

# **MEETING OF THE PARLIAMENT**

Wednesday 17 November 2004

Session 2

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## Scottish Parliament

*Wednesday 17 November 2004*

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

### Time for Reflection

**The Presiding Officer (Mr George Reid):** Good afternoon. As with every Wednesday, the first item of business is time for reflection. Our time for reflection leader today is Farkhanda Chaudhry, a member of the Muslim community in Scotland.

**Farkhanda Chaudhry (Muslim Community of Scotland):** Bismillah-hir-Rahman-nir-Rrahim. In the name of Allah, the Most Gracious, the Most Merciful.

I am honoured to be addressing the Scottish Parliament in this day's reflection. As we move into a time of festivity and celebrations for many different faith groups—such as the Diwali celebrations, Eid and Christmas—I see a Scotland strengthened and enriched by this great diversity. This difference needs to be acknowledged, because it is as strong as the commonalities that we all have as humans—in the desire for a job and a safe community to live in, and in the desire to know that we have equality and equity in the structures that support our social, political, economic and spiritual development. Ultimately, the majority of us have a desire to live in a just society.

The aspect of justice is a key concept in Islam and is embedded strongly in Qur'anic messages to all people. It is actually stronger than the aspect of love. In order to be just and to create a just society where justice is paramount, one needs to think about those in a minority, those on the fringes and those who are disenfranchised, as part of a political and economic approach to finding solutions. What is required is recognition of the individual's right to life and safety, as well as community rights.

That must be matched with a sense of responsibility. I think that that needs to be the cornerstone of the Scottish Parliament, to ensure that, among MSPs, the desire for justice is at the forefront of how business is conducted. That sense of responsibility must also be seen in each and every one of us. We live in an interconnected world and our actions have implications and impacts on people whom we will never know or meet.

That reminds me of verse 11 of chapter 13 in the Qur'an, in which God addresses us and says:

"Verily, Allah does not change the condition of a people unless they change their inner selves."

That verse says to me that ultimately our attitudes shape our commitments to the type of change we want. As someone who works in the equalities field, I feel that this rings very true. Attitudes towards others are translated into our policies and practices and into how we deal with one another on a daily basis. A stark example of this is apartheid.

Finally, I reflect on a future landscape where we all feel that we have a sense of belonging, a desire to contribute to the development of that sense of belonging and a longing for this vision to become a reality.

## Water Services etc (Scotland) Bill: Stage 1

**The Presiding Officer (Mr George Reid):** The next item of business is a debate on motion S2M-1463, in the name of Ross Finnie, that the general principles of the Water Services etc (Scotland) Bill be agreed to.

14:33

**The Minister for Environment and Rural Development (Ross Finnie):** I am very pleased indeed to open this debate on the Water Services etc (Scotland) Bill—the first opportunity for Parliament as a whole to consider this important piece of legislation.

I begin by thanking the Environment and Rural Development Committee for its consideration of the bill over recent weeks. The committee's stage 1 report attests to the amount of work that the committee has done in coming to its conclusions.

I am very pleased that the committee has endorsed the principles of the bill. There are several points on which the committee has asked me to provide further information. Subject to the vote of Parliament today, I will do so in good time for the start of stage 2.

This is a bill that defends public sector water provision in Scotland, puts public health first, safeguards the environment and protects vulnerable households. It does that by ensuring that competition law will not lead to the piecemeal involvement of the private sector in delivering Scottish Water's core functions. It will ensure that economic regulation is accountable and that public policy objectives will be delivered transparently and robustly. It will also deliver a stronger and clearer voice for customers.

I am proud that Scottish Water is in the public sector. The bill secures that public sector delivery for the future, but not at any price. The challenge is to operate a transparent and accountable water industry—a water industry that spends customers' money wisely, responds to business needs and works in the customer interest.

**Mr John Swinney (North Tayside) (SNP):** The minister will know of my concerns about issues that affect Scottish Water's ability to deliver, especially the development constraints that exist around Scotland. Given that he wants Scottish Water to be transparent, is he concerned about the fact that the company is giving up on commitments that it has given to local authorities to provide water and sewerage capacity for particular developments? A commitment that was given by Scottish Water on a development at Alyth in my constituency has now been torn up. What

does that do for the transparency of the workings of Scottish Water and for development at local level in our country?

**Ross Finnie:** There are two separate aspects to that. The matter to which John Swinney refers does not impinge on the general principles of the bill that we are debating. However, I am concerned if commitments, commercial undertakings or contractual obligations are being torn up.

The member is well aware that I have made it clear to the Parliament that the process by which the previous capital programme for Scottish Water was drawn up some years ago was not fully satisfactory. That is why we have embarked on a wholly different process. We also want to place on Scottish Water obligations to be more open and transparent, so that it will not be susceptible to the kind of difficulties to which the member has referred.

**Mr Swinney:** Will the minister give way?

**Ross Finnie:** No, I must make progress.

The prohibition on common carriage is key to the principles that are embedded in the bill. As the Environment and Rural Development Committee acknowledged, competition law holds out the prospect of third parties being able to seek access to Scottish Water's infrastructure for the purposes of competing with Scottish Water in the provision of water and sewerage services.

The quality of the public water supply is fundamental to individual and public health. Likewise, the effective collection, treatment and disposal of waste water play a key role in protecting our environment. I am not willing to compromise the safety of those crucial services by contemplating the possibility that third parties might become involved in any part of the operations that surround those services.

Supplying water is not only about pipes—bills must be sent, charges collected and meters read. Retail is the other element of Scottish Water's responsibilities. For domestic customers, there would be a significant risk if other companies were to become involved in providing those services to households. That would remove our ability to link households' charges to their council tax band and would prevent council tax discounts being applied to water charges. Such arrangements provide valuable assistance to many vulnerable households. I am not prepared to add to the difficulties that vulnerable households face. That is why the bill protects those charging mechanisms, by prohibiting any organisation other than Scottish Water from supplying retail services to households.

**Mr Brian Monteith (Mid Scotland and Fife)**

**(Con):** I am interested to hear what the minister says about the difficulties that Scottish Water would have in collecting charges if that was not done through the council tax mechanism. Why might there be a problem, given that although the water companies in England are privatised, I am not aware that there has been a particular problem with collection?

**Ross Finnie:** The member obviously misheard me. I did not say that there would be collection difficulties; I said that there would be difficulties with our ability to apply discounts favourable to our most vulnerable households. That is a very different situation to that which exists with privatised water companies, which the member favours. His party is less interested in vulnerable households than are coalition members, who are extremely concerned about them.

For non-domestic customers, the situation is different. The system of discounts does not apply, so there is no need for one particular organisation to provide retail services. Accordingly, there are no grounds for prohibiting other organisations from providing those services to business customers.

Instead, the bill provides for a robust licensing regime. It will ensure that the benefits of competition—choice, greater efficiency and innovation—are not enjoyed at the expense of customers in general. Moreover, the regime will ensure that any competition that develops in the sector does so in a manner that is orderly and that is not to the detriment of Scottish Water and the core water and sewerage business. Taken together, the prohibitions and licensing provisions put beyond doubt the continuing role of Scottish Water as the sole provider of core services.

I share the Environment and Rural Development Committee's concerns that our estimates of the cost of the licensing regime differ from those of Scottish Water. I stand by the costs that are set out in the financial memorandum. They are based on advice from the water industry commissioner and are the best available estimates. In advance of stage 3, I will submit an updated financial memorandum to the Parliament that will take into account information that will have become available and further work that will have been done by the water industry commissioner.

Contingent on making a public sector water industry work is the provision of a strong policy framework, strong regulation and fair customer representation. The bill provides stronger regulation through the replacement of the water industry commissioner, who is a one-man regulator, with a water industry commission that comprises non-executive members including a chairman and chief executive. That will help to ensure that highly technical matters of economic

regulation are settled by a small group of well-qualified experts. Their analytical role will be carefully balanced by provisions that will make clear the responsibilities of ministers for setting the public policy framework within which Scottish Water and the commission perform their functions.

In future, ministers will specify two sets of factors. First, they will set the investment objectives that Scottish Water is to achieve in a given period and, on the basis of those objectives, the commission will have a duty to calculate the lowest reasonable cost within which Scottish Water can deliver the objectives and translate that into charges for customers. That process will ensure that customers pay no more than is necessary for the services that they receive. Secondly, ministers will also specify the principles that the commission is to apply in setting charge limits, determining, as a matter of public policy, the costs that different groups of customers should bear.

**Mr Swinney:** As part of that debate, will the minister share with the chamber today some of his thinking on the scale of the difference in approach that needs to be taken to expand the development potential of the water industry? The experience in my constituency is that affordable housing projects are not going ahead because of development constraints—indeed, all members are encountering similar examples. Can the minister give some hope that investment opportunities will become a greater priority for ministers? So far, there is little evidence that the ministerial team is taking the issue seriously.

**Ross Finnie:** I know that Mr Swinney is vexed—and rightly so—

**Mr Swinney:** Exactly.

**Ross Finnie:** Well, exactly, but let us not go down to a low level of debate. Mr Swinney also knows that the investment plans were set after full consultation with the relevant local authorities, which made no mention—absolutely no mention at all—of development constraints when the plans were put in place. I regret that.

If Mr Swinney had listened to the debate, he would have been fully aware of the present consultation process on the development of our programmes and the level of investment that is required to deal with development constraints. He would know that all of that has been much more fully addressed than was the case in the past. If he were to speak to any local authority, or anybody else who is dealing with the present proposals for the programme, they would tell him how much more thoroughly the current programme is being developed.

**Richard Lochhead (North East Scotland) (SNP):** Will the minister give way?

**Ross Finnie:** No, I want to press on.

We will ensure that customers pay no more than is necessary for the services that they receive. Ministers will specify the principles that the commission has to apply in setting charge limits. The principles will determine, as a matter of public policy, the costs that different groups of customers should bear. The balance between ministers' policy statements and technical expertise will ensure that regulation operates in the customer interest.

Again, I welcome the Environment and Rural Development Committee's endorsement of the process: the added accountability and transparency of these measures will serve the customer interest more effectively. It is important that the customer's voice is heard. That is why I have indicated that I will seek to amend the bill at stage 2 to enhance the role of the water customer consultation panels. That will give customers a stronger, clearer voice with which to comment on the policy objectives of the industry and to make recommendations to ministers.

In addition, I will give the convener of the panels a direct interface with customers to help when things go wrong, through handling customer complaints. I have read carefully the committee's comments on those proposals and it can be assured that in lodging amendments I will ensure that customer panels are given the powers and responsibilities to deliver their new functions effectively.

While I believe that we are building a first-rate public water industry, I am not complacent. The Environment and Rural Development Committee's report makes a number of valuable recommendations. I will give them my full consideration and respond to them well before stage 2, subject to today's vote.

Of course, we are already listening on customer issues. For example, we are carrying out a consultation in relation to a voluntary code on odour control at waste water treatment works. That is an important area of customer concern; thus we intend at stage 2 to introduce a provision that will give Scottish ministers the power to issue Scottish Water with a statutory code on that significant question. The cost of such an approach is being assessed in the current quality and standards exercise.

Looking to the future, it is vital that we do not take water resources or the environment for granted. We must ensure that Scottish Water's investment programme—the largest single environmental programme in Scotland—is based on sound principles and that water charges are kept to levels that people can afford. That requires a sustainable approach and I am committed to

ensuring that that is what Scottish Water delivers. I will examine further how that sustainable development agenda is delivered under the bill, to put beyond doubt its importance in policy making.

The bill looks hard at the water industry in Scotland and takes responsible steps to secure its effective operation in the future. It seeks to define and make more transparent and accountable the different roles within the water industry. It will secure absolutely Scottish Water's responsibility for supply and distribution to all customers, protect all domestic customers by preserving the current charging mechanisms and will license limited competition to ensure that that cannot be for the few at the expense of the many. The bill will provide certainty and stability for Scottish Water and its customers, it will put in place a proven model of economic regulation, which will operate in the customer interest, and it will secure a clear voice for customers in shaping policy.

I move,

That the Parliament agrees to the general principles of the Water Services etc. (Scotland) Bill.

14:47

**Rob Gibson (Highlands and Islands) (SNP):**

Unfortunately, the general principles of the Water Services etc (Scotland) Bill are driven by the need to conform to the constraints of the Competition Act 1998. It will do little to lift the development constraints on the supply of drinking water and the provision of waste water treatment that plague many communities large and small throughout our country. The SNP wants careful scrutiny at stage 2 of the means whereby quality and standards III can deal with that matter.

The Executive is trying to protect the public water utility in Scotland from the rigours of privatisation, because Scots have stated clearly that we wish to keep our water services in public hands—two cheers. Therefore, common carriage of water, which in England allows others to input water supplies into the public distribution system, is, in Scotland, kept solely in the control of Scottish Water. The SNP agrees with that principle, if not with the current delivery model.

The bill will give competitors of Scottish Water a foot in the door, by opening up to tender the billing arrangements for non-domestic customers. While that might be welcomed by those who, like the World Trade Organisation, believe that public services should be opened up to commercial competition in the future, I hope that the minister will state that it is not on his mind and that he will do his utmost to stop that process taking place, as it is against the wishes of Scots.

**Mr Monteith:** I suspect that the member's argument that the views of Scots are known is



based on the plebiscite on water privatisation by Strathclyde Regional Council. Would he similarly support a plebiscite on a total ban on smoking in public places, to establish whether the Scots support it?

**Rob Gibson:** Let us try to keep what we say relevant to the debate about water and not to stray into other debates that we will have in the Parliament. Mr Monteith ought to know better than to try to muddy the waters of this debate in that way.

The SNP is pleased that the water industry commissioner is to be replaced by a commission of five members with a wide range of technical expertise, because experience has shown that we need such a range of experience to demonstrate that the regulator has the best interests of consumers, rather than the best interests of competition, at heart. Scottish Water's delivery outputs cannot be measured by comparisons with English and Welsh privatised water companies because those companies have had many more years to arrive at their present working practices and pricing systems. We should be comparing our industry with that down south of perhaps 10 years ago; to do otherwise would be to make a truly unfair comparison.

It is essential that we do not go down any further roads that allow those who are in charge of competition to have more of a say in the way that the public water system runs, but I welcome the way in which Scottish Water has sought the help of Scottish Water Solutions Ltd to deliver a more uniform service throughout the country. Indeed, we await with interest the development of the work of Scottish Water Solutions to see whether it produces the goods.

The bill clarifies the powers that the minister, the water industry commission and Scottish Water will share for the delivery of the service, but Ross Finnie has said that hard decisions will still have to be made in allocating the budget, which accounts for about 4 per cent—a large chunk—of the Scottish Executive's total spend.

On 5 October, Ross Finnie told the Environment and Rural Development Committee:

"When considering the money available to develop more affordable housing, we have to get the balance of investment right in Q and S III, to ensure that as many affordable houses as possible are built."

He also said that we must consider that

"this may not have received enough attention before",

and he has admitted as much in his answer to the question that my colleague John Swinney asked. He continued:

"We also have to consider ... the priority given to developments to ensure that we have the double benefit of

meeting regulatory requirements and meeting development constraint requirements."—[*Official Report, Environment and Rural Development Committee*, 5 October 2004; c 1299.]

That is a laudable aim, but it will take more, very clear direction from the minister for us to be able to deal with the backlog of work that still remains in the current round of Q and S II, meet the standards of the European water framework directive and start to deal with the development constraints. At present, there is so much inflexibility in the system that we look for political direction that will try to open doors to Scottish Water being given more options to deal with the issues as they come along. There are far too many examples throughout the country of the economies of large and small communities being stymied by that inflexibility.

I must deal with customer complaints and references to the Competition Commission. The SNP wants the customer complaints process to be made much more transparent. My village has just experienced a cut in water supplies. The repairs have been handled excellently, as has the compensation for customers who were affected, but the sources of information for those in the midst of a crisis were poor, and the SNP would like to think that Scottish Water will be given the opportunity to create better communications with the public that it exists to serve. Above all, the SNP wants the customers, who are paying for the water, to be given the service that they deserve. They must be told what is happening as it happens so that they can have confidence that Scottish Water will meet their needs.

On the charge determination process, we do not think that it is a good idea that appeals should go to the Competition Commission down south, and we will examine that measure closely at stage 2. The Environment and Rural Development Committee heard from the Competition Commission that it is perfectly capable of dealing with a public water system as well as privatised water companies, but we want to examine that point very carefully to see whether the appeals procedure could be handled differently.

We have given general support to the way in which the bill has been laid out, but there are areas of it that open the door to other aspects of competition thinking that are not appropriate in the Scottish context.

Scottish Water uses around half the engineering capacity that is presently available in Scotland. The levels of investment concerned amount to around £500 million a year—such investment will be needed for 10 years or more to give us a public water system fit for the Scotland of the 21<sup>st</sup> century. That will require a lot of confidence on the part of the public that, in the next period of

development, many of the complaints made about development constraint will be dealt with up front.

The SNP will cast a fair but critical eye over the proposals contained in the bill, and we look forward to the debate developing. Some of my colleagues will deal with the financial memorandum and with other questions about development constraint as we move along. We will try to develop a positive engagement with the Government and, through the Environment and Rural Development Committee, with the process of making the bill stronger than it is at present.

14:56

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

I thank the clerks for their hard work during the evidence-taking process and for writing up the stage 1 report. I am always pleased to thank people such as Mark Brough, who made the effort to accommodate the one member of the committee who did not seem to see eye to eye with the other members on one or two issues.

That is where I will begin to deal with the stage 1 report, which serves to remind me why I got involved in politics in the first place. Unlike many experiences that I have had in the Parliament, I agree with many of the minutiae that are contained in the bill. I agree with the details that have been put in place to achieve the process that the Executive has sought to pursue. For instance, I am perfectly happy with part 1, which sets up the water industry commission for Scotland. I am delighted with the information that the Minister for Environment and Rural Development has given us today and with his commitment to extend the powers of water users' representatives so as to feed into the process. I am also perfectly happy with the provisions of part 3, which addresses the need to control coal-mine water pollution. With the powers that have been added to the bill, the measures are sensible, and they will receive my support.

The real problem—and where I have a problem with what the Executive is trying to achieve—lies in part 2. I see the bill as introduced as being not about extending or defining competition in the water industry in Scotland, but about simply preventing competition and serving to protect a monopoly that is already in place. For that reason, I dissented from the committee's stage 1 report in three places. The first of those is paragraph 60, which seeks to prohibit common carriage. The committee agreed with that principle, but I dissented in a minority of one. Again, in relation to paragraph 63, which represents an attempt to prohibit retail competition in the domestic sector, I dissented from my committee colleagues. Paragraph 180 states:

“the Committee recommends that the general principles of the Bill should be agreed to.”

Once again, I chose to dissent. That is why the Conservatives will vote against the motion today.

The reason for the Conservatives taking that line is fairly straightforward, and the line is consistent with that which we have taken previously on water legislation. The model for competition that has been proposed is, unfortunately, just that—a model. It misses the point about real competition. Our political opponents like to think that our support for competition is all to do with profit and loss, but the Executive ignores the fact that competition is also about supply and demand. We hear people such as John Swinney complaining about a failure to provide services where the demand exists. That is a prime example of the necessity of having a system that is more responsive to supply and demand.

The Executive argues that retail competition for household supply would force a change to the current system, under which local authorities bill domestic customers for their water and sewerage charges. That would mean that water charges would no longer reflect the customer's ability to pay. Although we on the Conservative benches agree that it is essential that everyone in Scotland should have access to water and drainage services, we believe that the correct way to address that in the future is not by institutionalising the principle of cross-subsidy, which the bill seeks to do, but by seeking ways to reflect it, ultimately, through the benefits system, if that is what society wishes to achieve.

Furthermore, charges should reflect the amount of the service that is used, as in England, where the denationalisation of water companies has resulted in 24.8 per cent of domestic users being billed on a metered basis, compared with less than 1 per cent of domestic users in Scotland being metered. That arrangement has the double benefit of people being given a greater incentive to save a precious natural resource and their receiving reduced bills, given that the average metered household bill in England and Wales is now 15 per cent lower than the average unmetered household bill.

The Executive's excuse for prohibiting common carriage is that it wishes to safeguard public health, but it appears that there is no justification whatever for that point of view. In fact, not a shred of evidence was presented to the committee to suggest that the practice would present any such danger. By prohibiting the common carriage of water, we are missing an opportunity to gain efficiency in the marketplace.

My experience is that we already have difficulties with managing water quality in

Scotland. Members might know that, given that I am a dairy farmer, I have been required in the past to ensure that my water, which is publicly supplied, is tested if there is any danger on the quality front. Consequently, I know exactly what I am being delivered through the public water supply, which can be frightening at times.

**Rob Gibson:** The member ought to tell us that the state that his water supply is in has a lot to do with the lack of investment during the Tory years.

**Alex Johnstone:** It became clear during the speech that we heard earlier from the SNP benches that the SNP, along with the rest of us, believes that Scotland is 10 years behind in terms of public investment in water, because we missed the opportunity 10 years ago to go down the road of private investment. We should take that seriously for the future.

I welcome one or two things that the minister said today. I welcome the commitment to review the financial memorandum before the bill completes its passage. It was clear from the evidence that was given to the committee that the financial memorandum that we see today might have little to do with the one that we will need to see at the end of the process. I welcome the minister's commitment to strengthening the role of customer panels in protecting water customers and to introducing odour-control measures over time. Unfortunately, however, we are going down a road that takes us in entirely the wrong direction. The opportunity to have massive investment in Scotland's water and to create a demand-led system of water and sewerage provision has been missed. All that we have been offered from the SNP benches is a different flag, but the same policies.

15:03

**Sarah Boyack (Edinburgh Central) (Lab):** We on the Labour benches welcome the bill, because it gives us a clear framework for the provision of high-quality water services in Scotland. It is important that we have cost-effective provision that will enable new development to take place—I will talk about that later in my speech—because we think that that should be a top priority for the Executive.

We must enable householders on low incomes to afford the water that they use. We support the bill because it provides the potential for us to have a stable water industry with accountability in the provision of this essential service. Crucially, it also builds in a commitment to social justice. It is important that the bill is capable of delivering on both public health and environmental standards. Only Scottish Water should be permitted to use the public networks to carry out the physical supply of water and sewerage services.

In the consultation exercises that were carried out by the Scottish Executive and the Environment and Rural Development Committee in advance of the preparation of the committee's stage 1 report, there was overwhelming support for the Executive's approach. As Alex Johnstone made clear, only the Tories fundamentally opposed the principle of ensuring that we have high-quality public sector water services for domestic users. It is critical that we have a policy position that protects people on low incomes. Competition in the domestic market in Scotland would lead to the cherry picking of properties and to people in the high bands leaving the Scottish Water network, which would leave the rest of us to pick up the tab with increasing bills for the rest of the customers. Given the geography of Scotland and the opportunity to cherry pick, we have to protect those customers.

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

**Sarah Boyack:** No; the member's party has already made several interventions.

Labour MSPs believe that low-income and vulnerable households—for example, single parents and families—need the protection that the bill will bring about. We also need to protect our long-term ability to deliver cross-subsidies and discounts. The evidence that we saw was persuasive.

**Alex Johnstone:** I am the first to accept that there are public health issues associated with water. However, does Ms Boyack accept that using the system as a means of taxation in order to produce cross-subsidy is distorting the water market and damaging those who are outside that system?

**Sarah Boyack:** I could not disagree more with Alex Johnstone's comments. We pay for our water through charges, and the Executive puts in extra investment from the public purse. One of the key things that emerges in the Executive's consultation paper, "Investing in Water Services 2006-2014", is that, where new and additional infrastructure is to be put in place, there is a role for the private sector to build on facilities that it will need for its developments. I think that the Executive has got the balance absolutely spot on.

One of the key things that we need to do is to ensure that the transition to the water industry commission, which we fully support, is brought about effectively. We need to keep a focus on driving down costs in the industry and on ensuring efficiency. The Scottish Water organisation is accountable to the Scottish Parliament through ministers, but we must ensure that the way in which the water industry commission works, and the pricing and licensing regime that is adopted, is examined extremely carefully.

One of the key criticisms that was raised in the committee was the issue of getting the pricing correct under the new regime. The evidence that we were given caused us to understand that, if the price were to be set too low, domestic customers could be left to pay higher Scottish Water costs. I ask the minister to ensure that the situation is absolutely correct in that regard before the bill is passed. The issue relates not to what is in the bill, but to what happens in terms of the financial memorandum. Des McNulty will address the financial memorandum later.

I welcome Ross Finnie's commitment to produce a new financial memorandum before stage 3. In the evidence that we took, many criticisms were made about the financial memorandum and it is right that the situation be addressed properly. We want to come back to that issue again.

Labour members had a number of concerns about the detail of the bill. We are keen for robust systems to be put in place for future investment and it is only fair that developers pay a contribution for new additions to the network. One of our concerns relates to the need to ensure that the priorities that are set by Scottish ministers' directions to Scottish Water will give us the investment that we need around the country.

There are huge challenges across Scotland at the moment and the position that was outlined by the Tories would make the situation worse. We would end up with no forward planning, no capacity to plan new developments across the country and chaos in our communities. We want an assurance from the Scottish Executive that, once it has identified the investment strategy, robust mechanisms will be put in place to ensure that local authorities consult on their development plans and Scottish Water consults on its implementation plans. Once those plans are in operation, monitoring and review of investment programmes and development plans must take place. There is a danger that such plans might get out of synch, and a question arises about contingency planning.

I am concerned to hear about local authorities approving proposals for development where there is no agreement or commitment in place for water and sewerage services. That will not help anyone in the long term and it certainly does not help to give certainty in the development industry. We are all concerned about how the issue affects rural housing—Maureen Macmillan will speak about that—but it also has an impact on investment for housing and affordable development throughout Scotland. Communities Scotland faces a real challenge in relation to picking up the tab. The issue is not one for the ministers to consider, but is one that must be considered in both the rural and the urban context.

The final issue that I want to focus on is odour. We have had petitions in the Parliament on that subject for years. Local residents and MSPs have identified problems in Seafield in Edinburgh, and in Kirkcaldy and Methil in Fife. We know from the Scottish Environment Protection Agency that it faces a challenge in measuring and identifying odours. I am sure that Susan Deacon will testify, once she has made her bid to speak in the debate, that the residents in her constituency do not have that problem in their communities. Surely it is common sense to address the issue of odour up front when new sewage works are being designated and designed, rather than having to make expensive adaptations afterwards. I cautiously welcome the minister's statement—I say "cautiously" because I would like to see the fine print. One thing that the Environment and Rural Development Committee is very concerned about is the lack of progress. We know that there is a voluntary code, but we think that it will not be followed by Scottish Water or by the companies that are bidding to do work for Scottish Water unless it is underpinned by statutory force. That issue must be addressed urgently.

I have not covered all the issues that the committee dealt with in its report. I am sure that other members will raise issues relating to the complaints procedure, ministerial accountability, and the water industry commission's consideration of sustainable development requirements. I hope that the Executive will take on board many of those issues when it responds fully to the committee before we reach our detailed discussions at stage 2.

There are details that we must get right, but the bill is fundamentally good. The principles are right and we can get the detail right at stage 2. I call on members to support the bill at stage 1.

15:11

**Mr Mark Ruskell (Mid Scotland and Fife) (Green):** My first piece of work as a new member of the Environment and Rural Development Committee was scrutinising the Water Services etc (Scotland) Bill. Doing so felt more like a drowning than an introduction by baptism. Like Alex Johnstone, I thank the clerks who guided us through the process.

There are central and important political issues at the heart of the bill. There will be much debate this afternoon about privatisation, and it is clear that the Executive has put in place a regulatory framework that allows a very limited form of privatisation—that is, privatisation of the sale of water to non-domestic customers. I share many of the concerns of the Scottish Trades Union Congress.

**Ross Finnie:** Will the member take an intervention?

**Mr Ruskell:** I want to develop my point.

We must remain opposed to privatisation in principle. However, we must realise that we live in an age of globalisation and that there has been an erosion of public control of public services over the decades through the actions of the WTO and through the general agreement on trade in services, which will kick in in the next few years. Those actions have been supported over time by successive Tory and Labour Governments, which puts us in a difficult place in Scotland in keeping our public services in public control, especially given the provisions of the Competition Act 1998. That said, if the Executive had gone for a much harder line by putting in place a regulatory regime that would have pushed away any corporate involvement in the delivery of our water services in Scotland, there would have been an implicit danger, as I think that there would have been a legal challenge under that act to the legality of that regulatory regime. In itself, that would have put the future of our water services into the hands of multinational corporations, which would act through the courts to decide the future of our public services.

The STUC has described the bill as the thin end of the wedge. Perhaps that is right, but at least the thin end of the wedge has been sawn off from the fat end—the fat end being the supply of water to domestic customers and the common carriage of water, which will remain in complete public control. That is to be welcomed. The Executive has had to strike a difficult balance.

On the water industry commission, which will be the new regulator, I welcome the fact that there will be a new role for the water customer consultation panels in dealing with complaints. I was somewhat disappointed that the minister's proposals came quite late in the stage 1 process—that will certainly create more work for the committee at stage 2. Whatever is decided by means of amendments, we must ensure that those panels are properly resourced to perform that role.

However, we have a problem with the water industry commission—the regulator—regarding sustainable development. The equivalent regulator in England and Wales has a duty to have regard to sustainable development. The minister will, no doubt, say that there is no need for that in Scotland because Scottish Water already has a duty under the Water Industry (Scotland) Act 2002 to deliver sustainable development. Nevertheless, two problems arise. First, the new entrants in Scotland who will supply water to business customers will not have a duty to deliver sustainable development.

**Ross Finnie:** I am sorry to interrupt again, but that is the second or third time that the member has said that there will be a supply of water to non-domestic customers. There is no such provision in the bill. The only area in which the bill will allow competition is in retail provision: there is no provision in the bill for the supply of water by a private party.

**Mr Ruskell:** I have already mentioned the fact that the Executive is keeping common carriage within the public sector. However, the sale of water will be carried out by private companies. The private companies that will enter the market to sell water to business will not have a duty to have regard to sustainable development; therefore, we need to take action on the issue through both the licensing regime and the regulator.

**The Deputy Minister for Environment and Rural Development (Lewis Macdonald):** Will the member give way?

**Mr Ruskell:** No. I do not have time. I am sorry.

Secondly, although the minister rightly sets the policy regarding sustainable development and water services on the basis of the economy, the environment and social justice, and although Scottish Water rightly delivers that, the regulator has to have regard only to delivering the lowest price to the consumer, not to sustainable development. There is, therefore, a mismatch.

Alongside the bill, the committee considered the quality of services and the level of investment because the Executive's consultations dovetail with the new framework that it is establishing through the bill. A huge amount of investment in our water services will be needed over time just to ensure compliance with environmental directives, let alone to address some of the investment priorities that John Swinney and others have highlighted. We urgently need indicators that can tell us about issues such as development constraints, leakage, the need for water conservation, odour nuisance and household water poverty. We need those indicators so that we can know whether the three aspects of sustainable development—the economy, the environment and social justice—are being delivered on. We need that transparency to know whether the water services industry is improving in certain areas or getting worse, and we need the Executive's decisions on prioritisation and investment to be transparent.

I welcome the minister's announcement on odour nuisance. As a former resident next to the Seafeld sewage works, I am aware of the misery that is often caused by such works. I very much hope that, at stage 2, the minister will be able to ensure that the code of conduct is given a statutory basis in the bill.

15:18

**Frances Curran (West of Scotland) (SSP):**

The Scottish Socialist Party thinks that this is the wrong bill and that it has been introduced for the wrong reasons. The bill intends to introduce competition to the sale of water in Scotland, and it is driven not by the interests of domestic customers or the people on low incomes whom Sarah Boyack wants to help through cross-subsidy, but by the World Bank, the general agreement on trade in services and the Competition Act 1998. None of those will do water customers in Scotland any favours. Who will be the main beneficiary of the bill? The private water companies that will get to sell Scottish water to big business in Scotland.

**Maureen Macmillan (Highlands and Islands) (Lab):** Will the member take an intervention?

**Frances Curran:** Not just at the moment, thank you.

The bill's intention—which the Tories will agree with—is to make water in Scotland cheaper to big business. BP, the pharmaceutical industry, the cement industry and all the big companies use much more water than we do. Water is a natural and limited resource. Those companies use much more of it than ordinary people do, yet the bill intends to help those companies to pay less.

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

**Frances Curran:** The member and I will be voting together against the bill, so we might have something in common by the end of my speech. *[Interruption.]* I am sure that the Tories are in favour of big companies paying less for their water.

If the big companies will be paying less, the question that the minister and the Executive must answer is who will be paying more. The answer to that question—Sarah Boyack commented on this—is domestic customers. I agree with Sarah Boyack that if the price that is set is too low, private companies will cherry pick and domestic customers will pick up the tab.

The lunacy of the bill is that it will allow Scottish Water to set up a subsidiary company whose role will be to compete with the private companies that are going to enter the market to sell Scottish Water its own water. How on earth can that make sense? Scottish Water already owns the water, but it will have to compete for its sale.

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

**Frances Curran:** I have only a couple of minutes left, so I might let the minister in in a moment.

There is an issue about fair competition. The Competition Act 1998 insists that competition must

be fair. I agree with Mark Ruskell and the STUC, which asked for an exemption under the Competition Act 1998 for Scottish Water. We do not know why the Scottish Executive did not apply for that exemption. The unfair competition issue is interesting. What is unfair competition? How will the new private companies make a profit? What will be the source of that profit?

One of the sources of profit will be the cost of labour in those companies. There will be lower wages and fewer workers, and the workers in those companies will be worse off than those who will work in Scottish Water's retail subsidiary. I call that unfair competition. The companies will undercut others in the market by paying their workers and their work forces even less. That is one of the main issues that the STUC and the water industry's trade unions are concerned about.

**Alex Johnstone:** The member has expressed her concern about those who will work in the retail water sector in the future. What about the workers in those industries that use large amounts of water and which depend for their commercial viability on competitive water supplies? They must be entitled to competitive water prices.

**Frances Curran:** Why? What does competitive mean? It is not a problem in Ireland. The Tories are always going on about the Celtic tiger, Ireland and lower corporation tax. Why have we not considered the model in Ireland, in which there is no domestic charging for water? That is the direction that I would like to investigate. Companies pay the water charges and there is no issue of levying for domestic use.

My final point is about the difference between the Executive's bill and the bill that the Tories would introduce on reforming how water is sold in Scotland. The Executive's bill is privatisation by baby steps. Commercial carriage is ruled out, but it is required by European law. It is a little bit like the boy who has his finger in the dyke. This is privatisation by baby steps, whereas the Tories would introduce privatisation by a hop, a skip and a jump.

If the bill represents the Executive's ideology—if the Executive is not in favour of keeping water public and investing in it through taxation and public investment instead of by the private finance initiatives that we have now—the Executive should go the whole hog, take on the Tories' mantle and privatise all the way. It is just a question of timing; the Executive is introducing privatisation to our public water service.

15:25

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** Two and a half years ago, a group of my constituents, the Leith links residents association, brought a petition to the Parliament.

Petition PE517 addressed an issue that had blighted their community for far too many years: the smell from a sewage works. I pay tribute to the Public Petitions Committee which, under the convenership of Michael McMahon—and John McAllion before him—has actively pursued the issue and given a voice to people who are affected by such issues, such as my constituents in relation to the Seafield works and, subsequently, other communities who have come forward and spoken out. It is worth underscoring the importance and effectiveness of our Public Petitions Committee, which is unique in the United Kingdom.

I thank members of the Environment and Rural Development Committee—and the Transport and the Environment Committee in the first session of the Parliament—and in particular I thank the current committee's convener, Sarah Boyack, for taking the issue seriously and doggedly pursuing the Executive for responses and ultimately, we hope, action. I am delighted that the committee's stage 1 report addresses the issue head-on and makes a number of recommendations on legislation and investment.

I give a cautious welcome to much of what the minister said—I will return to that. However, the onus now lies firmly with ministers and Scottish Water not just to say the right things about the issue but to take the right action and ensure that the views of communities and their local representatives, which the Parliament has heard loudly and clearly, are acted on.

The odour nuisance caused by sewage works—or waste water treatment plants, to give them their Sunday name—is a real issue. How would members feel if they had to keep their children indoors on a hot, sunny day because the children felt sick from the smell when they played in the garden? How would members feel if they could not hang out their washing because it would smell worse when they brought it in than it had done when they put it in the washing machine? How would members feel if they had to keep their windows tightly shut in the height of summer, to prevent the house from stinking? That has been the reality for far too many people who live in close—and sometimes even not-so-close—proximity to a waste water treatment plant. Indeed, an independent customer survey commissioned by Scottish Water in response to pressure from me and my community found that those were exactly the kinds of experiences that people who lived in the community surrounding the Seafield waste water treatment plant in Edinburgh were having.

In recent years I have spent more time on the issue than I think is healthy for anyone to spend and I am in no doubt that solutions to such problems, be they technical or regulatory, are

neither simple nor cheap. However, it is absolutely clear to me that odour in general and odour from waste water treatment works in particular should be taken far more seriously in the future than it has been in the past. It is simply not good enough to say, as I have sometimes heard, that odour is too difficult to measure. Quality of life is something that people experience; it is not just something that sophisticated gadgets quantify. As a constituent said to me, "Two thousand noses cannot be wrong." The Executive has acted on a host of issues that impact on quality of life, such as noise, air quality, litter, vandalism, graffiti and water quality. It must also act to address odour.

I welcome the Executive's long-awaited consultation on a voluntary code on odour control and I acknowledge the efforts that Allan Wilson made to progress the issue before he moved on to pastures new. I hope that the code will lead to improvements in the design and operation of new and existing waste water treatment plants. However, as Sarah Boyack and the Environment and Rural Development Committee have said, the code must be given statutory underpinning if it is to be effective. Ministers have agreed to that in principle, but they need to translate that agreement into practice at the earliest possible date. Like the committee, I believe that the Water Services etc (Scotland) Bill provides an early and appropriate opportunity to do so.

I listened carefully to Ross Finnie and I have a couple of concerns about what he said about the code. First, with his deliberate and distinctive intonation, he placed an emphasis on the word "voluntary" with which I was a little uncomfortable.

Secondly, I think that I quote correctly Mr Finnie's specific commitment that at stage 2 ministers would introduce

"a provision that will give Scottish ministers the power to issue Scottish Water with a statutory code".

I would like the minister to decode that statement so that I can find out what it means for my constituents, whether it will have any practical and early effect and how it differs from the committee's clear and precise demand that the voluntary code that is currently being consulted on be given statutory weight.

Leaving that crucial issue to one side, I should also emphasise that action on other fronts is needed. The regulatory regime in this area is complex and confusing and in its report the committee pointed out that

"consistency of implementation and enforcement of the regulatory regime requires to be improved as a matter of urgency".

We also need to clarify the role of local authorities and SEPA in given practical situations in local areas. As the issue of investment is key, I

welcome and strongly endorse the committee's recommendation that odour nuisance is addressed in the Q and S III period to ensure that it is properly considered as part of Scottish Water's investment programme. Again, I ask the minister in winding up to give me some comfort that he is sympathetic to that point.

It is only right to say that I recognise that over recent years both Scottish Water and the Executive have made significant progress in improving our sewerage system and waste water treatment. Seafield, like other plants, has benefited from enormous investment. For example, I am pleased to say that the Gardyloo boat that routinely dumped almost raw sewage in the Forth is a thing of the past. Local beaches are altogether cleaner than they once were and kids can now paddle safely in the sea with far less exposure to bacteria and certain foreign bodies. Such progress is very real and meaningful to my constituents in places such as Portobello and Musselburgh.

That said, we must ensure that waste water treatment plants give communities fresh air as well as clean water. Many warm words have been spoken on this issue over the months and many more have been spoken today. However, I ask the minister to make clear his commitment to ensuring that we get not just words but action and that people who live close to Seafield sewage plant and other such facilities throughout the country can see improvement in future and can see that their Parliament and Government has been listening to them.

**The Deputy Presiding Officer (Murray Tosh):**

As a member has withdrawn from the debate, I am happy to give members in the open debate seven minutes each.

15:32

**Roseanna Cunningham (Perth) (SNP):** I was still a member of the Environment and Rural Development Committee when consideration of the bill began. At the outset, I must say that I am a little confused by the discussion over whether the bill is about the sale of water. I might be wrong, but I thought that it was about billing mechanisms and certain aspects of retailing. Perhaps when he closes the minister will confirm whether my recollection is right in that regard.

Even in my absence, the committee rightly accepted the Executive's arguments about prohibiting common carriage. I welcome its position that such a prohibition is justified on public health and environmental grounds. That said, I hope that, by handing over final say on certain matters to the Competition Commission, it has not introduced the thin end of the privatisation wedge.

It was clear from the evidence-taking session with Ceri Jones of Water UK that the private water companies resent both the bar on common carriage and our view that public health issues should outweigh competition issues. Mr Jones described the public health issue as "emotive", as if that somehow condemned the concern. That is of course not the case, and I hope that the minister will assure us that public health issues will continue to be paramount.

Another issue that I have raised on more than one occasion and that has already been raised in this debate concerns the embargoes on development that are in place all around Scotland. Huge swaths of the country are blocked for any kind of housebuilding because of sewerage and drainage constraints. Earlier, the minister argued that such issues were not raised at what he considered to be an appropriate time some years ago. However, we can equally respond by pointing out that Scottish Water did not flag up any advance warnings. Indeed, three weeks before the embargo on the whole city of Perth, Scottish Water explicitly denied to council officials that there was any problem at all. It is difficult to see how officials could be expected to deal with such circumstances other than as they have done.

Currently, in Perth and Kinross as a whole, 25 sites are constrained, but only four of those fail SEPA discharge constraints. Attempts by a local builder to establish why the remaining 21 sites were constrained have failed. The question is whether some embargoes are placed on sites prematurely to avoid attracting SEPA notices in the future, and indeed whether that is done on sites where agreements were previously in place. That, of course, is the point that my colleague John Swinney was trying to make with regard to Alyth.

Current constraints are potentially blocking the development of more than 1200 open-market houses and, worse, 250 affordable houses. In a report published in June 2003, Scottish Water acknowledged that

"Constraints on development due to the lack of capacity in the water and sewerage infrastructure are a growing concern to Local Authorities across Scotland."

Scottish Water also pointed out that it continues to receive representations from the development sector on the impact that development constraint has on employment, economic growth and the housing land supply. That includes representations from the likes of the Scottish Federation of Housing Associations on affordable housing sites.

The report from June last year calculates a total cost for alleviating constraints for the whole of Scotland of £647,730,487—that is well over half a billion pounds and big money in anybody's book.



The independent consultants who evaluated the report make the point that

"Despite the rigour in the approach adopted by Scottish Water ... the schedules may ... underestimate constrained sites and land."

Who is going to pay for that? The relationship between that question and the bill is that Scottish Water warned last June that because of

"the implications of the ... Competition Act and ... stringent efficiency targets set by the Water Commissioner, subsidising development through Scottish Water charges could no longer be an option."

However, Scottish Water also said:

"the current demand to have development pay for itself ... has engendered significant concern in the development sector".

We know that.

I know that the stock response is that private developers will just have to pick up the cost themselves. Many are indeed willing to do so, but that is not as easy as we might think. I have received a letter from a prominent local building firm, A & J Stephen Ltd, which was referred to earlier—indeed, representatives of the firm are here this afternoon. The letter made the point that the firm's attempts to fund infrastructure have been met by Scottish Water with

"no meaningful response or alternatively rejection."

I know that that particular building company has written to the minister's department. Can the minister explain in his closing remarks what is going on? If we assume that what the firm says is true—there is no doubt that it is—it seems that builders are damned if they do and damned if they do not and that Scottish Water is in effect banning development in rural areas.

When Professor Alexander and Dr Jon Hargreaves of Scottish Water came before the committee, I raised that issue with them, asking whether the problems of development constraint would be affected in any way—negatively or positively—by the bill, either in the short, the medium or the long term. The answer that they both gave was that it depends on the regulations. Dr Hargreaves said:

"the regulations will decide how much developers will bear, how much Scottish Water customers will bear and how much the social aspect of development will be dealt with."—[*Official Report, Environment and Rural Development Committee*, 15 September 2004; c 1169.]

I hope that the minister will bear all that in mind when he comes to lodge amendments to the bill and when the regulations are drafted.

15:38

**Alex Fergusson (Galloway and Upper Nithsdale) (Con):** I am happy to underline the fact

that we on this side of the chamber agree with the majority of the bill. I particularly welcome the minister's announcement about giving extra powers to the water customer consultation panels. I hope that the powers will be extensive and enforceable and will turn what are currently well-meaning but toothless organisations into ones with meaningful power and a beneficial output.

As Alex Johnstone said, although we are in favour of the bill, we cannot support it because it shows a lack of desire to embrace the full benefits of choice and thus displays a lack of understanding of the benefits that true competition would bring. I am constantly amazed by the number of my constituents—not all of whom, by any means, are members or supporters of our party—who now passionately declare the wish that Scotland's water industry had been privatised many years ago. I for one do not believe that we would be facing the problems that we currently face had that been the case. One of the problems with the current set-up is the almost complete lack of accountability of Scottish Water to its customers. It simply cannot be right that that massive monopolistic giant can be virtually unanswerable for its actions, and I sincerely hope that the new commission will get a grip on that situation.

It is not just me who is calling for that greater accountability. I would like to quote from Dumfries and Galloway Council's response to the consultation exercise, which says:

"there should also be 'accountability' to stakeholders as a criteria for Q&SIII. Scottish Water should also be required to constructively engage in Community Planning. Unless this occurs it will not be possible to have a genuinely joined up approach to Public Service provision in Scotland. The criteria as drafted lend themselves to supporting cost effective sustainable urban solutions, rural areas like Dumfries and Galloway with a large number of small settlements however will be disadvantaged by these criteria and a different approach is required."

I welcome the proposed commission in the hope that it will provide a different approach, or help to do so, and it will certainly not be short of issues to deal with, many of which are covered in the parallel consultations that are running alongside the bill. I feel that there has been a missed opportunity to use the bill to encompass any recommendations or changes that are agreed or proposed as a result of those consultations, but I am willing to bet that every response from rural agencies, organisations and councils will concentrate on the current development constraints imposed by Scottish Water, as Roseanna Cunningham has underlined.

I have said before that Scottish Water has in effect imposed another layer of planning requirements and constraints across my constituency, which is hugely constricting

desperately needed developments of affordable local housing. One of the problems is that Scottish Water itself sometimes appears not to know the status of many of the systems to which it is refusing to allow connections under Q and S II, never mind Q and S III. If it were simply a case of the left hand not knowing what the right hand was doing, it might be manageable, but Scottish Water appears to outnumber an octopus when it comes to limb numbers and there appears to be very little joined-up thinking between any of them.

In a recent case in which I was involved, Loreburn Housing Association in Dumfries and Galloway had sought Scottish Water's permission to connect to the sewerage system in Gatehouse of Fleet. It got three different replies from three different Scottish Water offices. Following consultation with SEPA, which had no reservations about the capacity of the system to absorb that development, Scottish Water eventually withdrew its objections, at the very last minute, on condition that Loreburn undertook to pay the extra modelling and connection charges. That ensured—only just—that an injection of valuable housing capital into an affordable local housing project went ahead, when it would otherwise have been lost.

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

**Alex Fergusson:** The only water that Jeremy Purvis needs is a sprinkler outside his office window, in case he is tempted by the odd cigar. Having said that, I shall give way to him.

**Jeremy Purvis:** It is more than gracious of Alex Fergusson to give way following that very well-scripted and rehearsed comment.

Is Alex Fergusson seriously saying that the knowledge of the network and water supply in Scotland is less today than it was in 1997? If he is, he is countering every single piece of evidence that the Finance Committee and the Environment and Rural Development Committee received from witnesses.

**Alex Fergusson:** I am saying only what has become absolutely apparent to me at constituency level. It appears that development officers in Scottish Water, who are based in Aberdeen or Inverness, do not know the status of some of the smaller systems in my area of Dumfries and Galloway when it comes to allowing or refusing connections. That is backed up by SEPA locally.

I am also flattered that Jeremy Purvis thinks that I might think of scripting such a reply. I can assure him that I did not.

**Jeremy Purvis:** Did someone script it for him?

**Alex Fergusson:** No, they did not. It was purely off the cuff.

The example that I have given leads me to another problem—the insistence by Scottish Water that developers pay for the extra costs where connection is permitted. That was mentioned by Roseanna Cunningham. I will quote again from Dumfries and Galloway Council's response, which said:

"The problems faced in rural areas like Dumfries and Galloway are different from urban areas. The scale of the problems ... and the large geographical area affected by development constraints is a serious concern. The economies of scale which may be available in urban areas, to enable developers to make contributions as part of large development sites to solve infrastructure problems are not readily available in areas like Dumfries and Galloway which for example require affordable housing in small settlements."

Recently, a small building company wished to build three houses in the village of Kirkinner in Wigtownshire. After a struggle, Scottish Water agreed that the houses could be connected to the public system if the developer paid the extra costs. The developer, not unnaturally, inquired what those costs might be and was told that the figure would not be known until the houses had been built. That is nothing less than diabolical and it sums up perfectly the rural dimension of the issue.

Connection and modelling costs are probably quite sustainable when they are spread over 200 houses but not when they are applied to three houses. To put that into context, Loreburn Housing Association, to which I have referred, which is the only mechanism through which local affordable housing is built in Dumfries and Galloway, builds considerably fewer than 200 houses a year throughout the region. The vast majority of its developments are the small-scale ones that are being penalised most by Scottish Water. There is a need for heads to be knocked together. Interagency co-operation and consultation, in particular between SEPA and Scottish Water, are essential, but they do not seem to be happening. If the new commission can get a grip on that situation, good will come of the bill. I sincerely hope that that is the case, but I am not holding my breath.

15:46

**Des McNulty (Clydebank and Milngavie) (Lab):** A number of members have raised constituency interests. I suppose that I should do so at the start of my speech because work on the Milngavie reservoir, one of Scotland's biggest civil engineering projects, is under way at one end of my constituency and, at the other, at Dalmeir, there is a waste water plant that takes a significant amount of waste water from Glasgow.

I have worked closely with Susan Deacon on the odour issues to which she referred. I certainly echo many of her comments and I welcome what the minister said—although I hope that we can

make better sense of it. We look forward to receiving some clarification. The idea of moving towards a system of statutory regulation of odours is certainly welcome, but I hope that there will be flexibility in how that is done. There is a concern about the effect of the instructions that the water industry commissioner puts in place when he makes his financial projections on what work Scottish Water can do on the quality of odour treatment in plants. We are told by Scottish Water that those instructions impede its freedom of action and the amount that it can spend on putting the appropriate mechanisms in place. I want clarification on that point.

I will give two reality checks on what the Conservatives have said. First, if they speak to local authorities and customers south of the border, they will find that England and Wales are not nirvana as far as development constraints are concerned. There are substantial development constraints in other parts of the United Kingdom. The problems that are associated with fragmentary privatisation mean that in many ways developers in some other parts of the country have greater problems in getting water companies to provide infrastructure. One of the improvements that I hope emerges from the new system and the new arrangements is that development constraints can be dealt with in the context of more co-ordinated planning. I hope that the minister will encourage Scottish Water to work with local authorities, economic development agencies and others to create a planned mechanism for dealing with development constraints, rather than dealing with them on an ad hoc, individual basis. This is a national problem and huge amounts of money are involved. The investment is substantial and it needs to be properly planned.

The second point on which we need to correct the Conservatives is that the reason why we do not have privatisation of water in Scotland is that the Conservatives did not privatise water, and the reason why they did not is that they could not. There was not a practical mechanism whereby business would put in the investment that was required, given the 18 years during which the Conservatives had failed to invest in water services. We were so far behind the requirements and there were so many constraints that the private sector was not interested. That is why we ended up with the current situation. In making noises about privatisation, the Conservatives created such a backwash of antipathy towards themselves and everything that they stood for that in 1997 they ended up without a single member of Parliament in Scotland. What the Conservatives tried to do with the water industry was important in leading to that favourable result. They have not been able to come back particularly well.

I turn now to the specifics of the bill. I welcome the minister's statement that a second financial memorandum will be produced. I believe that that will be a first for the Parliament and that it means that ministers have accepted what the Finance Committee said and the Environment and Rural Development Committee endorsed—namely, that the original projections for the core costs associated with the bill were inadequate. As a matter of legislative competence, the Parliament has to insist—and members of the Finance Committee certainly will insist—that when the Executive introduces bills, we see robust, realistic and consistent mechanisms of costing, so that we can identify the basis of the legislation and link that to our budgetary considerations. If the Parliament is to be taken seriously—not only by the general public but by business interests and other people whom we serve—it is vital that we ensure that legislation is subjected to that level of scrutiny. When legislation does not meet those requirements, it must be changed so that it does.

I look forward to reading the revised financial memorandum. I hope that it will be available in time for the Finance Committee to have a good look at it before we come to stage 2.

The Executive's broad approach to establishing the licensing regime is correct. Many would say that it is a very clever approach, but some serious concerns have arisen. The trade unions have concerns about the implementation of the division within Scottish Water that the bill will necessitate. The combination of three water authorities to form Scottish Water was achieved only with considerable pain for employees. I hope that the division that will follow the bill will be better managed than what happened two or three years ago.

The bill's changes to the regulatory regime—particularly the establishment of a water industry commission, as opposed to a water industry commissioner—are an important step forward in transparency. Again, that has come out of the work of the Finance Committee: it was one of the key points in our very thorough report on the water industry. I am very pleased that the minister has taken the findings of our report seriously and has responded as he has done.

There is much to welcome in this bill, but we have to acknowledge that Scottish Water and its development are vital for the future of Scotland. We all have a shared interest in ensuring that we get this right. In the scrutiny of the bill at stages 2 and 3, I hope that rather than making purely political points—although I have made one or two myself—members will focus on what we have to deliver for the benefit of everybody in Scotland. Very few bills will be more important than this one.

15:53

**Jim Mather (Highlands and Islands) (SNP):** As my party's enterprise spokesman, I am keen to contribute to this debate on a bill that will undoubtedly impact on Scottish economic competitiveness. Also, as one of the signatories to the minority report on Scottish Water, I am keen to repeat my concerns about the overall management of the industry; and, as a member of the Finance Committee, I am keen to support what Des McNulty has just said and to reiterate some of the issues that the committee has raised about the bill and the debate between the water industry commissioner and Scottish Water on costs and efficiency.

I will start with competitiveness. In broad terms, the experience to date of creating national competitive advantage from our water industry has been disappointing. Water is yet another vital resource that we in Scotland have in plenty. However, in international comparisons, Scotland is uncompetitive in terms of water charges. We are the fifth most expensive in a recent survey by NUS Consulting. That means that, amazingly, most competitive countries have a comparative advantage over us on water pricing.

However, we are not simply facing the loss of comparative advantage in specific industries and export markets. The Scottish economy in general is suffering a double whammy. Current water charges are having an adverse impact on all Scottish businesses in comparison with most United Kingdom and international competition. As we have already heard, the delays in Scottish Water's replacement and new infrastructure programmes have inhibited and delayed other residential, commercial and industrial developments that would all have helped our economy to grow and improved our overall ability to compete.

My historical concerns centre on the fact that I remain convinced that errors were made at the time of the most recent strategic review of charges in the financial control of Scottish Water, primarily by the Executive and the water industry commissioner. The minority report that was produced by three members of the Finance Committee—Fergus Ewing, John Swinburne and me—in April this year established the justification for that strong statement.

We came to the conclusion that there had been serious mistakes in the management of the financial control of the water industry during the key period when the strategic review of charges was being carried out. Those mistakes resulted in the revenue caps that were recommended in the review being too high by a significant margin and they had a corresponding impact on the amount of capital investment that it was intended would be

funded from borrowing, which was too low. In my opinion, the upshot of that is that charges for water users in Scotland have been set too high—probably by a cumulative amount of at least £300 million between 2002 and 2006. That means that water users in Scotland have suffered needless financial hardship and that the competitiveness of Scottish industry has been damaged.

**Ross Finnie:** We are all fascinated by the figures that the member cites and the allegations that he makes, but can he confirm that the three members who produced the minority report are the only people who take that position? The rest of the committee was against it and the financial adviser to the committee did not support it, so it represents a singular view. The report makes an outrageous contention about the state of Scottish Water and its lack of competitiveness.

**Jim Mather:** I look forward to adding the minister's name to that list when he replies to the letter that I have written to him, which reiterates those points.

The high level of charges, combined with the underspend on the capital investment programme, has meant that Scottish Water has been operating with a financial cushion. That is not consistent with forcing it to achieve the efficiency gains that are being required of it. To remedy the mistakes that have been made, we believe that there should be a thorough review of the financing of Scottish Water and of the operation of the regulatory system for water.

The planned move to a water industry commission means that some of those messages have been taken on board, but the concerns linger and the bill does little to remove them. I still think that a thorough and open review would have provided a better basis for the new bill.

**Jeremy Purvis:** On that point, Mr Mather might be able to help members by clarifying whether the minority members of the Finance Committee received advice from the consultants the Cuthberts. Can he confirm whether the Cuthberts have been in the employ of the Scottish National Party at any stage and whether, since the publication of the minority report, it has received third-party endorsement, other than from the Cuthberts?

**Jim Mather:** That is scurrilous. The member is willing to drag down people who were motivated enough to contribute to the debate by giving advice and guidance pro bono. He disapproves of the work that the Cuthberts did, but they were helpful and I am grateful to them. They have done Scotland a service and what they proved has yet to be rebutted by the Executive.

I and my colleagues on the Finance Committee are not entirely convinced by the stated costs of

establishing the proposed licensing regime, given that it is apparent that there is open disagreement between Scottish Water and the water industry commissioner. The figures that Scottish Water produced show one-off costs that are £10 million to £18 million higher than those in the financial memorandum to the bill, and on-going costs that are approximately £5 million to £8 million higher.

I note the minister's acceptance of the financial memorandum, but I reiterate that the setting up of the licensing regime accounts for the majority of the costs that will arise from the bill. It is right that we have solid and accurate figures to base that on. I also note that the water industry commissioner is continuing to work on the costs. The minister has confirmed that he will soon have more detailed information, which I look forward to seeing. However, that means that, to date, the committee has not been able to assess the accuracy of that part of the financial memorandum and, as I have said, I have found errors in the past.

It is imperative that the reconciliation is reached so that there can be more certainty over costs. I continue to believe that that would best be done by way of a fundamental and open review of Scottish Water and its charging mechanisms. The setting of a more appropriate and lower level of capital expenditure should also be funded from charges, which currently are running between 68 and 86 per cent. It would be fairer to current users and also improve Scottish competitiveness if we were to move away from the current charging regime, which is unnecessarily high, especially for business water-charge payers.

The current situation is such that business payers are left with the choice of either passing the higher charges on, thereby reducing the competitiveness of their internal and export markets, or bearing the higher charges, thereby reducing their profitability and perhaps even their viability or ability to exist as independent entities.

That is why competitiveness raised its head again for the Finance Committee. In our evidence-taking sessions, we could not miss the other open disagreement between the water industry commissioner and Scottish Water about the calculations and assumptions that underlie Scottish Water's comparative level of efficiency. Given the importance of that issue, the committee recommended that the disagreement needs to be openly debated and more widely understood, particularly in the Parliament and by ministers.

16:01

**Nora Radcliffe (Gordon) (LD):** Liberal Democrats support the bill, which is the last in a trilogy of water bills. Part 2 wraps up the work

begun by the Water Industry (Scotland) Act 2002, which set up Scottish Water, the office of the water industry commissioner and customer panels, but left competition issues for this bill.

Part 1 of the bill revisits some of the provisions of the first bill. It provides for the metamorphosis of the water industry commissioner into a commission—preferably one that is five-strong—makes changes to the flow of instruction and decision-making between Scottish ministers and the commission and beefs up the customer panels.

Part 3 of the bill seeks to give the Coal Authority similar powers in Scotland to those that it has in England and Wales. The powers will enable the authority to deal effectively with pollution from old coal mines. The Coal Authority and SEPA have a close working relationship and the decision to give the authority greater powers has the potential to lighten parts of SEPA's work load. The provisions in the bill and the remit of the Coal Authority relate only to abandoned coal mines, however. My committee colleagues and I thought that many of the same problems could arise from other types of mine workings. As a result, we made a request to the minister in our report that he should consider whether and how issues relating to those other types of mine could be addressed.

Part 2 of the bill deals with the way in which competition applies to the water industry in Scotland. The Executive has retained Scottish Water as a publicly owned utility company, but opened up competition in the retailing of non-domestic water and sewerage services.

Section 18 adjusts the way in which charges are to be set. Ministers will set out the principles and objectives that are required to be met and the commission will price them and determine the level of water charges that Scottish Water will be allowed to make. Various issues relate to charging, including those of transparency, cross subsidy within and between domestic and non-domestic sectors and charity relief. The committee has asked for clarification on a number of those issues.

The bill provides for the Competition Commission to be the final arbiter of appeals against charges. A variety of concerns were raised about the appropriateness of that provision. Although the committee accepted the proposal on balance, we added a recommendation that it should be kept under review in order to see how the arrangement works in practice. I will return to the issue of the way in which complaints are to be dealt with when I talk about the provisions for consumer panels.

**Richard Lochhead:** It is kind of the member to take us on a tour through the committee report.

Will she address one of the biggest issues that has come to the fore during this debate and during previous debates on the water industry, which is the issue of development constraints? How do the Liberal Democrats intend to tackle that?

**Nora Radcliffe:** If Richard Lochhead lets me continue with my speech, I will come to that in due course.

There is wide support for part 1, which sets up a commission in place of the single commissioner. I agree with the majority who see the commission as an expert technical body instead of a stakeholder representative body. That was the committee's view of the commission.

There was some discussion about whether a sustainability obligation should be laid on the commission. Both Scottish ministers and Scottish Water are bound by such an obligation and the commission will have to take its decisions in cognisance of them. That said, I agree with the committee's view that it makes sense for sustainability to be pursued consistently at all levels of the industry—regulatory, as well as political and operational. I would also like an obligation to act sustainably to be extended down the line—or down the pipe—to any new entrants to the industry. The committee has asked the minister to examine how that can be achieved.

Part 1 also deals with the role of customer panels, and seeks to give them much more input at the policy determination stage, and a wider reporting role, both of which are welcome.

There has been considerable discussion around the complaints procedure and where it sits in a revised framework in which the role of the commission will be different in some respects from the role of the commissioner. The minister suggested latterly that the commissioner's team dealing with second-tier complaints could be moved to the office of the convener of customer panels. While that seems to be a good idea, the committee did not have time to consult properly on it before preparing the stage 1 report, so it will take evidence on it prior to stage 2.

Stage 1 consideration has run alongside work on setting the quality and standards for Scottish Water's third investment programme, of which I will address a couple of aspects. First, recognition of the need for investment in infrastructure to allow development to go ahead is extremely welcome. My experience of development constraints in Gordon goes back to the late 1980s and early 1990s, where the sewerage services for a significant number of communities throughout the district were at capacity, and we could not allow any new housing to be built. The situation is still not satisfactory. I could match many of the examples that other members have cited.

However, as the report highlights, prioritisation of new infrastructure provision has to be closely integrated with local and structure plans. Much better liaison is needed. The planning framework and co-operation on joint working need to improve massively.

Secondly, I strongly endorse the committee's recommendation that odour nuisance should be addressed in a much more robust way. Statutory underpinning is required. The water industry is by no means the only offender where odour nuisance is concerned, so stronger and more effective ways of dealing with odour nuisance would benefit many more people than only those who live near sewage treatment works.

The bill is useful. It has been helpful to tackle water industry legislation in more than one bill over a couple of years. The water industry had been through so many changes that it made sense not to try to do everything in one go in 2002. The period between the first and third bills has, in the light of experience and with the benefit of hindsight, given us a valuable opportunity to revisit and improve the framework that was set up initially.

A number of unresolved issues were flagged up at stage 1, but none of them is insuperable. I am sure that by the end of stage 2 we will have a workmanlike and workable piece of legislation. The Liberal Democrats support the general principles of the bill.

16:08

**Maureen Macmillan (Highlands and Islands (Lab):** While I agree wholeheartedly with the principles of the bill there is, as others have said, need for clarification on some of the details of how it will be implemented, and on some of the surprises that were sprung on us by the Executive during the course of our evidence taking.

The Environment and Rural Development Committee was concerned about the resourcing of the customer consultation panels to handle complaints, about the lines of communication between the commission and the panels, and about how the Executive will ensure that sustainable development obligations are fulfilled and promoted. We wish the Executive to elaborate its thinking on all those matters.

I accept the proposal to limit competition to the retail functions of Scottish Water, but we were concerned that there are uncertainties about how that will be achieved, as there is no definition of the differences between the wholesale and retail functions. Having heard speeches from Mark Ruskell and from the SSP, we need urgent clarification as to what constitutes retail competition, because there seems to be a great

deal of misinformation, or perhaps deliberately not addressing—

**Lewis Macdonald:** I ask Maureen Macmillan to accept my assurance that in introducing competition to the retail function it will be confined to precisely that, in other words, to the billing process, and not in any sense to the sale or supply of water.

**Maureen Macmillan:** That clarification was useful.

Just as important as the bill to the general public will be what emerges from the quality and standards III consultations—what the priorities for investment will be and how they will be funded. Discussion of that has become inextricably linked with discussion of the bill, and that is what politicians, including me, find most fruitful.

Although the committee heard evidence from the Federation of Small Businesses and others that they approved the transparency of the new proposals for determining charges, a great deal of the committee's time was taken up with discussions on how to separate the social and commercial aspects of water infrastructure and whether support, when it is deemed necessary, should be delivered by cross-subsidy from one type of customer to another or by subsidy from general taxation through appropriate Executive departments or agencies. That is particularly relevant in two areas: funding for charitable and voluntary organisations and the facilitation of housing and other developments.

During the passage of the Water Industry (Scotland) Act 2002 through Parliament, we spent much time negotiating with the Executive to shield small, local, strictly defined charities from the effects of rising water charges. We believed that we had been successful in working out a fair formula for transitional funding, but, unfortunately, far fewer charities qualified than anticipated, because any that moved premises—even for the best of reasons—lost their transitional funding and others could not fulfil the £50,000 income criterion. I am pleased that the minister is continuing his support for charities that already qualify but regret that the scheme cannot be extended to capture those that moved premises, as many have found themselves in severe difficulties. I am concerned about what will happen to those voluntary organisations and charitable trusts—I do not include charitable businesses—that have found themselves facing enormously increased water bills. How can they make up the shortfall? For example, Atlantis Leisure, the community company that runs Oban swimming pool, has seen its water bills rise from £5,000 to £20,000, but its grant from Argyll and Bute Council has remained the same and it is restrained by the council from increasing its charges, so how should it deal with the gap?

Are funding bodies taking account of the gap between income and expenditure that, over the past two years, has opened up for many organisations that rely on grants and fundraising, especially grants from local authorities and agencies that, in turn, rely on the Executive or the national lottery to underpin their expenditure on the voluntary sector? Can the minister assure us that funding bodies that disburse Executive and lottery funding will take account of increased water charges, just as they take account of increases in heating and lighting bills? I do not expect Scottish Water to continue to subsidise charities, but the funding must be found and we have a responsibility to say where it will be found. If members will excuse the metaphor, we cannot wash our hands of the matter.

Development constraints are just as problematic. The lack of water and sewerage capacity in rural and urban areas has held back badly-needed development, and a clear decision must be made about how we deal with commercial and social development, as well as how we define the two. The minister knows my concern about affordable rural housing—both my general concern and my concern about the particular cases that I have outlined in the past.

Insufficient attention was paid to the need for new infrastructure in the Q and S II consultation. As the minister said, it was not flagged up by local authorities at that time and, in its evidence to the committee, the Convention of Scottish Local Authorities confirmed that. I hope that local authorities and the Executive now have a better idea where infrastructure constraints lie, although I am not sure that all the local authorities have done the required research, and I ask the minister to check that. If they do not have a better idea, they must find out where the constraints lie and inform the consultation so that planning decisions and infrastructure capacity can be better integrated and so that Communities Scotland can consider what responsibility it has for funding the necessary infrastructure for affordable housing. Affordable housing must be built where it is needed, and I do not need to tell the minister again that constraints on affordable housing are constraining development, particular in the area that I represent.

I turn to an issue that has been raised with me in correspondence. The Association of Scottish Shellfish Growers is concerned at the low targets for improving marine water quality in Q and S III. Only 22 per cent of shellfish waters that are currently below class A will be improved. The industry relies on a pure environment and has the potential for real growth if class A waters can be further expanded, so I ask the minister to consider whether the investment that is proposed in Q and S III to deal with sewage discharges into our

coastal waters will deliver the objectives of "A Strategic Framework for Scottish Aquaculture".

I welcome the bill and support its principles. However, I am anxious about the outcomes of Q and S III and about a lack of clarity in some of the Executive's proposals. I ask the Executive to ensure that decisions are not set in stone for the duration of Q and S III, but that there will be room for manoeuvre should our priorities change or should we discover that local authorities have underestimated the infrastructure that they need. I do not want to have to go through this whole debate again.

16:15

**Mr Brian Monteith (Mid Scotland and Fife) (Con):** There has been much criticism of privatisation or private companies. I remind members that co-operatives are private companies and that Dŵr Cymru Welsh Water is a private co-operative. All those members who sign up to fair-trade motions advocating co-operatives in Africa or who speak in debates in favour of social enterprises, workers' co-operatives or credit unions should recognise that those are private, not public, entities. There are many models that can be used for the private delivery of water. Simply to dismiss privatisation as some sort of hegemony by big business is to live in a different universe.

I asked the Minister for Environment and Rural Development if he had any concerns about the collection of domestic water charges if they were privatised and did not involve council tax collection as a vehicle. My question was courteous but—typically for a Liberal Democrat, I thought—the minister questioned my motives and sought to take the moral high ground, portraying himself as a protector of the poor and saying that discounts for water could not be passed on if Scottish Water was a private, not a public, entity. Members know that the facts tell a different story. The minister is not a defender of the poor, no matter how sincere his motives—which I shall not question. Scottish Water is more expensive for rich and poor alike. Its water quality is poorer than that of many private companies south of the border. As Rob Gibson unwittingly argued, Scottish Water is 10 years behind English companies. If there are to be benefits or discounts to water consumers, they can be delivered through the benefits system, leaving a commercial enterprise to work commercially.

There is a great deal of hubris and hypocrisy from the socialists—of all parties. They display false pride about public ownership. The evidence shows that competing private companies perform more effectively and efficiently. Members have shown double standards, including Rob Gibson, who is willing to parade public support for his

views when it supports him, but completely ignores public opinion when it conflicts with his dogma. I suggested that there be a plebiscite on smoking, but was ridiculed for that having nothing to do with this debate. Smoking and water are not directly related, but public health issues are associated with both. I argue that politicians cannot pick and choose when public opinion is right, so as to suit themselves. Such arrogance only damages the member's case.

**Ross Finnie:** Will Mr Monteith give way?

**Mr Monteith:** I am happy to take an intervention from the minister, who wants to defend Rob Gibson.

**Ross Finnie:** No—I do not think that I said what Mr Monteith suggests at all. It is amazing how he can lip-read even when I have not moved my lips.

On the question of efficiency, given that at the present rate of investment Scottish Water, the wholly publicly owned company, is achieving a run rate of £50 million of investment a month, a figure that is not achieved by any private company in England and Wales, would Mr Monteith care to develop his idea of why it is that a publicly owned company is not capable of meeting the tests and requirements of the public?

**Mr Monteith:** I have no difficulty in answering that. If the minister picks the period from which he takes his data, he can produce figures like that. We also know that the water commissioner has told us a completely different story—it is the water commissioner to whom the minister must listen.

Members of the public will notice that socialists cling like limpets to the idea that utility companies will cherry pick the best customers. That has been said by a number of members today. They claim that that will leave other customers behind to pick up the tab and that public health will suffer if companies are private. They claim that that would mean no forward planning.

**Frances Curran:** Will the member take an intervention?

**Mr Monteith:** Oh yes—another intervention. Certainly.

**Frances Curran:** The data about private companies in the health service, such as Sodexo, are clear. The statements on efficiency and public health are contradictory. We know that private companies are less efficient.

**Mr Monteith:** I know a bit about contracting out in the health service, I have read Audit Scotland's reports and I have seen that the incidence of MRSA has nothing to do with, for instance, whether a cleaner is employed publicly or privately. If we are going to deviate into that



debate, let us have it another time—I will certainly be there to take part.

It is clear that some of the arguments are spurious and illusory. The same arguments were put in relation to British Telecom, the power companies and the English water companies and those companies proved them to be wrong. Surely, if the arguments were based on reality, we could expect to be drowning in news reports from England of deaths from cryptosporidium, scandals about water quality, and housing developments being halted because of a lack of forward planning by private water companies. The reality is different and needs to be explained to Rob Gibson, Sarah Boyack and Ross Finnie, for example. The most recent death from cryptosporidium was in Glasgow, not Gloucester and the most recent scandal about water quality was in Milngavie, not Monmouth. The problems in forward planning are everywhere to be seen in Scotland, as members such as Roseanna Cunningham have explained, with far fewer examples of such difficulty in England.

**Richard Lochhead:** Will the member give way?

**Mr Monteith:** No. I must finish.

The reality is that 10 years after privatisation the public sector in Scotland is failing and, despite Scottish Water's best efforts, it cannot catch up. I believe that it is trying to run the business as best it can within the constraints that it is experiencing. The minister is not waving but drowning, and the bill is a straw that will not save him from that fate.

16:22

**John Swinburne (Central Scotland) (SSCUP):** The minister said to Jim Mather that there were only three dissenting voices on the Finance Committee. Perhaps he could have stated, in a more balanced manner, that 33 per cent of the committee did not accept his findings. If we extrapolated that throughout the Parliament, we would arrive at a total of 43 MSPs.

The situation regarding Scottish Water falls far short of utopian. The minister stated that the adviser to the Finance Committee endorsed the bill. The evidence that the Cuthberts presented to the committee was extremely lucid, informative and, at times, rather disturbing. In my opinion it was pushed aside on political grounds, rather than for basic financial reasons. I have no axe to grind politically; I simply weigh up the evidence that is presented and arrive at a conclusion. I did not find in favour of the minister.

The minister said that the best way for water rates to be paid is through council tax. That does not fill me with confidence. Is he not aware that the rate of non-payment of council tax can be between 7 and 9 per cent? Surely such inefficient collection

of rates cannot be acceptable to any efficient organisation, including Scottish Water.

The minister said that customers will be asked to pay only their fair share of costs. Surely if up to 9 per cent of rates fail to be collected, the burden of the shortfall must fall on those who pay all their council tax and rates. Ross Finnie spoke in typical tunnel-vision fashion of care for the most vulnerable in our society. He undertook to protect all customers but, at the same time, he condones the completely unacceptable imposition on them of the greater hardship of a 5 per cent increase in water rates, which are to be paid through council tax.

Pension increases are tied to the cost of living. The 5 per cent increase in water rates means that every pensioner in the country who pays water rates and council tax will be further financially disadvantaged, because they are on a fixed income. The minister defends and promotes that further imposition on senior citizens in a week when Age Concern Scotland has released the horrendous statistic that, last year, the number of victims of winter-related death rose from 2,500 to 2,900. Next year, yet another increase will be associated in part with the unacceptable 5 per cent increase in water rates for pensioners.

If the minister can curtail increases for small businesses to 2 per cent, surely he can do likewise for pensioners. It is essential that he do so. Both groups need that reduction to survive. However, small businesses will at least still be alive despite water rates. In 2005, the most vulnerable in our communities could be an addition to Age Concern's statistics if this last straw finally breaks the camel's back.

Susan Deacon spoke eloquently about the environmental problems across the country, which Scottish Water must address.

There is a great deal of good in the bill. However, I have listened to the extensive arguments in the Finance Committee about underinvestment on the part of Scottish Water—or, rather, its failure to implement the maximum investment—and to the evidence of the inability of many projects to proceed nationwide because they are handicapped by the lack of water and sewerage facilities. Those factors, coupled with the cavalier manner in which increases are being imposed on the elderly, mean that I cannot support the bill.

16:26

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** This has been an important debate on an important bill. Indeed, at the beginning of the afternoon, we had two party leaders in the chamber. Of course, if comrade

leader Leckie and comrade leader Curran had been joined by their colleagues, there would have been even more.

**Murdo Fraser:** What about John Swinburne?

**Jeremy Purvis:** Of course, Mr Swinburne is a party leader as well.

As the Parliament knows, the Finance Committee conducted an inquiry into the accountability of Scottish Water, the delivery of the capital programme and the effect of the current charging structure on small businesses and the knock-on effect on the competitiveness of the Scottish economy. Throughout our inquiry, Scottish Water was open and helpful, as was the minister. I was pleased with the response that the minister gave the committee, which endorsed many of our views.

There is much in the bill that was in the committee's report. In some crucial areas, the Executive goes further than the committee did, which is to be welcomed.

My remarks in support of the bill will address the accountability of the industry and the water commissioner. Throughout the Finance Committee's inquiry, we found considerable frustration among the public and businesses about their inability to hold the industry to account for its actions and, in particular, about the poor standard of consultation. That was seen at public meetings attended, no doubt, by many colleagues with their constituents. In those meetings, senior Scottish Water staff and the water industry commissioner presented their work to an often frustrated audience.

On that subject, the report said:

"The Committee believes that consultation is not simply making presentations and asking for views of decisions already taken but that the public should have a real opportunity to contribute to decision making".

I welcome the response of the Scottish Executive and Scottish Water, which is that a robust consultation code will be established. Further, I am pleased that, during our inquiry, the Scottish Executive agreed to have a full review of the charging mechanism.

It was right to focus on consultation and on the need to take the industry forward. In particular, it was right to focus on the accountability of the industry through the office of the water industry commissioner. The minister knows that, during the inquiry, I argued for reform of that office. My view, supported by the committee, was that there was a structural deficiency. Although the committee was satisfied with the overall legal framework involving the commissioner, the Executive minister and Parliament, it recognised that there was a less than satisfactory focus on an individual

commissioner rather than a group. Indeed, that does not provide continuity and support for the industry, nor does it protect or promote the interests of the consumers.

The minister has clearly outlined the role of the water industry commission, as proposed by the bill. As the author of the recommendation in the Finance Committee's report that dealt with this area and called for an improved structure, I think that the Parliament will welcome the minister's response.

The proposal will provide much-needed independent regulation and—crucially—transparency across the industry. In its report, the committee also recommended that the office of the water industry commissioner should include non-executive membership, which could provide greater accountability and continuity for the Scottish water industry.

That there will be more support for the customer panels is particularly welcome. The panels do good work, and they will welcome what the minister has said today. I feel that there is cross-party support for the panels having a direct and strong link with users, and that a waterwatch that sits alongside energywatch and Postwatch Scotland, as robust customer voices, is needed in Scotland.

**Mr Swinney:** In the garden of roses that is the regulation of the water industry in Scotland, how does Mr Purvis deal with representations from his constituents about the development constraints that have dominated the debate, the arguments about which the Government has not addressed? How does he address the concerns of members of the public that we cannot undertake developments in our communities because the Government has not put a framework in place, which the bill will do nothing to help?

**Jeremy Purvis:** I notice that the member has just come back into the chamber, and he has asked the same question that he asked shortly before he left it earlier in the debate. I will touch on investment in a moment, but I say to housing associations, local authorities and private developers that development constraints are one of many issues relating to local development plans. There will be an onus on private developers to contribute to water supply connections. On investment, the figures that I will give in a moment speak for themselves.

There was no surprise that much of Mr Johnstone's speech on behalf of the Conservatives detailed his dissent from the committee's report, although he dissented with his customary decency. Indeed, there is a difference in the Conservatives' philosophical approach. When Mr Johnstone said that he agreed with one or two elements of the bill, he meant it.

Sarah Boyack raised one issue that the Conservatives have not addressed: how we ensure that vulnerable members of society are protected. The bill is right to offer protection against cherry picking, which is a policy that the Conservatives seem to be comfortable with. They state that the average metered charge per household is 15 per cent lower than that of Scottish unmetered households, but they do not say whether they favour wholesale metering in Scotland.

There should be no doubt about the investment that the Executive has committed. Brian Monteith asked us not to compare current Scottish Water investment with local authority spend in the Tory years and not to pick the relevant years. He asked us to believe the water industry commissioner. However, the WIC figures show that comparable investment per connected property by Scottish Water is £1,050, which is higher than investment by the three bigger, privatised English companies—Thames Water, Severn Trent Water and United Utilities—during their largest four-year investment programme since privatisation. Even with many more customers, those privatised companies invested less in their biggest investment period.

That is one of many reasons why the bill should be supported. Alex Fergusson said that he supported the bill, but could not vote for it. I am happy to support the bill and to vote for it.

16:33

**Murdo Fraser (Mid Scotland and Fife) (Con):** As my colleague Alex Johnstone said at the outset, we welcome part 1 of the bill, which would bring in a new regulatory regime, and part 3, which would give new powers to the coal authority to tackle coal-mine water pollution. However, we cannot support part 2 of the bill, which seeks to restrict competition and prohibit common carriage.

As the minister said in his opening remarks, part 2 would reinforce the water monopoly that is held by Scottish Water. He used water quality as an excuse to justify the prohibition of common carriage, but there is not a shred of evidence that water quality is at risk from common carriage. As my colleague Brian Monteith said, the cryptosporidium scare a few years ago occurred in a public water supply in Scotland, not south of the border. Therefore, there is not much to be learned in that context.

Mr Purvis raised the issue of cherry picking customers, which Sarah Boyack raised. I remind him that exactly the same complaints were made when we proposed the privatisation of British Telecom and the power companies. All the voices of doom said that there would be cherry picking of

customers and that costs would go up for the vulnerable and those living in remote areas. There is not a word of truth in that, as people must know by now. They were wrong then and they are wrong now. The fact is that privatisation delivers lower costs for every customer; that has been the experience in the past and it will be so again.

**Stewart Stevenson (Banff and Buchan) (SNP):** Will the member take an intervention?

**Murdo Fraser:** Mr Stevenson has not sat through the debate and has only just entered the chamber, but I will give way in the interests of debate.

**Stewart Stevenson:** I am most obliged to the member. Can he tell us how many cable telecom companies or other local loop suppliers there are in the area that he represents?

**Murdo Fraser:** I can tell the member that the real cost of telecom supply in my area is considerably lower than it was 20 years ago and that there is competition between suppliers. That is what delivers. Perhaps Mr Stevenson would like to confer with his colleagues on the front bench who, not so long ago, were pursuing a pro-enterprise agenda—but perhaps that has been abandoned under the party's new leadership.

**Jeremy Purvis:** Will the member give way?

**Murdo Fraser:** No. I would like to move on and deal with some other points.

Mr Finnie said that he is proud that water is in the public sector. Let us consider the record. Domestic customers in Scotland are paying more than their equivalents in England and Wales. Commercial customers are paying, in some cases, five to 10 times more than their equivalents in England and Wales. Other members have made the point that small businesses are paying greatly increased sums, and that includes charities, as Maureen Macmillan said. We have also had a much lower level of investment over the past 13 years, with £1 billion being invested in Scotland compared with £50 billion in England and Wales, and we have poorer water quality.

Des McNulty said that it is all the Tories' fault for not privatising the water industry. We plead guilty. We should have privatised water when we had the opportunity and we would all be reaping the benefits now.

On funding, I remind Mr McNulty that, for most of the 18 years of Conservative Government, responsibility for funding water services rested with local authorities—the self-same local authorities that today complain about the funding allocation from the Executive, which is much tighter now than it was in the Conservative years. We do not need any crocodile tears from the likes of Mr McNulty on the issue.

**Des McNulty:** It is very straightforward. Every year that I was a member of Strathclyde Regional Council, we applied to the Scottish Office, which was under Conservative administration at the time, for permission to spend more money on water investment. We were refused as a matter of Government policy. In fact, it was a matter of Government policy from 1976 onwards, so the tail-end of the Labour Government was also responsible. However, there were then 18 years of a Conservative Administration when not enough investment was made in the water industry, and the current situation is the Conservatives' responsibility.

**Murdo Fraser:** That is exactly why the water industry should be in the private sector—to provide the investment that we have seen in England and Wales.

**Jeremy Purvis:** Will the member take an intervention?

**Murdo Fraser:** No, I need to move on.

Development constraints have been raised by members of all parties and are the number 1 issue in relation to water services. Such constraints limit economic development and growth in Scotland, and organisations such as Homes for Scotland have made the case for the impact that development constraints have on the Scottish economy. They also have the potential for social impact. If there is an embargo on development in certain communities, it means that people cannot get on the housing ladder, house prices go up and young people are often forced to live in other communities or in sub-standard accommodation. Demands then start coming in for more affordable housing. If the development constraints and the embargo were lifted, we would probably not need so much subsidy for affordable housing, as house prices would be more realistic.

Numerous communities throughout Scotland are affected in that way. Roseanna Cunningham referred to Alyth. I live in Alyth and I know all about the situation there. If I were being selfish, I would say that we should keep the embargo on house building there, as the price of my house would go up even more; however, being a generous-hearted soul, I want to see more house building, so that more people will have the chance to live there and to share the benefits of living in such an attractive small town if they so wish. Nevertheless, developers cannot build there at the moment.

To Roseanna Cunningham and her colleagues I say that, although we heard three speeches from Scottish National Party members, not once did we hear about the SNP alternative. We have proposed our alternative to the current situation. What is the SNP model for the water industry? There has not been a squeak. Once again, the

Tories are the real Opposition, because we are the only ones with a real alternative. Perhaps Mr Lochhead will enlighten us when winds up.

We cannot support the bill because it is a tremendous lost opportunity for Scotland. Clear benefits come from opening up competition and could come from moving water into the private sector. As I have said, there would be lower bills, better quality and higher investment. In particular, we must address the need to lift the development constraints that are crippling so much of our economy and society in Scotland. Because the bill fails to address those needs, it must be opposed.

16:40

**Richard Lochhead (North East Scotland) (SNP):** This is the third bill on the water industry that has come before the Parliament since devolution six years ago. That speaks volumes about the huge task that faced the new Parliament in bringing Scotland's water infrastructure up to scratch and improving water quality after decades of neglect by Conservative and previous Labour Governments and local authorities.

We welcome the debate. Because it is a debate on the water industry, it has provided an opportunity to see Des McNulty getting animated about the issue that is closest to his heart. We also welcome the committee's report. I have just joined the committee, so I missed out on the evidence-taking sessions, although I was there for the report stage. Many of the themes today are familiar and have figured in every water debate since 1999.

The SNP supported the creation of Scottish Water because of the economies of scale, because we wanted to make the industry more efficient and because many customers in Scotland were carrying too much of a burden.

The water industry has had a tough time. It has had to implement the new European Union directives and to modernise a crumbling water infrastructure. However, today's debate is about turning attention to how we can protect the industry from its latest challenge, which is the Competition Act 1998.

Frances Curran, who spoke for the SSP, must have been speaking about a different bill. This bill is about protecting the industry from competition, not about introducing competition to the supply of water to businesses and domestic customers. Frances Curran should read up on the background to debates before she participates.

We have had debates about competition in the water industry before. When I was water spokesperson for my party a couple of years ago, I remember standing during many debates, taking on the minister on this subject, explaining that we

could avoid having common carriage in the domestic and non-domestic sectors and avoid introducing competition to the domestic sector. Time and time again, the minister told me that I was talking rubbish and that I should sit down when we disagreed on those issues, so I was delighted when the Government dropped its proposals to introduce competition to the water industry; clearly ministers began to listen to the SNP's arguments.

**Frances Curran:** If no competition is being introduced in the bill, does the member agree that the bill is in contravention of the Competition Act 1998 and so could be challenged?

**Richard Lochhead:** The competition that the bill introduces is for the billing process; it is not for the supply of water, as the member said when she was speaking. She got that wrong.

We welcome the fact that the bill is about protecting the Scottish industry. It is important that we support the bill so that we can have a statutory framework that will allow us to see off competition. We welcome the rejection of common carriage and the fact that competition will not be introduced to the domestic sector.

There are dangers. We do not know to what extent competition will be introduced for the billing process. Mark Ruskell's point that we should tighten up regulation as much as possible so that we can chase off any competitors to Scottish Water on the retail side of the non-domestic sector was valid. That will depend on the retail element. The greater that element, the more attractive it might be to foreign interest to try to compete with Scottish Water for retail services.

**Alex Johnstone:** The member says that Scotland's water industry would be a victim of foreign competition. Does he not realise that if we raise our eyes to the hills slightly, the possibility exists for Scottish Water to be a major player in that business, as long as we release it from the constraints?

**Richard Lochhead:** If full competition were to be introduced throughout the water industry in Scotland, Scottish Water would be dwarfed by the multinationals that exist elsewhere in Europe and throughout the world, which would cherry pick aspects of the industry or take over the entire industry.

The bill will scrap the office of the water industry commissioner and I think that it is fair to say that no tears will be shed if that happens. The current situation lacks transparency, as many members said, and the WIC is far too remote. The current WIC constantly compares the Scottish industry with the industry south of the border, but the situations are not all that similar. It is unfair constantly to compare the performance of Scottish

Water with that of water authorities south of the border.

A message that has come through in the debate is that there must be clarity about the role of the customers' champion. Water customers need a strong champion. We welcome the beefing up of that role through water customer consultation panels, which will take responsibility for dealing with customers' complaints. However, we must ensure that the process is explained to customers, so that the panels can be true customers' champions.

Perhaps the biggest issue that has been raised is the situation in relation to development constraints in Scotland. It is not good enough for the minister to continue to pass the buck for the fact that the matter was missed out in the consultation exercise on Q and S II to everyone else in Scotland. He was the Minister for Rural Affairs at the time and if anyone in Scotland was aware of the difficulties that development constraints would cause, in particular for rural communities, but also for urban communities, it is the minister. He should have put on his rural development hat and told himself to do something about the matter.

Now, the minister takes the view that a way round the problem is to make developers responsible for paying for water and sewerage infrastructure to be installed. That might work in some situations in parts of the country, but it will by no means work throughout the country. We must consider social housing and the affordability of housing; we cannot afford to create a situation in which developers just pass on the cost of developing land through house prices, as that would do nothing to tackle the shortage of affordable housing in rural Scotland.

Members, including Susan Deacon and Sarah Boyack, mentioned the proposals on odour nuisance, which are welcome. Like other members, the SNP supports the call for the code on odour control to be statutorily underpinned.

Stage 2 will offer the Parliament the opportunity to make considerable improvements to the bill and we will seek to make such improvements. It is imperative that we ensure that customers get value for money from the water industry, that we ensure that we have the best water quality in Europe, and that we take the industry forward and keep it well within the public domain.

16:47

**The Deputy Minister for Environment and Rural Development (Lewis Macdonald):** I am pleased to be able to welcome much of what has been said in the course of the debate. As members have said, the debate is about how we secure a high-quality public sector service provider

and how we enable Scottish Water to address, in the investment programme ahead, issues such as development constraints and odour nuisance.

I was pleased to hear Alex Johnstone say that the bill reminds him of why he got involved in politics. He is not the only one; many people who are involved in Scottish politics campaigned for a Scottish Parliament precisely because of the Tories' obsession with privatising everything. The bill represents a bulwark against that Tory obsession. We are committed to keeping Scottish Water in the public sector and to ensuring that it delivers first-rate water services for Scottish customers. The bill provides robust statutory measures in response to the Competition Act 1998 to secure those objectives, which would otherwise be at risk. We are committed to providing stability for the industry and we believe that the bill will allow us to achieve that aim.

Those who raise the spectre of privatisation need to understand that under the bill no private company will sell or supply water or sewerage services. New entrant companies will be able to compete only for billing and retailing to business customers. The idea that Frances Curran promoted, that competing for billing services somehow amounts to water-service privatisation by neglect, is bizarre in the extreme.

**Mr Ruskell:** I do not want to get hung up on semantics, but one aspect of the supply of water to businesses is the sale of water to businesses. The sale of water requires a licensed billing mechanism, which the bill would regulate. That is the element of supply that I talked about and which represents an area into which some privatisation is being introduced. I am not condemning the Executive for that; I do not believe that it has any alternative, which is why the Green party is supporting the bill.

**Lewis Macdonald:** I am glad to receive that clarification of Green party policy and I welcome its support for our approach.

By contrast, the Scottish Socialist Party boasted today that it looks forward to voting side by side with the Tories against the bill and asked Scottish ministers why we did not "go the whole hog" and sell off Scottish Water. We reject that invitation from the Tories and the SSP precisely because we believe that a public sector Scottish Water is the best way of delivering core water services.

**Frances Curran:** If the minister did not want any element of competition in the bill or in water services in Scotland, why did he not follow the Scottish Trades Union Congress suggestion and ask for exemption from the Competition Act 1998? With those demands, ministers are simply going along that route bit by bit.

**Lewis Macdonald:** If Frances Curran had read the evidence that was given in committee, she

would know that we have taken the best advice on what we need to do to meet the requirements of the Competition Act 1998. When the Office of Fair Trading makes a submission to the committee that confirms our view, I am pretty comfortable to rest on such assurances.

We seek to introduce two prohibitions and a detailed licensing regime that will secure public health, protect the environment and allow us to maintain a charging system that protects the interests of low-income customers. Clean drinking water is fundamental to health and we are not prepared to compromise on that or to blur accountability for water supply. The same applies to sewerage services. The prohibition on retail competition for domestic households secures our continuing ability to ensure that water charges are linked to other means of raising funds and that they reflect ability to pay.

Concerns that GATS might require us to privatise water services are without foundation. As my colleagues have pointed out on a number of occasions, we have ensured that the UK Government's representations to the European Union on those negotiations reflect its commitment to retain Scotland's water service in the public sector. The UK Government has confirmed to us that no requests have been received for the UK to include water services in future GATS commitments and the UK, of course, has no intention of moving in that direction. It is precisely because of our certainty on that matter that we seek to introduce explicit prohibitions in the bill against any third-party involvement in the physical provision of water and sewerage services.

Under the bill, the industry will also remain accountable to Parliament. Although the proposed water industry commission will acquire powers of determination over charges in order to bring its technical expertise to bear, responsibility for deciding on public policy objectives will rest entirely with ministers: we will state the level of investment that Scottish Water must achieve during a regulatory period; we will determine the drinking water quality and environmental standards that Scottish Water must meet and the timescale in which they must be achieved; and we will decide on the principles of charging, including how costs are borne by different customer groups. As far as the water industry is concerned, ministers who are accountable to Parliament will own Scottish Water and set the public policy that it must achieve.

Sarah Boyack and other members raised the important public policy issue of sustainable development. We are committed to ensuring that sustainable development is fully embedded in decision making in the water industry and will seek the best way of delivering that. We will consider

carefully the Environment and Rural Development Committee's recommendations on that, particularly on the question whether additional sustainable development duties, such as licensing of retail providers by the water industry commission, are appropriate. However, it is worth noting that the bill reinforces the requirement on Scottish Water to have regard to sustainable development issues, because the water industry commission must fully fund all Scottish Water's core functions, which include that sustainable development duty.

Many members rightly highlighted the issue of development constraints, and we are fully committed to addressing that complex problem. Some have pointed out that it was not fully recognised at the time of quality and standards II; however, £200 million has been made available in the current programme to provide positive benefits with regard to existing constraints and a further £41 million has been allocated specifically to address some of the rural issues that members mentioned.

We recognise that constraint is a real issue. The current situation will be specifically addressed and we are determined to ensure that it will not arise in the next investment programme period. Indeed, the issue was addressed in the consultation on Q and S III—a whole chapter was devoted to discussion of extending the public networks. We are keen to ensure that a workable and affordable mechanism is put in place. That work will be done in liaison with local authorities.

The convener of the Environment and Rural Development Committee referred to the fact that the investment programme will be informed by the priorities for economic development and area regeneration that are set out in the "National Planning Framework for Scotland". That is precisely the commitment to investing in water services that was given in the consultation document. We are working with a number of parties—including the Convention of Scottish Local Authorities, Communities Scotland, the Scottish Federation of Housing Associations and Homes for Scotland—on considering what that will mean in detail and in tactical terms. Again, we will return to that in January when we announce the results of the Q and S III process. The conclusions that we come to then on environmental issues that affect industries such as aquaculture will be significant indeed.

A number of members sought clarification on Ross Finnie's announcement at the commencement of the debate on the problem of odour, which is one of the key environmental issues that members have raised. As members will know, we are consulting on a voluntary code of practice; that consultation will run until January.

The draft voluntary code will then be finalised and published in the spring. It will form the basis of our proposed statutory code of practice on odour control, which will be brought in by an amendment to the bill at stage 2. The intention is, of course, to consult on that and to issue a regulatory impact assessment. Our expectation is that the statutory code's introduction will be dovetailed with the beginning of the next investment programme period, which is due to commence in April 2006. I hope that the Environment and Rural Development Committee and, in due course, Parliament will support that amendment when it is moved.

We will lodge another amendment on the convener of the water customer consultation panels taking over responsibility for handling individual complaints. We are grateful to the Environment and Rural Development Committee for its consideration of the proposed amendments and for the evidence that it will take next week. We look forward to lodging the amendments in good time for stage 2 and to working with the committee on them. We believe that what the consultation panels amendment will propose will be a step in the right direction and that it need not, and will not, take away from the wider responsibility of the panels for dealing with wider issues that affect all customers.

I thank the members of the Environment and Rural Development Committee for their detailed consideration of the bill's general principles. The committee's report on the evidence that it took has allowed a thorough assessment of the Scottish water industry and the bill's aims. We look forward to working with the committee at stage 2.

Today's debate has been useful. It has marked out clear dividing lines, but it has also marked out clear common ground that I think will attract wide support in Parliament. I believe that it will allow us to deliver the kind of public sector Scottish water services that we want in the future. I commend the general principles of the Water Services etc (Scotland) Bill to the Parliament.

## Water Services etc (Scotland) Bill: Financial Resolution

16:58

**The Presiding Officer (Mr George Reid):** The next item of business is consideration of motion S2M-1567, on the financial resolution in respect of the Water Services etc (Scotland) Bill.

*Motion moved,*

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Water Services etc. (Scotland) Bill, agrees to—

(a) any expenditure or increase in expenditure of a kind referred to in Rule 9.12.3(b)(ii) or (iii) of the Parliament's Standing Orders, and

(b) any payments in relation to which Rule 9.12.4 of the Standing Orders applies,

arising in consequence of the Act.—[Ross Finnie.]

**The Presiding Officer:** The question on the motion will be put at decision time.

## Business Motion

16:59

**The Presiding Officer (Mr George Reid):** The next item of business is consideration of business motion S2M-2018, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a business programme, and an amendment to the motion. Any member who wishes to speak against the motion should press their request-to-speak button now.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 24 November 2004

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Executive Debate on Green Jobs
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 25 November 2004

9.30 am	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Green Party Debate on Food
12 noon	First Minister's Question Time
2.00 pm	Question Time— Enterprise, Lifelong Learning and Transport; Justice and Law Officers; General Questions
3.00 pm	Executive Debate on Violence Against Women
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Wednesday 1 December 2004

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Public Petitions Committee Debate on Public Petition PE535
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 2 December 2004

9.30 am	Parliamentary Bureau Motions
<i>followed by</i>	Executive Business



12 noon	First Minister's Question Time
2.00 pm	Question Time— Education and Young People, Tourism, Culture and Sport; Finance and Public Services and Communities; General Questions
3.00 pm	Executive Business
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i> <i>Curran.]</i>	Members' Business—[ <i>Ms Margaret</i>

**The Presiding Officer:** I call on Bill Aitken to speak to and move amendment S2M-2018.1.

16:59

**Bill Aitken (Glasgow) (Con):** Some six weeks ago, Parliament waited with considerable anticipation for what would have been the first major statement by the newly appointed Minister for Finance and Public Service Reform, Tom McCabe. That statement was to be on efficiency in local government. However, for perfectly justifiable and understandable reasons to do with differing parliamentary priorities at that stage, the statement was pulled.

Since then, however, there has been no statement; it has disappeared, and although the matter has been queried from time to time, there is still nothing forthcoming from the Executive on whether or not we will have the opportunity to listen to what Mr McCabe has to say and, more important, whether we will have the opportunity to question him.

The matter could have been allowed to rest had it not become somewhat more urgent. I quote from today's edition of *The Herald*, which carries the headline, "Council payroll tops 250,000 as 19 people a day are recruited", followed by a story that highlights how additional staff have been recruited by local authorities in recent times, to the extent that a significant number of people in Scotland are employed in the public sector and particularly by councils.

**Members:** Yes.

**The First Minister (Mr Jack McConnell):** Teachers and police.

**Bill Aitken:** Ah, yes. That is indicative of the public sector thinking that predominates in this Parliament. Mr McConnell may say that there are extra police, but we are certainly not seeing the results of having all those extra police, are we?

Yesterday, when the Parliamentary Bureau considered the business programme, there was no mention of a statement from Mr McCabe and there is to be no statement next week from Mr McCabe.

Although there is a slot in the following week, I doubt very much that we shall hear a statement from Mr McCabe then. That is why I lodged my amendment today, although there are other interesting figures.

The question of violence against women is a serious one—[*Interruption.*] Although it may be a matter for jocularity for Mr Stone, for the rest of us it is most certainly not. However, debates on domestic violence, domestic abuse and violence against women are not unknown in this chamber, nor should they be.

**Carolyn Leckie (Central Scotland) (SSP):** Women are still getting hammered.

**The Presiding Officer:** Order.

**Bill Aitken:** When I asked yesterday, I was told that there was an international dimension to the debate, which may bring some more information before Parliament and may be something on which we wish to express a view. I suggest today not that the debate be scrapped, but simply that it be curtailed to allow time for Mr McCabe's statement, for which we have now been waiting for six weeks. Surely there is nothing new to be said on domestic violence—we all totally abhor it. Surely no one in this chamber will say that they approve of it, so what is the purpose of a two-hour debate? Let us have an hour-and-a-quarter debate to enable the international aspect of the matter to be dealt with, and let us get down to business that would have perhaps a more immediate impact—local government services and the soaring number of people who are employed in the public sector.

I move amendment S2M-2018.1, to leave out

"3.00 pm            Executive Debate on Violence Against Women"

and insert

"3.00 pm            Ministerial Statement on Efficient Government"

3.45 pm            Executive Debate on Violence Against Women"

**The Presiding Officer:** Mr Rumbles wishes to speak against the motion.

17:03

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** We recently had a very important debate on domestic violence against women. Ministers are now advocating another debate on violence against women next week. I am concerned that we are sending the wrong message to other victims of violence, notably children and men. I believe that it would be absurd to have separate debates for those victims, and I do not advocate such exclusive debate.

However, I hope that the Minister for Parliamentary Business will schedule a debate

soon in which we can practise what we are supposed to preach here in the Scottish Parliament. We need an inclusive approach and we need equality of treatment; a victim is a victim. Surely we need to schedule a debate that shows that we as a Parliament acknowledge that violence in all its forms and against any victim—man, woman or child—is wrong, and we need a less exclusive approach when we choose such important topics for future debates.

17:04

**The Minister for Parliamentary Business (Ms Margaret Curran):** I am grateful for the opportunity to respond; I shall deal with each speech in turn. I find it sad that I have to say this, but it comes as no surprise that the Tories seek to cut back the time that we have to debate violence against women. Bill Aitken's speech revealed the Tories' lack of understanding of the issue and certainly revealed how they prioritise it. If Bill Aitken thinks that we have said all that there is to say on domestic abuse, he is sadly mistaken and there is not a victim of domestic abuse in Scotland who would concur with his view.

Much more has to be said. For the record, I clarify for Mike Rumbles and Bill Aitken, who demonstrated their lack of familiarity with the subject, that there is a distinction to be made between domestic abuse and the broader issue of violence against women, which includes sexual abuse, rape and such like. The problem is extraordinarily important and widespread and it commands great attention and focus. That is why no less a body than the United Nations has said that a day in November will be the international day for the elimination of violence against women. I hate to tell Mike Rumbles and Bill Aitken this, but Governments from all round the world have associated themselves with that day and with that campaign.

I say with all sincerity that it is to Bill Aitken's considerable disgrace that on this matter he finds himself out of step with all the leading Governments in the world; it dishonours him to use the subject to make such a cheap political point. We are happy to talk about the great number of staff that we employ, including teachers, social workers and police. The Conservatives usually suggest that we should employ them.

**David McLetchie (Edinburgh Pentlands) (Con):** Where is the statement?

**Ms Curran:** I make it clear to Mr McLetchie that the Executive will bring issues to Parliament when we think that it is appropriate to do so. We will not be manipulated by cheap debating points that are made by the Tories.

I turn to the points that were made by Mike Rumbles. He has raised those points with me and many others on a number of occasions. I say to him that Parliament has spoken on the issue with considerable majorities year in and year out; still, he continues to raise the same points. The points that he made today reveal a deep misunderstanding of the issue. First, I do not think that he recognises the scale of the problem of violence against women in Scotland. There seems to be a false dichotomy in his mind; he suggests that our discussing violence against women means somehow that we cannot discuss violence against men or violence against children. That is illogical. A person's being pro-woman does not make him or her anti-man. That has been the politics that we have always been associated with.

I urge Parliament to agree to the business motion today and to let this Parliament—the newest Parliament in the world—take its place proudly in saying, on the day that the United Nations has designated as the international day for the elimination of violence against women, that we are determined to tackle violence against women.

**The Presiding Officer:** There are now two questions to be put. The first question is, that amendment S2M-2018.1, in the name of Bill Aitken, be agreed to. Are we agreed?

**Members:** No.

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

#### FOR

Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Johnstone, Alex (North East Scotland) (Con)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (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)

#### AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baird, Shiona (North East Scotland) (Green)  
 Baker, Richard (North East Scotland) (Lab)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Canavan, Dennis (Falkirk West) (Ind)

Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Frances (West of Scotland) (SSP)  
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Fox, Colin (Lothians) (SSP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, 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)  
 Kane, Rosie (Glasgow) (SSP)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 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)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, Tavish (Shetland) (LD)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

## ABSTENTIONS

Adam, Brian (Aberdeen North) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Grahame, Christine (South of Scotland) (SNP)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Neil, Alex (Central Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Welsh, Mr Andrew (Angus) (SNP)

**The Presiding Officer:** The result of the division is: For 17, Against 81, Abstentions 22.

*Amendment disagreed to.*

**The Presiding Officer:** The second question is, that motion S2M-2018, in the name of Margaret Curran, 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)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Frances (West of Scotland) (SSP)  
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Fox, Colin (Lothians) (SSP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, 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)  
 Kane, Rosie (Glasgow) (SSP)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 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)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, Tavish (Shetland) (LD)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### AGAINST

Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Johnstone, Alex (North East Scotland) (Con)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (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)

Cunningham, Roseanna (Perth) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Grahame, Christine (South of Scotland) (SNP)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Lochhead, Richard (North East Scotland) (SNP)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Neil, Alex (Central Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Welsh, Mr Andrew (Angus) (SNP)

**The Presiding Officer:** The result of the division is: For 81, Against 17, Abstentions 22.

#### *Motion agreed to.*

That the Parliament agrees the following programme of business—

Wednesday 24 November 2004

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Executive Debate on Green Jobs
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 25 November 2004

9.30 am	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Green Party Debate on Food
12 noon	First Minister's Question Time
2.00 pm	Question Time— Enterprise, Lifelong Learning and Transport; Justice and Law Officers; General Questions

3.00 pm	Executive Debate on Violence Against Women
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<i>followed by</i>	Parliamentary Bureau Motions
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5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Wednesday 1 December 2004

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Public Petitions Committee Debate on Public Petition PE535
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions

5.00 pm Decision Time  
*followed by* Members' Business  
 Thursday 2 December 2004  
 9.30 am Parliamentary Bureau Motions  
*followed by* Executive Business  
 12 noon First Minister's Question Time  
 2.00 pm Question Time—  
 Education and Young People,  
 Tourism, Culture and Sport;  
 Finance and Public Services and  
 Communities;  
 General Questions  
 3.00 pm Executive Business  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business

## Parliamentary Bureau Motions

17:09

**The Presiding Officer (Mr George Reid):** The next item of business is consideration of three Parliamentary Bureau motions.

*Motions moved,*

That the Parliament agrees that the draft Abolition of Feudal Tenure etc. (Scotland) Act 2000 (Consequential Provisions) Order 2004 be approved.

That the Parliament agrees that the Justice 2 Committee be designated as lead committee in consideration of the following instruments—

the Land Registration (Scotland) Amendment Rules 2004 (SSI 2004/476);

the Title Conditions (Scotland) Act 2003 (Rural Housing Bodies) Order 2004 (SSI 2004/477);

the Abolition of Feudal Tenure etc. (Scotland) Act 2000 (Prescribed Periods) Order 2004 (SSI 2004/478);

the Lands Tribunal for Scotland (Title Conditions Certificates) (Fees) Rules 2004 (SSI 2004/479);

the draft Tenements (Scotland) Act 2004 (Consequential Provisions) Order 2004; and

the Tenements (Scotland) Act 2004 (Notice of Potential Liability for Costs) Amendment Order 2004 (SSI 2004/490).

That the Parliament agrees that the Communities Committee be designated as lead committee in consideration of the Charities and Trustee Investment (Scotland) Bill at Stage 1.—[*Ms Margaret Curran.*]

**The Presiding Officer:** The questions on those motions will be put at decision time, to which we now come.

## Decision Time

17:10

### The Presiding Officer (Mr George Reid):

There are five questions to be put as a result of today's business. The first question is, that motion S2M-1463, in the name of Ross Finnie, that the general principles of the Water Services etc (Scotland) Bill be agreed to, be agreed to. Are we agreed?

**Members:** No.

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

### FOR

Adam, Brian (Aberdeen North) (SNP)  
 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)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Cunningham, Roseanna (Perth) (SNP)  
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marilyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lochhead, Richard (North East Scotland) (SNP)  
 Lyon, George (Argyll and Bute) (LD)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)

Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 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)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Morrison, Mr Alasdair (Western Isles) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Neil, Alex (Central Scotland) (SNP)  
 Oldfather, Irene (Cunninghame South) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robison, Shona (Dundee East) (SNP)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Welsh, Mr Andrew (Angus) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

### AGAINST

Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 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)  
 Gallie, Phil (South of Scotland) (Con)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kane, Rosie (Glasgow) (SSP)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 McGregor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (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)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Tosh, Murray (West of Scotland) (Con)

**The Presiding Officer:** The result of the division is: For 96, Against 24, Abstentions 0.

*Motion agreed to.*

That the Parliament agrees to the general principles of the Water Services etc. (Scotland) Bill.

**The Presiding Officer:** The second question is, that motion S2M-1567, in the name of Andy Kerr, on the financial resolution in respect of the Water Services etc (Scotland) Bill, be agreed to. Are we agreed?

**Members:** No.

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

#### FOR

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baird, Shiona (North East Scotland) (Green)  
 Baker, Richard (North East Scotland) (Lab)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Cunningham, Roseanna (Perth) (SNP)  
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)  
 Davidson, Mr David (North East Scotland) (Con)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Ewing, Mrs Margaret (Moray) (SNP)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)  
 Finnie, Ross (West of Scotland) (LD)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, Mr John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lochhead, Richard (North East Scotland) (SNP)  
 Lyon, George (Argyll and Bute) (LD)

MacAskill, Mr Kenny (Lothians) (SNP)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 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)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Morrison, Mr Alasdair (Western Isles) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Mundell, David (South of Scotland) (Con)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Neil, Alex (Central Scotland) (SNP)  
 Oldfather, Irene (Cunninghame South) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)  
 Robison, Shona (Dundee East) (SNP)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, John (Ayr) (Con)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Tosh, Murray (West of Scotland) (Con)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watson, Mike (Glasgow Cathcart) (Lab)  
 Welsh, Mr Andrew (Angus) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### AGAINST

Byrne, Ms Rosemary (South of Scotland) (SSP)  
 Curran, Frances (West of Scotland) (SSP)  
 Fox, Colin (Lothians) (SSP)  
 Kane, Rosie (Glasgow) (SSP)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Sheridan, Tommy (Glasgow) (SSP)  
 Swinburne, John (Central Scotland) (SSCUP)

**The Presiding Officer:** The result of the division is: For 113, Against 7, Abstentions 0.

*Motion agreed to.*

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Water Services etc. (Scotland) Bill, agrees to—

(a) any expenditure or increase in expenditure of a kind referred to in Rule 9.12.3(b)(ii) or (iii) of the Parliament's Standing Orders, and

(b) any payments in relation to which Rule 9.12.4 of the Standing Orders applies,

arising in consequence of the Act.

**The Presiding Officer:** The third question is, that motion S2M-2011, in the name of Margaret Curran, on the approval of a Scottish statutory instrument, be agreed to.

*Motion agreed to.*

That the Parliament agrees that the draft Abolition of Feudal Tenure etc. (Scotland) Act 2000 (Consequential Provisions) Order 2004 be approved.

**The Presiding Officer:** The fourth question is, that motion S2M-2012, in the name of Margaret Curran, 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 following instruments—

the Land Registration (Scotland) Amendment Rules 2004 (SSI 2004/476);

the Title Conditions (Scotland) Act 2003 (Rural Housing Bodies) Order 2004 (SSI 2004/477);

the Abolition of Feudal Tenure etc. (Scotland) Act 2000 (Prescribed Periods) Order 2004 (SSI 2004/478);

the Lands Tribunal for Scotland (Title Conditions Certificates) (Fees) Rules 2004 (SSI 2004/479);

the draft Tenements (Scotland) Act 2004 (Consequential Provisions) Order 2004; and

the Tenements (Scotland) Act 2004 (Notice of Potential Liability for Costs) Amendment Order 2004 (SSI 2004/490).

**The Presiding Officer:** The fifth and final question is, that motion S2M-2013, in the name of Margaret Curran, on the designation of a lead committee, be agreed to.

*Motion agreed to.*

That the Parliament agrees that the Communities Committee be designated as lead committee in consideration of the Charities and Trustee Investment (Scotland) Bill at Stage 1.

**The Presiding Officer:** That concludes decision time.

## Pools Companies

**The Deputy Presiding Officer (Murray Tosh):**

The final item of business today is a members' business debate on motion S2M-1912, in the name of Roseanna Cunningham, on pools companies holding Scottish football to ransom. The debate will be concluded without any questions being put.

*Motion debated,*

That the Parliament expresses its concern at the decision by Littlewoods, Vernons and Zetters football pools companies to cease payment to the Scottish Football League (SFL) of copyright payments for the right to use SFL fixtures in their pools games; notes that, for this season, the SFL was scheduled to receive around £600,000, which would have meant an income of some £20,000 for each club; recognises that 20% of the SFL's commercial income comes from this source and that this decision will have a major impact on the finances of every member club of the SFL, and therefore believes that the three pools companies should reverse the decision.

17:14

**Roseanna Cunningham (Perth) (SNP):** I am grateful for the opportunity to bring this debate to the chamber. I am also grateful to Geoff Brown—who is, of course, the chairman of my local senior football club, St Johnstone Football Club—for bringing the issue to my attention in the first place. I know that other clubs will have been in touch with members about the same issue.

The debate is about football and, I guess, about gambling. Football is devolved while gambling is reserved. I have taken up the issue with the Minister for Tourism, Culture and Sport here in Scotland, while my Westminster colleague Annabelle Ewing MP has written to the minister in London who is responsible for gambling and I hope that the two ministers will at least talk to each other about it.

In his initial letter to me, Geoff Brown spelled out the situation. Since 1960, the Pools Promoters Association—which comprises Littlewoods, Vernons and Zetters—has made copyright payments to the Scottish Football League, as it has done to the other three leagues, for the right to use the SFL's fixtures in its games. However, as of this season, the pools companies have stopped all payments to the leagues.

The SFL distributes all the money that it gets from the pools companies directly to the clubs. This season, the SFL was due to receive around £600,000, which would have meant an income of some £20,000 for each club. If we bear in mind the financial knife edge on which many clubs operate, it becomes clear how incredibly important that money is to their survival. In fact, the revenue from the pools companies amounts to 20 per cent of the SFL's commercial income.



The SFL has provided me with further background on the dispute. Originally, the payment was based on a percentage of the stakes that the pools companies received, minus prize fund allocation, Government tax and payments to charities. When discussions began for a new contract this season, the Pools Promoters Association sought to change the basis on which royalties were calculated. It proposed a heavily reduced fixed fee or a reduction—from 4.75 per cent to 1 per cent—in the percentage of the stakes that the pools companies received that went to football. It is understandable that that major cut was rejected by the leagues.

I admit that I may have been a little harsh with the pools companies in the title for the debate and I understand that they have been having a difficult time since the establishment of the national lottery. I wrote to the pools companies and this afternoon I met Gary Speakman of the Pools Promoters Association, who, along with a colleague, is in the gallery to listen to the debate. I know that they do not want to cause football harm. It is their view that any intransigence that there has been in the negotiations has been on the part of Football Dataco Ltd, which acts as agents for the two Scottish and two English football leagues.

**Dennis Canavan (Falkirk West) (Ind):** In a letter to me, Littlewoods has claimed that

“no monies are currently being held back from Football, as there is no agreement in place”

between the pools companies and the football leagues. Is that not an admission by Littlewoods that it is acting unlawfully by using football fixtures without the permission of the football leagues?

**Roseanna Cunningham:** I understand that considerable legal debate on that matter is going on in the background. However, the fact is that a long-standing agreement has now come to an end and nothing has taken its place; that is what is causing the problem.

We know that the pools companies are in difficulty. The turnover of Littlewoods has declined from £800 million in 1993 to £89.7 million in 2003 and employee numbers have fallen from 5,000 to 300 in same period. According to Vernons, the industry has lost 90 per cent of its customers and revenue to the national lottery, which now dominates what it calls the long-odds betting market—I take that to mean that people who participate in it do not have much chance of winning anything. As a direct result of a Government decision in 1994 to establish the lottery, the turnover of Vernons has declined to the extent that it has reduced its work force in Liverpool from 1,050 to 120.

I have no doubt that the pools companies will also be worried about the potential impact of the

planned loosening of the gambling laws. There is a huge difference between the weekly punt on the pools, which is almost a part of our way of life, and the slot-machine alleys and mega-casinos that are being touted at Westminster.

There is a symbiotic relationship between the pools and football. Many small team names and places are widely known simply because they appear in the classified results. However, the face of betting on football matches is changing and there is no doubt that there is an imbalance between what the pools companies have been paying and what is paid by bookmakers, for example, who use the same data for telephone and internet betting. That is part of the problem that Dennis Canavan referred to. A bookmaker such as William Hill will have paid about £0.1 million in total over the past three years, whereas Littlewoods has paid closer to £10 million over the same period. I understand and appreciate all that.

It is clear to me that the Westminster Government has a role to play in putting the situation right, as the root of the problem lies in the establishment of the national lottery, which has had a devastating effect on the pools industry. However, there is also a role for the Scottish Executive to play in trying to secure a successful resolution to the matter. We have debated the state of Scottish football in the chamber before—indeed, the debate was one of those rare occasions when the Executive parties supported a Scottish National Party motion.

The bottom line for me is that most SFL clubs are small community clubs. They are also businesses that are in a delicate financial state. We are talking about people's continued employment as well as their continued enjoyment. Kenny MacAskill said in the debate in February:

“Scottish football finds itself in troubled times. The list of clubs in financial trouble reads like an excerpt from a hall of fame. More may follow those that have already been engulfed. Others, professional or not, are in debt or at best cash strapped.”—[*Official Report*, 11 February 2004; c 5695.]

Although I have focused on the SFL clubs, I have no doubt that some of the Scottish Premier League clubs are also feeling the pressure—we know that a number of them are teetering on the edge of bankruptcy. Any disruption in the flow of anticipated revenue will be difficult for them to deal with.

The purpose of the debate was never to point the finger of accusation at any one sector in particular, but to highlight the issues involved. I urge the parties to come to an agreement before it is too late for some of our financially weaker football clubs. I also urge the Executive to play whatever part it can in ensuring that some kind of compromise is arrived at.

17:21

**John Swinburne (Central Scotland) (SSCUP):**

I thank Roseanna Cunningham for bringing this important topic to the chamber. I declare an interest as a director of Motherwell Football Club and an employee of the club for the previous 25 years. During that time, I was closely associated with the commercial side of football. Having attended many league meetings, I can say that the importance of the game can never be overstated.

We live in times when foreign imports can command salaries of around £30,000 or £40,000 a week. For some clubs, however, £20,000 per annum is a sum that, if taken away, could lead to their demise. The most important contribution that the £20,000 input makes to the smaller clubs—let us call them that—is in funding their youth development work. All over the country, in scattered little villages and towns, young people are being given the opportunity to show their footballing skills, to enhance those skills, to become members of their local team and perhaps to move on to higher grades of football. All that is of the utmost importance.

Unfortunately, football is going through a traumatic time. If there were some way of legislating for it, I would love to see the money from the pools being allocated only to the clubs that field a maximum of three foreign players in their teams. If a club did not comply with that rule, no money would be accorded to it. However, that suggestion might be a bit controversial.

The beauty of the pools contribution is that all the clubs right across the board—from East Stirling Football Club to Falkirk Football Club—received £20,000 or thereabouts. When clubs are having to do their sums in trying to make ends meet—I am thinking of East Stirling Football Club, which is allegedly one of the clubs with the lowest pay in the country—£20,000 is an enormous sum to take out of the equation.

It is wrong of any group of pools promoters to walk away from an agreement that has been standing for decades. They cannot simply say, “We cannot afford to pay this,” and think that they can get away with it. They are using the names of football clubs to make money. There must be some legal recourse. I am sure that, if the clubs went to law, they would win. Sadly, however, none of them can afford to take legal action against the big pools companies. The Parliament and the Executive must be able to do something to ensure that the proposed reduction cannot be imposed on clubs in such a draconian fashion.

We should remember that the money is used towards getting young kids out of school and into training sessions; it is used to pay professionals to teach the youngsters the rudimentary skills of the

game. However, the money could be cut off because the pools companies think that they are not making enough profit. Quite frankly, the profit of a pools company is a secondary consideration to the youth development of football in this country.

We have an international game tonight. I do not know what the outcome will be, but people will see one of the most youthful teams that Scotland has ever produced. The average age of about eight of them is 22. Those kids will play their hearts out for their country. Young people could be disadvantaged by not being able to improve and promote their skills because pools companies are taking funding away from clubs, which should not be tolerated. I support Roseanna Cunningham’s motion and thank her for raising the issue.

17:25

**Mr Andrew Welsh (Angus) (SNP):** The sense of concern, the realisation of what is at stake and the desire to seek a sensible solution are already clear in the debate. Professional football is not just a business; it is an important part of Scotland’s culture and communities and it is the foundation of a structure topped by the national team and international club competitions.

The majority of professional football clubs in Scotland are members of the Scottish Football League, which are local clubs in communities throughout Scotland. Today’s debate results from the Pools Promoters Association ceasing payment of fixture royalties, which were worth £20,000 to each SFL member club. That is a huge and threatening loss for the majority of teams. In what was a symbiotic relationship for more than 40 years, the pools companies recognised that they had an obligation to the sport from which they profited. I hope that this debate will encourage a new agreement to the mutual benefit of the football leagues and the Pools Promoters Association.

Given last week’s European Court of Justice judgment threatening an end to the traditional relationship between football leagues and pools companies and with problems extending to other sports, including horse racing, the dispute is part of a much bigger picture.

I call on the Executive to play its part in delivering a sustainable future for professional sports in Scotland. That will require community networks to be strengthened and supported. It will also require a rethink of core funding, especially for SFL members, which do not have anything like the fallback of television revenue or gate receipts that SPL clubs generally have—and all this is taking place in a climate where even SPL clubs are struggling. Public funds are already building up

football at youth and grass-roots levels, but that investment will be pointless if there are no teams left for those young hopefuls to play in and start to fulfil their dreams, talent and potential. Scotland needs a strong network of professional clubs.

As the pools companies have discovered, times have changed. At the business end, with so many competing demands on people's time and money, teams cannot now depend on the attendances that they once attracted. However, that does not mean that the community role of clubs is equally diminished, as clubs continue to boost local economies and identities, provide a source of local employment and attract visitors to their communities on match days.

Football is a fundamental part of Scottish culture and the clubs are an integral part of community Scotland. The Executive claims to promote culture, communities and sport. Will it now recognise the worth of Scotland's professional football clubs in that context and offer them direct support to enable them to secure a viable and sustainable future? If a team goes out of existence, jobs are lost and a source of community spirit and identity is gone. This living part of Scotland's culture must not be allowed to disappear. I hope that tonight we will hear about Executive action to ensure that that does not happen.

17:29

**Mr Jamie McGrigor (Highlands and Islands) (Con):** In no way do I or the Conservative party wish to enter into a legal dispute between two parties. However, I cannot help feeling sorry for the victims of the argument between bookies and pools companies: the ordinary clubs throughout the United Kingdom. Those clubs are loved by their fans and are the grass roots of football, but they are trapped in a fight between pools companies and bookmakers, without any direction, support or encouragement from the Labour Government.

I do not particularly want to politicise a members' business debate. However, Tony Blair and company—and the Scottish Executive—have been issuing statements about getting rid of obesity by making youngsters more active and saying that they are encouraging initiatives to involve people in active sport, but what is a better active sport than football and who will fund those initiatives if the clubs do not exist? Ours is not like some European countries, where the game is subsidised—in Italy, the Prime Minister, Signor Berlusconi, owns A C Milan—although Prime Minister Blair is a dedicated Magpies supporter, which I know because I have read of his fantastical anecdotes of Newcastle United Football Club matches that he attended when he was a boy.

I am not privy to the past negotiations between the pools companies and the Government, but sensible arrangements have been agreed, such as the extra funding from the pools companies for all-seater stadia in return for less betting duty after the Hillsborough disaster. However, in 2003, the Labour Government allowed the three pools companies to cease funding the Football Foundation charity, which used to get 3 per cent of the income of gross stakes. What a shame. That body has done much for the grass roots of football, including the domesday book project that set out to assess the conditions of all the grounds, buildings and facilities in order to make a database for the United Kingdom. The Football Foundation has had its funding stopped, but the Government's sports and arts councils still get their 3 per cent of the gross stakes; those bodies—regrettably—seem more concerned with the glamour of the top clubs than with the potential seedcorn from which it all comes.

I am not surprised that the 114 football clubs that are not part of the Premier League are bitter when they receive so little help or direction from a Government that does not practise what it preaches and does not seem interested in the muddy origins or the blood and guts of most of the football that is played in this country. The Government must realise that, since 1881, football has been part of British culture—especially Scottish culture—and that success or failure in football can affect the morale of our nations and every city and town that has its own football club.

Football Dataco, which, since 2001, has collected the licence fees that the pools companies and the bookies pay, has explained to me that, although the pools companies would like to switch to a fixed-rate levy like that enjoyed by the bookmakers, it wants the bookies to be on the same system as the pools companies. The pools companies have a valid point: not only has their income dropped, but they pay more than £3 million annually, whereas the large bookmakers have been paying only £22,000. The pools companies cannot want to prevent the clubs from flourishing, but we now have a situation in which Football Dataco is in conflict with the bookies and the pools companies, so no one is paying any money into the internal mechanism that distributes money down the family tree of football and provides the less-well-off clubs with revenue that is vital to their existence. If they are already strapped for cash, the SFL clubs will find it hard to fund a court case, which would only be likely to line the pockets of lawyers.

I agree with Roseanna Cunningham that a compromise is needed. It surely would be more sensible for all concerned—the pools companies and the bookies, which would both benefit from the nation's love of football—to sit down with

Football Dataco and sort out a fair way of putting enough back into the goose that lays the golden egg to keep the goose laying and the smaller clubs playing.

17:33

**Michael Matheson (Central Scotland) (SNP):** I apologise, because I might have to leave early due to a constituency engagement. However, I congratulate Roseanna Cunningham on securing time to debate this important issue.

Like other members, I have received representations from a number of football clubs. The headline figure of £20,000 alone does not appear to be a lot of money, but the reality is that clubs in the SFL will lose money. Those are the smaller, community-based clubs in Scotland, many of which operate financially on the margins. To the SPL-member clubs, £20,000 might not be a lot of money, but to clubs such as East Stirlingshire FC, it is a considerable amount. George Craig, the managing director of Falkirk FC, put it to me that the situation has serious financial implications for his club, which is one of the largest in the SFL.

It is important to emphasise the fact that the clubs that we are talking about are community based. They involve schools, local community networks and the local community in a wider sense. They play a valuable and important role in the community.

I recognise that the Executive finds itself in a difficult position with respect to this matter. Technically, it is a dispute between two private organisations, so we might ask what the Executive's locus is in trying to resolve the issue. When clubs begin to get into financial difficulties, the first area that they start to cut is often their community services—the community aspect of developing local football players or local clubs. I suspect that, if there is not a suitable resolution to the matter, that is the very first area in which a number of clubs will consider cutting back their expenditure. The Executive has a role to play, because that community aspect is a key part of any strategy to try to encourage young people to get physically active, to get involved with their local football club and—I hope—to play for their nation at some point in the future. Therefore, I believe that the Executive has a locus in trying to ensure that the matter is addressed.

I have real concerns about the way in which the pools companies have gone about things. I quote George Craig, managing director of Falkirk FC, who states in a letter to me:

"The Pools Companies have unilaterally withdrawn payment as part of their campaign to introduce a different formula for calculating copyright fees that would significantly reduce their payments to football."

That action has been carried out by the pools companies as part of their campaign to force the hands of the poorer football clubs so that they agree to a financial settlement that does not, in fact, reflect the market value of what they are providing. It is a cynical approach, which I do not accept.

I recognise that the pools companies have had financial difficulties with the introduction of the national lottery and that they have made significant financial contributions to the game of football over the years, but for them to act in such a unilateral fashion while recognising the serious implications that could be faced by smaller clubs is not acceptable. I hope that the Executive will be prepared to apply pressure to the pools companies to try to achieve some sort of compromise.

17:37

**Christine May (Central Fife) (Lab):** I, too, thank Roseanna Cunningham for bringing the debate to Parliament tonight. I should declare an interest: only today, I accepted an invitation to be a co-opted member of the board of the East Fife Supporters Trust—perhaps not for my knowledge of football, which is legendarily poor, but I hope because of what I can bring to the supporters trust and for what we can bring to the community collectively.

Like Roseanna Cunningham, I thank the chairman of East Fife Football Club, Derrick Brown, who wrote a letter that I have copied to all members—I suspect that it is the round robin that reached everybody here. It shows the level of concern that is felt among football clubs, although I can speak only for East Fife, which is a proud team from a proud area. East Fife has just raised significant funds to complete the acquisition of its ground and its title. That is quite a momentous event in my constituency and for the Methil area in particular.

Whether it is to do with pools companies' inability to pay because of the lack of legal agreements, or to do with a lack of willingness to conclude such agreements, the impact of the decision that has been taken is worrying for clubs and communities.

My earliest football-related memory is of my dad finally agreeing that I was old enough to be given a pencil and the Saturday newspaper when "Sports Report" came on what I think was then the home service. Is anybody else here old enough to remember its signature tune? I do. I would write down the results—there was a set form on which to do so. We did that so that we could check the pools coupon to see whether we had won. Did we? No. We never won.

I remember results such as East Fife 10, Cowdenbeath 0—unfortunately it was usually 0, even then—and teams such as Stirling Albion and Brighton and Hove Albion, which I thought was all one word. I did not know where it was, because I was a little girl from the suburbs of Dublin and had never heard of any of those places. As Roseanna Cunningham said, we knew of those places just because of their association with the pools and the lists that were read out.

I am not asking the minister, as others have, to commit to funding football clubs. I do not think that that would be the right thing to do. However, I ask the minister, as others have done, to consider whether there is scope for her to find a solution and whether it would be appropriate for her to make contact with her counterpart in Westminster—as far as I am aware, this is not just a Scottish issue—to see whether politicians can help broker a solution.

Football is important and football clubs are important in our communities because of the economic benefits that they bring and because communities can use their facilities. We really want to help to support them so that they can remain in our communities.

17:41

**Rob Gibson (Highlands and Islands) (SNP):** Roseanna Cunningham focused on the nub of the issue and I thank her for raising it. Recent correspondence that we have had from the pools companies explains how they hope we can get out of the problem. Today I received a letter from Littlewoods Gaming Ltd, which states:

"We have been keen to maintain a constant and open dialogue with Football Data Co, the company appointed by the Leagues to represent them in this matter. Football Data Co entered into a public consultation regarding the licence payments in February of this year. As part of this consultative process we asked that Football Data Co consider equitable treatment of football pools and bookmaking. We advised Football Data Co in writing (August 2004) that if a commercially acceptable agreement could be reached, Littlewoods Football Pools would pay any agreed level of monies in connection with the 2004/5 season effective from the beginning of the season."

It is important to put those words on the record to underline the fact that although people have been concerned that we are trying to deal with a private dispute, we are talking about the commitment of one football pools company to pay back the money that football clubs thought they were due this season. It would be useful to know the attitude of other pools companies in that respect, because it is important that the money flows in due course. If we had that guarantee, it might be possible for the minister to broker some sort of deal. I hope that she will tell us how she might go about that.

Clubs such as Ross County Football Club, which is in my neck of the woods and has been setting up a football academy and building a future on the basis of its being a strong community club, should not have to face the kind of blow that this crisis has dealt. All members know of clubs that require the sort of approach that Ross County is taking. It has been go-ahead in its attitude and has found ways to get finance to support its football academy.

The problem is that changing betting habits are reducing the amount that the football pools companies can offer. That issue has been creeping up on us for a long time. We have heard the figures about reductions in staff in the pools companies and their reduced revenue. If their revenues continue to decrease, which is entirely possible, we will have to find some other method to recompense the football clubs that relied on the money. Can the minister assure us that there will be a means by which to intervene at an early stage to ensure that the cash flow continues and that the other pools companies are prepared to make back payments when the problem is resolved?

17:45

**Alex Fergusson (Galloway and Upper Nithsdale) (Con):** Like other members, I congratulate Roseanna Cunningham on securing the debate on her motion, to which I was happy to attach my signature. She and Christine May both spoke about the fact that people often remember football clubs because they heard their names being read out during the results. It is funny that Christine May mentioned Cowdenbeath in that regard because I have, as long as the two teams have been in the same league, always tried to ensure that I catch the result of any match between Stranraer and Cowdenbeath. Sadly, when I first started doing that—I fear that it must have been on the home service, because I am sure that I am older than Christine May—the score was nearly always Stranraer 0, Cowdenbeath 0. However, if there happened to be a goal, it usually ensured that one or other of those clubs got out of their position at the bottom of the league. I was interested in those two clubs because I was at school near Cowdenbeath and was born in Stranraer. Times have changed, and Stranraer is now doing extraordinarily well.

Andrew Welsh was quite right when he spoke about the importance of a club to its community. It is notable that, on the back of the success of its football club, Stranraer is bursting with pride, enthusiasm and a renewed sense of confidence. The letter that I received from that club's secretary—I am sure that Christine May and everyone else received it as well—stresses what

£20,000 means to the community that the club represents.

I recognise the problems of the pools companies, to which everyone has referred, and I can understand their desire to renegotiate. However, I have to say that I am concerned about the procedures and tactics that are being employed. The reasons for those tactics being used were put extraordinarily well by Michael Matheson. The language that has been used is confrontational and aggravating—it is as if a challenge has been issued to the clubs to take the pools companies to court if they do not like the situation. Of course the smaller football clubs—and, these days, probably the bigger ones—simply cannot afford to do that.

The correct way to renegotiate is to do just that: to negotiate again around a table over a set period of time while current agreements continue. The incorrect way is to hold a £20,000 double-barrelled shotgun to the heads of clubs such as Stranraer. The size of the club is unimportant; that is a big weapon to hold against them. I hope genuinely that all parties in the dispute can get around the table and that the pools companies can reconsider the tactics that they have used as a result of their understandable desire to renegotiate.

Finally, I hope that, after this debate, the minister will do everything that she can to bring about an acceptable solution for all the parties.

17:48

**Alasdair Morgan (South of Scotland) (SNP):** I am no longer a weekly attender of football matches. When I was, the highlight was when I saw Dundee—that was in the days when there was really only one professional club of any importance in the city—win the league championship. I apologise to Roseanna Cunningham for the fact that, in doing so, they beat St Johnstone and relegated that team to the second division.

Roseanna Cunningham is right about the competition that exists in relation to lottery funding. Since many of us have gone down memory lane, I will say that I remember certain adverts on the sides of buses—actually I think that it was trams—

**Roseanna Cunningham:** Were they horse-drawn trams?

**Alasdair Morgan:** No, they were not. The adverts trumpeted the advantage of investing in the pools, which seemed to be that people could win something like a five-figure sum. The irony, of course, is that, although people can now win seven or eight-figure sums on the lottery, less money goes to the clubs than when the pools gave out five-figure prizes.

We should recognise, as Michael Matheson noted, that small football clubs in particular are exemplars for their community and help to get young people involved in sport and football. That is important at a time when the Executive and the Parliament want to encourage people—for all sorts of reasons, such as the effect on their health—to become fitter and start being engaged in sport.

As Andrew Welsh said, football clubs play an important role in the local economy as purchasers of goods and services. Alex Fergusson mentioned the example of Stranraer Football Club, which is currently top of the second division. Stranraer and all the other small clubs that have been mentioned perform miracles every week. I think that that club has gates of around 500 or 600 at home games. For away games—this applies to Ross County and Stranraer—clubs have to travel vast distances. Second division clubs such as Stranraer have to travel to places such as Berwick and Forfar. In fact, I last saw Stranraer at Station park in Forfar. They have to travel from areas in which transport links are not brilliant. Alex Fergusson and I have raised that matter many times.

As other members have said, we are talking about clubs that are very much community clubs. Christine May pointed out that the clubs depend very much on local fundraising, which they do successfully. They are a far cry from the plc status and image of clubs such as Rangers and Celtic. Even to balance their books each year, the clubs hope that they will either get a good run in the Scottish cup or that they will have a player who is good enough to sell at the end of the year. The pools contribution has therefore been vital to their finances.

In conclusion, I reiterate what Christine May said. I urge the ministers here and south of the border—it is clear that English clubs are involved, because they are either in the Scottish league or in the English league—to use their good offices to try to reach a solution to such an important problem.

17:51

**Mike Watson (Glasgow Cathcart) (Lab):** I declare an interest. I am a director of Dundee United Football Club. I will say no more on that subject or on that city in reply to what Alasdair Morgan said, other than that he must be even older than he looks.

I was interested in Christine May's reference to East Fife Football Club and the pools companies. I remember being told as a very young boy that the results announcer's absolute nightmare is apparently having to say, "East Fife 5, Forfar 4", which happened at one time. I hope that that never happens again for the announcer's sake.

I would like to speak a bit about Queen's Park Football Club, which is in my constituency. The

club was formed in 1867, no less, and is Scotland's oldest football club. I have received communications from the club, as other members have received communications. David Gordon, who is the chairman, wrote to me in similar terms to those in the communications that other members have received.

One problem that has not been referred to so far in respect of fall-out if the pools companies are allowed to get away with ceasing what I regard as the fair dues of football clubs is that some of that money could be lost for ever. I have been told that there seems to be a tendency for pools companies to look to the English Football Conference League, which is the league just below the lowest Football League division. That league seems to be receiving more pools coverage than it has ever received previously, and that could be happening at the expense of Scottish clubs in the long term, which would be damaging.

Some £20,000 a year is a lot for a Scottish Football League club, particularly for clubs that are not full time. As almost every member who has spoken has said, each and every club is a community club, and it would be a grave loss to their community if they slipped under.

The ghost of a previous football league club ground—Cathkin park, which is where Third Lanark Football Club played—is close to the national stadium at Hampden, where Queen's Park play their games. Third Lanark went bankrupt and slipped out of existence in 1967. I still meet people in the community who say to me that they have never been to a senior football match since Third Lanark collapsed. They say, "I can't bring myself to watch anybody else—Third Lanark was my club." That is the way things are in football—people cannot transfer their allegiances.

There is more input to football than simply attending matches. People in the lower league clubs tend to do a lot for them, apart from simply turning up on a Saturday. If that is lost, a lot will be lost in the community. The youth input will also be lost.

David Gordon drew my attention to the fact—which I was well aware of, as many people are—that Queen's Park is, and always has been, an amateur club. The club's players are not paid for turning out. Often, the honour of playing for the club at Hampden is sufficient to attract players to Queen's Park. Of course, Queen's Park has an excellent coaching record and produces many players who go on to play at a higher level.

Mr Gordon said to me that, typically, football clubs'

"variable expenses can be flexed to cope with reductions in variable income."

Of course, if there are no players' salaries as one of the variable costs, that will severely restrict clubs such as Queen's Park even more. Mr Gordon said that if those variable costs include, for example,

"things like the costs of running youth teams (pitches, travel, kit, opposition hospitality, coach development, player admin/registration, etc)",

the potential for making savings in those areas rather than in respect of the senior team is serious.

I want to make one further comment in relation to the role of the Scottish Executive. Of course gambling is a reserved issue: no one is in any doubt about that. However, I wrote to the minister on the issue two or three weeks ago, as I believe that she has a role to play through her relationship with Tessa Jowell, the Secretary of State for Culture, Media and Sport. With all due respect to her, Tessa Jowell will know little about Scottish football and will not be able to say in which towns or cities Albion Rovers, Raith Rovers, Queen of the South or Queen's Park have their home grounds. It is important, and MPs have also written to her on the matter.

The pools companies need to be told that they have to take a responsible attitude to this. If there is a difficulty with some bookmakers, we should get that sorted out. The minister—certainly at Westminster—needs to bang a few heads together and say that there are broader issues to be addressed. I hope that this debate and the message that Patricia Ferguson can take to Westminster will help all Scottish Football League clubs to secure their future.

17:55

**The Minister for Tourism, Culture and Sport (Patricia Ferguson):** I, too, congratulate Roseanna Cunningham on securing this evening's debate on an issue that is crucial to the Scottish Football League and its member clubs.

The Executive is committed to working in partnership with the football authorities to ensure a prosperous future for Scottish football. Implementation of the action plan for youth football will ensure that more young people come into the game, which can only benefit clubs in the SFL—a point that was recognised by John Swinburne. The decision of the pools companies to stop payments to the SFL for use of the fixture list will have an impact on the SFL. Their decision is regrettable and I urge them to reconsider such drastic action. The SFL is not the only league to be affected by the decision, but the financial consequences here are possibly the most severe. To a club in the premiership in England, £20,000 may be little more than pocket change, but to the team that I

support—Partick Thistle—and smaller clubs, such as East Stirlingshire, £20,000 can, as members have said, help to balance the books.

It is important that we understand the issue that is under discussion. The pools companies have been long-standing supporters of Scottish football for more than 40 years. As Roseanna Cunningham said, since 1959 they have made copyright payments to Scottish football for the rights to use the fixture lists. Similar payments have been made in respect of fixtures in the English leagues. In May 2004, the contract with the pools companies expired and the pools companies wanted to introduce a different formula for calculating the copyright payments, which would reduce their annual payments to the SFL from around £20,000 to £1,000 per annum for each club. The SFL and others have been in negotiation with the pools companies but, to date, no agreement has been reached. I sincerely hope that negotiations can continue and that we will see a resolution to the situation that is acceptable to both sides.

It is important to recognise the fact that the negotiation is purely commercial and that it would not be appropriate for the Executive to seek to intervene, especially as neither party has approached us to do that. The pools companies have taken a commercial decision in the interests of their shareholders—a decision that has been repeated in a number of countries across the European Union. Like any commercial organisation, the pools companies want to adapt to the climate in which they operate. However, it is the responsibility of those companies to work out with football what their relationship should be. Inevitably, from time to time there will be pressures that the companies and football will have to face up to. Although I have every sympathy with the SFL in this matter, it has to make a judgment about how it should best respond. If it takes the view that its legal rights have been infringed, it has the right to take court action. In making that decision, it will—as members have mentioned—have to weigh up the chances of success against the cost, which will no doubt be considerable. Given recent developments in the European Court of Justice, court action may be a lengthy process. That is why I hope that a resolution that is acceptable to both sides can be found quickly through negotiation.

Over the years, the pools companies have done good work in supporting good causes, especially football. However, overall, good causes in Scotland have benefited by almost £1.4 billion over 23,000 projects in the 10 years since the introduction of the UK national lottery in 1994. Football has also benefited greatly through the £126 million that has been invested in more than 2,700 sports projects in that period.

It is also important to see this issue in the context of the support that the Executive is offering to football. We are supporting the development of the game at youth level and the Executive is fully behind the Scottish Football Association in its implementation of the action plan for youth football.

**John Swinburne:** Last week, we spoke in the chamber about banning smoking. In the centre of a football field is a circle with a line across it. The Executive spent £14 million through advertising companies to put anti-smoking advertising on television. It could replace the money that we are not getting from the pools companies by buying that space from every club in the country for a nominal amount and putting in it an advert of a cigarette in a red circle with a diagonal line through it. It would be subliminal advertising.

**Patricia Ferguson:** That is a very interesting idea. As someone who advertises herself at Firhill, I will pass on the idea to my colleagues who are responsible for that aspect of the Executive's programme.

We need to encourage more young people to come into the sport. A wider playing base and a single unified strategy with more and better coaching should bring more young people through the system. That can only benefit clubs at all levels in Scotland.

Clubs in the SFL can also benefit through the action plan by becoming accredited clubs in the youth initiative programme. They can also become truly community clubs by enhancing the work that they already do and by working with other local clubs in offering young footballers clear pathways to fulfilling their potential. I look forward to seeing that plan being put into action.

The Parliament is also playing its role. The Enterprise and Culture Committee has initiated a report on the financial information that is available to Scottish football and what contribution the Executive and others can usefully make. I understand that the report has been slightly delayed, but I am more than happy to assist with the investigation and I look forward to meeting Richard Baker to discuss the investigation in more detail.

**Alex Fergusson:** With great respect, I cannot help but feel that the minister is slightly sidestepping the nub of the debate in listing the worthy aspirations of the Executive. She said that it might be helpful if any of the parties involved approached the Executive with a view to getting involved. If any of those parties did that, would the Executive get involved in trying to bring about a negotiated settlement?

**Patricia Ferguson:** I made the point that a commercial negotiation is going on and that, to



date, neither of the parties involved has asked the Executive to do that. The SFL has engaged the services of Football Dataco Ltd, and that is where the negotiation currently lies. It would probably not be particularly helpful if the Executive tried to intervene, but there might be other ways in which we can help, and I will mention those shortly.

One area where I am delighted that the Executive has made a telling contribution is in helping to establish Supporters Direct in Scotland. As Christine May mentioned, that is a very important way forward for football. It has allowed a significant number of supporters trusts to be set up. It is a well-worn statement, but supporters are the lifeblood of the game. They invest a significant amount of emotional and financial support in their club. Recognition and acceptance of supporters trusts can offer many of the clubs in the SFL a sustainable future.

I welcome the many contributions made tonight and I am more than happy to speak to my Westminster colleagues about any additional help that we might be able to offer.

**Mr McGrigor:** When the minister is speaking to her Westminster colleagues, will she bring up the point that the water has been further clouded by the Competition Commission, which is totally against the type of fixed-price scheme that the bookmakers have been using up to now?

**Patricia Ferguson:** The problem might be even more deep-rooted than that because it all comes back to what is negotiated on copyright and European judgments that have been made about this matter. This is not just happening in this country; it is happening in other European countries.

Across the board, I am happy with the support that the Executive provides to football. We can never do enough, but what we are doing is right and is appropriately targeted. I understand that the situation represents a setback for Scottish football and I sincerely hope that that setback will be overcome and that the implementation of the action plan for youth football will also help to secure a prosperous future for football in Scotland.

I have no doubt that this debate, which Roseanna Cunningham secured and in which many members have spoken eloquently and with passion, not only about their own football clubs but about football in Scotland more generally, will have helped to focus the minds of the parties who are involved in the dispute. I sincerely hope that both parties come to a helpful resolution in the near future.

*Meeting closed at 18:05.*



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