more support for their learning: they have extra teachers and classroom assistants, who make a difference for individual children. Scotland's children are achieving more at school: attainment is rising across the board, and the Scottish children who are most in need are getting help through the family centres and the services that we fund.

Although we have done a great deal, our ambition for Scotland's children is to do even more. As a result of the budget, we will ensure that they are even better supported next year and each year thereafter. Scotland's children of tomorrow will benefit from even lower class sizes and from better rewarded and better trained teachers. There will be 53,000 teachers—one for every 18 Scots between the ages of three and 18. There will be teachers for primary 1, for maths and English at secondary 1 and secondary 2, for physical education, for music and drama and to support those with additional needs. Those teachers will enrich school life and remove barriers to learning. Over the next three years, 150,000 more Scottish

pupils will learn in brand-new or substantially refurbished schools, which will make a difference to their learning. It is now time for the new resources to reach further down the age range and provide extra support for those who need it most.

There are many people in Scotland who, day after day, give their time and energy to caring for others. Among them, there is one special group of people who care for our young people as foster parents. Many of them care for young people in their teens—a time that can be difficult for any young person—and they deserve our support too. Therefore, recognising the hard work that they do for all of us in society, we will increase the allowances for foster carers who look after young people over 15 years old.

Taken together, all those measures represent a major investment in our children. The Minister for Education and Young People will announce his plans, and the targets that he will meet, in the coming weeks.

We are succeeding in the fight against crime. Since 1999, the crime rate has fallen by 5 per cent, but we need to drive it down further. We will maintain record numbers of police officers, returning more of them to the front line, and step up our focus on serious and organised crime by detecting, catching and prosecuting criminals. However, we recognise that that is not enough if we do not stop them reoffending time after time. This budget will provide the resources to tackle Scotland's unacceptably high level of reoffending and will deliver a stronger, safer Scotland for all.

Local authorities are vital partners in Scotland's public sector. They are our partners in delivering public services and in increasing productivity. They asked us to ensure that we fully fund any new commitments that we want them to deliver in this budget, and I can confirm that we have done so. They asked us to make an allowance in their budgets for pay and price inflation, and I can confirm that we have made such an allowance. They asked us to confirm that all our existing initiatives are fully funded in their baseline budgets and, again, I can confirm that we have done so.

We will be increasing total revenue support to local authorities by 9.7 per cent by 2008. In addition, we will continue to fund the highly popular quality of life initiative, which has made a great deal of difference in communities across Scotland, and the cities growth fund, which is contributing to the transformation of our cities.

This Government is ambitious for Scotland. Across the world, Scotland is viewed with warmth and respect. However, too much of that is respect for our past. It is time for us to lead the way in promoting Scotland as she is today: a modern,

vibrant country with world-class universities, exciting cities and a quality of life second to none. We will promote Scotland as a country to visit, work in and do business with and as a great place to live. We will welcome fresh talent to our shores. However, our fresh talent initiative is about much more than population. It is about our ambitions for our future and our pride in our country. That is why we will invest £4 million each year to work alongside the public and private sectors in promoting Scotland internationally. We will open our new relocation advisory service to give practical help to those who want to come and live here and, to capitalise on the reputation for excellence in Scottish universities, we will set up a prestigious new scholarship scheme that will attract the brightest and the best to our shores.

The third pillar of this budget is fairness. In housing, fairness means that everyone has access to a proper home. Over the next three years, we will invest more than £1 billion in providing more and better affordable housing. We will invest more in the regeneration of our communities, improving Scotland's most deprived areas and helping individuals and families to escape poverty, renewing our communities and unlocking their economic potential.

More than 1 million older people and those with disabilities have already enjoyed the benefits of our current concessionary fares scheme. Now is the time to do more. Today, I can announce that we will make the investment that is required to turn the current local concessionary travel scheme into a nationwide one. We will have a nationwide scheme for older people, for those with disabilities and—for the first time in Scotland—for our young people.

I have already said that our investment is for the long term. Sustainability runs through every decision we are making, such as our decision to make record levels of investment in the water industry to meet European standards, our commitment to invest 70 per cent of our transport spending in public transport, our commitment to ensure that more waste is composted or recycled by local authorities by 2008 and our decision to protect more than 4,200 more homes from flood risk.

Health spending already accounts for more than a third of our total spending. We have increased that proportion in every budget. There are those who claim that that investment is not working and that there has been no return for our money. However, I ask them to tell that to the 80 per cent of our people who use primary care services each year, to the people who have benefited from the 67 new or modernised hospitals and 104 local health centres that have been renewed or modernised since 1999, to the people who have

been helped by the 8.5 per cent increase in the number of nurses and the 15 per cent increase in the number of ambulance staff or to the families whose loved ones are still with them today because of the improvements made in health treatment and care. However, we need to do more. That is why, by 2008, spending on the national health service in Scotland will be more than £10 billion a year.

Of course, our challenge is not just to improve health care but to promote a healthier Scotland. Promoting good health is the step that we must take. There can be no better legacy for the next generation than to ensure that it grows up healthier and fitter than the previous one. To do that, we must tackle poor diet and smoking and increase the amount of exercise that people take. We must offer practical help to everyone in making the right choices to prolong their life. In this budget, we take two additional steps to help our children to grow up making the right choices: we will invest to ensure that pupils in every school in Scotland have access to fresh chilled water and we will invest to make healthy eating choices in schools even more attractive.

Access to health care for everyone in Scotland has always been important to us. The investment that I announce today will support a further seven major hospital developments and new equipment and technology across the national health service in Scotland and increased action to tackle infection control and hospital cleanliness. Today, I announce investment to allow the Golden Jubilee hospital, which we brought back into our national health service, to reach full capacity. That investment will improve lives and save lives. In the coming weeks, the Minister for Health and Community Care will announce full details of the new plans and targets that are made possible by this massive investment, including improvements to waiting times, the speeding up of diagnostic services and the bringing of quality health care to those who need it.

Today, I announce one significant additional step: by the end of 2007, no one will wait more than 16 weeks from specialist referral to treatment for cardiac intervention of any kind. That will bring the current target down by two and a half months. More lives will be saved and more families will be kept together for longer.

This is a budget that takes Scotland forward. It is a budget for a more enterprising Scotland, a Scotland of opportunity and a fairer Scotland where no one is left behind and no one is held back. It is a budget for the long term, for the next generation and for the future of Scotland, and I commend it to the chamber.

The Presiding Officer: We will shortly move to a debate on the statement, to be opened by Mr

Morgan. Any questions at this stage should therefore be brief and for clarification.

Alasdair Morgan (South of Scotland) (SNP): I will be brief and simply seek clarification. The minister mentioned several rail transport projects. Will he tell me the target completion dates for the Glasgow and Edinburgh airport rail links? Will he tell me when the national concessionary fares scheme will be introduced? Will he tell me by how much the allowances for foster parents will go up? He quoted the figure for revenue support to local authorities and said that it will increase by 9.7 per cent by 2008, but will he tell me whether that includes the allowance that he will make for pay and price inflation? If so, what is the increase in real terms? Finally, will he confirm that he will not do anything to help businesses whose valuation basis is the same as that of equivalent businesses south of the border but which pay more because they are on a higher uniform business rate?

Mr Kerr: Of course, many of those matters relate to the announcements that individual ministers will make in the chamber in due course. However, I can say that the Executive is committed to a concessionary travel scheme and that it will be introduced before 2007-08. On air links, the investment that we make through the route development fund will be immediate in terms of the negotiations and discussions that take place around that. With regard to local authorities, there will be a 9.7 per cent increase in real terms. I am trying to recall the other question that the member raised. I will advise the member of the increase in the allowance for foster parents.

Mr Brian Monteith (Mid Scotland and Fife) (Con): Last year, the minister announced with some pride that there was a cut in business rates because the increase was lower than the inflation rate. We found out later that the inflation rate that the minister used was different from the Government's preferred rate—he measured the business rate increase against a higher rate that is not the preferred rate. He said in his statement that business rates will match inflation, but will he clarify that he will choose the lower of the two rates every year?

Mr Kerr: I understand that the member wants to retain as much synergy as possible with the rest of the UK on such matters. By statutory provision, the UK Government uses the retail prices index and we will continue to use that as our indicator.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I warmly welcome the announcement of investment in our roads and infrastructure in Scotland and the biggest capital investment programme in the life of the Parliament. What mechanisms will be in place to ensure that that programme is delivered, given that many aspects are the responsibility of local authorities?

Mr Kerr: Individual organisations such as the transport agency, our local authority partners, the health service and others will of course be responsible for delivering the capital investment programme.

I look forward to the publication of the Scottish Executive's capital investment plan, which will show all of Scotland and beyond our intention to increase infrastructure support massively. That plan will be available to all members to allow them to scrutinise our intentions for the next 10 years, which shows that the Government is thinking beyond the electoral cycle. Individual organisations will be accountable for delivering their own capital programmes.

Tommy Sheridan (Glasgow) (SSP): I will ask the minister four quick questions. How many children in Scotland remain in poverty? Will time restrictions apply to the national concessionary fares scheme that he mentioned, and what is the definition of young people? How many new homes does he estimate will be built for the social rented sector, given the Chartered Institute of Housing in Scotland's demand for 20,000 homes a year? How much has been set aside in the spending review to address the scandalous 29 per cent equal pay gap between the wages of men and women, particularly in the public sector?

Mr Kerr: Mr Sheridan asked about children in poverty. Too many children still live in poverty, which is why I announced actions to reduce that number. However, that is not good enough, and we will continue to work hard on that.

I will leave it to the Minister for Communities to talk about new homes that will be built. She will make a statement on such matters to Parliament in due course.

As for the pay gap, the Executive runs forward-looking pay policies to ensure that it preserves its reputation as an employer and recognises equal-pay difficulties. Our policies are designed to ensure that a pay gap does not occur.

Karen Whitefield (Airdrie and Shotts) (Lab): I thank the minister for his comments about additional spending on transport. Will the additional money for projects allow the Airdrie to Bathgate railway line to be reopened?

Mr Kerr: I am happy to confirm that that is the case.

Members: Oh!

The Presiding Officer: Order.

Mr Kerr: It is obvious that some members do not like the idea that we are opening railway stations, providing new rolling stock and using the freight facilities grant all around Scotland. I confirm the situation. The Executive coalition has

massively increased its spend on public transport and will continue to do so.

The Presiding Officer: That is enough clarification.

Spending Review 2004

The Presiding Officer (Mr George Reid): We move on to the debate on Andy Kerr's statement on the spending review. The debate will conclude without any question being put.

15:03

Alasdair Morgan (South of Scotland) (SNP): I thank the minister for his statement and for providing an advance copy of it. I welcome aspects of it, as do we all, but I do so with the caveat that the devil is in the detail, which has yet to become apparent, even after all the clarification.

Members of all parties could make more considered and useful speeches if the debate were held some days after the statement was made. The arrangement must be changed. It is nonsense to have so little time for questions on the statement and no time for a more considered reaction later.

Tommy Sheridan (Glasgow) (SSP): Does the member agree that it is also ridiculous that the minister does not answer any of the questions that are asked?

Alasdair Morgan: I am responsible for my questions, but not for the minister's answers, unfortunately.

I welcome the increased investment in higher education in particular. When I was the Enterprise and Culture Committee's convener, the committee called for such investment to maintain that sector's competitive advantage, especially in its high-quality research base. The sector is fast moving in the United Kingdom and internationally. We will have to continue to monitor its performance, especially as the full implications of top-up fees south of the border become more apparent—that has not happened yet.

I also welcome the increases in the tourism marketing budget and in the air route development fund. Tourism is our single biggest industry and we need to invest more in it, although I suspect that we are still not matching the investment levels of some of our competitors. Finally, I welcome the increase in allowances for foster carers, who are an undervalued group and are in increasingly short supply. They certainly deserve whatever increase in allowances the minister is going to award them.

The trouble with such ministerial statements is that they always have an element of "Never mind the quality, feel the width" about them. The statement that we have just heard is no exception. We are asked to wonder in amazement at how the Scottish budget will increase over the next few years, and at how it has increased in the

immediate past. That is all conjured up for us by the partner of Mr Blair's labours.

We should bear something in mind when we are asked to marvel at how much money is being spent in Scotland. The minister said that the increase up to 2008 would be in the region of £5 billion. Taken in isolation, that is a huge sum, but the annual Government revenues from North sea oil for even one year—2002-03 for example—were £4.9 billion. Those oil revenues are certainly set to continue in that vein, or be even higher in future, and some of us think that we should not be quite as grateful for simply getting back a part share of our own money and taxes.

Irrespective of my base ingratitude—indeed, in a similar debate two years ago, Mr Kerr said that I was "whingeing"—there have been substantial increases in the budget. One would have thought that, after seven years and four months of Mr Kerr's party being in power in Scotland, one would have seen some fairly remarkable results from all the expenditure in question. Listening to Mr Kerr today, we would think that everything was wonderful, but if the man or woman in the street considered the health service, for example—which we will debate tomorrow—they would wonder where all their money had gone. As far as the average voter is concerned, the money input to the budget is not important except in so far as it affects the taxes that they must pay. The outcomes of Government spending are what is important, rather than the amount spent. The important things are the waiting lists, the location of a person's nearest hospital and the ability to register with a dentist.

We cannot know what outcomes the spending review will deliver. We can, however, evaluate past performance and we would do well to look at some of the promises that were made in the equivalent speech on 12 September two years ago. In announcing the previous spending review, the minister said about the health service that

"This budget delivers for health"

and that it will

"deliver much needed improvements directly to front-line services."—[*Official Report*, 12 September 2002; c 13669.]

If the minister wants to check that, he will find it in column 13669 of the *Official Report*. Perhaps he should send a copy of that speech to his Westminster party colleagues, who had to summon the Minister for Health and Community Care to explain how they had missed out on what had been delivered. Perhaps that speech should be printed to hand out to the hospital campaigners who now feel that they have to lobby the Parliament on such a regular basis. Perhaps he should have given it to his colleague Brian Fitzpatrick to use in his election address.

The minister made another promise at that time when he said:

"Our three-year commitment is to make our streets safer and cleaner, to reclaim our parks and open spaces and to tackle vandalism, graffiti".—[*Official Report*, 12 September 2002; c 13671.]

That is another good one. To be fair—and I am always fair to the minister—that three-year commitment was made only two years ago. However, it leaves an awful lot to do in the next 12 months. We look forward to seeing what happens.

Another trick is to work in reference to projects that the Executive may start thinking about during the period of the review, but not to make the timescale clear. The previous statement managed to bring in the Edinburgh and Glasgow airport rail links—they are in the statement again this year—the M74 extension, the A8 and the A80 conversion to motorway, which the minister did not even mention this time. Perhaps they have been built and I have not noticed. In fact, the minister's previous speech was full of the word "deliver", but once again, the minister confused the delivery of expenditure with the delivery of a desirable outcome as a result of that expenditure.

The Executive and the Opposition are agreed that, no matter how much money one spends, or how effective the expenditure is, the governing factor on how successful one will be is the health of the economy. Both the Government and the Opposition are on record as being committed to achieving Scottish economic growth, but we differ significantly on how to achieve that. In his statement two years ago, Andy Kerr said:

"I want the focus of the debate to be on what those plans will deliver and the impact that they will have on growth".—[*Official Report*, 12 September 2002; c 13666.]

Missing from that statement was any indication of what exactly, or even roughly, the impact on growth would be or what growth target the Executive had set itself. Today's statement is precisely the same. Perhaps that is just as well given that, two years on from his previous statement, Scotland's growth is flat-lining. We still lag behind the UK and we are left out of sight by the small European countries that we should seek to emulate. The fact is that the minister's powers and the levers that are available to him do not allow him to get to grips with the problem of lack of growth.

In conclusion, the Executive's failure thus far has been twofold. First, its expenditure has failed to deliver and no evidence has been given to make us think that things will be any different over the next two years. Secondly, it has failed to develop any strategy to give us the long-term growth that will sustainably generate the required resources into the future.

15:11

Mr Brian Monteith (Mid Scotland and Fife) (Con): I thank the minister for being generous enough to make available copies of his statement beforehand.

The media might not rate Andy Kerr highly, but I say to my friends in the press that he is anything but naive. He is no political mug or novice. He and his boss are cut from the same cloth: they are machine politicians. They know that the largesse from Gordon Brown's Barnett bounty cannot go on for ever. A day will come—it is getting nearer all the time—when the spending will not climb, but stall and then fall. Do not take it just from me, as if I were just some doomsayer. Similar warnings have come from respected Scottish economists such as Professor Arthur Midwinter and Professor Sir Donald MacKay.

It is noticeable, for instance, that Gordon Brown's estimates for spending increases at a rate that is greater than the trend rate of growth—in other words, beyond the wealth that we generate—end after 2007-08.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): Will the member give way?

Mr Monteith: No, I must make progress.

Faced with the spectre of spending cuts, which will be cuts not just in spending growth but in the total amount of spending available or, in other words, lower real-terms expenditure than in previous years, the Minister for Finance and Public Services has made the calculation—a political calculation—that it is better to spend money on capital projects that can be delayed, postponed or easily cancelled when those cuts have to be faced. He has chosen to do that rather than make too many financial commitments on public services that will be embarrassing, if not unacceptable, to cut.

The Labour and Liberal day of reckoning—a reckoning not of the political sort but one born of the laws of economics—will come because Scotland is living beyond its means and the Government is spending money that we are not earning. We will move into a spiral of decline, as the suffocation of our private sector produces a fall in tax revenues that results in less money being available to spend. At that point, the only alternative to spending cuts will be greater borrowing or higher taxes. There is little room for higher borrowing, so higher taxes there will be. Yes, there has been some economic growth, but we can see where that growth has taken place. For all the valuable work that they might do, the extra public sector workers do not create wealth but consume it.

Let me give an example from the minister's

announcement in the Sunday papers. It is high farce, if not absurdity, for the minister to crow about the millions that he is being forced to put into higher education. He has done so not because the Executive believes that it is an intrinsically good thing—for months, various ministers resisted the notion—but because the Executive has had to bail itself out of a disaster of its own making that has occurred with the replacement of tuition fees in Scotland with the graduate tax, and the introduction of top-up fees in England. Scottish Tories would not need to spend that money, because our policies would not have created the gulf in funding between universities north and south of the border, and our current policies on higher education funding would ensure that the sector is adequately resourced and that students are better off.

Then we have the brazen claim that the Executive is spending squillions on transport as the solution to all our transport problems, when in fact it delayed the Kincardine bridge, the M74 upgrade, the M8 completion and the M80. The Executive is using taxpayers' money to make right the wrong decisions that it made five years ago.

Conservative members offer a different vision: a Scotland where there are incentives to work hard and build a business, where endeavour is rewarded, where a growing, productive economy pays for the level of public services that it can afford, where the Executive gets off the backs of the Scottish people and Scottish business and where the Government lives within its means. We would swing the axe and cut, cut, cut. We would cut Scottish business rates by 10 per cent to give us an advantage over the English level; cut council tax by 35 per cent; cut waste, bureaucrats, Executive advertising and failed initiatives; and cut ministers and their limousine lifestyles.

If there is obesity in Scotland, it is in the Executive. I say that with a smile on my face. The lesson that the Executive must learn is to stop gorging on the taxes of Scotland and to start slimming down. A leaner, fitter Government would be an excellent example for us all to follow. We are all looking for that lead.

The day of reckoning will surely come for the Executive; it is as certain as Hibs' entering the Scottish cup each year and its outcome is as predictable—failure and defeat. This is not a budget that will bring prosperity, but a budget that will lead to the defeat of the Executive.

15:17

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): Liberal Democrats are changing the way in which this country is run. In the words of Jo Grimond, we are developing a

common welfare in society. In his book of the same title, Jo Grimond asked how we

“enable individuals to exercise choice and achieve value”.

He challenged the current tendency for the individual to be regarded more and more as a member of a trade union, a single parent, an old-age pensioner or a member of this or that profession, so that the role, not the individual, became important.

In the Parliament, we have become obsessed with the role, rather than the individual. We have become blinkered by our role in the economy, society, the professions and the constitution. I reject that acceptance of illiberalism and the underlying concept that we should judge the budget statement—how we divide the taxation yielded by common endeavour and the priorities that we set—by our constitutional status.

The chamber will be aware of my proposals for fiscal federalism. Those are not steered as part of a constitutional debate, in order to find common ground—a halfway house or a happy medium. Our fiscal system should be a means of implementing political choices, choices that we debate today. Under the powers of the Parliament and within a UK framework, we have made choices to invest in public services and infrastructure. We are debating the merits of those choices, and other parties must also enter the debate. A debate can take place only when there are counter-proposals. It is not good enough for the SNP to make spending announcements only during a leadership election and not in this place. Mr Morgan said that he needs time to consider the implications of the minister's statement, but the SNP has had five years to consider the implications of spending reviews in Scotland and to propose alternative plans, and not once has it done so.

The test by which I judge the statement is how it allows individual citizens to exercise choice and achieve value. The choice is not between private or public, nationality or role in society, but choice for their lives, for citizens' ability to develop their latent potential and to achieve value for themselves and their community through Government provision of investment and support—the common welfare.

The spending review that we debate puts in place the long-held commitments on the environment, people and skills, health promotion, transport, housing and the health service that Liberals have espoused for many years. There is value within communities with the highest sustained investment in higher and further education in history, taking support in that area to over £1 billion for the first time ever. There is also value in the aged and vexed issue of providing homes for our people. The commitment of £1

billion over three years for housing in Scotland will make a direct difference to people's lives and will have an effect far beyond what can be summarised in newspaper headlines.

In 1974, the year I was born, the town of Galashiels, where I now live, had the highest proportion of outside amenities for houses in Scotland. Our contribution to the common welfare of the next generation will be bestowed through improved housing stock in every community and in every area in Scotland.

Scotland is investing in infrastructure: in local roads and rail, by generating new international air links and delivering our 10-year transport plan. Investment in our infrastructure is this Liberal Democrat-Labour Executive's commitment to literally building an environment in which businesses can thrive in society, where they can ship their goods and their staff can arrive for work freely and more conveniently. With genuine commitments to improve the health of our work force and our people and the schools of our employees, we will improve productivity. What alternative approach is there? There is none.

Mr John Swinney (North Tayside) (SNP): Does Mr Purvis agree with Mr Kerr's assessment of the economy or with his federal leader's assessment of the economy—that Gordon Brown is making a hash of this country's economy?

Jeremy Purvis: It is within the powers of this Executive to create an environment in which Scottish businesses can grow. It is by improving our human infrastructure that we make the biggest commitment to improving the economy of Scotland. It is our ability to allow individuals to play their full part in society and the economy that will be the real test of the ministerial statement.

Bruce Crawford (Mid Scotland and Fife) (SNP): Can the member tell me what powers are available to the Executive to grow the economy that were not there before devolution?

Jeremy Purvis: It is within the ability of this Executive to fund early-years education, making it universal for all three and four-year-olds. That is a political choice under this Liberal Democrat and Labour Executive, as is funding later starts in primary education and 53,000 teachers in Scotland in brand new refurbished schools for 150,000 children, many of whom are in my constituency. I say to Mr Crawford that those are political choices; they are not constitutional choices. If SNP members engaged in the debate about political choices, it would advance their cause no end.

As well as improvements to early-years education, there is to be a radical increase in further and higher education provision. In a welcome Executive response to the Finance

Committee, we learned of additional capital expenditure with a 40 per cent increase over the lifetime of this budget in this Parliament. I look forward to a capital programme that puts us on a par with equivalent nations and which also invests in our future.

We cannot rely on a single source of income to fund our common welfare, as Mr Morgan asks us to do. Over the past 30 years, oil prices have fluctuated by less than 5 per cent in only three of those years. Providing the basis of individual choice, and freedom of the individual as part of the community, and funding our common services as well as the future of our public services in Scotland, cannot be done on the principle of double taxation of corporation tax over one finite resource. Nor should the debate be framed solely by the constitution, but rather in the belief that while we share the benefit of the yield of our common endeavour in Scotland to invest in our infrastructure, we are challenged by our opponents, from the left or the right or by nationalists—[*Interruption.*]

The SNP cannot decide whether it is on the left or the right. Mr Mather and Mr Morgan might give a very good impression of being on the right, but every single member who sits behind them wishes to spend more and more money in Scotland.

We need to invest in the common welfare of our society. If people on the right or left challenge us that, as Mr Morgan suggests, the money is not being spent or that, as Mr Monteith suggests, there is too much money to be spent, then they need to suggest alternatives so that we can debate them in the chamber. I make a plea in this chamber that we know the sum total of Mr Monteith's cuts, cuts and more cuts. In fact, I would welcome such a statement as much as I welcome the statement by the Minister for Finance and Public Affairs on investing in our future in Scotland.

15:25

Des McNulty (Clydebank and Milngavie)

(Lab): Listening to Brian Monteith, I wondered whether the Tories should get their Alex Fergusson to sign up Wayne Rooney. Given some of the approaches that they have suggested, he could hardly do worse than they did.

Mr Monteith: But he scored a hat-trick last night.

Des McNulty: He did very well last night; the Tories have not been doing so well.

I am interested to find that the Conservative and SNP responses to the statement are ones of denial. The SNP says that all the additional spending is not really making a difference, while

the Conservatives say that such spending cannot go on for ever. Neither response acknowledges the achievements that have been made since 1999. For example, in 1999, none of us could have expected spending on public services in Scotland to double; however, that will be achieved by the end of the spending review period. No major developed country in the world can match the growth in the UK economy over the past eight years, which is all thanks to the sensible and far-sighted management of the economy. These spending plans demonstrate that nowhere will benefit more from the certainty and stability that underpins these economic achievements than Scotland.

John Scott (Ayr) (Con): Will the member give way?

Des McNulty: During the 1980s, which is a time that Mr Monteith alone harks back to, we experienced denied opportunity, high and increasing unemployment and a dearth of investment in schools, hospitals and new houses. Perhaps John Scott would like to justify that.

John Scott: Will the member tell us the growth rate for the Chinese and Indian economies, which far outstrip the UK economy?

Des McNulty: I was talking about major developed countries. I think that the member will find that China and India are developing countries. Never mind.

Inevitably, it took time to overcome those 18 years of indifference, unfairness and neglect. Since devolution, more and more resources have been devoted to education to meet the needs of the most vulnerable people in society and to build the foundations of a dynamic, modern Scotland.

Unlike Alasdair Morgan and Brian Monteith, I have been able to have only a brief look at the spending review. The Finance Committee made a number of specific suggestions about the key priorities for Scotland. We were right to question whether resources were being adequately directed towards delivering the Executive's top priority of economic growth. In that respect we highlighted a number of areas, including further and higher education and transport, in which more resources were needed.

In response, the Executive has increased spending on transport by 42 per cent and spending on further and higher education by 31 per cent over the next three years. Spending on economic development has grown by £1.6 billion, which over the period amounts to 25 per cent of total spending and 33 per cent of spending growth. This is all progress in the right direction for the stable, progressive and dynamic Scotland that we all want and I say to Mr Morgan that such spending will deliver significant results.

The Finance Committee suggested that the Executive should increase its share of spending on capital. In that respect, £900 million has been made available, which is a 40 per cent increase. Such a step goes way beyond the golden rule that has governed spending in the past and represents significant change.

In their reports to the Finance Committee, the subject committees highlighted capacity problems in health and education. Again, substantial additional money has been found to provide extra teachers and health workers and to meet the capital costs of new buildings and equipment. However, although those things are urgently needed to modernise the health service, most of the Opposition parties appear to oppose certain elements of those policies.

We also highlighted the importance of housing and regeneration. Again, significant additional amounts of money will be made available for affordable housing.

Those are not bad things. Members cannot deny that those things will happen. The money is available, it will be used and I believe that it will be used effectively. I highlight the extension of free travel to pensioners throughout Scotland. That is only one partnership commitment, but it is one of many that will be delivered through what is being provided in the spending review.

I agree at one level with Alasdair Morgan: it is not only having the money to spend that is important; it is how it is spent and how best use is made of it. I was encouraged by the undertaking of the Minister for Finance and Public Services that resources will be used effectively and will reach the direct providers and the users of services. That is crucial. We cannot have a situation in which additional resources that are being made available by the Executive are not delivering real change for the people who need to benefit. That is fundamentally what government is about—we all share an interest in that.

That is in contrast to the SNP's approach which, according to the manifesto of Alex Salmond and Nicola Sturgeon, promises several new administrative overheads. For example, there would be a foreign affairs ministry, an autonomous Scottish broadcasting corporation and a Scottish pensions agency to administer the citizen's pension, which frankly would be unaffordable if we move towards an impoverished Scotland following independence.

The Conservatives' proposal is to recreate health trusts. We abolished 47 health trusts and reduced the number of senior managers in the health service while we simultaneously increased the number of health professionals. There has been a 10 per cent reduction since the days of the Conservative Government.

David McLetchie (Edinburgh Pentlands)

(Con): Does the member seriously think that a Caithness health trust, established by the Conservatives, would, if it were around today, be ordering women in Wick to go to Inverness to have their babies? Does he think that a West Lothian health trust, if it existed today, would transfer all the emergency services in St John's hospital in Livingston to the Edinburgh royal infirmary? Those health trusts were sustaining local services that the Labour Party is closing down.

Des McNulty: No. The trusts were an unnecessary tier of bureaucracy, which the Conservatives want to reintroduce. That is what we oppose. We are opposed to wasting money. We want to spend money usefully. That is the difference between the Conservatives and Labour.

15:32

Richard Lochhead (North East Scotland)

(SNP): I have to add my voice to Alasdair Morgan's complaint about the format of today's proceedings. This debate was preceded by a statement, after which we were allowed five minutes for clarification, during which time the minister was unable to answer one question. We have had barely a few minutes to digest the statement. I hope that we can come back to the topic in the very near future to have a proper debate on it.

The constituencies of some of us are about 100 miles away from the Parliament and from the minister, Andy Kerr, but listening to the rosy picture of Scotland that he painted today I have to say that those constituencies might as well be light years away from him. The reality on the ground in the communities that we represent is that people complain every day about the impact on their communities of cuts in local government spending. We hear of local hospitals in which a quarter of the medical equipment is beyond its standard life and there is a desperate need for it to be replaced. That has been the situation over the past seven years of the new Labour Government. The voluntary sector is also scraping around for every penny that it can get.

The picture in our communities is a far cry from the picture outlined by the minister in his statement. The key with the huge budget—compared to what we have had in past years—is to ensure that every pound makes a difference on the ground in our communities. After the first five years of devolution, the signs are not encouraging, because the Executive's record is appalling.

Since devolution, the Executive's budget has increased by about 50 per cent, yet the poverty figures that the Department for Work and Pensions put on its website a few days ago show

that relative poverty among pensioners in Scotland has decreased only from 41 per cent to 39 per cent. When the Scottish Parliament was established, the figure for relative poverty among children in Scotland was 40 per cent, but last year—the most recent year for which figures are available—the figure was still 40 per cent. Again, during that period, the Scottish budget has increased by 50 per cent. That is an enormous increase and it does not take into account the increase that is expected over the next two to three years. It is clear that the Scottish Government is getting something seriously wrong.

It has to be said that, over the same period, the Scottish economy has grown by only 8 per cent, whereas the United Kingdom economy has grown by 13 per cent. I would have thought that economic growth in Scotland would have been one of the Government's main objectives with its multibillion-pound budget.

Unlike Jeremy Purvis, I did not stay up all evening to craft the perfect speech to outline my party's political philosophy.

Jeremy Purvis rose—

Richard Lochhead: I see that Jeremy Purvis wants to intervene. Perhaps he just got up very early this morning.

I have tried to respond to some of the issues that the minister raised in his statement, because many sectors in our communities are crying out for attention. The minister said that £1 billion would be invested in housing during the next three years and all members hope that that will make a real difference on the ground, particularly in rural communities. It has taken five years—seven years if we consider new Labour in the United Kingdom context—for ministers to wake up to the housing crisis in Scotland. At last they have done so. I appeal to the minister to ensure that the money is not simply transferred into the pockets of landowners, who charge a fortune for land. We must ensure that the minister's objective is to use that £1 billion to build lots of houses. We must help first-time buyers in cities as well as in rural areas.

I would have expected the minister's statement to mention water infrastructure, which is a huge, pressing issue throughout Scotland, given the development constraints, but the issue was not mentioned. In fact, the minister had the cheek to say that the Executive has achieved

"record levels of investment in the water industry to meet European standards".

As far as we are concerned, consumers, not the Government, are paying through the nose to raise those standards. Capital assistance must be given to help to improve the water infrastructure

throughout Scotland. I am not just talking about domestic customers; I refer to small businesses, too.

Ministers must announce proposals on the rural economy during the next few days. I mention the fishing industry because last year—believe it or not—there was an underspend in the budget of £12 million in relation to the aid packages that had been announced for the industry. Apparently that money has disappeared into thin air. Since the Liberal Democrat-Labour coalition Government came to power in 1999, fishing employment at sea has been reduced by 27 per cent and fishing employment on shore has been reduced by 54 per cent, yet last year the minister managed to achieve an underspend of £12 million. *[Interruption.]* I hope that ministers are listening, because I am trying to raise important issues. Ministers must bring back that investment in saving coastal communities.

The minister's statement made no mention of the renewable energy industry, which perhaps offers the biggest potential for growing the economy in Scotland and tackling climate change. The industry has the potential to be a key driver in the Scottish economy in the years ahead. That appalling omission must be rectified, because millions of pounds will have to be invested in the industry if we are to make the most of it. We must get ahead in the coming years and not be left behind, as we were in the development of the oil industry and other industries in Scotland.

The minister said that £4 million would be invested in overseas promotion every year, which perhaps represents a small step forward. A few months ago, however, I visited a local council in Paris that has a budget of £2 million or £3 million for international aid alone. The Scottish Executive's ambitions are limited to £4 million per year for the promotion of Scotland overseas. We should be more ambitious about establishing a network overseas. For a few million pounds, the Flemish have 77 offices overseas to promote the Flemish economy. No such ambition is outlined in the minister's statement.

Perhaps we will be able to bring real change to Scotland when we have a minister who can stand up and deliver a proper budget because he has all of Scotland's resources at his disposal and all the powers at his disposal that ministers of every normal country in the world enjoy.

The Deputy Presiding Officer (Trish Godman): I intend to call as many back benchers as I can, so I would be grateful if members would stick to six-minute speeches.

15:38

Murdo Fraser (Mid Scotland and Fife) (Con): Budget statements and budget debates in the

Scottish Parliament are rather bizarre affairs. The minister comes along, announces his spending plans with great aplomb and proudly tells us how much he will do for the different sectors. However, with the exception of the business rate, which I will talk about, the minister has no control over the total size of his budget. All he does is divvy up the cake between the different spending departments. For all his pride in the sums that he has to spend, Mr Kerr can take no credit for the size of his budget. He is a bit like the small boy in the playground who runs around proudly telling his pals that he earns more pocket money than they do, because his parents reward him more generously. The amount of his pocket money has nothing to do with how good or bad a boy he has been; it is just the fact of the matter. It would make no difference if Mr Monteith or Mr Morgan were Minister for Finance and Public Services, rather than Mr Kerr.

The Minister for Finance and Public Services (Mr Andy Kerr): Oh, come on!

Murdo Fraser: I should have said that it would make no difference in terms of the amount of money that was available to spend.

It is important to put all these trumpeted achievements in context. By 2008, the Scottish Government will, in terms of the amount of money that it has to spend per head of population, be the richest Government not only in Europe, but in the entire world—with one exception. That exception is, of course, the Vatican City, which has a population of 740, most of whom are clerical. I do not think that the Vatican City can be compared accurately with Scotland, not least because it does not have the same bills as we do for child care or pre-school education.

If, by 2008, we have world-class expenditure on our services, will we have world-class outputs? Where is our world-class health service? Where is our world-class education? Where is our world-class transport? It is patently obvious to anybody who travels round Scotland that our outputs are nowhere near world class. The question for the minister and the Executive is: if so much money is going in, why is it not coming out at the other end? Why is it not delivering the world-class services that people would expect, given that we are very near the top of the expenditure league in Europe and, indeed, the world?

As members know, I have raised the issue of business rates on several occasions previously, because it is the number 1 priority for people in business. As we all know, Scottish businesses are paying a rate that is 7 per cent higher than in the rest of the United Kingdom. The minister said that the Executive would ask business for its views on the options for using business rates to incentivise company-driven growth and productivity. I ask the

minister not to waste any time on that, because I can tell him what business people will say. They will say that they want a cut in business rates. Every representative organisation in the business community has been saying that for the past five years, ever since Mr Kerr's predecessor broke the uniform business rate.

In an earlier intervention, my colleague Brian Monteith raised an important point. If one says that the UBR will be pegged to inflation, which inflation measure will be used? The retail prices index? The United Kingdom Government's preferred measure of inflation—the consumer prices index—is, in fact, much lower than the RPI. Therefore, if business rates go up with the RPI, businesses will be penalised yet further.

We have heard previously from the minister that business rates work out the same north and south of the border because we have lower rateable values in Scotland. That claim is misleading for three reasons. First, as the minister is well aware, there is a move to equalise the basis of rateable value north and south of the border. That is an ongoing process. Secondly, in a number of sectors, equalisation has already taken place—in fact, in a number of sectors, the basis of valuation in Scotland is already higher than it is down south. I will give two examples. In the hotel sector, medium-sized hotels are already rated more highly than their counterparts down south, so owners of those businesses are being penalised twice—first, with a higher rateable value and, secondly, with a higher rate poundage. For my second example, I am delighted to see that the minister is holding a glass of Strathmore water. Is he aware that water bore holes in Scotland are rated? Strathmore is paying business rates for the water that the minister is about to drink, whereas its equivalents down south are not rated. Ashbourne in Derbyshire pays nothing for its water supply. The minister is penalising Scottish business over and over again.

The third way in which the minister is wrong is that his claim is disproved by his own study. The document "Comparative Study of Business Tax Revenue", which Scottish Executive economists published at the end of last year, assesses the level of business taxes as a percentage of gross domestic product. The study said that, as a percentage of GDP, business property taxation—that is, business rates—was 2.1 per cent in Scotland and 1.8 per cent in the UK as a whole. That demonstrates that business rates in Scotland are 17 per cent higher than they are in the rest of the UK and it disproves the minister's contention about business rates.

The minister will no doubt say that, if the study document is taken as whole, it shows that business taxation equalises across the UK.

However, the flaw in that argument is that the document assesses business tax as a percentage of GDP. Because the public sector in Scotland is so much larger than that in the rest of the UK and because the private sector so much smaller, if business taxation is the same north and south of the border as a percentage of GDP, it will be higher for each and every business in Scotland. If the minister seeks to use that document to justify his business rates agenda, he is sadly mistaken.

Let me say in closing that, for all the fine words of the Minister for Finance and Public Services, all he is doing is dividing up a cake. There is a woeful lack of delivery in public services and the minister has missed an opportunity to deal with business rates. If he is serious about growing the economy, he will have to listen to what business is saying and cut the rates.

15:45

Ms Wendy Alexander (Paisley North) (Lab):

As the Minister for Finance and Public Services made clear, today's statement puts a welcome emphasis on investment in universities, transport, education and planning for the long term. As Des McNulty pointed out, the sheer scale of that investment presents a problem for the Opposition. That was evidenced by Murdo Fraser's speech, more than half of which was devoted to business rates. There will be a special statement on business rates later in the year, but today we are discussing the spending statement.

As is my custom these days, I will dwell on some of the bigger questions that the spending statement poses. Today's spending review bursts on to the Scottish political scene in days that are dominated by the party conference season and leaders' speeches, with their definitive statements about their political parties' ideas, direction and vision. Yesterday, the Prime Minister confirmed that Labour's spending plans are about making child poverty history; the Minister for Finance and Public Services echoed that today in the chamber. We have already lifted one in four children out of poverty and are on track to halving child poverty in the period covered by this spending review and the next.

Tommy Sheridan: I will ask a former minister a question that I asked the minister. How many children in Scotland are still living in poverty?

Ms Alexander: I made it clear that we have lifted one in four children in Scotland out of poverty and that we will halve the number of children in poverty during the course of this spending review and the next—a mere half dozen years. The number of children lifted out of poverty in the United Kingdom is more than 600,000 and the number up here is more than 100,000.

Health is the other issue that has been dominating Scottish headlines. As was also made clear yesterday, we have a commitment that, regardless of how poor people are, they deserve the best care according to their needs. When it comes to spending plans, people know where Labour's priorities lie both north and south of the border. Today Scotland follows the rest of the UK in becoming one of only two nations in the whole of the European Union that is raising the share of national wealth that is being invested in health and, at the same time, in education. That is a success story for the financial arrangements under the Scottish Parliament, whereby spending has doubled since the Parliament came into being.

Of course, budgets are about choices, so I will spend some of my time contrasting our plans to abolish child poverty and to provide the best publicly funded health service in the world with the other leadership speech that has been made in the past few days by a London-based party leader—Mr Alex Salmond.

Salmond's speech was an altogether stranger affair. The sour soundbites were all too predictable, but where were the plans for Scottish spending or the Scottish economy? In an hour-long speech, there were no soundbites on the Scottish economy and there was total silence on fiscal autonomy—the SNP's financial flagship did not even merit a footnote. Given that fiscal autonomy has so recently been found out, perhaps it is now being airbrushed out of nationalist history. Last week, the Scottish Parliament, which is so maligned by that same London-based leader, posed a question that he could not answer. It asked whether there was one other federal or devolved country anywhere in the advanced world that had opted for fiscal autonomy as the best way of managing its finances. We are still waiting for an answer: the silence is deafening and the suspense is killing us.

Alex Salmond is an artful tactician but an awful strategist. He has returned to his roots by denigrating devolution and dismissing the Parliament. Some things never change—when the SNP gets found out, it does its usual thing of pouring oil on troubled waters, no matter that that did not work in the 1970s and will not work now.

Here is a second question for the SNP team. Can it name just one oil-rich advanced country or province that uses volatile oil revenues to balance the books? The answer is not Norway, nor Alberta, nor any of them, because they know better than to bet their health services on oil prices. Oil revenue might be £7 billion this year, £4 billion last year and £2 billion five years ago, but it cannot all be used to balance the books. Last week, Alex Neil likened oil revenues to winning the lottery. It is fine to win a lottery, but one cannot bet with the

national health service budget by relying on the price of oil, the dollar exchange rate or the level of terrorist anxiety to fill the coffers.

Stewart Stevenson (Banff and Buchan) (SNP): Will the member give way?

The Deputy Presiding Officer: The member is in her last minute.

Ms Alexander: We look forward to hearing the missing spending plans of the nats.

In the time available to me, I will not be able to deal with Michael Howard, although we can guess that there will be guarantees of cuts, charges and privatisation—insurance for some, insecurity for all. So let me move on and simply ask Murdo Fraser to explain, if he is worried that our doubling spending on public services is crowding out the private sector in Scotland, why a higher proportion of Scottish employees were employed in the public sector during each of the last four years of the Tories' Administration than has ever been the case since devolution. The reason for that is, of course, that we do not waste millions of lives or millions of pounds on the dole.

I end with a big question that befits a big debate. The spending review is rooted in the right values—it looks to the long term—but, as the Prime Minister said yesterday, we rarely fail because of the weakness of our values; we fail when we do not understand the context of those values. In Scotland, we in the coalition need to share the restless courage of the rest of our party in acting on the coming reality.

15:52

Iain Smith (North East Fife) (LD): I welcome the opportunity to contribute to this important debate on the Scottish Executive's spending proposals for the next three years. The proposals should come as no great surprise to anyone. Alasdair Morgan and Richard Lochhead were concerned that they did not have time to consider the minister's statement in any great detail, but there should be no surprises in the proposals, because the spending review is about delivering on the partnership agreement, which was published and debated more than a year ago.

The SNP and the Conservatives should have no difficulty in bringing forward alternative spending plans that list what they want to do. That is what they should be about in such debates—not criticising the Executive for going ahead and producing its spending proposals, but providing constructive opposition. We would welcome Richard Lochhead bringing the SNP's spending proposals to the chamber for debate. I would welcome the opportunity to challenge them. If the SNP used some of its debating time constructively

and brought forward its proposals, we could have a meaningful debate. The people of Scotland would love to hear what the SNP plans to do. In fact, the people in the SNP would love to hear what the SNP plans to do.

Stewart Stevenson: I welcome Mr Smith's comments and the implication that we will have full and frank access to civil servants in preparing our programme for government, which we will shortly have the opportunity to implement.

The Deputy Presiding Officer: A question, Mr Stevenson.

Iain Smith: I cannot speak for the Executive on that. I am a mere back bencher, as Mr Stevenson knows.

Our spending proposals are important. They are about building a better Scotland, which is about building on the partnership agreement between the Liberal Democrats and the Labour Party—a partnership agreement that was largely shaped by the Liberal Democrat manifesto for the most recent election.

The spending plans will help to deliver on many of those important proposals. They will help to deliver the extra teachers whom our schools so badly need. They will help to deliver a national concessionary fares scheme. They will help to deliver the green thread that runs throughout the partnership agreement and our Executive policies. They will help to deliver free eye and dental checks. They will help to deliver safer routes to schools and 20 mph zones. They will help to deliver, and continue to deliver on, free personal care for the elderly and free higher education.

I regret that Brian Monteith is not in the chamber at present, because I would like to tell him that the Conservative party's proposals for higher education are a disgrace and an insult to anyone of any intelligence. Those proposals would not provide free higher education; that is a complete lie. Students would have to pay higher loans and higher interest charges for decades if the Conservatives ever got into government in the United Kingdom, which, thank God, they will not.

The proposals are also about delivering for businesses on the issues that are important to them, such as the provision of investment in transport. We should not be having false discussions on business rates. The Conservatives keep peddling the myth that business rates in Scotland are higher than those in England, but business rate bills are lower in Scotland because the average rateable value in Scotland is lower.

Murdo Fraser: Will the member give way?

Iain Smith: In a second.

Mr Fraser talks about one or two areas where rateable values may be higher, but they are lower

in other areas. The important point is that the average in Scotland is lower and therefore the business rate bills that people pay are lower.

Murdo Fraser: Will the member give way?

Iain Smith: I must ask whether, if the average rateable values in Scotland became higher than those in England, the Conservatives would still call for a uniform business rate—I do not think so. I will give way to Mr Fraser.

Murdo Fraser: I am grateful to the member for giving way before he became carried away with hysteria. Will he explain why the document that was produced by Scottish Executive economists in October last year demonstrates that Scottish business taxation is 17 per cent higher than business taxation in England? Does he disagree with the findings of Scottish Executive economists?

Iain Smith: I am saying that business rates in Scotland are based on the average rateable value. We do not raise more than we would with a uniform business rate—we raise less than is raised in England, because we have held the increase in business rates below inflation for the past two years.

I will highlight one or two extremely important points in the spending proposals. The improvement of dental services through incentives to help to recruit and retain dentists in the NHS is extremely important for many communities where there are problems with accessing dental services. The speeding up of the existing plans for action on infection control in hospitals is also extremely important, as all members know. In the enterprise and lifelong learning budget, there is to be significant additional funding for higher and further education. We should not forget the further education sector, in which capital grants for FE colleges will rise by more than £50 million a year in the next three years. The overall funding for higher education will be 17.4 per cent above inflation and for further education it will be 14.8 per cent above inflation. Those are significant increases, but they have not received the welcome from some Opposition members that they should have.

There will be significant increases in investment in affordable housing. In a members' business debate just before the summer recess, I raised the issue of the serious problem with the supply of affordable housing in many communities. The significant investment in transport infrastructure will allow us to deliver the extensive list of planned rail improvements, such as the Stirling-Alloa-Kincardine railway, the airport links and the important Borders rail link, as well as significant improvements to capacity and services in my area of Fife. For local government, there are

guarantees that we will meet the additional costs of any initiatives that the Executive introduces as part of the partnership agreement. One important figure, and something that the Convention of Scottish Local Authorities demanded, is the £60 million for additional investment in road repairs. The spending proposals are good and we should welcome them.

15:58

Shona Robison (Dundee East) (SNP): Gordon Brown will be disappointed that Wendy Alexander failed even to mention his speech. That will not go down at all well.

When is an announcement not a new announcement? It is when it has been announced time and again. It is absolutely ridiculous that some of the announcements today go back for what seems like decades. It is unfortunate that the minister has left the chamber. I noticed a familiar tone in the talk of a step-by-step change—there were echoes of the most recent Westminster elections. Perhaps for the coming Westminster elections it would be more appropriate not to talk about step by step, but cut by cut, given that hospitals throughout Scotland are to be closed or downgraded. Many Labour and Lib Dem MPs are raising that issue with the Executive. Of course, the leader of the Lib Dems has gone further than that and has tried to say that his party has had no role in the hospital closure programme in Scotland.

There is no doubt that there have been increases in the health budget. We have heard today that the budget will rise to more than £10 billion a year. That is welcome, but it is what we do with the money that is important. The Executive has failed absolutely to get a grip on the health service and to ensure that it delivers for patients. The public want to know what they have received for that investment and what they will receive for the additional investment, given that they are seeing their services close around them.

In case the minister is in any doubt about the failure to get that cash to the front line, I shall share with members an e-mail that I received from a staff nurse last week. She says:

"Essential equipment such as hoists ... are not available due to budgets; gloves, wipes, aprons and incontinence pads are in short supply due to budgets, and most worryingly for the current media interest, mops are regularly not available between the hours of 15:45 and 07:00 hrs. Nurses are regularly required to go down on their hands and knees to clean up excrement and urine. This has severe implications into the spread of MRSA and other so-called hospital acquired infections. Having discussed my concerns with several Infection Control Nurses I am repeatedly told that mops are too expensive and departments are restricted in the amount of disposable mops that are available."

It is all very well for the minister to speak fine words about infection control and plans and targets, but how can hospital staff meet those targets if no mops are available in our hospitals to clean up excrement and urine, as nurses are telling us? The minister needs a reality check. That is the experience of all too many staff on the front line in our health service and the rhetoric from the minister will offer them no reassurance whatever.

I welcome some of the public health measures that the minister announced. I do not disagree that fresh water and healthy eating choices in schools are good things, but turning on the cold water tap is not enough to improve the health of our children and it is not enough to tackle childhood obesity. We need to be far more radical and bold. I commend to the minister the SNP's action plan on tackling childhood obesity—perhaps one of the other ministers will tell him about that when he comes back into the chamber. Our action plan merits consideration. It is comprehensive and will work.

I also welcome the 16-week target from specialist referral to treatment for cardiac intervention. That is a good thing, but what about the time that it takes to see the specialist in the first place? How long are patients required to wait for that? Nothing at all has been said about that issue. In fact, I got the impression that the whole health section of the minister's speech was tacked on at the end, which is not good enough, given the state of our health service and our public health.

I end by asking the minister a specific question, about which I am curious. There seems to be a significant increase of some £20 million in the legal aid budget for 2004-07. How much of that will Gordon Jackson get?

The Deputy Presiding Officer (Murray Tosh): I assume that you have concluded, Ms Robison.

Shona Robison: Yes.

The Deputy Presiding Officer: So that was a rhetorical question.

16:03

Sarah Boyack (Edinburgh Central) (Lab): I am delighted to be able to speak in the debate, because I think that it marks a new step in investment in Scotland. There is a huge amount of money and it is vital that we get the maximum benefit from all that investment. The taxpayers whom we represent demand that we give best value for the future investment that will come from today's budget, and we need to look not only at the short-term impact of the investment but at its long-term impact. Most members would acknowledge that we are able to make that

investment because of the stable economy that we have at UK level and because we have the highest employment rates that we have had for 40 years. We have nearly full employment in parts of Scotland, and part of the budget's aim must be to deliver full employment throughout Scotland.

I want to reflect on that achievement, because it gives us, as politicians, a golden opportunity to shape priorities and investment in our country over a sustained period. The budget is not just for the short term; it is about long-term investment. The challenge is to get the maximum benefit for everybody in Scotland, and we need to ensure that we get best value.

The range of transport projects that is under way is hugely exciting; the minister did not even get to mention all of them this afternoon. We have railway lines that would have been seen as pipe dreams pre-devolution and pre-Labour Government. We have airport links, the Larkhall to Milngavie line, the Stirling-Alloa-Kincardine line and trams in Edinburgh. Those are hugely important investments for Scotland.

Patrick Harvie (Glasgow) (Green): Will Sarah Boyack give way?

Sarah Boyack: No. I need to get on to my next point.

I would like to hear more about investment in public transport in the detailed plans that I hope the Minister for Transport will launch. In particular, I am thinking of Waverley station, which is critical to the expansion of railway services in Scotland, such as the Bathgate and Borders lines. If we are to have real expansion in our railways in Scotland, Waverley station needs to be modernised and I hope that the Executive is working on that. Moreover, this week, when the Disability Discrimination Act 1995 kicks in, plans for the installation of lifts at Haymarket station will have been on the table for 20 years, but it has not happened yet. I hope that the Minister for Transport will be able to announce progress on that work when he makes his detailed statements.

It is important that we have detailed projects. Brian Monteith's comment on that was utterly bizarre. We should treat with contempt the idea that our ministers are suggesting infrastructure investment on the basis that it could be cancelled in the future should, horror of horrors, a Tory Government ever be elected. I could not see any member make the connections in that statement, which demonstrated that the Tories cannot believe that we have such an amount of resources to invest and that we can do so wisely for Scotland.

I hope that the ministers will continue the push for public transport and resist calls for a new Forth road bridge, which are utterly premature given the major challenge of improving public transport

across the Forth estuary. There are lots of exciting plans and huge opportunities in public transport, and I hope that they will be realised in the future.

We need to focus on best value, because one of the key challenges in transport is that almost any project increases dramatically in cost the minute that the minister announces that he or she will give approval for it. That is the case not only with trains but with roads, and there is a problem with engaging expertise. Ministers need to make progress on learning some of the Fraser report's lessons on procurement for the civil service transport resources.

The prospects for transport are exciting, and the announcements on higher and further education and new school facilities are crucial to high-quality investment and Scotland's economic future. I hope that when the Executive considers local authority investment in particular, it will apply higher standards of efficiency to the projects. I give the example of three secondary schools in my constituency, all of which the council plans to replace. Two of those schools are Victorian; they are excellent schools, but they operate in totally out-of-date buildings that will be replaced by the Executive's investment programme. The third school, which is also due to be replaced, was built in the 1970s. We cannot afford for the investment that we are making to be out of date in 20 or 30 years' time. Our investment must be for the long term and it must be sustainable. It must produce buildings that can be maintained and heated in the long term and which meet our wider sustainable development objectives. There is a section in "Building a Better Scotland" that talks about that, but the Executive needs to send a clear message to the local authorities that not meeting such targets will not be good enough and that excellence in our schools also means high quality and value for the long term.

I hope that the inclusion of the greening government policy in "Building a Better Scotland" will link into the strategic environmental assessment process for the whole of the Scottish public sector, which could lead the way. Explicit consideration of green criteria—transport costs and energy costs—is vital. When we consider the huge amount of money that is being spent, we must take into account the efficiency measures that the Executive is considering in labour costs and the process, but we must also think about the costs of energy and transport. That must be built into the process. Some authorities are beginning to do that with, for example, renewable energy and new school buildings, and the Executive has a programme to make efficiency savings in hospitals. That is hugely important in ensuring that the money is used as effectively as it can be.

The political choice, which is clear, is between continued progress on our services and

infrastructure and long-term certainty on the one hand and, on the other, the cloud-cuckoo-land or doom and gloom of the Opposition parties, which will not engage with what the investment will mean for Scotland and have not set out their alternatives. The spending review is a clear set of proposals and I look forward to the future announcements from ministers. Today is a good day for Scotland, because it is about record investment. We need to ensure that the proposals become reality and make the big difference that they can make.

16:09

Mark Ballard (Lothians) (Green): I am, once again, grateful for the opportunity to comment on Scotland's advance spending plans. However, as there is a spending review this year, the financial information that was offered for parliamentary scrutiny during stage 1 of the budget process is already out of date. Can we have an assurance that, during future spending reviews, parliamentary committees will not have to go through the motions of commenting on figures that will be superseded before the draft budget is published?

That is not the only reason why full parliamentary scrutiny continues to be something of an illusion. In the Executive's seemingly admirable drive to make the budget process more open and accountable, targets are rationalised, goalposts are moved and the end result is less transparency, not more. The Environment and Rural Development Committee's submission on this year's annual expenditure review said:

"The Committee continues to experience extreme difficulty in conducting meaningful budget scrutiny. Continual changes in the format and presentation of documents - whilst designed to improve the process - have had the effect of making real comparisons between years almost impossible."

In a recent report on Scotland's ability to adopt sustainable development, a member of the First Minister's Cabinet sub-committee on sustainable Scotland stated that a particular obstacle to sustainable development

"had been in relation to the spending review and finance".

Nearly three years on from the First Minister's so-called big commitment to greening the spending review, the minister's statement paid the merest lip service to sustainability. Apparently, it runs through every decision, although there is scant evidence of that. Every positive commitment that was mentioned by the minister or Sarah Boyack is matched by a contradictory policy elsewhere. The big thing that was talked about in the ministerial statement was transport. However, the use of private finance initiatives to fund major projects allows the Executive to hide the reality of its spending. A £30 million-a-year payment for the

M74 in Glasgow might not feature prominently in an annual budget, but if those payments are spread over 30 years, it is clear that many other local, sustainable transport schemes must lose out. The Executive is still pouring money into road building. Add that into the percentages and the real figure becomes clear. We are mortgaging any chance of having a sustainable transport policy for the future.

Tommy Sheridan: Does Mark Ballard agree that it is profoundly undemocratic, as well as uneconomic, for any Administration to tie the hands of future Administrations that have yet to be elected and force them to fund PFI or public-private partnership deals?

Mark Ballard: I agree strongly with that. The PFI schemes are mortgaging Scotland's transport future and setting us on a path of unsustainable development.

Iain Smith: Will the member take an intervention?

Mark Ballard: I am sorry; I have just taken one.

Why must there be a focus on transport projects that take us in the wrong direction at the expense of the plans that would meet people's actual transport needs? Rather than wasting money on the M74, why are we not talking about Glasgow crossrail? Instead of spending countless millions on grandiose airport rail links and tunnels under Edinburgh airport, why not do what Sarah Boyack suggested we do and prioritise the upgrade of Waverley station? We are stuck on the same old agenda of motorways and runways rather than railways. I thought that we had got away from that old Tory transport vision.

This spending review doubles the route development fund, which will inevitably lead to more climate-busting air travel.

As I said, the minister's statement contained some good elements. The strategic waste fund is a move in the right direction. However, we need to place far more emphasis on ensuring that waste is not generated in the first place rather than paying local authorities millions of pounds to clear up after business. Similarly, we welcome the announcement of £8 million for the green jobs strategy, but that has to be put in the context of an enterprise policy that is still fundamentally about economic growth in terms of driving up Scotland's gross domestic product—a discredited figure that does nothing to take regard of people's social and environmental needs.

Ultimately, we cannot build a better Scotland simply by throwing money at it. As Sarah Boyack said, we need to ensure that all our spending genuinely benefits our country and boosts our natural well-being. I just wish that her rhetoric had

been matched with criticism of where the Executive is going wrong, because I think that she knows where that is.

We must place a firm emphasis on society and the environment as the measures of well-being rather than using GDP growth, which, unfortunately, remained at the core of the statement that we heard today. A budget that put those measures first would be a real budget to build a sustainable Scotland.

16:15

Richard Baker (North East Scotland) (Lab):

The spending review not only means continuing improvement in Scotland's public services, but shows that the Executive will deliver on its promises. When the First Minister set out Scottish Labour's stall as Scotland's party of enterprise, that was a bold challenge to our party. When the coalition partners said that enterprise was the Executive's top priority, people said, "Great, but how are you going to show that it is?" Opposition politicians and commentators can demand every kind of initiative and investment, but they know that they do not have to make hard choices from a range of causes that are worthy of funding so that investment is targeted to make the most difference. The Executive has not only talked about enterprise, but taken action to encourage enterprise in Scotland, with concrete proposals and targeted investment.

I was one of those who said that if Labour was to prove itself as a party of enterprise, we had to invest in our universities and colleges. Like others, I argued that that investment was vital to enable our universities and colleges to take on the challenge of top-up fee income down south so that they could be drivers in creating the knowledge economy that Scotland needs. Today, the minister responded positively to that challenge. Of course, we must engage in longer-term thinking about how we will sustain high levels of investment in tertiary education in the years ahead, but the settlement is just the boost that the sector needs. This is the first time that there has been £1 billion in support for the sector. That support means that the sector can retain the top academics who put Scotland at the forefront of new and developing industries such as biotechnology and renewable energy.

Labour's proudest boast in government is that we have lifted hundreds of thousands of Scots out of the misery of unemployment and given them jobs and the opportunity for better and more fulfilled lives. The spending review is another step forward in our drive for full employment.

It is not just investment in the knowledge economy that makes this a spending review for enterprise. Once again, we are investing in

infrastructure and a key element of that is transport. In the previous spending review, transport spending rose to more than £1 billion for next year. That increase was welcomed by business organisations because they know how business benefits from spending on transport infrastructure. I know that the extra investment that the minister outlined today—we will spend £1.4 billion by 2007—will be welcomed in the north-east. I hope that it will allow speedy progress with the construction of the western peripheral route, which is vital to the region's development, but I also hope that we will see progress on other projects such as the proposed Aberdeen crossrail project.

The extra investment in health services that was outlined today is important for every area of Scottish life, including the economy and economic prosperity. If Scotland is to be a more successful nation, it must be a healthier nation. The Executive has forged a groundbreaking health agenda in the action that it is taking not only to treat illness but to promote healthy living, and I believe that we will reap the benefits of that in the coming years. The Executive is also ensuring that we have record investment in hospitals and in nurses and doctors.

We are all aware of the concerns in some communities about the reorganisation of health services, but it must be clear to people that the Executive is spending more than ever on NHS services, and certainly more than was spent in the Tory years. The Tories' opportunism in the health debate in Scotland is breathtaking. If the Tories were in government, there would be no debate on where patients should access NHS services because they would not be able to access such services at all. We should be clear that the Tories' agenda is to break up the NHS and force everyone to rely on private health care schemes, which would be disastrous for the most vulnerable people in society. Those are the real terms of the health debate in Scotland.

Thanks to Gordon Brown's excellent stewardship of the UK economy, the Executive is able to announce today continued, record investment in public services. That shows the huge benefit to this nation of being part of the UK economy.

Jim Mather (Highlands and Islands) (SNP):

Does the member think that an acceptable price for that largess is that we continue to grow at a dramatically lower rate than the rest of the UK? We pay the price by seeing our talent migrate to that economy.

Richard Baker: Jim Mather should read the recent report from Lloyds TSB, which shows that Scotland's economy continues to grow at its fastest rate for almost seven years. It is a rather inopportune time for him to make his point. In

comparison with the euro zone, our economy is growing at a favourable rate.

Unlike Mr Mather, the Executive has not been obsessed with debates about fiscal autonomy, which are geared to the hopes of separatists rather than to the needs of the economy. Instead, it has taken action to create growth in our economy and to put in place the building blocks for economic success.

Of course challenges lie ahead, but the spending review means that we are better placed than ever to meet them. The spending review shows that the Executive is playing its part in creating a thriving and enterprising nation. When the question is asked about who the big winners are in the spending review, the answer is clear: they are the people and the future of Scotland.

16:20

Alex Johnstone (North East Scotland) (Con):

I start my campaign to make friends and influence people by praising part of Mark Ballard's speech—I see him worrying about which part I agree with. In his opening remarks, he made the relevant comment that some of the criteria that the Executive uses to present its expenditure plans change so quickly from year to year that it is difficult for parliamentary committees to assess what the changes are. I look forward to studying the proposals in greater detail this year, to find out whether the figures are, for the first time, presented a little more consistently, so that we can understand them better.

Jeremy Purvis: I am a member of the Finance Committee, which asks the Executive to change its processes as part of a dialogue between the Parliament and the Executive. Is it not slightly unfair to blame the Executive for reacting positively to the Parliament's requests?

Alex Johnstone: Was that an invitation to blame the Finance Committee? I will not do that. I am saying that it is important to be able to compare like with like, which is not always possible if the criteria change.

I will examine some of the impacts of general expenditure on the rural economy and raise concerns about likely impacts. I was glad to hear the minister's commitment to economic growth as an important principle and I will continue to support that, but I am concerned that some elements that are creeping into the way in which money is spent in the Scottish Executive may undermine growth in the rural economy.

I will give a couple of prime examples, the first of which has been dealt with to an extent in the passage of the Water Services etc (Scotland) Bill, when the opportunity has been taken several times to raise concerns about the water services

system in areas of rural and peripheral Scotland, especially in relation to the distribution of housing. The system's failure to deliver enough resources to expand sewerage services, for example, has created a de facto planning system in some areas. As a result, it is difficult to find not only affordable housing for many people in rural Scotland, but opportunities to provide any housing at all.

Another problem that continues to grow disproportionately in rural Scotland concerns the provision of health services. In this debate and others, it has been said that hospital closures are making it increasingly necessary for people to travel considerable distances to access the health services that they are entitled to expect.

Another impact of health services on rural Scotland arises from the imposition of change in out-of-hours services for general practitioners across large areas. Many who live in the most peripheral areas are seriously concerned about that change, which has been driven not directly by budgets, but by changes that cost money and are consequently budget associated. The change is beginning to cause grave concern among people who wonder where their doctor will be and how far they might have to travel to see him in an emergency.

I am grateful that the minister announced his intention to establish a concessionary travel scheme that covers the whole of Scotland, not only for older people, but for young people. Many people who have suffered from the anomalies that the current patchwork has delivered will receive that gratefully. However, in huge parts of rural Scotland, the practical way of going from A to B remains the private car. That can be demonstrated in the many areas in which, if one sees a bus, the chances are that only one or two people are on it. As a consequence, we must highlight the continued failure to maintain some rural roads and highlight the impact that fuel prices continue to have over large areas of Scotland in which fuel prices may be the same, but greater distances are involved and transport costs are disproportionately higher. If a high proportion of the money that we spend on fuel is taxed and a person travels more miles, they will pay more tax. That is not how the tax system should operate.

Another pressure that continues to grow is that on rural local authorities. I am tempted not to be too sympathetic towards people who make decisions that are designed to be provocative. However, it is ironic that, where school budgets and school transport budgets continue to be a burden on local authorities, that results in some of our best rural schools being threatened. Today, I heard that Dun School in Angus is the next small rural school to be threatened in that area. It is essential that the Parliament continues to

represent the needs of people in rural areas who have often been educated in small schools, but are put under pressure by local authorities that are themselves put under financial pressure in respect of how they provide education.

I will finish by touching on two specific issues—the beef national envelope, which is proposed under the common agricultural policy review, and the land management contracts, which are under consultation. Those are significantly redistributive elements in respect of how they handle funds that are allocated to Scotland's farmers. My continuing concern is that, unless we can find ways in which to deliver systems that take modulated money and essentially offer the opportunity for that money to go back into the hands of the farmers from whom it was originally modulated, we will have a rebellion among those farmers on our hands. I urge the minister to encourage the Minister for Environment and Rural Development to reconsider those schemes so that we can get a fairer distribution.

16:27

Margo MacDonald (Lothians) (Ind): I was particularly interested in the minister's reference to the place of physical education in schools and I welcome the Executive's conversion to having more PE teachers. Therefore, I draw the Executive's attention to a scheme that was launched only six weeks ago in Clackmannan and which is the only such scheme that is running in Scotland. As far as I can work out and have learned from teachers and officials from the county, the scheme is proving successful. It is a template for getting more PE teachers into schools when we need them.

Can the minister find enough money in the spending at his disposal to mount an evaluation exercise, which would kill around three birds with one stone? We can work out what quality PE is; prove that there must be trained specialists in primary schools; and work out how to recruit teachers on a shorter training scheme than the current one. An evaluation exercise should be mounted, and I have been assured that the University of Edinburgh could undertake such a scheme. Of course, I am not being partisan.

I thank the Presiding Officer for giving me the opportunity to put my proposal to the minister.

16:28

Marilyn Livingstone (Kirkcaldy) (Lab): It gives me great pleasure to contribute to the debate and to close for the Labour Party.

I welcome the massive investment for our communities throughout Scotland, the like of which we have never seen before. As the minister stated, a £900 million increase in capital

investment will allow us to make the investment that is needed to tackle the damage that was created by years of underinvestment by the Tory Government. The investment will allow us to link the regeneration of our communities to economic opportunities. We heard that our budget will increase to £30 billion—previously, we could only have dreamed of such money.

The key goals that have shaped the Scottish budget for the next three years are growing our economy and investing in all Scotland's people; providing opportunities for all our young people and improving our public services; and safeguarding our environment and realising our ambitions for Scotland and all its people. The budget allows us to build on what we have achieved so far and is an investment for a sustainable future. That investment has been made possible by the UK Government's sound economic management under the most successful Chancellor of the Exchequer that this country has ever seen. Our economy has experienced the lowest inflation for 30 years, the lowest interest rates for 40 years and falling unemployment. For the first time in more than a generation, the prospect of full employment is within our grasp. The challenge for us is to spread that success throughout all our communities.

This is a budget for enterprise, opportunity and fairness: enterprise in our schools, universities, businesses and public services; opportunity for our young people and our families; fairness for our elderly and for all Scotland's communities. I congratulate the minister on making fairness the key plank in his budget statement today. That fairness can be seen in the increase in transport investment, including new investment to create a single, national, Scottish scheme for pensioners, disabled people and, uniquely, young people. The scheme was pioneered, I am proud to say, by Fife Council, so we can see that fairness and opportunity can work at all levels of government.

I welcome the 11 per cent increase for education. The subsidy for healthy choices in school meals and the commitment to one teacher for every 18 Scots between the ages of three and 18 are investments in the health and education of our young people. We have seen commitment become a reality through the introduction of McCrone, and I take the opportunity to thank all our teaching staff for their dedication and commitment to our young people.

The increases in health spending, the new targets on waiting times and the action to improve diagnostic services are all welcome. All our constituencies have instances where improvement is needed, so we are glad to have heard the minister's announcement of real and sustainable investment in the health of our communities and people.

Unlike Conservative colleagues, I welcome the commitment to Scotland's further and higher education sectors. As one who comes from that sector, I am pleased to see that its pivotal role in the growth of our economy has been recognised with a fourfold increase in capital investment. That investment will ensure that we have the necessary skills to compete in an increasingly global economy.

I also welcome the investment in new homes and in the regeneration of our communities. I welcome the investment in our police services, the need for which I highlighted in our recent justice debate. That commitment will help to tackle antisocial behaviour and reduce reoffending. That is a commitment to safer communities.

I take a moment to explore the Tory strategy of cuts that Mr Monteith alluded to. The Tories would cut public services by removing access. Their policies would cut taxes for those who are well off and cut services for those who need them. They would make health and education available to those who can pay by removing access to services from those who need the opportunity and the care. The Tories would restrict choice, increase privilege and damage our economic growth.

Mr Monteith: Notwithstanding the fact that the member provides no evidence for any of those assertions, will she explain how a cut in the council tax rate would be a cut for the well-off rather than for those who find the council tax difficult to afford?

Marilyn Livingstone: I got my evidence from Mr Monteith's speech. There is no doubt that his policies would result in a dramatic reduction in the public services that we have fought for and which we have reinstated since the abolition of his very unpopular Government.

The Labour-led coalition is delivering a culture of enterprise and ambition. *[Interruption.]* I am sorry if the Tories find that funny. We are striving for full employment and we are putting money into the areas that matter most to my constituents: jobs, transport, health, education and crime. Devolution is delivering—delivering on the people's priorities.

16:34

Mr Ted Brocklebank (Mid Scotland and Fife) (Con): The biblical promised land was one flowing with milk and honey. On the basis of today's spending review, Scotland is set to become a land flowing with silk and money, especially if someone is a builder or construction engineer or if they are in the plant-hire business. It was said of the Bourbons that they forgot nothing, but learned nothing. Labour has clearly forgotten nothing when it comes to spending other people's money. We

can only hope that Jack McConnell has learned some of the lessons of the Holyrood debacle in allocating what he has described as Scotland's

"most significant long-term investment for generations"

to bricks and mortar. However, after listening to Andy Kerr's spending priorities today, I do not believe that the portents are favourable.

Prudence has always been Gordon Brown's mistress of choice. Andy Kerr's exemplars, on the other hand, seem to have more in common with drunken sailors. Under the plans announced today, capital investment is to soar by 10 per cent above inflation. Few, apart from Mark Ballard, would argue that Scotland's road and rail services do not need improvement. Air services and routes also require development. We need to include in the bricks-and-mortar benefits of devolution better schools, hospitals, housing and—before young Jeremy Purvis does his Jack-in-the-box impersonation—affordable housing, too.

Jeremy Purvis: Will the member give way?

Mr Brocklebank: I will not.

In the public services, the Executive continues to misdirect resources. I thought that Jack McConnell was the only person left in Scotland who believed that simply throwing more money at the health service makes it better. Today, Andy Kerr promised £10 billion a year on health, and Richard Baker and a queue of other cheerleaders praised him for that. However, the one question that Jack and Andy cannot answer is, are we getting value for money? No one knows. As Des McNulty almost admitted, and Murdo Fraser pointed out, that is the great black hole at the heart of the minister's statement today.

There have been so many changes in departments and accounting procedures and so many targets missed and new ones set that it is impossible to tell which Executive budgets are doing relatively well and which are doing relatively badly. In his speech in Brighton, Jack McConnell claimed that Scotland is the place most likely to find a cure for cancer, but no one knows whether spending on cancer treatment in Scotland is effective. The Executive has set a target of reducing deaths from cancer by 20 per cent between 1995 and 2010. That is a key priority, but as Professor Arthur Midwinter points out, the Executive finds it impossible to isolate the specific impact of Government spending on cancer death rates. If a cure for cancer is ever found in Scotland, how will the Executive be able to tell which factors contributed, or whether its spending played any part at all?

The same is true of educational attainment, crime rates and unemployment rates: we cannot relate the spending to the outcomes. Despite the

huge surges in spending on health of which Wendy Alexander and others are so proud, waiting lists and times are up. Moreover, overall educational attainment is not improving and crimes and offences are up.

Brian Monteith might be right in saying that capital projects can be cut if the money runs out, but it is also possible that many of the big capital projects outlined by Andy Kerr will simply be repackaged or respun, as we have seen in the past, by the time that Scotland next goes to the polls.

When it comes to spending on public services, especially with few reforms envisaged, Scotland's taxpayers should be able to judge exactly what they are getting for their money, on an annual basis and without the accompanying spin. At Westminster, ministers must sign up to achieving their targets. If they fail, resignations are at least possible. However, Executive ministers can blithely make promises—as Andy Kerr did today—fail to meet them and move on to a new set of targets, with little or no prospect of being replaced. That is all the more true if we believe this morning's press, which suggests that poor Jack McConnell does not have enough talent to reshuffle the Cabinet, much as he might like to.

Brian Monteith and Murdo Fraser have already spelled out alternative Conservative policies on education.

Des McNulty: Will the member take a nice intervention?

Mr Brocklebank: No.

On health, we would ensure that spending was targeted on the places where it is most needed and that professionals became accountable to patients for the hospitals on which taxpayers' money is spent. On business rates, we would fulfil Jack McConnell's pledge to make Scotland the best place in Britain in which to do business. We would do that by making business rates lower in Scotland than in the rest of Britain, instead of higher.

I listened carefully for any mention of the beleaguered fishing industry in Mr Kerr's spending review statement, but there was none, just as there was none in Jack McConnell's speech on the day when the Parliament building opened. Our opponents pay lip service to entrepreneurialism, but can they give us a better example of entrepreneurialism in Scotland than our beleaguered fishing industry?

We have no problem with spending to solve Scotland's deep-seated problems, and on the basis of what has been announced so far, Oliver Letwin would allocate more to Scotland over the next five years than Gordon Brown would.

However, we would ensure that spending coincided with reform—that is the difference between us on the Conservative side of the chamber and those on the Executive side. We hear an awful lot about fiscal autonomy and Wendy Alexander's new phrase, fiscal federalism, but it is time that we heard a lot more from the Executive about fiscal responsibility. We on this side of the chamber are still waiting to hear about that.

16:40

Jim Mather (Highlands and Islands) (SNP): As we all know, the spending review is a spending-only exercise. The Government remains without a credible means of growing sustainably Scotland's revenue or improving materially Scottish competitiveness. Without those abilities, the Executive has no means of creating a genuine, provable and sustainable blend of efficiency savings and the climate that will force genuine growth.

Although other countries invest to maximise their revenues and to improve living standards, this Government merely spends. Here in Scotland, financial data are announced in a series of statements augmented by press leaks; they are not presented as a proper, evolving financial position with an open audit trail that fully achieves a clear understanding of movement and allocations and which confirms spending commitments.

Here in Scotland, the lack of top-level targets remains a deep affront. Either the Government believes that its budget decisions will improve the lot of the people of Scotland in terms of growth, population numbers and life expectancy, or it does not. If it does believe it, it should have targets; but we have no targets. The absence of those targets forces the conclusion that the Scottish Executive does not believe in its ability or the ability of its budget to make a difference to those important measurements.

It is also clear that announcements and pre-announcements make little difference to galvanising and motivating the people of Scotland. Unlike real budgets in normal countries that change stock markets, influence savings and exchange rates and create queues at petrol stations, apart from the fact that a few investment decisions will have been made, our budget will change little in the dynamics and potential of the Scottish economy; yet we are only too well aware that even using cautious oil-price projections that are well below actual prices, Scotland could see oil revenues rise by more in a single year than the entire spending increase that the Executive will receive over the next four years.

Economic growth is rightly the Executive's top priority, but neither the financial commitment to

economic development, whose share of the total budget is declining, nor our mediocre results over the past 40 years make that credible. More important, the position does not compare with the outcome that could be achieved by the two major effects of independence—specifically, regaining control of our oil revenues and reasserting our right to compete.

I say to Wendy Alexander that we could manage any oil-price volatility by creating an oil fund for future generations and by matching our Norwegian neighbours. That would be better than winning the lottery, passing the proceeds to our neighbour and hoping that it is both successful and fair with us.

Ms Alexander: Will the member take an intervention?

Jim Mather: I will give her intervention the same response that she gave me.

With our own oil and the right to compete, Scotland would be living through a boom time. Instead, we receive a tightening flow of demeaning pocket money from the Chancellor of the Exchequer, who is busy picking Scotland's pockets and denying us the right to compete.

It is not only the SNP that believes that the current system is flawed; the latest Fraser of Allander paper on fiscal federalism by Hallwood and MacDonald says:

"The key economic argument in favour of fiscal federalism"

is

"that it improves efficiency in the use of resources"

and

"economic growth".

That supports our criticism and our call for the need for more power.

I say to Wendy Alexander that fiscal federalism is fiscal autonomy. The people of Navarra and the Basque country in Spain believe so, but their version comes without the complexity, the delay, the wrangles, the royal commission and the five-year review that she advocates. Can she understand why we see independence as a vastly superior and preferable option?

Jeremy Purvis: I am grateful to Mr Mather for raising Catalonia, which follows my model of fiscal federalism—or rather my model follows that of Catalonia. Perhaps the member will tell the Parliament why Catalonia does not seek to secede from Spain.

Jim Mather: It is pretty clear that Catalonia is in the pipeline, waiting to match what Navarra and the Basque Country are doing. I am glad that the member raised that point because those are the two most successful regions in Spain.

Ms Alexander: Will the member take an intervention?

Jim Mather: The member has accepted none of my interventions in two debates, but I will defer to her.

Ms Alexander: I am sure that the people of Catalonia will be interested to discover that Navarra and the Basque Country are regarded as more economically successful than it is.

In citing Navarra and the Basque Country, the member has very helpfully clarified something for me. Will he confirm that the economic agreement between the Spanish Government and those two areas requires them to agree all levels of taxation with central Government? If that is his definition of fiscal autonomy, it differs from everything that we have ever heard him say before.

Jim Mather: The right to compete is paramount. I do not believe for a moment that Navarra, the Basque Country, Catalonia and so on are tying their hands behind their backs and allowing themselves to be boxed into a position that stops them from maximising results for their own people, as is the pattern across the planet, except in this chamber and this country.

MacDonald and Hallwood also point out in their paper that

"the current devolution settlement does not give ... politicians an incentive to improve economic growth."

That is exactly the view of real people who hear the rhetoric about the top priority but see the reality of population decline, low productivity, a widening average wage gap and the departure of talent from Scotland. MacDonald and Hallwood also say that the current devolved settlement does not encourage the search for innovations that would reduce costs and improve services. Again, that view is widely held across Scotland and exposes the Executive's lack of targets and lack of enthusiasm openly to make comparisons and to learn from the pattern of its spending and, most important, from the pattern of outcomes that are a result of that spending. Indeed, the Executive also seems reluctant to benchmark our services and costs in comparison with elsewhere.

That view is supported by an earlier Allander series paper by Nicholas Crafts—

Mr Monteith: On a point of order, Presiding Officer. Although I have listened with interest to Mr Mather's comments, I have not heard the word "budget" mentioned for the past three minutes. I rather feel that it would be interesting if he could get back to the subject. I hope that you agree.

The Deputy Presiding Officer: That exhortation was useful. However, if I were to apply the rule of relevancy absolutely in closing

speeches, we would frequently be out of here by about 4 o'clock.

Jim Mather: I wonder how often Mr Monteith has met that criterion himself.

My key point is that without a strategy to spend in line with and without a proper mechanism to achieve that strategy, we do not have a budget. Instead, all we have is a spending list, which does Scotland a massive disservice. Over the years, I have watched how the allocations and priorities have changed, how the money has moved and so on. However, do the outcomes change? No. Does Scotland move forward? No. Does Scotland have a growing population? It most certainly does not. No one in this chamber should talk to me about the success of the UK economy, when it is causing this country's economic bucket to haemorrhage while we are sent back a housekeeping allowance. This is not a budget; the situation is not acceptable; and this country must move on.

The Deputy Presiding Officer: I call Tavish Scott to respond to the debate. You have 11 minutes.

16:48

The Deputy Minister for Finance and Public Services (Tavish Scott): Thank you, Presiding Officer. I will endeavour to be relevant, as you have asked.

The budget sets out our ambitions to build a better Scotland; it is a budget for enterprise, opportunity and fairness. Today marks the start of the budget process, which runs all the way through to January when we introduce the budget bill. As a result, I say to Mr Morgan and other members that there will be plenty of opportunity to debate the details of the budget in the chamber and in committees. Indeed, there will at least 13 full chamber debates on the plans before they come into effect. Some might find that discouraging, but not I. Devolution has brought a fundamental change to the nature of budget setting; Parliament, the committees and the public all have central roles to play.

As Mr McNulty pointed out, the Finance Committee recommended in its stage 1 report and in successive exercises that we make capital spending a priority for the budget, so we have done so. Not only have we introduced a new net investment rule to safeguard levels of investment in the longer term, but we have increased net investment by 40 per cent over the life of this budget alone.

The Finance Committee wanted housing and regeneration expenditure to be priorities. In this budget, we have announced plans to invest more

than £1 billion to provide more affordable housing and to invest a further £318 million in the next three years in regeneration of our communities.

The Finance Committee asked us to look again at our targets and sent us a list of those that it thought should be dropped or improved—Mr Brocklebank is a member of that committee. We have looked at those targets and in the document, which I hope Mr Brocklebank has had the chance to consider, not only have we replaced more than 90 per cent of the targets—the very ones that he, the Finance Committee and other committees felt were inappropriate—but we have met our commitment to the Finance Committee to bring the number of key targets to below 100.

I say to members who have this afternoon accused us of clarifying or changing figures, that we have done that because the Finance Committee—and other committees of the Parliament—asked us to respond to their concerns.

We have also responded to other parties. The Convention of Scottish Local Authorities made a strong case for £60 million for local roads repairs; we have allocated £60 million. I hope that Mr Johnstone accepts that and I hope that COSLA will agree to work with us to make sure that people throughout Scotland will see the outcome of that £60 million of spending on their local roads.

Of course, the budget runs the gamut of the Executive's spending and it is only possible to cover part of that spending today. I confirm, as Mr Kerr did, that the budget plans will implement the partnership agreement in full and that ministerial colleagues will announce more details over the coming weeks. Those announcements will relate, for example, to the questions that Sarah Boyack asked about transport. I can give Margo MacDonald the assurance that she sought in relation to the matter that she raised during the debate. We will evaluate the project that she mentioned, but that evaluation will be done when the project is operational and when it would be appropriate so to do.

I will respond to some of the points that were made in the debate. First, on the SNP's latest policy on oil—even Mr Morgan would have to accept that we have had this debate many times—I remind the SNP that oil prices go down as well as up. We all remember how the oil price was used by Chantrey Vellacott to give a flavour of the economic situation of Scotland. Every year the oil price changed, every year the country's economic prospects went up or down as a result and every year the SNP's response changed. The SNP said that it was "Game, set and match" to the independence case one year, but when the oil price dropped the SNP said that it was

"back of the envelope economic gibberish".

Nicola Sturgeon apparently declared last night, "It's our oil," but apparently only at the right price.

Jeremy Purvis, Wendy Alexander and many others were right to highlight the Executive's commitment to growing the Scottish economy. We have set out at the start of our introduction to the document a table—another Finance Committee request—which explains how so many parts of the Executive will work to grow the economy through a robust 30 per cent funding boost for further and higher education; record investment in transport infrastructure; new, affordable homes; support for the timber industry in rural areas; support for tourism and support for new, environmental industries. All those budgets will grow rapidly under our plans and all will help the economy to grow.

Richard Lochhead: Another source of energy is, of course, renewables. Renewables represent a massive green and economic opportunity for Scotland, which is very important to the minister's constituency of Shetland. Why is there no commitment on renewables in the minister's statement, given that investment in renewables is required?

Tavish Scott: Mr Lochhead will be very pleased to learn that I will come to that very point.

Before I do so I will finish my point about the economy by responding to Mr Monteith and Mr Mather—those harbingers of doom and gloom on the nature of the economy. I will quote three sets of statistics, which are from independent sources; they are not Government statistics. The Royal Bank of Scotland "PMI Scotland Report" for August 2004 showed that the growth of private sector output in Scotland was maintained for a 14th successive month. The Scottish Chambers of Commerce business survey was headlined, "Chambers' survey points to continued growth for Scottish economy", and the latest HBOS Scottish index of leading economic indicators was headlined "Business investment to fuel Scottish economic growth in 2005". It predicted that growth would improve steadily this year and that business investment would replace personal consumption as a key driver of growth in 2005.

I am surprised that the Conservatives have come along to the debate. Mr Monteith looked sheepish earlier when he delivered their agenda of cuts. After all, David McLetchie told the *Sunday Express* during the summer that he was going to use £540 million of the Executive allocation to cut council tax by nationalising education funding. That would mean £540 million less for the Scottish Executive to tackle the issues that we have identified. It would mean £540 million less for higher education. The Tories can never match us,

however much they try to fleece students with commercial rates for their Tory loans. It would mean £540 million less for transport links to Scotland's airports to boost international business. It would mean £540 million less for affordable housing and more misery for people who might be glad of the chance to have a council tax bill of their own in the first place.

Mr Monteith: I certainly do not think that I was being particularly sheepish when I advocated a 35 per cent cut in council tax.

The minister talked about Scottish economic growth. Our argument is twofold: first, comparative to the rest of the UK our performance is not as good as it should be and, secondly, we are living beyond our means, not just in Scotland but in the UK. Because the money is a hand-me-down from the Treasury, there is nothing that the minister can do when that money is cut.

Tavish Scott: Mr Monteith could not square the circle between cutting, cutting and more cutting and the investments that we will make in Scotland's economy and measures that will promote Scotland's economic growth.

The Greens should look again at our record. We have transformed recycling for households: the figure was 6 per cent, but we will achieve 25 per cent by 2006 and 30 per cent by 2008. That achievement has not come about by the Executive sitting back. The Executive has given environmental leadership that has been supported by hundreds of millions of pounds. More important, it relies on the efforts of literally millions of people who are prepared to help in their homes. People in Scotland have risen to that challenge; it is time for the Greens to recognise and support that.

On the environment, we will not only make dramatic progress on recycling, but we will spend 70 per cent of the transport budget on public transport. Mr Ballard should note that that never happened under the Tories. We will progress our partnership agreement commitment to a new £20 million fund for saving energy in the public sector and we will drive forward our green jobs strategy—Mr Lochhead should take note—in meeting our ambitious target for renewable energy.

Finally I turn to the Scottish National Party. I warned the SNP during the finance debate that it would simply have to get a grip and get its spenders and taxers to sit down together and come up with a coherent plan—the two groups are miles apart. The chief spender seems to be London's Mr Salmond, who wants bullets everywhere on top of all his colleagues' promises. However, the taxers of the party have now decided to cut off the cash that is available for Government to spend. After the SNP conference, the taxers want lower corporation tax,

lower business rates, lower water rates and lower national insurance, as well as their existing proposals to decrease fuel duty, whisky duty and income tax on low earners. The SNP has created a credibility gap, with more and more spending pledges, but less and less money to pay for that spending.

I found the supreme irony in some old press clippings from days gone by when Alex Salmond was the Scotland-based leader of the SNP and Jim Mather was being hailed as the next member of the Scottish Parliament for Ayr. Alex Salmond had a go at the Tories during the Ayr by-election campaign and said that the Tories could not have it both ways; they simply could not have tax cuts and keep public services going. It is no wonder that one of Mr Salmond's recent claims is that

"All that is needed is the imagination".

The Executive is promoting enterprise in Scotland's schools and universities, businesses and public services. We are promoting opportunities for young people and families and fairness for the elderly, for communities and for all Scotland's people. Our spending plans take the next steps towards building a better Scotland, and I commend them to the Parliament.

Point of Order

16:58

Margo MacDonald (Lothians) (Ind): I hesitate to raise this point of order, but I think that most members who have been in the chamber all afternoon attempting to concentrate on the debate have, like me, found themselves shivering. I have a wee excuse, but other members have commented that they, too, are extremely cold. Will you investigate whether the chamber could be heated to a level that the Health and Safety Executive might find acceptable?

The Deputy Presiding Officer (Murray Tosh): I am sure that that point will be noted and investigated.

Business Motions

16:59

The Presiding Officer (Mr George Reid): The next item of business is consideration of business motion S2M-1780, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, setting out a change to decision time on Thursday 7 October.

Motion moved,

That the Parliament agrees that Rule 5.6.1(c) of Standing Orders be suspended in respect of Members' Business on Thursday 7 October 2004.—[Patricia Ferguson.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S2M-1781, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, also setting out a change to decision time on Thursday 7 October.

Motion moved,

That the Parliament agrees under Rule 11.2.4 of Standing Orders that Decision Time on Thursday 7 October 2004 be taken at 12.30 pm.—[Patricia Ferguson.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S2M-1783, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Wednesday 6 October 2004

9.30 am Time for Reflection

followed by Parliamentary Bureau Motions

followed by Ministerial Statement on Efficient Government – Efficiency, Effectiveness and Productivity

followed by Executive Debate on Ministerial Statement on Efficient Government – Efficiency, Effectiveness and Productivity

followed by Stage 3 of the School Education (Ministerial Powers and Independent Schools) (Scotland) Bill

followed by Members' Business

2.00 pm Question Time—

Education and Young People, Tourism, Culture and Sport;

Finance and Public Services and Communities;

General Questions

followed by Debate on Enterprise and Culture Committee's 6th Report, 2004: Renewable Energy in Scotland

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 7 October 2004

9.30 am Parliamentary Bureau Motions

followed by Executive Debate on Scotland's International Image

12 noon First Minister's Question Time

followed by Parliamentary Bureau Motions

12.30 pm Decision Time

Wednesday 27 October 2004

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Executive Business

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 28 October 2004

9.30 am Parliamentary Bureau Motions

followed by Executive Business

12 noon First Minister's Question Time

2.00 pm Question Time—

Environment and Rural Development;

Health and Community Care;

General Questions

3.00 pm Executive Business

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business—[Patricia Ferguson.]

Motion agreed to.

Parliamentary Bureau Motions

17:01

The Presiding Officer (Mr George Reid): The next item of business is consideration of 12 Parliamentary Bureau motions. First, I ask Patricia Ferguson to move motions S2M-1763 to S2M-1771 inclusive, on approval of Scottish statutory instruments.

Motions moved,

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (Orkney) (No.2) (Scotland) Order 2004 (SSI 2004/322) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.5) (Scotland) Order 2004 (SSI 2004/323) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.6) (Scotland) Order 2004 (SSI 2004/330) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (Irish Sea) (Scotland) Order 2004 (SSI 2004/340) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.7) (Scotland) Order 2004 (SSI 2004/341) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.8) (Scotland) Order 2004 (SSI 2004/344) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (Orkney) (No.3) (Scotland) Order 2004 (SSI 2004/352) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.9) (Scotland) Order 2004 (SSI 2004/359) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Diarrhetic Shellfish Poisoning) (East Coast) (No.2) (Scotland) Order 2004 (SSI 2004/378) be approved.—[Patricia Ferguson.]

Mr David Davidson (North East Scotland) (Con): I wish to record, once again, our objection to this set of SSIs. The arguments have been well rehearsed, but I would add one thing: I invite the minister to meet me to discuss some research that has come into my possession—research that backs up our case completely.

The Presiding Officer: I ask Ms Ferguson to move motion S2M-1773, on the remit of the Education Committee.

Motion moved,

That the Parliament agrees that the remit for the Education Committee be amended to—To consider and

report on matters relating to school and pre-school education, young people and social work and such other matters as fall within the responsibility of the Minister for Education and Young People.—[Patricia Ferguson.]

The Presiding Officer: I ask Ms Ferguson to move motions S2M-1774 and S2M-1775, on the designation of lead committees.

Motions moved,

That the Parliament agrees that the Justice 1 Committee be designated as lead committee in consideration of the draft Maximum Number of Judges (Scotland) Order 2004.

That the Parliament agrees that the Justice 2 Committee be designated as lead committee in consideration of the Title Conditions (Scotland) Act 2003 (Conservation Bodies) Amendment Order 2004 (SSI 2004/400).—[Patricia Ferguson.]

The Presiding Officer: The questions on the motions will be put at decision time.

Decision Time

17:02

The Presiding Officer (Mr George Reid):

There would be 12 questions to be put as a result of today's business, so I propose to ask a single question on motions S2M-1763 to S2M-1771, on the approval of SSIs.

The first question is, that motions S2M-1763 to S2M-1771 inclusive, in the name of Patricia Ferguson, on approval of SSIs, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baird, Shiona (North East Scotland) (Green)
 Baker, Richard (North East Scotland) (Lab)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marilyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 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)
 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)
 MacDonald, Margo (Lothians) (Ind)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)

Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 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)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Byrne, Ms Rosemary (South of Scotland) (SSP)
 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)
 Johnstone, Alex (North East Scotland) (Con)
 Kane, Rosie (Glasgow) (SSP)
 Leckie, Carolyn (Central Scotland) (SSP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 Milne, Mrs Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Mundell, David (South of Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Tosh, Murray (West of Scotland) (Con)

ABSTENTIONS

Adam, Brian (Aberdeen North) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Lochhead, Richard (North East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 Morgan, Alasdair (South of Scotland) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)

The Presiding Officer: The result of the division is: For 75, Against 21, Absentions 11.

Motions agreed to.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (Orkney) (No.2) (Scotland) Order 2004 (SSI 2004/322) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.5) (Scotland) Order 2004 (SSI 2004/323) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.6) (Scotland) Order 2004 (SSI 2004/330) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (Irish Sea) (Scotland) Order 2004 (SSI 2004/340) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.7) (Scotland) Order 2004 (SSI 2004/341) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.8) (Scotland) Order 2004 (SSI 2004/344) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (Orkney) (No.3) (Scotland) Order 2004 (SSI 2004/352) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.9) (Scotland) Order 2004 (SSI 2004/359) be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Diarrhetic Shellfish Poisoning) (East Coast) (No.2) (Scotland) Order 2004 (SSI 2004/378) be approved.

The Presiding Officer: The next question is, that motion S2M-1773, in the name of Patricia Ferguson, on the remit of the Education Committee, be agreed to.

Motion agreed to.

That the Parliament agrees that the remit for the Education Committee be amended to—To consider and report on matters relating to school and pre-school education, young people and social work and such other matters as fall within the responsibility of the Minister for Education and Young People.

The Presiding Officer: The next question is, that motion S2M-1774, in the name of Patricia Ferguson, on the designation of a lead committee, be agreed to.

Motion agreed to.

That the Parliament agrees that the Justice 1 Committee be designated as lead committee in consideration of the draft Maximum Number of Judges (Scotland) Order 2004.

The Presiding Officer: The next question is, that motion S2M-1775, in the name of Patricia Ferguson, on the designation of a lead committee, be agreed to.

Motion agreed to.

That the Parliament agrees that the Justice 2 Committee be designated as lead committee in consideration of the Title Conditions (Scotland) Act 2003 (Conservation Bodies) Amendment Order 2004 (SSI 2004/400).

The Presiding Officer: That concludes decision time.

Edinburgh Airport

The Deputy Presiding Officer (Trish Godman): The final item of business today is a members' business debate on motion S2M-1723, in the name of Margaret Smith, on the development of Edinburgh airport. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes the importance of Edinburgh Airport to the local, regional and national economy; further notes projections in Her Majesty's Government's white paper, *The Future of Air Transport*, that Edinburgh Airport will need a second runway by 2020; is sceptical that these projected passenger number increases will necessarily come to pass; recognises that, while setting aside land for any second runway may be a sensible precaution, it creates planning blight for a number of households and concern for many others and that construction would necessitate relocation of the Royal Highland showground; believes BAA plc must engage with all the local communities around the airport and keep them up to date with development plans at the airport in as open and transparent a fashion as possible; recognises the problem of noise pollution from current flight levels; believes that greater provision of high-speed rail could offer genuine alternatives to short-haul air travel, with the added benefit of freeing up capacity for more long-haul international flights and reducing the need for a second runway; welcomes the development of tram and rail links to Edinburgh Airport and the development of all transport links that will reduce congestion in the area, and considers that Her Majesty's Government, the Scottish Executive, BAA plc and all concerned should help deliver sustainable, long-term development of Edinburgh Airport.

17:07

Margaret Smith (Edinburgh West) (LD): I thank all colleagues who signed my motion and those who have been able to attend this evening's debate.

Edinburgh airport lies within my constituency of Edinburgh West, but it is obviously important to our city, our region and our country and to the prosperity of all our constituents. I speak as someone who lives just off the Cramond flight path and who, like most of my constituents, has mixed feelings about the airport.

We cannot overestimate the airport's importance to the local and national economies. Edinburgh is now the fastest-growing city in the United Kingdom and its airport plays a crucial part in that success. Our city depends on excellent transport links to retain its market position in business and finance, education, science, research and tourism. Two thousand people work at the airport and a further 5,000 Scottish jobs rely on it indirectly. A recent study by the Fraser of Allander institute estimated that the airport had an economic impact on the Scottish economy of £287 million per annum. The airport also plays a positive role in the lives of local residents by opening up the possibility of travel to

Europe and the wider world through air links to a growing range of destinations. The new daily Continental service is partly the result of support from the Executive.

However, as well as receiving the positive economic, social and cultural benefits of having a growing airport, constituents feel some of the more negative consequences of growth, such as property blight, noise and air pollution, traffic congestion and pressure on land use. We must strive for growth that is sustainable both environmentally and economically and that respects the position of the airport's neighbours.

Some of the key issues at the airport have been highlighted by the publication of the UK Government's white paper on air transport, which seeks to map out the future of aviation in the country for the next 30 years. The white paper has had serious consequences for the people who live closest to the airport, as it suggests that the number of passengers who use it will continue to grow from the present figure of 7.7 million to 20 million or more by 2030. To deal with those sorts of passenger numbers, it would be necessary to build a new runway in around 2030 and, crucially, there would have to be further developments in the interim. Planning blight is already hitting many local residents and businesses.

It is clear that the key issues are the potential that another runway would create and the increase in the number of flights in the interim, as the airport extends its existing taxiways and adds further terminal capacity and a much-needed new control centre. The white paper says that that will bring 300 more people into the 63-decibel noise contour and greater use of the crosswind runway will add another 800 to that figure. Four and a half thousand residents are already affected by noise levels above 57 decibels.

Over the past few months, my colleague John Barrett MP and I have been contacted by several local residents in Cramond, Newbridge and Kirkliston who are concerned about the consequences of airport expansion. We have met BAA management to raise concerns, and I attended a public meeting in Kirkliston that was the first of a series of meetings that BAA is holding with local community councils. I welcome the fact that BAA is engaging with neighbouring communities.

The Department for Transport has prudently safeguarded land for a future runway, which I can understand, but it is unlikely that we will ever need it. The case has not been made for a further runway. In fact, the proposal came from the Government, not BAA, which is the operator of the airport. There is nothing to say that BAA would commit the massive capital expenditure that is

involved in building a new runway, even if the figure of 20 million passengers is achieved.

Mr Brian Monteith (Mid Scotland and Fife) (Con): Is the member aware that an airport the size of Gatwick operates with only one runway? Does she share my view that it is therefore unlikely, on a commercial basis, that a second runway will be required at Edinburgh?

Margaret Smith: I am in the unusual position of agreeing totally with Brian Monteith. That saves me a little bit of time in my speech, because I was going to make that very point.

A number of limiting factors mean that passenger growth is likely to stabilise. First, there is uncertainty over, and a likely increase in, the price of oil in coming years. Secondly, there is the falling Scottish population, albeit that Edinburgh is bucking the trend. Thirdly, there is the presence of Glasgow airport, which is also in the central belt. There is also scope for the development of high-speed trains between Edinburgh and London, which I will return to in a few moments.

As things stand, there is also concern about the ability of the transport infrastructure round the airport to cope in the short and medium term. I welcome the fact that there are plans for a tramline to the airport by 2008—although, as I have said before, I would prefer it to carry on to Newbridge to bring much needed regeneration to the Newbridge and Ratho Station area—and I also welcome the plans for a heavy rail link, which will link the airport to the rail network by 2010 and increase the number of passengers who are able to access the airport by public transport. However, even with light and heavy rail links, there will be increased congestion as a result of airport growth. That means that better road links into the A8 and the motorway system may be needed. I am interested to hear the minister's view on whether the Scottish Executive will support or is investigating such a move.

The Government has decided, unfortunately, that the only way in which the airport can expand is by relocating the Royal Highland and Agricultural Society of Scotland. Many people think that the society is involved only in the Royal Highland Show for a few days each summer, but the reality is that its showground represents one of the country's premier events venues. In fact, with 1.2 million visitors every year it is the second largest in Scotland, after the Scottish Exhibition and Conference Centre.

I know that BAA and the RHASS were in talks prior to the Government's announcement. I would be interested to know from the minister whether talks involving the Scottish Executive and partners have been held, not only about relocation but about coexistence on a reduced showground site,

possibly with shared car parking in the crucial week of the Royal Highland Show. Surely, given that the cost of relocation is estimated at anything between £75 million and £200 million, it is worth engaging with all partners now to determine whether there is room for everybody.

Last week, BAA announced details of its voluntary compensation schemes that are aimed at those who would be most affected by the consequences not only of building a new runway but of the years of uncertainty leading up to the decision being taken to do so. All those who would be affected—either through their homes and property being acquired or by noise levels increasing above 66 decibels—should by now have been notified by BAA. I hope that that will allay the fears of some people about the future impact on their properties.

I will not comment in detail at this stage on the schemes covering property blight and airport noise, as I will do so during the three-month consultation period after speaking to local residents. However, I welcome the fact that the schemes make it clear which properties will be affected and seek to give some reassurance and legal guarantees not only after planning applications have been lodged, or a year after development has taken place, as defined in the Land Compensation Act 1973, but over the coming 20 years of uncertainty for my constituents.

It is crystal clear that growing numbers of my constituents in Cramond, Gyle, Ratho, Ratho Station, Newbridge and Kirkliston are experiencing increased levels of noise pollution. The extension of the taxiway will lead to increased numbers of flights, which is why John Barrett and I have met BAA to examine what, if anything, can be done to reduce noise. I acknowledge that aircraft have got quieter in recent years, thanks to European Union and International Civil Aviation Organisation standards, and I welcome the fact that Edinburgh airport uses a differential charging system that penalises the noisiest aircraft. I also appreciate that Richard Jeffrey, the managing director of the airport, has given us a commitment that he will look at ways in which the airport can make use of its new monitoring equipment to encourage pilots to fly in a way that reduces noise and to further monitor the noise levels of the 70 per cent of flights that land from the east, over Cramond. However, I also call on the City of Edinburgh Council to introduce a local noise limit, which I believe is something that has happened at airports elsewhere in the country. I have raised the issue with BAA, which I think would be sympathetic to an approach by the council on the issue.

Other responses and solutions might lie in the transfer of passengers from short-haul domestic

flights to high-speed trains. At present, there are 90 daily flights from Edinburgh to the London airports and a further 54 from Glasgow and those figures are predicted to double by 2030. Two thirds of aircraft from Edinburgh go to destinations that can be reached by rail. Surely the development of a high-speed train to London that completes the journey in three hours with a fifth of the environmental impact is worth pursuing vigorously if we are serious about reducing noise levels for my constituents and about cutting greenhouse gas emissions. The provision of affordable high-speed rail links could give a real alternative and would free up more space for international flights.

I look forward to the responses to the consultations and the publication of the airports master plan by the end of the year. I also look forward to working with the Executive on the west Edinburgh planning framework and on the issue of land-use planning, which I do not have time to go into now. It is crucial that we do all that we can to support our airports in delivering sustainable growth for the benefit of the economy, their neighbours and the wider community.

17:16

Mr Kenny MacAskill (Lothians) (SNP): I congratulate Margaret Smith on the motion, which raises a matter of great importance, not just for her constituency of Edinburgh West, but beyond. I disagree with nothing that she said. We must balance the needs and wants of Edinburgh airport with other interests, such as those of the Royal Highland Centre and the people in Cramond or Kirkliston. The airport is vital, not only because of the aeroplanes and services, but because of the land bank that is adjacent to it, which is important to the economy of west Edinburgh, which is fundamental to the economy of the city of Edinburgh. Clearly, the economy of Edinburgh is at present the dynamo of the Scottish economy to an extent. All those matters are interlinked and we must address them.

The airport has transformed Edinburgh and Scotland for the better. We must now recognise that we are part of a global economy, that we are a small nation on the periphery of Europe and that we must trade and attract tourism to survive. Therefore, as has been said oftentimes by me and others, we need to be accessible, but at an affordable price. The airport has come a long way since it was called Turnhouse—I am sure that some members remember that. The transformation in car parking and the new flights, including Continental flights, have been of great benefit to the city.

The airport must continue to grow. Like Margaret Smith and Brian Monteith, I am sceptical whether

the exponential growth in aviation can continue. We cannot simply extend the line on the graph and say that, because growth has been at a certain rate until now, it will continue at that rate until 2020. As Margaret Smith pointed out, oil prices, finite resources and a variety of changing patterns will affect the situation. That does not mean that we should not have a plan B but, at the end of the day, we must take cognisance of the fact that it is unlikely that growth will continue at the present rate.

As Margaret Smith mentioned, we do not want airport growth to continue at the present rate. There must be significant change. Although I would like more direct flights from Edinburgh, I recognise that aviation comes at an environmental cost and that we need to strike a balance. We must increase the number of direct flights to European destinations and reduce the number of flights to London that are taken simply to pick up a connecting flight. That cannot continue and it must be addressed. Fundamental to addressing that is the improvement of rail links to London. People almost have to take a flight to London because of the perceived difficulties with the rail service, which must be addressed. If people are simply picking up a flight to go elsewhere, it makes no sense either personally or economically to wait about and change at a London airport. That must be addressed.

We must also deal with Margaret Smith's points about other aspects that enhance the quality of life, not just in Edinburgh West, but throughout central Scotland and elsewhere. The Royal Highland Centre provides a significant boon and benefit to that community and we cannot ignore that. It seems at present that we have an irresistible force against an immovable object, and we need to broker some settlement. The points that Margaret Smith made about shared parking seem to me to be eminently sensible and ought to be considered.

We also have to take cognisance of the fact that the increase in aviation has a significant impact on the people whom Margaret Smith represents in areas such as Kirkliston and Cramond, and on those outwith her constituency in places such as Ladywell, in Bristow Muldoon's constituency. We have to get that balance, but the airport is vital and must continue to be vital. We need to recognise the importance of that area for the growth not just of the city of Edinburgh but of the economy of Scotland, and we must address the balance of resources and the balance of interests.

17:20

Lord James Douglas-Hamilton (Lothians) (Con): I warmly congratulate Margaret Smith on lodging the motion and allowing us to have this

opportunity to debate the development of Edinburgh airport. I must first declare a very minor interest, as I am the holder of a complimentary parking pass at the airport if I am on Westminster parliamentary business.

We can scarcely overemphasise the important role that Edinburgh airport plays in the life of our city in terms of employment, tourism, trade and the well-being of the lowlands and of eastern Scotland. The staggering growth over recent years from 5 million passengers to more than 7 million has been hugely impressive, and I pay tribute to the vigorous work of BAA in leading the airport to the position that it now enjoys. However, I share the scepticism of Margaret Smith and Kenny MacAskill over whether a second runway at Edinburgh airport is either necessary or desirable, in view of the implications for residents of Kirkliston as well as for members of the Royal Highland and Agricultural Society of Scotland.

I understand that a possible second runway is likely to be at least 20 years away and may never happen. We should therefore establish at this stage the necessary ground rules for protecting the environment and the amenity of residents as well as the security of the Royal Highland Centre and the listed headquarters of the RHASS. However, I understand BAA's position. In a letter to me some time ago, the managing director stated:

"A recent Fraser of Allander Institute report shows that Edinburgh airport is punching below its weight in terms of economic generation for the region, compared to Glasgow and Aberdeen ... We further believe that the land between the airport and the A8 should be released for high quality world headquarters type developments. Such sites would be competitive on a European if not world scale, and would ensure that Edinburgh does not lose out on further developments, similar to that proposed by the Royal Bank of Scotland."

We understand that point of view and think that it should be considered, but only in the context of sustainable development and the containment of noise levels.

I agree with Margaret Smith that it is somewhat bizarre to find ourselves debating a dubious second runway when there are, as we all know, far more pressing matters facing the airport. First, there is surely a great deal of scope for development of the airport's cargo centre, and I would be interested to hear from the minister this evening what the up-to-date position is with regard to the development of cargo facilities. Secondly, we have to take urgent action to improve the transport connections between the airport and the centre of Edinburgh, and I would be grateful if the minister could update us on progress towards the creation of the much-needed rail link with the airport. Finally, will the minister say whether, in his

personal view, BAA should have a monopoly in respect of all airport facilities?

We recognise that the employment, industrial, agricultural, trade and environmental interests of the nation need to be carefully considered. We need the best balance between competing interests. In an area of great hope and endeavour for Scotland, that will require hard work and a patient and sensitive response to all legitimate interests. We owe Scotland no less.

17:24

Mark Ballard (Lothians) (Green): I congratulate Margaret Smith on raising the matter and on giving us a good opportunity to debate, in a remarkably consensual fashion, the future of Edinburgh airport. I am glad that there has been a consensus among the previous three speakers that we need to think in terms of environmental as well as economic sustainability when we discuss the future of the airport.

I am also glad that there is a recognition that the best way to get from the centre of Edinburgh to the centre of London is to go by high-speed train rather than to travel out of Edinburgh to fly to Heathrow, Gatwick or Stansted and then to travel all the way into the centre of town. We need those high-speed trains, because they—not flights—are the sustainable way of getting around the island.

Mr Brian Monteith (Mid Scotland and Fife) (Con): What does Mark Ballard have to say on direct flights to London City airport?

Mark Ballard: I am not aware how many of the 90 flights that Margaret Smith mentioned go direct to London City airport. As I understand it, that growth has been fuelled by cut-price airlines going to Stansted airport. I can personally testify to the difficulty of getting from Stansted to the centre of London, and I have always taken the train since I once had to wait ages to get the bus in.

We are agreed that the Government's passenger numbers—the exponential growth that Kenny MacAskill talked about—are unlikely to occur and that that fact should be the basis of our future discussions on Edinburgh airport, which will always be a medium-sized regional airport. To see Edinburgh airport as a giant international hub of the future is a fantasy, because it is and will remain medium-sized and regional.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Does Mr Ballard not agree with the comments of my colleague Mr MacAskill that it would be better for the environment if there were more direct flights from Edinburgh to European destinations rather than passengers having to go through London? That could reduce the links from Edinburgh to London that Mr Ballard has criticised.

Mark Ballard: The point is that Edinburgh is and will remain a medium-sized regional airport and we should not have ambitions for it to go beyond that. That is why we must scrap the nonsense idea of a second runway. We must not let our transport policy be driven by the cheap air fares that we have now, because they are not sustainable for the future. They are unsustainable environmentally and in social exclusion terms, as my colleague Chris Ballance will, I hope, get a chance to explain.

There is complete confusion over transport links to the airport. A tramline to the airport is planned, which I welcome, but we also have plans for a heavy rail link to the airport, and I cannot understand why we are talking about such a grandiose scheme for a medium-sized airport. It will cost £500 million and will mean tunnels going under the airport, which raises the difficulties of putting diesel trains through tunnels. We are also planning far too big a station, given the demand, far too far away from existing lines. We need a station on the Fife line at Turnhouse, but that does not appear to have been considered properly. As a regular user of the Fife line, I am amazed that, although the line goes past the airport, nobody has invested in putting a stop at Turnhouse, where it is needed and where it could be built in the short term. Instead, we concentrate on long-term plans for a giant railway hub.

We should think sustainably about the economics and environmental impact of our transport links to the airport. We should also think about the opportunity cost of the £500 million that we are talking about spending on the grandiose scheme of putting a tunnel under the airport. Instead, we should spend that money on Waverley station so that we can accommodate the high-speed rail links to London and the rest of the United Kingdom that we have all talked about and supported.

17:28

Sarah Boyack (Edinburgh Central) (Lab): I congratulate Margaret Smith on securing the debate and getting all of us to stay in the chamber at this time of night.

The debate has been quite reflective and mature, and if we can conclude one thing from it, it is that there is no easy solution to the issue. We are trying to have a debate on what we think Edinburgh airport might need to look like in 20 years' time, which is a difficult debate to have. I was brought up in the west of Edinburgh and if I had been told when I was at school what the west of the city would look like 20 years later, I would have found it difficult to believe, because that side of the city has been totally transformed by new

housing, economic and even transport developments.

I suspect that what we really need to do is think about the key principles that should guide future decisions. I think that that is what the debate was meant to be about.

We have left behind the old idea of predict and provide that used to characterise British road and air transport policies. We can no longer act as if we can simply write down a formula, feed some figures into a sausage machine and get an answer about what the situation will be in 20 years' time. Policy decision making is much more complex now. If we are trying to weigh up environmental benefit, social justice issues and economic progress, there are no easy solutions. The debate is not about the idea that we could sit down tonight and say that, in 20 years' time, Edinburgh airport will need an extension and a new runway. We are trying to determine how we think the relationship between the city and the rest of Scotland will develop in the next 20 years and how we can ensure that we do not rule out opportunities that we cannot yet predict will arise.

Margaret Smith is right to urge a note of caution—it is true to say that we might not need that extra runway.

Lord James Douglas-Hamilton: Does the member accept that we can all agree that there is a strong case for extending the taxiways on the present runway as that would make it more efficient?

Sarah Boyack: The point that I was just about to make was that the key thing that we should be doing just now is getting the best use out of the existing airport infrastructure. From what Margaret Smith tells me, I gather that BAA is considering that approach and that work is being undertaken in that regard.

The difficulty lies in determining the necessary public transport mix that will enable people to use the airport when that is the best way for them to travel and also to have better choices of ways to travel.

A lot of work is being done at the airport. Ironically, the first project that has been completed is the new multistorey car park. It is always difficult to work out where to get a bus or a taxi at the airport—although the issue of taxis is one that we will not go into tonight, for obvious reasons. However, there has been a debate about how we can better access the airport, which has to be important.

Over the next few months, west Edinburgh bus services will be improved with the establishment of the fixed bus service. That is something that seems simple but has taken a long time to deliver.

Further, there is an on-going debate around trams, which I hope we will get soon.

Mark Ballard spoke about grandiose rail improvements. The problem is that improving heavy rail in any way is not cheap. It does not matter where the improvements are carried out. The idea that we could simply improve Waverley as an alternative is wrong. The Waverley upgrade will itself be a huge issue. I have spoken in Parliament more times than I can remember to demand that Waverley be upgraded. The key thing is that there needs to be a range of public transport improvements.

Mark Ballard: Will Sarah Boyack take an intervention?

Sarah Boyack: I am sorry, but I am in my last minute.

Perhaps five years ago, it was possible to travel by train from Edinburgh city centre to London city centre in three hours and 59 minutes. Not many trains were involved, but there were a few and we all thought that there would be an increasing number. Now, the fastest train takes four hours and 19 minutes and most trains take four and a half hours or four hours and 40 minutes. Those are less attractive journey times. If there is a reliable Edinburgh to London service that takes around four hours, people will be attracted on to the railways because travelling by train is more comfortable and less stressful than going by plane and allows people to get some work done. The problem is in ensuring that we have a practical alternative to air travel. The issue is not even about building a new high-speed rail service between Edinburgh and London, good though that would be; it is about making the existing services more reliable and faster.

I ask the minister what will happen in the short term to journey times on the Edinburgh to London line to benefit Scotland. That is the key issue in relation to the competitiveness of the rail network in comparison to air travel.

We need to improve the airport and the transport links to the airport, but we also need better choices for people. That is the context in which we need to think about what we want to happen to Edinburgh airport. We all want it to be successful, but it should be so as one part of a range of choices for travellers in Scotland.

17:34

Mr Brian Monteith (Mid Scotland and Fife) (Con): To paraphrase Margaret Thatcher, where there is harmony, let there be discord. I joined this debate as someone who could not sign the motion as I did not agree with it. It is a long motion, so there are some aspects with which I am in accord.

However, those are mostly the statements of fact. What troubles me are some of the assertions in the motion and I would like to put some contrary views.

I am sceptical of the projected passenger numbers and their relation to a second runway. However, I am sceptical of the numbers because I rather suspect that they might be underestimated. The history of transport planning shows us that there is, if anything, a tendency to underestimate passenger numbers. In relation to Concorde, roads, bridges and so on, Government departments have often made a mess of the estimates.

Although I think that the estimates are wrong, I do not necessarily argue that we need a second runway.

Mark Ballard: Does the member agree that, in transport, the investment choices that we make often lead to the next generation of traffic? If we invest in new roads, we create more traffic on roads. Does the member agree that the opportunity cost of investing in airports rather than in other forms of transport is that there will be more traffic through airports?

Mr Monteith: No; I do not think that that necessarily follows. It is difficult to measure where items have come from. I do not believe that just because we build roads, more people use them. For example, people are displaced from other roads that they have already been using.

I disagree with the motion in relation to its enthusiasm for trams. The jury is still out on trams and I want to see real justification for them; I await with interest the outcome of the deliberations of the committees that are dealing with the tram bills.

The most troubling aspect of the motion is probably the idea that short-haul flights can be replaced by rail. I regularly use rail to go to London—that is my choice—but I believe that rail is not the choice that many people will make on certain routes. It is possible to quibble about which flights are short haul, but I contend that a short-haul flight to Dublin or Cork cannot be replaced by rail travel; nor can flights to Birmingham, because people who fly to that airport usually do so because they are using it as a hub. If people have a spare day or two they might decide to take the train, but most people who use London as a hub fly from Edinburgh or Glasgow and catch a connecting flight at London.

Then we have the international flights from Edinburgh to Amsterdam, Brussels and Copenhagen—I do not consider those flights to be long haul, and one cannot reach those places easily by rail from Edinburgh. The growth area for Edinburgh airport lies in connection with other European and international hubs. Recently, I

travelled from Edinburgh to Kazakhstan via Frankfurt. It is also possible to travel from Edinburgh to Kazakhstan via Moscow. Those are examples of the sort of routes that Edinburgh airport will begin to exploit well, just as it has introduced routes over the years to places such as Nice, Rome and Geneva.

As a member for Mid Scotland and Fife, it is not for me to ponder the local issues surrounding the development of the airport. My concern is about the availability of good flights, connections and access to the airport for the constituents I represent in Fife, Perthshire and Stirlingshire. We need greater development of the current airport services, taxiways and terminal facilities so that people beyond Edinburgh can use the airport to its best advantage.

17:38

Mike Pringle (Edinburgh South) (LD): I, too, congratulate Margaret Smith on securing this excellent debate. I congratulate her and her Liberal Democrat colleague John Barrett MP on the hard work that they have done for residents who live near the airport and the Royal Highland Centre. We heard from Margaret Smith about the Royal Highland Centre, which is the second biggest attraction for visitors and a huge economic benefit for Edinburgh. I know that the centre is having some difficulties due to its uncertain future, and I have been lobbied on the issue. All MSPs in Lothian, and those outside Lothian, need to ensure that we keep the Royal Highland Centre where it is so that it can give us the Royal Highland Show and all the other events that take place there.

Even in south Edinburgh, I have been contacted several times by residents, including those in Liberton, complaining about noise from aircraft as they make their approach to the west runway. The problem occurs not only in west Edinburgh but in other parts of the city. If we can do something to alleviate the need for a second runway, that would be a good thing.

Margaret Smith and John Barrett have examined the bigger picture and I am pleased that they recognise that rail travel is a good alternative to short-haul air travel. As was mentioned, there are 90 flights per day between Edinburgh and the London area. A large proportion of those journeys could be made by train if we developed a high-speed rail link. As Sarah Boyack said, the train journey time is more than four hours. Sadly, that means that air travel is quicker. If that time could be reduced by even 30 minutes, I am convinced that the train journey would be quicker than going to the airport, checking in and catching a train at the other end. These days, the train is probably more comfortable. The problem that Waverley is

not accessible to people who want to take their cars could be overcome easily by establishing a parkway station at Musselburgh.

High-speed rail links are essential to increase the number of people who use the train and to offer a genuine alternative to short-haul flying. That would free space at Edinburgh airport for direct flights. When I was out at the airport recently, I was pleased to see the direct flight between Edinburgh and New York. We want to encourage such flights. They generally involve larger planes, so even with the Government's predicted passenger growth, a second runway would be unnecessary.

Fergus Ewing: I follow with interest the argument about which flights the Lib Dems do and do not support. To which routes would the Liberal proposal to have an aviation fuel tax apply? Would it apply to all air travel or just to some? How much would it cost per passenger?

Mike Pringle: To be honest, I have no idea. I am more than happy to answer that later, but I am not an expert on the issue; I am sorry.

Recently, I had the pleasure of visiting Edinburgh airport. I took with me my constituency organiser, Conor Snowden, who is a transport enthusiast. Richard Jeffrey and Malcolm Robertson showed us around behind the scenes. Conor and I were somewhat alarmed at getting into a four-wheel drive and driving down one of the runways. That was a fairly exciting experience. Going behind the scenes showed us what Edinburgh airport is doing, and much is going on.

I say to Lord James Douglas-Hamilton that I saw at the airport the new taxiway—it is not an extension to the runway—which will allow flights to arrive and depart more quickly. I know that that will come on stream soon and that Richard Jeffrey is excited by that.

As I said, we need to encourage growth in flights such as the flights to New York from Edinburgh airport. We need to persuade as many people as possible to take the train for short journeys. I am definitely not convinced of the need for a second runway.

17:42

Chris Ballance (South of Scotland) (Green): I add my congratulations to Margaret Smith and congratulate members on having a consensual debate in which the scepticism about the Government's projected expansion of Edinburgh airport has been shared by everyone—apart from Mr Monteith, as usual. The expansion projections are based on fantasy and are unsustainable. As the motion says, rail is far more sensible for UK inland journeys. The Government is like Richard

Branson: dreaming of space travel on the same day as launching late-running trains.

The central fact is that oil consumption is growing rapidly. The world's most populous country—China—expects to consume 14 per cent more oil this year than it did last year, and that rate of growth is growing. India and many other countries echo that trend. However, the rate of oil discovery is not growing at the same pace. The world has a finite amount of oil.

A report in the journal *Scientific American* said:

"From an economic perspective, when the world runs completely out of oil is ... not directly relevant: what matters is when production begins to taper off. Beyond that point, prices will rise unless demand declines commensurately ... we conclude that the decline will begin before 2010."

Other experts disagree with that date, but there is complete agreement that the date will occur in the next 20 years.

Fergus Ewing: I think that it was John Paul Getty who said that the world had been running out of oil since he was a boy. We know what the Greens' diagnosis is, but what is the prognosis? For example, would the Greens scrap package-deal holidays from Edinburgh, or would they simply tax the flights so that prices would double, treble or quadruple? What exactly is the Greens' answer?

Chris Ballance: If Fergus Ewing can contain his impatience, I will tell him exactly what I think will happen.

The oil will not run out overnight, but it will start to get more expensive to produce. Demand will start to equal production and prices will reflect that. Prices are already rising simply because of short-term instability in Iraq and hurricanes in the United States. Such price hikes will continue and will worsen.

Aviation will be the first sector to be affected. The alternatives to oil for aircraft are unproven, undeveloped and almost certain to be much more expensive. Aviation is the industry that is most tied to the price of oil, and that price is inexorably increasing in the marketplace.

There is also the issue of the damage to the environment that aviation causes. Globally, the world's 16,000 commercial jet aircraft generate more than 600 million tonnes of carbon dioxide—which is the world's major greenhouse gas—per annum, which is almost as much CO₂ as that from all human activities in Africa. The average jet pumps around a tonne of carbon dioxide into the atmosphere for every passenger that it carries from London to New York. Today's announcement of a doubling of the route development fund, regardless of any effect on the environment, was deeply depressing and shows the Executive's

commitment towards climate change and the environment.

BAA admits that current air quality targets around its airports will not be met. The UK will probably fail the European Union directive's air quality standards around airports when they come into effect in 2010. Residents around many airports throughout Scotland—not only in Edinburgh, but in Glasgow and Aberdeen—as well as in Carlisle, which is next to my region, do not want airport expansion. It is not environmentally sustainable and will probably not be necessary. We must release the land that is blighted by the threat of airport expansion and, as the motion says, concentrate instead on sensible strategies for moving ourselves around the country.

17:47

The Minister for Transport (Nicol Stephen): I, too, congratulate Margaret Smith on securing the debate, which I welcome. It provides an opportunity to reaffirm the Executive's commitment to the future of Edinburgh airport as a major centre, and reaffirms its importance in Scotland and the UK. I should make it clear that the Scottish Executive is not prescriptive about the rate of growth or the development that may or may not be necessary to meet that required rate of growth, but we believe that it is sensible to make plans to safeguard the future.

During the debate, many separate issues were raised that relate specifically to Edinburgh airport and to the aviation sector more generally. In responding, I hope that I can answer some of the questions that have been asked and put the issues in the context of the conclusions of the UK air transport white paper.

It is important to emphasise that the consultation process that led to the production of the air transport white paper was extensive and provided opportunities for individuals and organisations directly involved in, affected by, or interested in the sector to contribute. It is interesting to note the concern about the second runway. At the time, a major issue was whether Edinburgh or Glasgow would be allocated the second runway, and there was a degree of competition between the two cities to be successful in obtaining the allocation of the second runway. Of course, Glasgow has taken steps at a planning level, rather than at a UK airport strategy level, to ensure that its second runway is safeguarded for the future, if there is a need for one.

The Executive was fully involved throughout the consultation. For example, there was a joint consultation document involving the Executive and the Department for Transport and a series of Scottish Executive organised seminars and

conferences throughout Scotland. Key Edinburgh airport stakeholders such as BAA, the Royal Highland Centre and the City of Edinburgh Council were fully involved throughout.

As members are aware, the regulatory framework within which air transport operates is reserved to the UK Government, which has responsibility for co-ordinating overall policy for UK airports. However, key areas such as land use, planning and surface access, which are crucial to the future development of air transport, are devolved and are our responsibility. That is why we encouraged informed debate around the two big issues: the provision of extra airport capacity—which, as has been rightly stressed tonight, is about not just additional runway space but aprons, taxiways, stands and terminal facilities—and the provision of adequate surface access to airports.

Passenger forecasts, which were mentioned a great deal in the debate, are central to whether developments are taken forward and the speed at which they are implemented. Some doubt was expressed about the forecast growth at Edinburgh airport. However, the estimates that featured in the consultation process and that were eventually included in the air transport white paper were the product of detailed and rigorous analysis by industry experts and they were reviewed and debated with the airport operator. I believe that the growth forecasts are robust. However, as with any estimate, the potential for growth, particularly in the aviation sector, can be affected by developments that cannot be anticipated here and now.

Fergus Ewing: Will the minister give way?

Nicol Stephen: I will, but let me finish this point.

For example, the phenomenal rise of the no-frills carriers could not have been anticipated 10 years ago. That rise has led to expansion at levels that are far beyond those that were estimated in the early 1990s.

Fergus Ewing: As the Minister for Transport will recall, the Minister for Finance and Public Services said this afternoon that a direct rail link from Edinburgh city centre to the airport would be one of the next steps forward. If, as the Minister for Transport claims, those estimates for future passenger numbers were carried out extremely carefully, did they assume that there would be a rail link? If so, in what year was it assumed that the rail link would come into existence?

Nicol Stephen: The rail link is anticipated to start in 2010.

It is fair to say that big growth is expected at Edinburgh airport irrespective of the surface access method. To a great extent, it is up to the Scottish Executive to put in place the options for

people to get to the airport. In my view, encouraging the use of trams, buses and heavy rail—the Edinburgh airport rail link—for access to the airport is a far better option than encouraging more cars and congestion.

However, we do not have a predetermined view on the timing or location of extra airport capacity. Our aim is to act now to preserve the future. Rather than rule in or rule out options at this stage, we must help to pave the way for the future. For example, no decision is required now on whether an extra runway at Edinburgh airport is needed and no decision will be required for at least 10 years, by which time the Edinburgh airport rail connection should be in place. Incremental additions to terminals, aprons and taxiways, together with some runway extensions, should serve to meet demand in the short and in the medium term.

However, it is essential that we plan for the long term to ensure that Scotland can take best advantage of any opportunities associated with future growth. We want to ensure that any rise in demand for air transport brings maximum benefits to Edinburgh and Scotland—and, indeed, to the communities that are served by airports—at minimal environmental cost.

As well as the growth in passenger traffic, we need to take into account many other considerations, not least of which are the environmental factors. I am running out of time—I see that I have five, four, three seconds to go—but I want to touch on the rail links. We want to encourage rail and we recognise the environmental benefits of doing so. The Scottish Executive is making a great deal of investment in new rail lines. More immediately, we will examine ways of working in partnership to improve journey times to London.

Mark Ballard: Will the minister take an intervention?

Nicol Stephen: I cannot; I am out of time and relying on the good will of the Presiding Officer. I apologise to the member.

I want to invest Executive funding in tram and rail links to both Glasgow and Edinburgh airports. As has been said, the Edinburgh airport rail link is a major project—it could involve in the order of £0.5 billion of expenditure. We are determined to press on with all these initiatives and to improve the situation, but we must also consider other issues associated with the future expansion of Edinburgh airport. If we did not do that, we would be accused of ducking the issue.

We are addressing the relocation of the Royal Highland and Agricultural Society. That is being done in partnership, as part of the review of the west Edinburgh planning framework. A working

group of officials from the Executive, the local enterprise company, the City of Edinburgh Council and West Lothian Council is steering the work, with the close involvement of the Royal Highland and Agricultural Society, Transport Initiatives Edinburgh Ltd and Edinburgh airport.

Margaret Smith: Will the minister take an intervention?

Nicol Stephen: I cannot take an intervention, for the same reason that I gave a moment ago. I would like to do so, but I am about to conclude.

A separate study has been commenced to assess options for a site for relocation of the Royal Highland and Agricultural Society. BAA has also produced documents entitled "Protecting against airport noise" and "Protecting against blight". It is good that those documents were launched last week. The issues associated with the development of the airport are being tackled and examined. We need to prepare.

The aviation industry is a vital component in Scotland's economy. It is worth £600 million per year and provides 15,000 direct jobs and as many again through multiplier effects. Edinburgh airport is of huge significance to the city of Edinburgh, to the region and to the whole of Scotland. Airport and air services promote economic growth by increasing access to markets and suppliers and encouraging inward investment and tourism. Airports themselves act as a focus for business clusters. It will be good if we manage to avoid the need for two flights, including a flight down to London or to Amsterdam, by getting direct flights from Edinburgh, Glasgow and other airports in Scotland, through the route development fund.

I reaffirm the Executive's commitment to Edinburgh airport's crucial and continuing role in serving the economy of the east of Scotland and in meeting Scotland's transport needs.

Meeting closed at 17:57.

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