

MEETING OF THE PARLIAMENT

Wednesday 9 February 2005

Session 2

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Scottish Parliament

Wednesday 9 February 2005

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

Time for Reflection

The Deputy Presiding Officer (Murray Tosh):

Good afternoon. The first item of business is time for reflection. Our leader today is Mr Rawdon Goodier, the Zen Buddhist lay minister affiliated to Portobello Buddhist Priory.

Mr Rawdon Goodier (Zen Buddhist Lay Minister, Portobello Buddhist Priory): Most of my life prior to my retirement was spent working as an ecologist, studying the relationships between living organisms and between them and their environment, trying to influence the interactions between tsetse flies, cattle and people in Zimbabwe, or between deer and trees in the Highlands. The more I learned, the more complex the interactions seemed to become—the saying among ecologists that “It is impossible to do one thing only” was brought home to me very strongly. Any act, however simple, has more consequences than we anticipate, or indeed can anticipate.

A deep intuition about the interconnectedness of everything, generally referred to as “Dependent Origination”, lies close to the heart of Buddhist thought and experience, and indeed appears to have been one of the elements of the Buddha’s enlightenment, manifesting through his meditation practice. A conviction of relationship, variously expressed, is probably common to all religions. It may also be at the root of our specifically human ability to sympathise with the sufferings and joys of others and to express that through compassionate action.

This acknowledgement of interbeing stands in contrast to the sense of the alienation of the isolated individual that we commonly find in contemporary society. On the contrary, it affirms that we are not helpless victims of our genes within a hostile environment but very much part of the whole constitution of the universe—indeed, of its very substance. Many of the problems that mankind faces today seem to stem from a disinclination to acknowledge this fact of interbeing and to act upon it. Instead, we seek to disconnect ourselves from a problem with a quick fix, but the really serious issues, such as global warming and the increasing resistance of disease micro-organisms due to the careless use of antibiotics, do not seem to be amenable to such treatment.

Through the cultivation of an understanding of relatedness we may, with patience, learn to regard

each step on the path of being as an exploration rather than a conquest or defeat and come to perceive events in our lives as benefactions received rather than prizes won. This is a more realistic perspective because indeed everything does come to us, though we have to practise to receive effectively, just as talent requires cultivation. Of course things also come to us that we would rather not receive, which we tend to look upon as penalties rather than prizes, but a world in which this could not happen would be a world without freedom or possibility.

Business Motions

14:34

The Deputy Presiding Officer (Murray Tosh):

The next item of business is consideration of business motion S2M-2400, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a revised programme of business for today.

Motion moved,

That the Parliament agrees the following revision to the programme of business for Wednesday 9 and Thursday 10 February 2005—

Wednesday 9 February 2005

after,

| | | |
|--------------------|--|--------|
| <i>followed by</i> | Stage 3 Proceedings: (Scotland) (No.2) Bill | Budget |
|--------------------|--|--------|

| | | |
|---------|--|----------|
| insert, | Ministerial Statement: Water's Objectives | Scottish |
|---------|--|----------|

Thursday 10 February 2005

leave out,

| | | |
|---------|--|----------|
| 3.00 pm | Ministerial Statement: Water's Objectives—[Ms Margaret Curran.] | Scottish |
|---------|--|----------|

Motion agreed to.

The Deputy Presiding Officer: The next item of business is consideration of business motion S2M-2401, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a timetable for stage 3 consideration of the Water Services etc (Scotland) Bill.

Motion moved,

That the Parliament agrees that, during Stage 3 of the Water Services etc. (Scotland) Bill, debate on groups of amendments shall, subject to Rule 9.8.4A, be brought to a conclusion by the time-limits indicated (each time-limit being calculated from when the Stage begins and excluding any periods when other business is under consideration or when the meeting of the Parliament is suspended or otherwise not in progress):

Groups 1 to 4 – 20 minutes

Group 5 – 40 minutes—[Ms Margaret Curran.]

Motion agreed to.

Water Services etc (Scotland) Bill: Stage 3

14:35

The Deputy Presiding Officer (Murray Tosh):

The next item of business is stage 3 consideration of the Water Services etc (Scotland) Bill. Members should note that two manuscript amendments have been lodged today and have been accepted under rule 9.10.6. Those amendments are set out in the supplement to the marshalled list, which has been placed on members' desks, and will be debated with the other amendments in group 3.

For the first part of the stage 3 proceedings, members should have the bill as amended at stage 2; the marshalled list containing all the amendments selected for debate; the supplemental list that I have already referred to; and the groupings. The normal rules for division timings will apply.

After section 8

The Deputy Presiding Officer: Group 1 is on the licensing of services provided to eligible premises. Amendment 1, in the name of the minister, is grouped with amendments 2, 3, 21 and 18.

The Deputy Minister for Environment and Rural Development (Lewis Macdonald): A key aim of the Water Services etc (Scotland) Bill is to establish a licensing regime to regulate retail competition for business customers that will be managed by the water industry commission. Our policy is that the costs to the commission of administering the licensing regime should be recovered from licence holders. That will be achieved by, for example, charging application fees to cover the work of assessing licence applications.

Section 9(5) provides that ministers will specify such fees in an order. Amendments 2 and 21 seek to remove the provision and a reference to it in section 27 and instead, through amendment 1, we seek to provide that the commission should produce the fees scheme to be approved by ministers. That will mean greater flexibility to ensure that a greater range of different fees can be levied; to allow for variable fees where appropriate; and, subject to consultation and ministerial approval, to ensure that fees can be tailored to meet the costs of the commission's licensing function and do not fall on all water and sewerage customers or the taxpayer.

Section 10 requires the commission to secure the participation of water and sewerage providers in licensing in an orderly manner and in a way that

is not detrimental to the exercise of Scottish Water's core functions. Amendment 3 seeks to add to the direction-making powers in that regard to put beyond doubt that the commission may use its powers to require licensed providers to meet the costs of developing a mechanism or switch engine for handling customer information between licensed providers.

I move amendment 1.

Amendment 1 agreed to.

Section 9—Commission's power to obtain information and charge fees

Amendment 2 moved—[Lewis Macdonald]—and agreed to.

Section 10—Participation of licensed providers

Amendment 3 moved—[Lewis Macdonald]—and agreed to.

Section 12A—Financing, borrowing and guarantees

The Deputy Presiding Officer: Group 2 is on Scottish Water's business undertaking. Amendment 4, in the name of the minister, is grouped with amendments 5 to 7 and 17.

The Minister for Environment and Rural Development (Ross Finnie): This group of amendments seeks to affect the provisions of the bill that relate to the retail undertaking to be established by Scottish Water. Amendment 4 seeks to qualify the order-making power at section 12A(2)(b), under which ministers may prohibit the undertaking from borrowing from "any other person", to provide that that would not be used to prohibit borrowing from Scottish Water itself. For example, an undertaking that is a subsidiary of Scottish Water should be allowed to borrow from its parent company in the same way that any other subsidiary of Scottish Water can.

Amendment 5 seeks to provide ministers with an additional funding mechanism in relation to the undertaking. With this amendment, ministers would have not only the ability to make grants, lend or guarantee borrowing but the power to specify the circumstances in which they can provide equity for the undertaking. That would add to the other funding options available under section 12A. This provision is important, because in some circumstances equity might be the most appropriate form of funding to make available. It is certainly the one that is most closely aligned with public expenditure guidelines. For example, investing equity could place less of a burden on an undertaking than a loan, because ministers could choose to permit dividends to be deferred or reinvested.

Final decisions on how the undertaking will be financed will be taken in light of Scottish Water's detailed proposals on the form that the undertaking will take.

Amendment 6 provides that any equity that is made available to the undertaking may be subject to conditions.

Amendment 7 relates to the transfer that would separate Scottish Water's retail undertaking from Scottish Water. The amendment enables Scottish Water, subject to the consent of Scottish ministers, to transfer property to such an extent and subject to such conditions as it may determine. That flexibility will ensure that a division that makes sense both for Scottish Water and for the retail undertaking can be made. For example, it will allow certain pieces of property to be shared or transferred and partially leased back. Again, the detail of the arrangements will depend on Scottish Water's proposals for the undertaking and will be subject to ministers' consent. The amendment provides flexibility that will help to ensure that retail separation does not require an absolute big bang approach but can be managed in a way that makes sense for Scottish Water and customers.

Amendment 17 provides that an order under section 12A(8A) relating to provision of equity funding to the retail undertaking would be subject to negative parliamentary procedure. I urge members to support the amendments.

I move amendment 4.

The Deputy Presiding Officer: The question is, that amendment 4 be agreed to. Are we agreed?

Members: No.

The Deputy Presiding Officer: There will be a division.

For

Adam, Brian (Aberdeen North) (SNP)
Aitken, Bill (Glasgow) (Con)
Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
Baillie, Jackie (Dumbarton) (Lab)
Baird, Shiona (North East Scotland) (Green)
Ballance, Chris (South of Scotland) (Green)
Ballard, Mark (Lothians) (Green)
Barrie, Scott (Dunfermline West) (Lab)
Boyack, Sarah (Edinburgh Central) (Lab)
Brankin, Rhona (Midlothian) (Lab)
Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
Crawford, Bruce (Mid Scotland and Fife) (SNP)
Curran, Ms Margaret (Glasgow Baillieston) (Lab)
Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Ferguson, Patricia (Glasgow Maryhill) (Lab)
Finnie, Ross (West of Scotland) (LD)
Gibson, Rob (Highlands and Islands) (SNP)
Glen, Marlyn (North East Scotland) (Lab)
Godman, Trish (West Renfrewshire) (Lab)
Grahame, Christine (South of Scotland) (SNP)
Harper, Robin (Lothians) (Green)
Harvie, Patrick (Glasgow) (Green)

Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 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)
 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)
 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)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Swinburne, John (Central Scotland) (SSCUP)
 Swinney, Mr John (North Tayside) (SNP)
 Wallace, Mr Jim (Orkney) (LD)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Curran, Frances (West of Scotland) (SSP)
 Kane, Rosie (Glasgow) (SSP)

The Deputy Presiding Officer: The result of the division is: For 81, Against 2, Abstentions 0.

Amendment 4 agreed to.

Amendments 5 to 7 moved—[Ross Finnie.]

The Deputy Presiding Officer: The question is, that amendments 5 to 7 be agreed to. Are we agreed?

Members: No.

The Deputy Presiding Officer: There will be a division.

FOR

Adam, Brian (Aberdeen North) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Rob (Highlands and Islands) (SNP)
 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, John (East Lothian) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 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)
 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)
 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)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Swinburne, John (Central Scotland) (SSCUP)
 Swinney, Mr John (North Tayside) (SNP)
 Wallace, Mr Jim (Orkney) (LD)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Curran, Frances (West of Scotland) (SSP)
 Fox, Colin (Lothians) (SSP)
 Kane, Rosie (Glasgow) (SSP)

The Deputy Presiding Officer: The result of the division is: For 86, Against 3, Abstentions 0.

Amendments 5 and 6 agreed to.

Section 13—Transfer of staff etc to the undertaking

Amendment 7 agreed to.

Section 18—Scottish Water's charges for water and sewerage services

14:45

The Deputy Presiding Officer: We come now to the third group of amendments, on the charges scheme. Amendment 8 is grouped with amendments 9, 10, 22 and 23. I remind members that amendments 22 and 23 are manuscript amendments that were lodged today.

Lewis Macdonald: The amendments in this group make minor changes to section 18 of the bill, which amends the Water Industry (Scotland) Act 2002, on Scottish Water's charges. Amendment 9 requires ministers to send to the office of the water industry commission for Scotland a copy of any guidance or directions issued or given to Scottish Water. That ensures that the commission is aware of all ministerial requirements on Scottish Water, which it is required to take into account in exercising its various functions in relation to Scottish Water's charges.

Amendment 10 amends new section 29E of the 2002 act to clarify that the commission can consent to a departure from a charges scheme where a customer has done, or has agreed to, something that reduces or increases the cost of providing services. For example, a customer who takes untreated raw water from Scottish Water may continue to be eligible for a reduced charge under the departure provisions of the bill, although, strictly speaking, they have not taken an action to reduce the charge of serving them. As with all departures, the commission would have to be satisfied that the departure was justified in the circumstances of the case.

Amendment 8 is a minor drafting refinement. Amendments 22 and 23 are also relatively minor and consequential, but they were lodged late due to an oversight. I am grateful to the Presiding Officer for allowing them to be lodged as manuscript amendments. They are required in the light of amendments made at stage 2, which inserted new section 17A relating to Scottish Water's duty as a supplier of last resort to continue providing sewerage services directly to customers where arrangements between a licensed provider and a customer have come to an end. The amendments ensure that, where the continuity-of-supply arrangements operate, the occupier of the premises will be liable directly to Scottish Water for any charges made for the provision of those services.

I move amendment 8.

Amendment 8 agreed to.

Amendments 9, 10, 22 and 23 moved—[Lewis Macdonald]—and agreed to.

Section 19B—Sewerage nuisance: code of practice

The Deputy Presiding Officer: We come now to the fourth group of amendments. Amendment 11 is grouped with amendments 12 to 16.

Ross Finnie: Amendments 11 to 16 affect sections 19B and 19C, which were inserted at stage 2 to address sewerage nuisance, a matter that has exercised a number of MSPs. George Lyon has raised the matter in relation to Inverary, and Susan Deacon has raised concerns relating to her constituency, and I gather that some members of the Leith Links residents association are present in the public gallery to ensure that this part of the bill is duly passed.

A key part of the provisions is the power for local authorities to serve an enforcement notice where there is a material non-compliance with the sewerage code. However, given the potential financial consequence of steps required to comply with an enforcement notice and the risk of criminal proceedings resulting from a notice, amendment

12 makes provision for a right of appeal to the sheriff court. That would allow Scottish Water or any other person upon whom an enforcement notice is served to appeal against the notice, in line with existing rights of appeal against abatement notices served by local authorities in respect of statutory nuisances under part 3 of the Environmental Protection Act 1990.

Amendment 13 provides local authorities with additional powers to secure compliance with a sewerage code when an enforcement notice is contravened. It provides local authorities with a further mechanism to secure compliance with the sewerage code by taking the matter to the sheriff court to ensure that the requirements of the notice are fulfilled. Again, that is similar to the power that is available under section 81(5) of the 1990 act.

Amendment 11 and amendments 14 to 16 are minor drafting refinements. I commend all the amendments to the Parliament.

I move amendment 11.

Christine May (Central Fife) (Lab): I support amendment 11. I am grateful to the minister and to the members of the Environment and Rural Development Committee for all that they have done. My constituents in Levenmouth, who have been subjected to nuisance—as have people in other constituencies—are also grateful.

The Deputy Presiding Officer: No one else has asked to speak on this group of amendments, and I do not think that the minister will need to respond to that—although I am giving you the option, minister, if you wish.

Ross Finnie: That is quite all right.

Amendment 11 agreed to.

Amendments 12 to 16 moved—[Ross Finnie]—and agreed to.

Section 20—Meaning of “eligible premises”

The Deputy Presiding Officer: We come now to group 5 on the marshalled list, on the meaning of “eligible premises”. Amendment 19, in the name of Alex Johnstone, is grouped with amendment 20.

Alex Johnstone (North East Scotland) (Con): Interestingly enough, this whole bill has passed through its amendment stages—stage 2 and now stage 3—with very little conflict being expressed. In fact, the only point with which the Conservatives have taken issue is to do with the nature of the bill and the way in which it seeks to limit competition and co-operation and to maximise ministerial control.

At stage 2, I did not seek to amend the bill. I took the opportunity of speaking to ministers at that time to say that I would seek, where possible,

to lodge amendments at stage 3 to bring out my main points. I took advice from the clerks on the issue of common carriage—which I had hoped to raise—and was told that it was unlikely that I could do so without running up against the rules on inadmissibility of wrecking amendments. I will therefore deal with that issue when I speak to the motion that the bill be passed.

However, I was advised that it would be possible to proceed with amendments to do with the extent of retail competition. I therefore lodged amendment 19, the intention of which is to remove the restriction on retail competition. As currently worded, the bill suggests that only non-domestic buyers will be able to take advantage of retail competition. Amendment 19 would extend that opportunity to the domestic sector.

I believe fundamentally that competition has worked successfully in the utilities marketplace for the supply of gas and electricity and could ultimately be made to work successfully for the benefit of customers in the water sector too. I admit, however, that radical changes to procedure would be required to make that effective.

I also believe that major benefits could be achieved through introducing this kind of retail competition in the domestic sector. Not the least of those advantages would be the opportunity to ensure—after proper arrangements have been put in place—that those who actually use water in the domestic sector take responsibility for the amount of water that they use, because they would have to pay for the amount of water that they use. As currently worded, the bill will prevent such opportunities from arising in future, so I will be glad to move amendment 19.

Amendment 20 is consequential on amendment 19. I will move it only if, by some miracle, amendment 19 is agreed to.

I move amendment 19.

Rob Gibson (Highlands and Islands) (SNP): Given the rational nature of the debate in the Environment and Rural Development Committee, and the way in which we moved forward in a united fashion, amendment 19 can be seen as nothing other than a wrecking amendment. It goes against the spirit of what the people of Scotland would want in the public delivery of their water supply.

One has only to look at our train services to see that a utility with fixed plant is the kind of organisation that will not work if competition is introduced. I am quite sure that all other members will agree that we should see off amendment 19 straight away. It is interesting to note that even Mr Johnstone's colleagues have not bothered to come to the chamber to listen to his nonsense.

The Deputy Presiding Officer: I call Lewis Macdonald to wind up—I am sorry; I meant to say “to respond to the debate.”

Lewis Macdonald: Far be it from me to wind up Alex Johnstone, but he will not be surprised to hear that I propose that we should reject his amendments. As he has said, amendments 19 and 20 go to the heart of the bill. They are designed to unpick the vital protection that it offers to Scottish Water’s domestic customers. We believe that that protection is essential if we are to deliver social inclusion.

It is inevitable that retail competition for domestic customers would undermine the link between what customers pay for water and sewerage services and the value of the property in which they live. It would threaten the principle that people who live in properties in the same council tax band are liable for the same water and sewerage charges, wherever in Scotland they live and whatever their needs as consumers. It would also threaten the role of local authorities in billing domestic customers and, in doing so, would undermine ministers’ ability to set discounts from charges for certain classes of customer. At present, we set such discounts for single adult households.

Councils collect water and sewerage charges on the basis of information that they already hold. That information allows them to deliver discounts; only councils can administer those discounts directly. To protect that ability to provide discounts, we have specifically designed the bill to exclude competition for domestic households. Of course the benefits of discounts and of property-related charges are not felt equally by every customer, but without the participation of all customers, competitor companies could cherry pick those customers who were not receiving a discount and those who were in higher tax bands, thus leaving everyone else to pay more. That is directly contrary to the bill’s purpose.

We believe that water and sewerage services are essential to the health of every person in Scotland. A key purpose of the bill as endorsed by the Parliament at stage 1 is to ensure that those services should remain as affordable as possible for all customers. Amendments 19 and 20 are directly contrary to that aim and I urge members to reject them.

Alex Johnstone: I understand much of what the minister had to say, especially his point about the need to provide services on a socially inclusive basis. However, throughout huge areas of Scotland, it is easy to find people who believe that they are paying over the odds for the services that they receive; sometimes they are paying more than they can afford to pay. Consequently, it is essential that we ensure that the services that are provided and the charges that are levied reflect each other in some way.

Stewart Stevenson (Banff and Buchan) (SNP): I thank Mr Happy for taking an intervention. I wonder whether he is proud of the fact that before the Tories’ privatisation of the rail services, Network SouthEast returned a net surplus to the public purse of £71 million a year, whereas now—

John Scott (Ayr) (Con): On a point of order, Presiding Officer. I seek the Presiding Officer’s guidance on the salutation that was used to address my colleague Mr Johnstone. Is “Mr Happy” parliamentary language?

The Deputy Presiding Officer: I do not know that it is necessarily unparliamentary language. If its use was intended with affection and respect, it could hardly be regarded as discourteous. However, in general terms, I suggest that if members have nicknames for one another, they should keep them for informal settings and not use them in the chamber. I invite Mr Stevenson to continue.

Stewart Stevenson: I am obliged for the Presiding Officer’s guidance, which, as ever, I will of course respect.

Today Mr Johnstone will be very unhappy to be reminded of the fact that the successor to Network SouthEast, which provided a surplus before privatisation, now receives a subsidy of £360 million a year. Does he really think that more privatisation of key utilities infrastructure is the way to go?

15:00

Alex Johnstone: That was a very interesting intervention, but had very little to do with the water industry in Scotland or my amendment 19. Although I am delighted to hear that I have such a place in the affections of the member for Banff and Buchan, the purpose of amendment 19 is, as I explained, to ensure that, whatever we do today, we do not make the mistake of restricting competition when competition offers the opportunity to benefit individuals.

As I said, some people are suffering from the fact that the charges that they pay do not reflect the service that they receive. It is important that we ensure that what we set in place today is not the basis of a system of taxation—which appears to be what is contained in the bill—but the basis of a system that is designed, in some respect, to reflect accurate charges for services received. If the chamber rejects amendment 19, the Parliament will not achieve that. We will go down a road that, in the long term, will be a dead end. I press amendment 19.

The Deputy Presiding Officer: The question is, that amendment 19 be agreed to. Are we agreed?

Members: No.

The Deputy Presiding Officer: There will be a division.

FOR

Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Johnstone, Alex (North East Scotland) (Con)
Monteith, Mr Brian (Mid Scotland and Fife) (Con)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)

AGAINST

Adam, Brian (Aberdeen North) (SNP)
Alexander, Ms Wendy (Paisley North) (Lab)
Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
Baillie, Jackie (Dumbarton) (Lab)
Baird, Shiona (North East Scotland) (Green)
Ballance, Chris (South of Scotland) (Green)
Ballard, Mark (Lothians) (Green)
Barrie, Scott (Dunfermline West) (Lab)
Boyack, Sarah (Edinburgh Central) (Lab)
Brankin, Rhona (Midlothian) (Lab)
Butler, Bill (Glasgow Anniesland) (Lab)
Byrne, Ms Rosemary (South of Scotland) (SSP)
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)
Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Fabiani, Linda (Central Scotland) (SNP)
Ferguson, Patricia (Glasgow Maryhill) (Lab)
Finnie, Ross (West of Scotland) (LD)
Fox, Colin (Lothians) (SSP)
Gibson, Rob (Highlands and Islands) (SNP)
Gillon, Karen (Clydesdale) (Lab)
Glen, Marlyn (North East Scotland) (Lab)
Godman, Trish (West Renfrewshire) (Lab)
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, John (East Lothian) (Lab)
Hyslop, Fiona (Lothians) (SNP)
Jackson, Dr Sylvia (Stirling) (Lab)
Jackson, Gordon (Glasgow Govan) (Lab)
Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
Kane, Rosie (Glasgow) (SSP)
Kerr, Mr Andy (East Kilbride) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
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)
Maxwell, Mr Stewart (West of Scotland) (SNP)
May, Christine (Central Fife) (Lab)
McAveety, Mr Frank (Glasgow Shettleston) (Lab)
McCabe, Mr Tom (Hamilton South) (Lab)
McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
McFee, Mr Bruce (West of Scotland) (SNP)
McMahon, Michael (Hamilton North and Bellshill) (Lab)

McNeill, 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)
Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
Radcliffe, Nora (Gordon) (LD)
Robson, Euan (Roxburgh and Berwickshire) (LD)
Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
Scott, Eleanor (Highlands and Islands) (Green)
Scott, Tavish (Shetland) (LD)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Smith, Iain (North East Fife) (LD)
Smith, Margaret (Edinburgh West) (LD)
Stephen, Nicol (Aberdeen South) (LD)
Stevenson, Stewart (Banff and Buchan) (SNP)
Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
Sturgeon, Nicola (Glasgow) (SNP)
Swinburne, John (Central Scotland) (SSCUP)
Swinney, Mr John (North Tayside) (SNP)
Wallace, Mr Jim (Orkney) (LD)
Welsh, Mr Andrew (Angus) (SNP)
White, Ms Sandra (Glasgow) (SNP)
Whitefield, Karen (Airdrie and Shotts) (Lab)
Wilson, Allan (Cunninghame North) (Lab)

The Deputy Presiding Officer: The result of the division is: For 6, Against 89, Abstentions 0.

Amendment 19 disagreed to.

Section 27—Orders and regulations

Amendments 21 and 17 moved—[Lewis Macdonald]—and agreed to.

Amendment 20 not moved.

Schedule 2

LICENCES AND COMPLIANCE: FURTHER PROVISION

Amendment 18 moved—[Lewis Macdonald]—and agreed to.

The Deputy Presiding Officer: That concludes our consideration of amendments.

Water Services etc (Scotland) Bill

The Deputy Presiding Officer (Murray Tosh):

The next item of business is a debate on motion S2M-2349, in the name of Ross Finnie, that the Water Services etc (Scotland) Bill be passed.

15:03

The Minister for Environment and Rural Development (Ross Finnie): For the purposes of rule 9.11 of the standing orders, I advise the Parliament that Her Majesty, having been informed of the purport of the Water Services etc (Scotland) Bill, has consented to place her prerogative and interests, so far as they are affected by the bill, at the disposal of the Parliament for the purposes of the bill.

This is an important week for the water industry in Scotland. Later this afternoon, my colleague Lewis Macdonald will set out our objectives for the industry and the principles by which the cost of those objectives will be distributed between customers. Also today, Parliament has the opportunity to put in place the coherent legislative framework that will underpin those objectives. The provisions in the bill will ensure that the industry enjoys stability in which to carry out what we ask it to do. The provisions will also deliver a robust regulatory regime that can secure those objectives with maximum efficiency.

By replacing the current individual economic regulator with a water industry commission, the bill strengthens the regulation of the industry, introduces more accountability and transparency and ensures that the appropriate expertise is brought to bear in regulatory decisions. Using its new powers of charge determination, the commission will decide how much it will cost Scottish Water to efficiently deliver all that we ask of it in today's statement. It is certainly appropriate that an expert body should be responsible for that calculation, which is central to the functioning of the industry. Equally important is that we as a Parliament and politicians take responsibility for deciding the principles of charging customers. The bill will ensure that that role remains firmly with ministers and the Parliament.

In addition to the strong regulation introduced by the bill, its provisions will protect public health, the environment and vulnerable households. With such fundamentally important priorities at stake, I am pleased that those provisions have remained largely unchanged since they were debated at stage 1. The bill still ring fences Scottish Water's core functions of providing water and sewerage services to all customers on the public networks, and prohibits anyone else from doing so. That safeguards public health and the environment, and

provides certainty for Scottish Water to concentrate on delivery.

Stability is also the aim of the licensing regime that is set out in the bill. It will ensure that, if retail competition in the non-domestic sector develops, it will be strictly regulated. Amendments were made to the bill at stage 2 to ensure that the transition to competing in that small part of the market is as smooth as possible for Scottish Water. The bill now provides greater flexibility for Scottish Water to choose an appropriate model for its retail undertaking, subject to ministers' approval, and for a wide range of funding mechanisms to be available. That will help to give Scottish Water's retail undertaking the best possible chance of success.

At stage 2, important changes were made to the bill to improve customer representation in the industry. Those changes will ensure that water customer consultation panels will be involved in the process by which customer charges are set, by requiring the panels to be consulted on key issues for the industry. The panels also gain stronger powers to address reports to any of the key players in the industry—to Scottish Water itself, to Scottish Water's regulators or to ministers. In addition, following constructive debate at the Environment and Rural Development Committee at stage 1, the bill was amended to give the convener of the panels responsibility for handling customer complaints.

I am pleased to announce that in future the water customer consultation panels will be known as waterwatch Scotland, which I hope members will agree is somewhat snappier and more recognisable than the original title. We believe that it will help customers to clearly identify where they can take issues relating to the water industry, and will help the panels and their convener to become a one-stop shop for all customers' concerns in relation to their water services.

Mr John Swinney (North Tayside) (SNP): Can the minister assure Parliament that, notwithstanding the complaint mechanism that he outlined—I welcome the reforms that have been made—accountability and responsibility for the management and direction of the water industry will remain firmly in the hands of ministers, and that the power of ministerial direction to Scottish Water and other organisations within the industry will reflect the wider priorities of the Scottish Executive and what Parliament expects ministers to deliver in those areas?

Ross Finnie: I am happy to give John Swinney that assurance. The point he raises is exactly what the bill is about. We have created an almost unique structure within Scottish Water in terms of publicly owned companies, whereby ministers of Parliament clearly set the strategic direction that

Scottish Water is to follow, consonant with the overarching policies of Parliament and the Executive. However, we leave the management and board of Scottish Water to deliver. In the public interest—because Scottish Water is a publicly owned body, and therefore not effectively subject to overall competition—we have the water industry commission. On behalf of customers—be they domestic or non-domestic—it will seek to ensure that Scottish Water performs to standards that would be recognised within a competition framework elsewhere. The ability of Parliament to feed into that process is important.

I raised earlier the question of being given powers to develop a statutory code for the control of sewage nuisance, which I know will be welcomed by many.

The Water Services etc (Scotland) Bill will ensure stability for the future of Scottish Water as the publicly owned provider of water services in Scotland. It will provide a strong regulatory framework that will allow Scottish Water to deliver ministers' requirements efficiently, in the interests of customers. It gives customers a central place in the industry, ensures that their voice is heard at all levels, and proposes a firm solution to the problem of odour from treatment works, which the affected communities will welcome. The bill takes us forward again in improving the delivery of water services in Scotland.

I move,

That the Parliament agrees that the Water Services etc. (Scotland) Bill be passed.

15:10

Rob Gibson (Highlands and Islands) (SNP):

The Scottish National Party welcomes the fact that our water supplies will be delivered publicly, but we believe that much of the bill has to do with competition legislation and ensuring that we do not have to open the Scottish water industry to full competition, which the SNP has opposed for many years.

We are glad that the Executive has not gone for full competition, but the well-known needs of domestic and non-domestic customers must be met and many of them will have to be met in quality and standards III, about which we expect to hear more later. The bill is only a limited way to ensure that the framework is suitable for delivering those needs. We are delighted that there will be no common carriage and that the public water delivery system will be maintained.

We welcome the statutory code on odour nuisance. We acknowledge the petition on water treatment plants that Susan Deacon shepherded, and pay tribute to the Public Petitions Committee and the Environment and Rural Development

Committee for the work that they did on getting that valuable code, which was not contemplated at the outset, inserted into the bill. Although that is excellent, the bill cannot deal directly with development constraints, which require considerable investment, and we look forward to the introduction of the means to address that issue in due course.

We are also pleased that the customers champion—the WCCP—will have a snappy title. I attempted to get the idea of a snappy title accepted at stage 2. The combined brain power of the civil service has clearly thought that waterwatch Scotland is such a title, and that is to be welcomed.

The powers to control coal mine water discharge have been uncontroversial, but are essential for many communities in the coal mining areas of Scotland, and we welcome the inclusion of those powers in the bill.

We wish the water industry commission well. We believe that the public will have more confidence in its deliberations and that it will be a more transparent means of regulating Scottish Water's enterprises.

We are happy to welcome the bill, despite its limitations, and give it fair passage to becoming an act.

15:13

Alex Johnstone (North East Scotland) (Con):

There is much that the Conservative party can welcome in the bill. In setting up the water industry commission, part 1 in particular goes some way towards alleviating the pressures that we experience not only from water buyers, but from individuals who are concerned about how charges have been regulated across the board. By putting in place a system that will allow those people to be properly heard and represented, we have gone some way towards ensuring that some of the anomalies that we have suffered in the past can at least be addressed, if not eliminated. Therefore, I welcome part 1 of the bill.

Part 3 of the bill is also largely uncontested. Having questioned a number of interested parties on it during the Environment and Rural Development Committee's stage 1 inquiry, I am satisfied that part 3 is in the bill for the right reasons and I am happy to support its inclusion.

However, the Conservative party continues to have serious problems with the ideas behind part 2. As has been said, part 2 has the effect of concentrating power in ministers' hands and, as a result, our water industry is likely to remain policy led, not, as is necessary in many areas of Scotland, demand led. During the committee

stages and again today, the minister talked many times about the necessity for the industry to mimic the benefits that can be achieved through competition in a marketplace. However, he has never given me an adequate explanation of why the solution to the problem is not to deliver real competition.

The water policy as set out under part 2 of the bill is designed to retain the procedures by which water charging equates to a system of taxation throughout Scotland. It relies heavily on how water is charged, so that one individual cross-subsidises another. If we are to use water services provision as a system of taxation, which is without doubt what we are doing, there will inevitably be conflicts between those who use far more water than they are willing to pay for and those who pay for far more water than they ever use.

The opportunity to address such issues in part 2, even to a limited extent, has been avoided for largely ideological reasons and therefore the Conservatives cannot accept it. To a lesser extent—although this is equally important in particular areas—the bill leaves those at Scottish Water as the de facto planning masters in large areas of Scotland. By keeping power and funding in the hands of the minister, the opportunity to address many of Scotland's problems has been missed. Development is now seriously constrained as a result of the shortage of water and water services provision, which must be solved by other means.

The view that has been expressed on common carriage at every stage—for some inexplicable reason—has been that public is good and private is bad. Whether services are in public or private ownership does not directly affect the ability to ensure that water is clean and hygienic. The implicit assumption that private companies cannot live up to such standards is something that many people in industry—even beyond the water industry—will be offended by.

There are positive aspects to the bill, including provisions to deal with the odour given off by water treatment works. Although we welcome the inclusion of those provisions, we cannot accept the political implications of part 2.

15:17

Sarah Boyack (Edinburgh Central) (Lab): I am pleased to support the bill, particularly as I am following Alex Johnstone. He said that the bill is political. It is indeed political, and we are very proud of that—we think that the bill does the right thing. Labour members are clear that we need a stable framework for investment for the water industry in Scotland, both to tackle the backlog and to set out a new framework for the future.

We need to maintain safety, to ensure that human health is a core principle for Scottish Water and to be confident that public health standards are met, regardless of where people live. We are also clear that it must be possible to retain social justice principles in the system. There are issues around affordability, which we debated at length in committee. That is why people need the framework and the protection offered by the bill. I am delighted that we have reached this stage, and I am not at all surprised that scrutiny of the bill has been relatively straightforward. I am sure that this will be a brief debate, as only the Tories stand out against the consensus. It is right that we pass the bill today.

The Environment and Rural Development Committee had much discussion about the bill at stage 2 and we welcomed the Deputy Minister for Environment and Rural Development's contribution and his ability to engage with the issues that we raised with him. On every occasion, we got the right answer—we cannot always say that, judging from some of the difficult debates that we have held in the chamber in the past.

The provision of water services is vital to us all, and the regulation of that needed to be modernised. The minister focused on how complaints are properly dealt with, which is vital to the bill, and I hope that the clarity that the bill will bring in that regard will help domestic and private Scottish Water customers. It is important that we now have a clear framework.

As consumers, we expect that, if we have a problem with the facilities that are provided to us, we will know to whom to complain, that our complaints will be dealt with effectively and properly and, crucially, that they will be monitored. The new title of waterwatch Scotland, which the minister established today, is welcome. It is straightforward and easy to understand. I hope that, once the bill is passed, there will be publicity that people can relate to and follow.

It is important that people complain first to Scottish Water, but the new framework will give them a backstop of somebody else to take on board their concerns. Scottish Water already monitors its own complaints process, but the third-party approach is important in raising standards. We spent a great deal of time debating that in depth in the committee and I am glad to say that, in effect, we all supported the minister's proposals.

The other big thing that the bill does, which was subject to amendment at stage 2, is address sewage odour. We know that that is not an easy problem to fix. My colleague Susan Deacon will speak on that at length, but she is not the only member who has had problems reported to her. We received a series of petitions from areas throughout Scotland where sewage odour is a

problem. That is partly to do with the historical location of our water and sewerage facilities and the expansion of our villages, towns and cities. The problem needs to be addressed now and the committee welcomed the statutory provision to do so.

The other important aspect of the bill is that it gives us a stable platform for future investment. I hope that the minister's statement later this afternoon will highlight future opportunities, but we need to ensure that the industry is stable for the future. The challenge is to make the whole system work in all our interests. The bill is vital to Scotland's future in terms of our economic prosperity, social justice and ensuring that we set high environmental standards.

The biggest element of our water bills is the fixed costs, which are determined largely by the investment programme, which in turn should be determined as a public resource for us all. That investment programme should be determined after consultation between ministers, local authorities and the businesses that are able to deliver for Scotland's economic future.

The bill will give us the framework. What we need next is the minister's statement. Without the bill we would not have the proper framework for investment that I hope the Executive will set out clearly in the statement. We on the Labour benches support the bill fully and we are glad to be debating it at stage 3.

The Deputy Presiding Officer: Three members wish to speak in the open debate. I call Mark Ruskell, to be followed by Frances Curran and Susan Deacon.

15:22

Mr Mark Ruskell (Mid Scotland and Fife) (Green): The Scottish Green Party will support the bill. I found the process of scrutinising it constructive and I am pleased to see the Executive's response to the committee's concerns and to the public petitions on odour nuisance. When the three elements of people, Parliament and Executive are responsive to one another, the Scottish Parliament is definitely working at its best.

Ultimately, the Executive has had to strike a difficult balance between the pressures to privatise public services as a result of the Competition Act 1998 and to keep them fully under the control of those whom they serve. Despite being uneasy about any form of water privatisation, including even the billing component of the sale of water to businesses in Scotland, the Green party acknowledges that the bill will provide a backstop to prevent further privatisation. To play fast and loose with the bill by blocking any element of competition, however small, could have led to

multinational companies determining the structure of the Scottish water industry through the courts, rather than having the Parliament remain in control.

I welcome the Executive's response to particular concerns voiced by me and by other members of the Environment and Rural Development Committee that Scottish Water's sustainable development duty was not being fully reflected in the role of the water industry commission and the new entrants to the billing service. I was pleased that the Executive lodged amendments at stage 2 that provided welcome joined-up thinking on the issue.

As we have heard, the bill has been a useful vehicle to deal with the responsibilities relating to coal mine pollution as well as odour nuisance from sewage works. I am an ex-resident of Susan Deacon's constituency and my role as an MSP covers Fife, so I know about the sheer frustration of the local petitioners about the issue and about the lack of an enforceable code of conduct. The opportunity that the bill provides to address odour nuisance might not have come around again for quite a long time. It is important that we have been able to use the bill as a vehicle to get the issue tackled.

The delivery of water services in Scotland is about striking a crucial balance between the economy, the environment and social justice. Those three drivers need to be at the heart of the development of our water services. I am content that the bill offers a structure to enable that balance to be struck and controlled by the Parliament.

15:24

Frances Curran (West of Scotland) (SSP): The Scottish Socialist Party will oppose the bill. That might not come as much of a surprise, because we are committed to the public ownership and sale of water.

What is the bill about and why on earth is it before the Parliament? The real reason is that water is already privatised in England and Wales and there is huge pressure internationally—and particularly through the European Union—to force water into the private hands of international water companies, which I hope that the Scottish Executive will resist. What is happening is that the sharks of the international and multinational water companies are circling around Scottish Water, which is not yet fully privatised.

Christine May (Central Fife) (Lab): It is not privatised at all.

Frances Curran: The bill allows those companies to take a private sector bite out of

Scottish Water. We oppose the bill because it represents the thin end of the wedge. Further, that would not be the first such bite, because private companies have already been nibbling away.

Christine May: Will the member take an intervention?

Frances Curran: I have only four minutes; I might give way later.

Through private finance initiative projects, private companies have already been nibbling away at our water provision and are set to profit from the investment that Scottish Water is making in the new infrastructure. It does not matter what the Labour members say, once this bill is passed, private companies—the licensing of which will have cost us, according to the Finance Committee, between £10 million and £18 million—will be selling water in Scotland to make a profit. That is the outcome of the bill. The point is not who those companies are selling to. The Executive might have held to the line that only business customers, not domestic customers, will be in the loop, but that is just the beginning of the road to privatisation.

We do not need the bill. The Executive should have considered international models of public ownership and chosen one that allows the workers in the industry or the people of Scotland to invest in the infrastructure and retain public ownership of Scottish Water.

Christine May: Could Frances Curran explain exactly which sections of the bill the socialists believe would give the private sector the capacity to take over in the way that she describes?

Frances Curran: The private sector will be given the opportunity to sell water privately on the market in Scotland. That is the outcome of the bill. The Executive is patting itself on the back because it backed off from common carriage, but I think that I can hold my breath until that position is reversed.

Alex Johnstone: Hear, hear.

Frances Curran: And the Tories are in favour of that.

The bill allows private companies to be licensed to sell water in the Scottish market. That is the direction that the Executive is taking. The only alternative is a public ownership model in which the people of Scotland own Scottish Water. Members are either in favour of selling the rain to international capital for it to profit from, or they are not. Scotland needs a public model and the bill makes a mockery of the Strathclyde referendum.

We want public ownership, public control and public regulation of the water industry in Scotland.

15:28

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I reassure the Presiding Officer and my colleagues that, contrary to what Sarah Boyack said earlier, I do not plan to speak “at length.” I know that I would not be allowed to do that. However, I make no apology for speaking with some pleasure and a sense of achievement—not personal achievement but the achievement of this Parliament and many communities—at this bill being before us today. I am particularly pleased that section 19B of the bill exists and that, after the vote today, the law of Scotland will have provision for a code of conduct on sewerage nuisance—in other words, we will be able to do something about the dreadful smells from sewage works that have for a long time brought suffering to many communities across Scotland.

Marilyn Livingstone (Kirkcaldy) (Lab): Will Susan Deacon join me in thanking the many constituents in my constituency and across Scotland who brought this issue—known in my area as the Pathhead pong—to the Public Petitions Committee? I would like to acknowledge the way in which the Public Petitions Committee enabled communities to take the issue forward.

Susan Deacon: I happily join Marilyn Livingstone and other colleagues in congratulating the many people throughout Scotland who have brought the matter to our attention. Indeed, I want to focus on people whom I would like to thank.

First and foremost, I thank my constituents. Almost three years ago, residents of Leith links brought a petition before the Parliament. With absolute tenacity and considerable imagination, they have ensured that I and many politicians here have heard at first hand how their community has been affected by the Seafeld stench. However, I recognise that we are not alone—Marilyn Livingstone and Christine May mentioned that. The Pathhead pong and the Methil ming—to name only two other examples—came to light during the petitions process. One reason why there is such a sense of achievement in the Parliament today is that the bill provides another example of a change to our law that can be traced back to a petition that was brought to the Parliament’s Public Petitions Committee. No such mechanism is available in any other part of the parliamentary process in the United Kingdom. I thank the convener of the Public Petitions Committee, Michael McMahon, and his predecessor, John McAllion, as well as all that committee’s past and present members for taking the matter seriously.

I pay tribute to the Environment and Rural Development Committee, and particularly to its convener, Sarah Boyack. That committee has again shown that our committee process can create a vehicle for voices to be heard and that a

matter that might initially seem to be a local one can, in fact, be of national concern and require national action.

I pay tribute to ministers and thank them for acting on the matter. That has taken rather longer than I would have liked, but we are there and I am absolutely delighted. In particular, I pay tribute to Allan Wilson, who has moved on from his previous role, but who worked constructively with the committee and with me, publicly and behind the scenes, to make progress.

I also pay tribute to Scottish Water, which I have hounded as much as anyone on this and on many other issues. I recognise its efforts in seeking practical solutions and in making progress on the regulatory regime and the debate surrounding that regime. Scottish Water has achieved a huge amount in developing our water and sewerage infrastructure in recent years.

I am pleased that odour will be taken more seriously in future. The Parliament's role is to listen to people and to act directly as a result of their experiences and concerns. Today has produced a practical example of our doing so. I thank the Parliament for giving me the chance to underscore those points.

15:33

Nora Radcliffe (Gordon) (LD): I am much happier with the bill than are the Tories or the socialists, so I will probably not need four minutes.

The bill is the third in a series of bills that have sought to implement the water framework directive and to reform Scotland's water industry through setting up Scottish Water and the framework within which it works. The bill has revisited and will fine tune some earlier arrangements; it will give clear powers to Scottish ministers to set Scottish Water's objectives and the principles that it is to apply in setting charges, and it will replace the single commissioner with a commission. It will also enhance and rename the customer panels and improve the complaints procedure by re-routing second-line complaints to the office of the convener of waterwatch.

The main purpose of the bill is to enable Scottish Water to meet the requirements of competition law while keeping faith with the people of Scotland who want to retain Scottish Water as a publicly owned body that can apply the principles that Sarah Boyack and Mark Ruskell outlined. The inclusion of measures to deal with odour nuisance is a welcome addition to the bill. Those measures are the long-awaited successful outcome of a campaign that was spearheaded by Susan Deacon. As we have heard, the measures will benefit communities throughout Scotland.

The bill has had a smooth passage. All parties have engaged in constructive dialogue and the Executive has been willing to take on board the committee's recommendations.

It gives me great pleasure to support the motion to pass the bill.

The Deputy Presiding Officer (Trish Godman): Before I call the minister to speak, I thank Alex Johnstone and Rob Gibson, who have declined to speak again in the debate, which means that we will catch up our time. I call the minister to speak—I have probably caught him on the hop.

15:35

The Deputy Minister for Environment and Rural Development (Lewis Macdonald): It is very kind of colleagues on the front benches of other parties to give me the opportunity to speak even sooner than I had anticipated.

It has been a good debate—short and to the point—and I thank members sincerely for the contributions that they have made today and during earlier stages. With my colleagues, I am especially grateful to the members of the Environment and Rural Development Committee for their thorough and helpful consideration of the bill at stage 1 and for their support for the amendments that we lodged at stage 2 in response to their stage 1 report. As we have heard, those amendments have produced benefits both in boosting the powers of waterwatch Scotland and in providing a statutory basis for action to deal with odour and other sewerage nuisance. I also thank the Finance Committee and the Subordinate Legislation Committee, which carefully and constructively considered the bill. The role of the Public Petitions Committee has already been mentioned.

The process was strengthened by all those who took part in the consultations on the bill and who submitted evidence to the committees. Whether they represented consumer groups or businesses, local authorities or regulatory experts, they all contributed to the bill. Some of that input came from those who run our water industry day in, day out. Those include Scottish Water, the water industry commissioner for Scotland and other regulators, and the convener and members of the water customer consultation panels, which are soon—happily, as we have heard—to be known as waterwatch Scotland. I thank all those who have been involved behind the scenes in drafting the bill and in supporting the parliamentary process, and I thank the Presiding Officer for accepting manuscript amendments late in the day.

As has been said, the bill's passage through Parliament has been remarkably smooth. That

may have surprised some commentators, but it reflects the broad consensus that exists—in spite of the dissent at the ideological margins—around our policy in support of the water industry. It is important to remember what we are seeking to do. The bill protects Scottish Water and public sector delivery of water and sewerage services and provides a measured response to the Competition Act 1998. It sets out clearly that the carriage and delivery of water and sewerage services will continue to be the responsibility of Scottish Water. That protects public health not because, as Alex Johnstone suggested, we think that the private sector is reckless in such matters, but because there is a self-evident and defensible case for saying that water and sewerage services are most safely and surely delivered by a single public sector provider.

The bill sets out just as clearly that household customers will continue to buy their water only from Scottish Water. It provides a licensed, orderly and managed way to introduce competition for retail sale of water to businesses, but it also provides the stability and certainty that Scottish Water needs to continue to deliver its vital services in the years ahead. The SSP talked about multinational water industry sharks “nibbling away”, and about European Union pressure to privatise Scotland’s water. Frances Curran wants Scottish ministers to resist that pressure to privatise. I assure Parliament that, if we ever get pressure to privatise from that direction, we will resist it; however, no such pressure exists. In the meantime, the SSP will have to go fishing for sharks somewhere else.

We have a broad consensus around the proposal for Scottish Water to continue as a public sector water and sewerage services deliverer. The changes that the bill makes to strengthen the regulatory framework and to set a transparent and accountable system for determining Scottish Water’s objectives and charges have been welcomed. As Sarah Boyack said, the bill sets the scene for the statement that I will make later this afternoon on Scottish Water’s investments and the principles of charging. Those objectives will determine what Scottish Water delivers; it is important that that delivery is affordable to customers.

John Swinburne (Central Scotland) (SSCUP):

If the Executive can make concessions to small businesses by restricting cost increases to 2 per cent, is not it time that it considered restricting cost increases for senior citizens at least to the rate by which their pensions increase, which is the rate of increase of the cost of living?

Lewis Macdonald: Although the bill sets the context for the statement that I will make later this afternoon, I know that members will not expect me

to anticipate that statement. I am sure that John Swinburne will make a point of being here to listen to what I have to say on those matters at that time.

Scottish Water was created three years ago in response to the need to bring greater economic efficiencies to bear on our water industry. Since it was established, it has reduced its operating costs by more than £1 million for every week that it has been in existence. That is clear evidence of the capacity of the public sector to deliver efficiency. The framework that is provided in the bill will continue to provide the economic rigour that will ensure that Scottish Water continues to deliver the efficiency its customers deserve. I commend that framework and urge members to support the motion.

Budget (Scotland) (No 2) Bill: Stage 3

The Deputy Presiding Officer (Trish Godman): The next item of business is stage 3 of the Budget (Scotland) (No 2) Bill. As no amendments have been lodged, we move straight to the debate on the motion that the bill be passed. I invite members who want to speak in the debate to press their request-to-speak buttons now. I call Tom McCabe to speak to and move motion S2M-2359, that the Budget (Scotland) (No 2) Bill be passed.

15:40

The Minister for Finance and Public Service Reform (Mr Tom McCabe): Today sees the conclusion of the final stage of our consideration of the 2005-06 budget bill. There has been a year-long process during which our spending plans for 2005-06 have been thoroughly scrutinised by Parliament and the people of Scotland. When the Budget (Scotland) (No 2) Bill has been passed into law, it will be complex and technical legislation. As members know, the bill sets out the framework by which Parliament and the Finance Committee control the Executive's expenditure, and against which we prepare our accounts. It sets out how much the Executive can spend and what it can spend it on.

The bill sets out three main types of control. The first is a cash control, which is the maximum amount of cash spending that can be incurred in a financial year. There are five separate limits covering the Scottish Executive and each of the direct-funded bodies—the Food Standards Agency, Audit Scotland, the Forestry Commission and the Scottish Parliamentary Corporate Body.

Stewart Stevenson (Banff and Buchan) (SNP): In his opening remarks, the minister said that the budget is for controlling the Government's expenditure. He will recall that, during a previous debate, we had a little exchange on the subject of accruals that relate to income. Leaving aside the fact that we might continue to differ on definitions, is he now in a position to tell us whether there are any measures in place that will ensure that the Executive maximises the opportunities for income, particularly on disposals, so that the public purse gets the maximum benefit?

Mr McCabe: I assure Mr Stevenson that that is always the approach that we take; it always has been and always will be.

The second control is a resource control. That covers the net total of resource consumption that can be incurred in a financial year. Again, separate limits are set out for each department in

the Executive and for each of the direct-funded bodies. There are 15 separate limits.

As members know, there is a difference between resource control and cash control. The term "resource" includes non-cash items such as capital charges and provisions that are not covered by the cash control. Those non-cash items were introduced as part of resource accounting and budgeting to ensure that the full cost of services is reflected in accounts and budgets. It is important to note that resource is not the same as cash, and that resource includes additional items that are not cash. Our cash funding is therefore rather lower than it might appear at first from the total of our resources.

Thirdly, there are controls over our receipts. Again, those controls are set for each department of the Executive and for the direct-funded bodies.

Those three types of control set a total of 50 separate limits that form the framework for parliamentary control over the Executive's expenditure. Each limit has a purpose that sets out what the resource can be used for, so the budget bill is at the heart of everything that we do; it sets our budgets and defines how we use our money.

Our spending plans have undergone considerable scrutiny by all sectors of society and we have sought to make the process as open and transparent as possible. The process has been one of inclusive consultation and it forms the basis of our system of government. As I said in our earlier debates, we are not complacent. We will continue to work with Parliament and the Finance Committee to improve the budget process, to streamline our documentation and to increase accessibility to the process.

I am sure that members will breathe a reasonable sigh of relief that today's debate marks the end of the current budget process after a busy few months. We will have a short break from such matters to allow members to recharge their batteries, but we will welcome members back from the summer recess with the draft budget to kick off the 2006-07 budget process. Looking further ahead, I am sure that it will come as no surprise that the Executive's thoughts are already turning to the next spending review in 2006. We will, of course, keep Parliament informed of progress, which might be quicker than some people think.

For this afternoon, however, we remain with the 2005-06 budget. The budget drives forward our partnership agreement commitments by developing our transport networks, our schools and our universities, by putting in place the infrastructure that we need to grow our economy and by providing the front-line staff who will deliver excellent public services. The budget will strengthen our communities, enhance quality of

life for all and make a difference where it matters most. The budget bill will enable all of Scotland's people to enjoy the opportunities that our prosperity brings.

I move,

That the Parliament agrees that the Budget (Scotland) (No.2) Bill be passed.

15:46

Alasdair Morgan (South of Scotland) (SNP): I thank the minister for raising, albeit very prematurely, the prospect of summer holidays. Whether that is yet another election tactic and whether it is a successful one remain to be seen.

Our budget process does not excite the people of Scotland as much as it should. When ministers have talked in previous debates about the many people who attended their budget meetings, I suspect that they have over-egged the pudding somewhat. Certainly, audiences for Finance Committee meetings on the budget process did not need a large room to accommodate them. Although more members are now present in the chamber than is normal for a budget debate, I suspect that today's attendance owes more to the coming statement on Scottish Water's objectives than it does to the budget bill.

I want to spend some time reflecting on why the budget that should be so important—arguably, the budget is the most important event in any Parliament—does not excite interest either out there or in here. The first and most uncontroversial reason that I could think of is that much of the meat of the Executive's budget is contained in the departmental detail—for example, the health budget or the education budget—which it is not within the purview of finance ministers or spokespeople to provide. However, I understand why discussion of those details should take place in other debates and in other committees.

A second reason for the lack of interest is that huge areas of expenditure of public money in Scotland are not contained in today's budget because they are on so-called reserved matters. Those matters are of great importance to the people of Scotland. For example, there is a major controversy over public sector pensions, but this Parliament would need an order to be passed before it could change the conditions of public service pensions in Scotland. The main debate is being held south of the border. It is arguable that the same applies to defence and social security.

The third reason why we pay less attention than we ought to the budget is the lack of debate about the revenue with which we fund expenditure. For taxpayers, the short-term revenue implications are arguably much more important and much more likely to excite discussion than the resultant

expenditure. However, Parliament never gets a chance to discuss issues that we should debate, such as the balance between indirect and direct taxation, which has swung so much to the former over the years; the level of corporation tax, which does nothing to stimulate our economy and is one reason why the Scottish economy continues to lag behind that of the rest of the United Kingdom; whether we could set up an oil fund with revenues from taxation on Scottish oil; and whether, had we set up such a fund many years ago, Scotland would be in a better position than it is today.

The Executive will argue that we have Scottish representatives down at Westminster to make those decisions for us, but I am not convinced by that. After 5 May—I presume that that will be the date—decisions on those matters will be made by 646 members at Westminster, of whom only 59 will represent Scotland. I doubt that those 59 will influence what happens down there to any great extent.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I am grateful to the member for giving way in what is a genuinely interesting speech but—as he has mentioned decisions—perhaps he can clarify whether the Scottish National Party has come to any decisions. Does the SNP agree with Mr Mather that Scotland should have lower taxes or does it agree with Ms Grahame, who has said that the SNP should have higher taxes as part of its policy on revenue?

Alasdair Morgan: I argue that it is possible to have both. It is possible to have lower tax rates and a bigger tax take. Perhaps one of the reasons why this country's economy stays in the doldrums is that Executive parties do not grasp that we can encourage business by cutting the rate of tax and at the same time increase the tax take because the economy prospers. Had this country learned that lesson some time ago, we would not be in the dire state that we are today.

My second point about our representatives down at Westminster is that if a proportional system of government is good enough for Scotland to make decisions on how to spend the money, why do we not have a proportional system of government at Westminster to make decisions on how we raise the money in the first place?

I am genuinely pleased to take part in the budget process, although I wish that it was a complete process rather than an unsustainable process of spending other people's handouts, especially when—more to the point—it is our money they are handing out to us. It will be true in the years to come that this process is not sustainable and that it will not last.

15:51

Mr Brian Monteith (Mid Scotland and Fife) (Con): As members will recall, I have in the past compared the Minister for Finance and Public Service Reform to a mafia don or a sinister local government hard man. I say that as a compliment, of course, and not in any negative fashion. We look to the minister to introduce prudence and efficiency to the finances of the Scottish Executive.

Today we have received from the minister, in the form of his budget, an offer that we cannot refuse. We cannot amend the budget in this process and members of the public might be forgiven for thinking that there is no alternative to the Scottish Government's budget proposals. After all, no amendments have been lodged to the bill and, indeed, the budget process is characterised by there having been only one amendment lodged in the previous four years. Whether or not it was meant to be this way, the procedures conspire to discourage alternatives from reaching the Parliament formally.

Alasdair Morgan: I refer members to something that the minister said in the stage 1 debate. Even the amendment to which Brian Monteith referred was not an amendment to the budget bill; it was simply an amendment to a motion on the Finance Committee report.

Mr Monteith: I accept Mr Morgan's point; what he describes is all part of the procedural process. As it is difficult to have formal alternatives to debate—

Ms Wendy Alexander (Paisley North) (Lab): Will the member give way?

Mr Monteith: No, I must make progress, but I hope to be able to give way to Ms Alexander's charms later.

I want to propose an informal Conservative alternative to the budget proposals. I am sure that it is not by any means the only alternative, but the Conservative alternative would include a cut in business rates, costing some £140 million, to a level that is at least that of those that pertain in England. A Conservative alternative budget would increase spending on roads by a further £100 million, which can be costed and priced from within existing resources. A Conservative alternative would provide for 1,500 more police officers to ensure that the soaring crime rates were attended to. The Conservative alternative would allow councils to cut council tax—an issue that is at the heart of this week's financial debates—by removing the financial burden of £614 million of funding that schools require from council tax. Instead, schools would be funded by direct grant from central coffers. There are other areas in which we would make changes; I have mentioned only four.

Bristow Muldoon (Livingston) (Lab): In setting out the Conservative alternative budget, the member has highlighted what he sees as the good-news part of it. Will he please spell out the bad-news part about the areas in which the Conservatives would make cuts in public services?

The Deputy Presiding Officer: You are in your last minute, Mr Monteith.

Mr Monteith: I realise that, Presiding Officer, which means that I cannot give way to Wendy Alexander. However, I am sure that she will be interested in the point that Bristow Muldoon has raised.

Mr Muldoon asks how we would do all this. Well, we would use the very same efficiency gains that are to be made by his ministers—whom he supports like a puppy—but in a different way. The Executive has not yet committed those gains, but we would commit them to school expenditure and council tax cuts. We would use changes in the structure of Scottish Enterprise to fund a cut in business rates and we would use efficiency gains to improve our roads.

The question is a no-brainer—there is an alternative that would give us better outputs and outcomes and lower taxes. It is just a pity that we cannot propose it formally.

15:55

Mr Andrew Arbuckle (Mid Scotland and Fife) (LD): One benefit of having been outside Parliament until recently is that I have been able to observe the changing nature of Scottish Executive expenditure. In that respect, I have been pleased to see the gradual introduction of the coalition's priorities into the financial equation. For example, there are more nurses in our hospitals, more teachers in our schools and more elderly people receiving free personal care. Such measures provide a path to the future, and there is more progress to be made. People are seeing that those actions are being taken and the budget document provides the financial evidence that these things are happening.

I know that the minister said that this will be the last time we see the budget document in its present form; nevertheless, we should see it not just as a spending document for today but as something that provides a path to the future. Although every financial document provides only the clichéd snapshot in time, this document shows not only where we are in the current financial year but how much of the expenditure is to be used for the country's longer-term benefit.

As with all other financial documents, this document is only two-dimensional and fails to

supply immediate answers to, for example, the drop in planned capital expenditure. However, anyone who is involved in large capital projects will know that the lead-in time for carrying out consultations, land purchase and invoicing does not fit easily into a 12-month period. I was pleased to hear at yesterday's Finance Committee meeting that there was still a massive capital commitment to the water service. A bald look at the document suggests that spend will be reduced; however, it is all to do with the phasing of projects.

It is important not only to examine spending priorities but to look at the overall Scottish economy, which is the beating heart of, or driving force behind, all this. Without a successful and profitable economy, all our ambitions could well be dashed. If there is no money to fuel the agenda of the Scottish people, any future programme will founder. As a result, we must point out that the Scottish economy is growing faster now than it has at any other time in the past four years.

Jim Mather (Highlands and Islands) (SNP): I understand what the member says. However, Scotland is growing at 1.8 per cent while the rest of the UK is growing at 3.2 per cent. Surely such a gap gives reasonable cause for concern.

Mr Arbuckle: I thank Mr Mather for his intervention. However, if he has read what Professor Donald MacRae has had to say, he will know that the growth rate in the last quarter of 2004 was 2.5 per cent. I acknowledge that that rate is still behind that of other countries, but we are trying to change our economy from one that is based largely on manufacturing to one that is based on high technology and service industries. The member also forgets the investment that we are making in the future.

The SNP's economic plans centre largely on a three-letter word—oil—and a proposal that is based on the Norwegian oil fund model. However, it is interesting to note that, this morning, it was reported that the Norwegian Government is using some of that fund to subsidise its salmon farmers, who are dumping salmon into Scotland. Such an approach is undermining the Scottish salmon industry and destroying the Scottish economy.

The budget is not perfect, but only those who live in an unreal world or who write their own school reports believe in total perfection. I would have liked a better economic growth rate, more start-up businesses and more support for this country's manufacturing base. However, we are where we are.

I am a new boy in Parliament, but the next time I am down in the cafe I shall watch SNP members not only having their cake, but eating it.

16:00

Mark Ballard (Lothians) (Green): Another day, another budget debate. I would like to start my contribution to this debate by quoting remarks that were made by the minister, Tom McCabe, in his closing speech in the previous debate on the Budget (Scotland) (No 2) Bill. He said:

"I have some difficulty with Mr Ballard's comments about the nature of the Executive's budget, because I absolutely agree with him. He said that the budget is predicated on the Executive's obsession with growing Scotland's economy—and he is absolutely right. That is why I can stand here and cite the statistics that I have already mentioned."—[*Official Report*, 27 January 2005; c 14063.]

I will leave it to other parties to argue whether that obsession is bearing any fruit in raising the Scottish rate of economic growth.

Jim Mather: Does Mark Ballard think that the current rate of economic growth in Scotland—which is a little more than half the rate for the rest of the UK—justifies the minister's claims or his complacency?

Mark Ballard: Mr Mather makes a fair point. If the Executive's obsession is with economic growth, it does not appear to be delivering on that obsession.

I move on to the substance of my speech, which is about the fact that this is environment week. In environment week, we will hear considerable concern being expressed about our impact on the environment. There will be a great deal of discussion about what we can do to improve our environment. We should congratulate Scottish Environment LINK on organising environment week here in the Parliament and we should reflect on its work and its commentary on the Parliament.

I highlight a point that is made in Scottish Environment LINK's report "Second Term, One Year On: Government Progress on the Environment in Scotland". I recommend the report particularly to finance and enterprise spokespeople in Parliament. In commenting on the report, Fred Edwards, the president of Scottish Environment LINK, stated:

"Sustainability is the vital cross cutting issue. Yet this is the area where the gap between expressed intention and reality is particularly wide. The Executive has pursued unrestrained economic growth as a single, overriding goal, unqualified by considerations of sustainability. Research on life satisfaction has demonstrated that levels of satisfaction do not correlate to economic growth."

We must recognise that economic growth is not a panacea and that it will not, on its own, bring the environmental and social welfare, the social justice and the environmental sustainability that we all want.

The Scottish Green Party will not support the Budget (Scotland) (No 2) Bill. I ask all members to

reflect on the fact that this is environment week. We will hear a great deal from environment spokespeople, but we need to hear something from finance and enterprise spokespeople on the challenge to all of us to take environmental sustainability seriously. Until we move away from economic growth and have a budget that puts the needs of people and of our planet first, we will fail to meet the challenge of environmental sustainability.

16:04

Ms Wendy Alexander (Paisley North) (Lab):

As members know, fairytales sometimes convey important truths. A fairytale has taken hold of the Scottish budget process, and that fairytale is "Peter Pan". As we have already heard this afternoon, in the Scottish budget fairytale Peter Pan McConnell is the beneficiary of good fairy Tinkerbell Brown's block grant. Members will recall that Mr Darling had only a bit part in the Peter Pan story. However, such a view of Scotland's budget process is straight out of Never-Never Land itself. The Never-Never Land aspect of the Scottish budget process comes from the lost boys on the Opposition benches because, from the September day when the budget is announced, the lost boys of the Opposition fly off to Never-Never Land, never to return until spring, when the bill has been safely passed. From the start to the finish of that process, the nationalist lost boys—Neil, Morgan and Mather—all fly off to Never-Never Land. Whatever the budget proposes, they are in a Never-Never Land talking about the need for more people, more oil, more powers—indeed, anything other than the Executive's spending plans.

Jim Mather: Will the member give way?

Ms Alexander: Indeed I will. I give way to lost boy Mather.

Jim Mather: I ask Wendy Alexander for clarification. Is she advocating a lower population in Scotland?

Ms Alexander: No. The point that I am making is that it would be unthinkable in England in a debate on the budget to start talking about population and immigration. Whether it is lost boy Jim "growth target" Mather, Alex "population" Neil—in fairness, he is not here, but he is usually talking about it—or Alex "oil" Salmond, it is all about escaping to Never-Never Land rather than scrutinising the spending plans.

If I sound a somewhat world-weary Wendy, I am. I looked to the Tories. Perhaps they could be relied on not to fly off to Never-Never Land. In fairness to Michael Howard, who is every inch a latter-day Captain Hook, he is pretty clear about the services that will have to walk the plank. He is clear that health and education might escape the

plank, but he is also clear that his trusty crocodile, the James report, has the clock ticking on savings of £35 billion. In Scotland, however, we have heard not a word about the clock ticking on the Scottish equivalent of the James programme. Lost boy Monteith is off to Never-Never Land.

It all seems rather amusing, but in less than an hour we shall pass a budget that enshrines how to spend £25 billion. That is more than the total wealth of 100 other nations. Let us think about that. We are about to pass a budget that is more than not just the spending but the wealth of 100 other nations on the face of this earth, yet the Opposition's lost boys have simply nothing to say. Of course, as all children in Scotland and their parents know, the lost boys just did not want to grow up, and the flight of the Parliament's Opposition to Never-Never Land discredits a young Parliament and infantilises the debate. There is no serious engagement as there should be.

Peter Pan's Wendy was an optimist, and all fairytales have happy endings. At the end of "Peter Pan", the lost boys eventually grew up. I hope that, the next time we debate a budget bill that plans to spend more than 100 nations on this earth earn, we can look to the lost boys of the Opposition not to fly off to Never-Never Land but to start providing some proper parliamentary scrutiny. This Wendy commends the Executive for a set of sound spending plans for Scotland's budget.

16:09

Des McNulty (Clydebank and Milngavie)

(Lab): If Wendy Alexander had had six minutes, she would presumably have got round to Captain Hook. I shall respond first of all to Alasdair Morgan's comments at the start of the debate about why these budget debates do not excite the interest that they might. I think that there is a straightforward reason for that, and it is not necessarily to do with problems in our budget process. It is to do with the amount of budgetary growth that we have seen year on year, particularly since devolution in 1999. The Parliament has been able to expand provision, to finance new services and to make progress with policy initiatives in ways that have been unprecedented during my time in government at all levels.

In the 1980s and 1990s, budgetary debates were all tinged with sharp constraints and the hard choices that had to be made. I do not want to go back to those days of hard choices, but we should acknowledge that, over the past five years, we have been in a privileged position. We have been able to spread a degree of largesse. We have provided new policies, new initiatives and new services that people have wanted.

However, we may well have to re-examine and re-evaluate some of those decisions in the context of different budgetary circumstances. We do not yet know the long-term cost of providing free personal care; we do not yet know the implications of our decisions on, for example, concessionary travel; and we do not yet know whether we have taken the right approach to higher education and whether the way in which we have funded student support is better than funding research more directly and creating research centres. I would argue that we have made decisions without quite the degree of budgetary focus that was needed. We have taken those decisions often because they seemed like good ideas on which we could achieve consensus. I am not arguing against any of those decisions, which may well have been the right ones. However, in future we will often have to make choices between different kinds of good things. We will have to be prepared to take tough decisions to be sure that we act in the interests of Scotland.

I disagree with Alasdair Morgan and Jim Mather when they say that it is all about powers. In the modern international economy, countries are fundamentally interdependent. The constraints on the tax decisions that we can take are actually set not by the powers of Government but by the economic balance that exists between different countries.

Powers by themselves will not make a difference. What is crucial is the way in which we spend the resources that we have. We must do so sensibly. That is why budgetary decisions are very important. They are not for the end of an afternoon—as they have been all too often in the past—with people thinking that there are no fundamental differences of substance, only differences of packaging, to paraphrase Brian Monteith.

We will have to make hard decisions in future. Perhaps at the beginning of Lent in future years, we will have to take oaths of self-denial. There will be things that we want to do that we will not be able to do because the resources will not be there.

The SNP consistently makes the point that growth levels are significantly higher in England—in the south-east in particular—than they are in Scotland. Of course that is true. London and the south-east of England are the fastest-growing and most economically dynamic area of Europe. To my mind, it is far better for us to be attached to, and involved with, that level of growth than to be separated from it. If we consider the pattern of growth in Scotland systematically—not selectively, as people all too often do—we can see that we have benefited from the union. I certainly hope that we will continue to do so.

Organisations such as Scottish Water have had to make hard choices. The choices to be made in order to preserve our competitiveness are difficult. We will have to face up to difficult choices in health, education and other areas. It is time that we started to take that process very seriously indeed.

16:14

Mr Monteith: I am happy to wind up for the Conservatives in this budget debate. From listening to previous speakers, it is clear to me that a difference of opinion is developing. The consensus between the nationalists and the Conservative unionists challenges what is being offered by the Scottish Government in two particular areas. The first of those areas relates to the idea that is propagated by ministers, former ministers and back benchers that more inputs mean more outputs. The theory is that the more money we pile into public services, the more positive results we will get back out. The reports by Audit Scotland and by the Accounts Commission show that that is patently not true. What do we find when we compare today's statistics with those from the dark, evil years before year zero, when the Conservatives were in power? I tear out what hair I have got left. We find that with fewer and smaller inputs, we got larger and better outputs.

Ms Alexander *rose—*

The Deputy Minister for Finance and Public Service Reform (Tavish Scott) *rose—*

Mr Monteith: I am enjoying myself now. As my speech is not scripted, I will carry on for the moment, although I will give way to the minister soon.

The second area relates to the idea that higher taxes mean higher revenues. The experience in many other nations reveals that cutting marginal rates of tax leads to higher tax revenues.

Ms Alexander: As the member knows, I yield to no one in my interest in efficiency issues in the budget. Perhaps Mr Monteith can explain to us why the Conservatives have never—not once in six years—moved an amendment to the budget at a meeting of the Finance Committee to reflect the position that he is advocating or, indeed, any other position.

Mr Monteith: I have made clear my position on that on many occasions, but I am happy to do so again. I believe that if one is to amend the budget, one should offer an alternative budget—an entirely new budget. I do not believe that one should change one part here or one part there. Any party that wished to produce an alternative budget would have to co-ordinate the work of reviewing

spending proposals and recommendations for change with every committee and to bring all that together. Although I would like that to be done, I believe that it would be asking too much of any Opposition party to do it.

Furthermore, when members of local councils consider spending proposals, they have the help of council officials who provide detailed answers. Such detailed information is not available to Opposition members of Parliament. In councils, it is possible for opposition members to formulate cogent, rational alternative budgets that stand up to analysis. That is not possible in the Parliament. If Wendy Alexander wished to go down that road, I would be pleased to travel along it with her.

We have heard about Peter Pan, but Peter Pan was detached from reality; he never grew up. The Executive's economic policies are not grown up. Wendy Alexander told us about the whole panoply of Never-Never Land, but she should come over to our policies, or she will be like a Wendy house—an empty house at the bottom of the garden—rather than someone who is building real alternatives such as tax cutting, better outputs and better public services.

16:18

Jim Mather (Highlands and Islands) (SNP): I am happy to close for the SNP. As a member of the Finance Committee, I acknowledge that some progress has been made to evolve what remains an expenditure-only process. However, it still lacks top-level targets, which the Finance Committee and its adviser have advocated that it should include. The lower-level targets are not as outcome oriented as we would like them to be or as they should be. That is perhaps understandable, given the new light that the Federation of Small Businesses has just shed on the key outcomes. Scotland finishes bottom out of 10 small countries and has the lowest life expectancy of 24 Organisation for Economic Co-operation and Development countries.

In spite of the fact that the FSB report relied on gilded lilies, it produced poor results that are totally at odds with Scotland's huge potential. Frankly, I think that looking at gross domestic product per capita is inappropriate for a branch economy with population decline. Also, what the report says about life expectancy ignores the wide disparity in the figures and hides the fact that affluent retirees are coming back to Scotland and boosting the average. The educational attainment value that it includes is inappropriate, as we should really consider the productive retention of our educated and skilled people, whom we are currently exporting. Indeed, in looking at labour market participation, the report ignores migration and the large proportion of economically inactive people who would like to join the world of work. However,

the document points the way and I am confident that, next time round, more organisations will come forward with harder facts and stronger recommendations that are capable of withstanding real-world scrutiny.

I want to talk about the real world. I totally reject Never-Never Land; a real world, with an interdependence of equals, is out there and is waiting for Scotland. It is the real world as measured on the Laffer curve. I say to George Lyon that it is one in which reducing tax rates works. It is the real world to which Sweden, Finland, Greece, Portugal and Ireland point us. Those countries have reduced their corporate tax rates by 50 per cent over the 10 years to 2000 and yet have seen their tax take boom and the proportion of tax that is corporation tax increase by 87 per cent. The model that those countries make is one that countries such as Slovakia, Slovenia, Estonia and Romania are queuing up to follow.

In the time that remains to me, I will focus on some specifics of the budget. At a recent meeting of the Finance Committee, I asked the Deputy Minister for Finance and Public Service Reform to confirm that the efficiency savings are calculated

"net of IT costs, possible redundancy costs and other capital equipment costs".

Tavish Scott replied by saying:

"No, I do not think that they are net of such figures."—
[*Official Report, Finance Committee*, 1 February 2005; c 2284.]

That reply exposed a misunderstanding or a cultural and procedural difference between the world of business and the world of government. I ask the minister today to expand on what he said and confirm whether the IT costs, possible redundancy costs and other capital equipment costs are budgeted. Are they sitting under departmental headings waiting to be consumed?

I am equally keen to express my dissatisfaction with a process that is so unlike the world of business as to have lost much that is of value. In the business world, the proposers of planned savings, on being supported by management, would receive a budget with which to achieve the savings. They would be expected to account for the savings net of the cost of achieving the new levels of operational efficiency. Effort would then be deployed to monitor and record the extent to which the savings were realised. The characteristics of such a process are a continuous—indeed, often a mundane—search for efficiency; openness and accountability; cash consciousness; competitive focus; and ephemerality. It is not possible to carry forward the previous year's savings as a rolling total. Those are not characteristics that are fulsomely present in the recent efficient government initiative.

In the world of business, the idea that one can claim gross savings—devoid of their costs—and spend the total proceeds on other activity in the same business cycle and in the same department is inconceivable, no matter how worthy the cause. Equally, the idea that savings are simply to be made by squeezing the current model a bit more tightly or by automating existing procedures is not recommended. That idea is just as likely to create tensions and do damage.

The savings that work in modern organisations are those that get the full buy-in of all the people involved and that result in re-engineered approaches to the delivery of services. That is what we need to see more of. We also need to see a focus that everyone involved—most important of all, the Scottish taxpayer—finds credible.

16:24

The Deputy Minister for Finance and Public Service Reform (Tavish Scott): It is my pleasure to wind up the final debate on the 2005-06 budget. The debate marks the end of the Parliament's deliberations and the real start to the plans that the Executive announced last September at the conclusion of the spending review 2004.

A number of important points have been raised in the debate about the process, the significant amounts of money that the budget contains and the need to meet the priorities of people throughout Scotland. It is important to recognise—indeed, I am sure that Mr Morgan does so—that budget roadshows are one of the highlights of the ministerial year. We learn much from them. The debate in committee is also important. No minister undertakes the scrutiny to which all of us are put with anything other than very serious consideration, which is as it should be.

Des McNulty was right to illustrate the sheer scale of budgetary growth that has come about since 1999 and which it is our responsibility to deliver. By the end of the current settlement period, core funding for local authorities will have increased by 55 per cent since 1999-2000. Over the next three years of the 2004 spending review period, there will be a 30 per cent increase in funding for further and higher education; a 47 per cent increase in transport spending to develop the infrastructure and fund new concessionary fare schemes; and a 35 per cent increase in funding for affordable housing by 2007-08. Health spending will reach more than £10 billion by 2007-08 to fund improvements in waiting times and commitments to primary care and health promotion. Those are all investments in the long term to ensure that spending matches priorities, meets the partnership commitments and builds a better Scotland.

We have taken matters forward through the budget process, under the scrutiny of Parliament, as is correct. In responding to points that have been raised by members, I think that it is important to recognise that spending on capital and resource is long term. Andrew Arbuckle, who is a new member of the Finance Committee, will recognise that the capital investment plan that will be announced shortly by Tom McCabe will give the long-term perspective that the Finance Committee and Parliament have requested of this Administration. Of course, Parliament will hold finance ministers to account over the period of the plan. The Executive's action is in direct response to some of the concerns that have been expressed about the need for a long-term perspective.

Mr Ballard of the Greens raised what he saw as the obsession with the Scottish economy. Presumably he therefore criticises our objective of moving into the top quartile of OECD countries and is not satisfied that we want to build on the second highest employment levels in Europe. People being in jobs and creating wealth may be unknown concepts for the Greens, but I hope that even they would accept that the "Framework for Economic Development in Scotland" and "A Smart, Successful Scotland" define economic growth in terms of economic sustainability. If we are to plead guilty to anything, this Administration pleads guilty to an obsession with growing the Scottish economy.

Mr Monteith's entertaining tour de force came somewhat unstuck on the basis of his spending commitments. He has been keen to criticise the SNP and, in his latter remarks, this Administration for spending commitments. However, if I got them right, he committed his party to spending £100 million more on roads and to funding 1,500 more police officers, which did not square with his "everything was all right prior to 1997" picture, because if we now have record police numbers, it is curious that he is committing his party to 1,500 more.

Mr Monteith also committed his party to a council tax cut of £614 million, all to be covered, we are led to understand, by the commitment that Mr Letwin has apparently given him that he can keep all the consequential of the £35 billion of public spending cuts to which the Tories are now committed. It strikes the Parliament that the Conservatives, as usual, cannot have it both ways. The efficient government gains are built into our budgets. It is not possible to have efficient government aims built in and increases in spending. The Conservative position is a fraudulent one.

Mr Morgan made many protestations about the tax take, but before I get to that I must mention oil. He is keen to mention oil and recycle the old "It's

Scotland's oil" routine. I remind him that many moons ago, when Winnie Ewing stood up in a hostelry in Lerwick and said, "It's our oil," she was tapped on the shoulder by a fisherman from my constituency who said, "Actually, it's our oil." The SNP has not coped with that since.

We look forward to the work of implementing the budget—which will come into effect in just under two months—and the commitments that it will fund. We look forward to the modernisation of our universities and colleges, enhancing our research capabilities and increasing participation, particularly by communities that have not previously benefited from higher and further education. We look forward to the major developments that are planned for our transport network, the new rail links and better-quality roads. We look forward to the development of our new school buildings, focusing our plans for Scotland's infrastructure, enhancing our asset base, providing the basics that business needs to expand and growing our economy.

Growing our economy is the Administration's top priority, and the budget will do that. It will deliver excellent public services; support stronger, safer communities; and develop a more confident and democratic Scotland. It is a budget for enterprise, opportunity and fairness, and I commend it to the Parliament.

Scottish Water

The Deputy Presiding Officer (Trish Godman): The next item of business is a statement by Lewis Macdonald on Scottish Water's objectives. The minister will take questions at the end of his statement, so there should be no interventions.

16:30

The Deputy Minister for Environment and Rural Development (Lewis Macdonald): Earlier today—indeed, only some 45 minutes ago—the Parliament completed consideration of the Water Services etc (Scotland) Bill. The bill gives clear powers to ministers to set Scottish Water's objectives and to determine the principles that are to be applied in setting charges. It also establishes a water industry commission with a new duty to set limits on water charges. Those limits must comply with the principles on charging that ministers set and provide Scottish Water with sufficient charge income to meet its objectives and to deliver its services at the lowest overall reasonable cost.

Subject to the bill's enactment, the commission will be established later this year and will determine charge limits for the period 2006-10. Today, I am publishing our objectives for Scottish Water's investment programme for 2006-14 and the principles of charging that are to apply from 2006 to 2010. Those objectives and principles are the result of two years' work and respond to concerns about protecting water quality, dealing with sewage flooding and odour from treatment works, addressing constraints on new development and ensuring that charges are stable, fair and affordable.

They also reflect the water industry commissioner's work to date on the strategic review of charges. The commissioner has stressed that customers should be asked to pay only for investment that can be delivered efficiently. He has advised that Scottish Water should be capable of delivering a programme as large as any that is delivered by any other water company in Britain without compromising efficiency and without average charges having to go up by more than the expected rate of inflation between 2006 and 2010. We have set objectives and principles of charging that take that advice into account, that address what we have learned about customer and stakeholder priorities and that apply the principles of sustainable development.

In guiding Scottish Water's investment programme, we have set the following objectives: to achieve the maximum affordable improvements in public health and environmental protection standards; to support housing and economic

growth throughout Scotland through investment in new infrastructure capacity; and to ensure that charges are affordable, stable across the period and sustainable.

To ensure that we get as much as possible by way of affordable improvements in public health and the environment, we will ask the water industry commission to identify, as part of the strategic review of charges, the largest capital programme for Scottish Water that would be consistent with efficient delivery and stable prices.

We have split our investment objectives for 2006-14 into two categories. First, there are essential objectives, which Scottish Water must fulfil. They are: to improve the quality of 530km of rivers and coastal waters; to improve the quality of drinking water for 1.5 million people throughout Scotland; to tackle constraints on new development by allowing an estimated 120,000 new homes and more than 4,000 hectares of land for commercial development to be connected to the public networks; to take action on odour from 35 waste water treatment works with the aim that they will all conform to the statutory code of practice on sewerage nuisance that we intend to introduce under the Water Services etc (Scotland) Bill; and to remove more than 1,100 homes from the risk of sewage flooding.

Secondly, there are desirable objectives. We will ask the commission to determine how many of the desirable objectives can also be delivered without compromising our goals of efficiency and stable charges in accordance with the priorities that we have set. Those priorities are: improvements in the water quality of more of our rivers and coastal waters; further reductions in the risk associated with lead in drinking water; improvements in water pressure for almost 6,000 properties; and improved standards of service in areas of poorer asset performance.

All the objectives that I have just mentioned are important, but I will say a little more about tackling development constraints. Our consultation proposed that, where new development requires additional local capacity, the cost of providing it should be met by the developer, and it should be for Scottish Water to remove constraints on development caused by a lack of capacity at a strategic level. That approach was widely supported and I confirm today that it will be applied from 2006, striking the right balance and ensuring that both the public purse and the private developer pay their proper share to enable new development to happen.

Having set out our investment objectives, I want to set out how the costs of meeting them will be shared among Scottish Water's customers. I confirm the principle of harmonised charges. Customers in any given group will continue to pay

the same rate for the same service, wherever they are in the country. That goes a long way towards making charges affordable for households and businesses in more remote and inaccessible areas.

We have paid careful attention to concerns about the affordability of water charges for people on low incomes. We will maintain the 25 per cent discount on charges that single adult households currently receive, and we will help low-income families by introducing a new 25 per cent discount on charges for households with two or more adults that receive council tax benefit. The new discount will be introduced on 1 April next year, and its cost will be met by the abolition of the discount on water charges that is currently available to the owners of second homes.

We will make changes to how businesses pay for their water and sewerage services. We commissioned independent research into claims that non-domestic customers are paying more than their fair share of Scottish Water's costs. That research has found that there is an imbalance of around £44 million a year. It would not be in the interests of Scotland's long-term economic growth and prosperity for that imbalance to continue. Therefore, we will require the water industry commission to set charges for 2006-10 in such a way as to reduce that imbalance in the manner that is calculated best to minimise the impact on household charges.

The water industry commissioner has estimated that that can be done in such a way as to keep average household charges pegged to inflation, while average business charges will rise at a rate below the rate of inflation over a four-year period. That rebalancing exercise will bring the £44 million of excess charges on business to an end, without unreasonably penalising anyone else.

Over and above those changes, we intend to consult business on the introduction of more widespread metering and a more equitable approach to surface water drainage. Our aim is to introduce a fairer approach in those areas from 2010.

So far, I have concentrated on how the customer will contribute to the cost of water services. The taxpayer will also make a contribution by providing public funds for investment up to a total of £200 million a year in each of the years from 2006 to 2010. Up to £182 million of that annual funding will be available to Scottish Water in the form of lending by the Scottish Executive. The level of that lending will be subject to the water industry commission's assessment of how much is required to fund Scottish Water's capital programme in a sustainable manner. It is important that bills for today's customers are not kept artificially low by bequeathing an

unreasonable burden of debt and servicing costs to future generations. In addition to that lending, we will make available a total of £14 million per year for housing, the details of which will be announced in due course by the Minister for Communities.

The investment objectives published today are challenging, but they are achievable. The programme of investment that I have outlined today bears comparison with the most ambitious programmes yet undertaken south of the border. While average charges in England and Wales will rise by more than 20 per cent in real terms between now and 2010, average charges in Scotland will not rise in real terms at all.

The Scottish ministers proposed—and the Scottish Parliament agreed to—the creation of Scottish Water three years ago. Today's announcements and the plans that we have presented show that that was the right decision. Those who work for and who regulate our publicly owned water business here in Scotland have achieved a great deal in the past three years. By delivering the objectives that I have outlined today, they will achieve a great deal more in the future.

The Deputy Presiding Officer: A considerable number of members want to ask a question. I ask them to stick to a question, with no preamble.

Mr John Swinney (North Tayside) (SNP): I welcome the minister's announcement on development constraints. What assurances will he give us that the distribution of additional capacity for 120,000 homes around the country will reflect the needs of every single part of Scotland, both rural and urban?

Lewis Macdonald: I assure John Swinney that the figures that I have published today are based on our best estimates in conjunction with the work over the past two years of our partners, the quality and standards III board, which considered that question among others. With reference to the national planning framework and other documents, we believe that our figures show the kind of quantum that we need to address.

However, the principle is more important than the estimate. The principle that we are establishing today is that Scottish Water will meet the development requirements at a strategic level over the period. We estimate that 120,000 homes and 4,000 hectares of commercial and industrial land will be needed. If Scotland's population increases by more than we expect it to and if Scotland's economy grows even faster than we expect it to, we will revise our estimates.

Sarah Boyack (Edinburgh Central) (Lab): Will the minister clarify the process of co-ordinating new investment through the land-use planning system? How will the line be drawn between

strategic and local investment? Does he believe that Scottish Water is funded sufficiently to engage in the process and to carry out the additional background research to ensure that we get the right investment throughout the country?

Lewis Macdonald: Those are important points and I will address the last one first. The answer to the question of which elements of infrastructure development will be met by developers and which by Scottish Water is in part technical and relates to the distinction between part 3 costs, which will be met by the developer, and part 4 costs, which will be met by Scottish Water. In essence, part 4 costs are for strategic provisions, such as new water treatment works and waste water treatment works. Part 3 costs can include the cost of sewer mains to connect a new development to the water and waste water treatment works.

The principle that I have established is that the developer will pay part 3 costs, but Scottish Water will calculate the income that it expects to receive over the first 12 years of the new development and will subtract that from the cost that it expects the developer to pay. Therefore, there will be a Scottish Water contribution to the part 3 costs, but it will relate to the income that Scottish Water expects to receive as a result of the new development being put in place.

On engagement with the land-use planning system, which is what Sarah Boyack's other question was about, we are encouraging Scottish Water to engage more proactively in the planning process. Part of the detailed background to today's announcement is a requirement for Scottish Water to produce an annual strategic network capacity and development plan, which will allow both local authorities and other stakeholders to see where the strategic network and capacity are being taken forward. That will be a transparent process that will allow all concerned to address those issues better in the planning system.

Mr Mark Ruskell (Mid Scotland and Fife) (Green): How confident is the minister that the objectives will meet the requirements of the Water Environment and Water Services (Scotland) Act 2003? Will he make Scottish Water a responsible authority under the act? What key tests of public benefit will he apply before he lifts development constraints throughout the country?

Lewis Macdonald: The body responsible for ensuring that Scottish Water—and everyone else—meets its obligations under the act is of course the Scottish Environment Protection Agency. That is as it should be. We will require the water industry commission to indicate to us the level of charges that will pay for the investment that is required for Scotland to meet its obligations under the act and the water framework directive, which inspires and forms the basis of the act.

Alex Johnstone (North East Scotland) (Con):

In the light of the revelation that Scottish businesses have been overcharged by £44 million a year, is there any likelihood that the sliding scale that the minister has announced will include any element of compensation for those who have been overcharged? Further, after this retrenchment, are we likely to see the same thing happen with business rates?

Lewis Macdonald: I look forward to seeing Conservative candidates go up and down the country, telling voters that the Conservative party in the Scottish Parliament believes that they should pay money to business in lieu of past charges on business. That is not at all our intention.

Our intention is to ensure that domestic and non-domestic customers pay their appropriate share of the cost of water provision. I think that business will welcome today's announcement that we want to move in that direction, but we want to move in that direction in a way that is sustainable for all concerned. The objective that we have set, and that I will seek to ensure that the water industry commission sets, is to have corrected the tariff imbalance by 2010 and to have a balanced approach to charging and investing in services.

Rob Gibson (Highlands and Islands) (SNP): I thank the minister for providing a prior copy of his statement.

The minister said that we would be expected to face hard choices and his statement shows that there are hard choices still to be made. I refer to his statement that the advice from the WIC is that it is important that bills for today's customers are not kept unreasonably low by bequeathing an unreasonable burden of debt and servicing costs to future generations.

Does the minister agree that customers feel that the charges are artificially high due to underinvestment by Tory and Labour Governments, particularly before devolution—

The Deputy Presiding Officer: Is there a question, Mr Gibson?

Rob Gibson: Does the minister agree that the cost could be spread further and wider if we had a not-for-profit trust running the water industry, which would allow us to invest over the long term?

Lewis Macdonald: It is disappointing that, on the afternoon on which the Parliament has passed—I am sorry, I should not presume. It is disappointing that, on the afternoon on which Parliament has considered the Water Services etc (Scotland) Bill and expressed broad support for its principles, including the principle of having a publicly owned water company, in the form in which Scottish Water exists, with the amendment

relating to retail to business, the Scottish National Party wishes to use a guerrilla tactic to promote other forms of ownership.

Public ownership of the water industry works. That is why we will continue to ensure that Scottish Water delivers in the way in which it has done. It has shown clearly that, as the WIC has advised us, it is as capable of delivering a capital programme as the private sector companies in England and Wales are. Scotland should be proud of that, as should Scottish Water's staff and management. With proper regulation to ensure that the customers' interests come first, I believe that we will continue to achieve the objectives that are set out in today's statement.

Nora Radcliffe (Gordon) (LD): The minister might already have partially answered my question. Is he confident that Scottish Water is geared up to apply fully and effectively the significant sums of money that are available to it?

Lewis Macdonald: I am, but it is, of course, essential that we continue to apply regulatory pressure on Scottish Water to encourage it to continue to do that.

In recent months, Scottish Water has been investing more than £1 million a day, and it will invest something in the order of £500 million in the current year. We believe that that is a significant achievement. On the basis of that achievement, we have made the assessment that it can continue to deliver that level of investment without impacting on charges in real terms. That is why we have made the announcement that we have made today.

Of course, within the framework that the Water Services etc (Scotland) Bill will set, we will continue to maintain the pressure to increase efficiencies to ensure that all of our objectives can be delivered at the lowest reasonable cost to all concerned.

Maureen Macmillan (Highlands and Islands) (Lab): Does the minister accept that we thought that we had got the balance right between renewing old infrastructure and providing new infrastructure in the quality and standards II programme, but that the settlement was too inflexible to allow us to reprioritise? Will he assure me that, during the eight-year duration of Q and S III, there will be enough flexibility to allow us, if necessary, to revise our priorities if we find unforeseen constraints in particular areas, or to spend more resources on, say, river and coastal water quality?

Lewis Macdonald: We have learned from the Q and S II process, but I do not think that the balance of the different forms of investment was wrong in Q and S II. The fundamental point is that we simply did not recognise at the time, as we do

now, the level of infrastructure capital investment that was required. In the objectives, we have set capital investment targets—including targets for dealing with development constraints and the need for new infrastructure—and we have built into the process a degree of flexibility, as I said in answer to a previous question. We are establishing the principle that we will meet development needs and we have estimated what that means for the number of properties and so on. The water industry commission will give us an indication of the charging that that represents, but we are clear that we will have a continuing ability to respond to changes in development pressures over the eight-year period. That is built into the process and provides the flexibility that Maureen Macmillan seeks.

Linda Fabiani (Central Scotland) (SNP): Obviously, the infrastructure capital works and the 120,000 new homes target are welcome, but I am concerned about local provision. If the developer is paying, I am concerned that that will have a knock-on effect on what registered social landlords can provide and will upset the balance between low-cost home ownership and affordable rent. Indeed, there could be an on-cost for tenants' rents and for first-time buyers.

In respect of strategic development, I wonder whether the minister has considered service sites to speed up the provision of housing, as new town development corporations did some decades ago.

Lewis Macdonald: The final point is interesting, but it is essentially for planning authorities and local authorities to consider. In response to Sarah Boyack, I mentioned that we expect Scottish Water, in producing its annual report, to engage with local authorities in the land-use planning process. We also expect it to engage in the community planning process, which is clearly a forum in which a number of issues to do with appropriate development and appropriate sites will be addressed.

On affordable housing, I simply encourage Ms Fabiani to wait for Malcolm Chisholm's announcement, which will be made shortly.

Mr Brian Monteith (Mid Scotland and Fife) (Con): The year 2010 was repeated throughout the minister's statement. Businesses must wait until 2010 to get fairer charging and there is to be a fairer approach to metering by 2010. Why must people wait until 2010?

Lewis Macdonald: It would be interesting if we put to the business community the proposition that there should be an overnight change from the current system of billing for water for non-domestic premises to a new system. It is clear that a number of businesses feel hard done by, because they consider themselves to be low users of water

and that they pay a higher charge. If that is the case, it probably follows that a comparable number of businesses that are high users of water are paying less than they will under a metering system, simply because both types of business are paying a standard charge. We are giving business notice that we intend, in four years' time, to have moved to a position in which we can introduce metering for non-domestic customers and surface drainage charges that relate to the area of the surface being drained. We do not propose to do that overnight, and I do not think that business as a whole would welcome our doing so. We are saying that we have listened to concerns that business has raised, that we are addressing issues to do with tariff imbalance and that we are giving notice of how we intend to deal with other issues.

George Lyon (Argyll and Bute) (LD): I will press the minister on that matter. He well knows that many small businesses that are low-volume water users felt particularly hard hit by the introduction of the standing charges, which seemed to discriminate against them. Will he be more specific about how quickly he envisages moving from the standing charge regime to a regime that is based on usage rather than on the cost of the capital infrastructure that leads to the particular business?

Lewis Macdonald: It is worth bearing in mind the fact that, for all businesses, there are significant fixed costs for the supply of water and the removal of sewage. Those costs will be sustained in any case. As I said in answer to the previous question, we are likely to come to the strategic review of charges for the next charging period—which is 2010-14—in 2009 or so. At that point, we will consider how we can put in place a different basis for charging.

For now, the basis for charging will remain the same and we will address the tariff imbalances between the domestic and non-domestic sectors. However, the water industry commissioner has been asked to begin work now on how we will introduce a system of charging for the future.

Jim Mather (Highlands and Islands) (SNP): I recognise some signs of reaction from the Scottish Executive to disquiet about charges and the overall management of Scottish Water. That disquiet was highlighted by the minority report that we produced, which proved that the result would be higher charges—

The Deputy Presiding Officer: A question, Mr Mather.

Jim Mather: The question is coming.

The Deputy Presiding Officer: Put the question now, please.

Jim Mather: So far, that conclusion has been rebutted only by assertion. When will we get a definitive response to the points that were raised in that minority report?

Lewis Macdonald: The minority report to which Jim Mather refers was disagreed with at the time. In the context of this afternoon's statement, that is all that needs to be said.

Des McNulty (Clydebank and Milngavie) (Lab): Will the minister assure me that there will be a transparent system for determining which development constraints are prioritised over the period? Can he tell me how those decisions will be made and by whom?

Lewis Macdonald: Yes. The annual report on the network capacity that we will ask Scottish Water, in its strategic capacity, to publish will form the basis for Scottish Water's work with local authorities, other stakeholders and its regulators, including SEPA, to address the issues that Des McNulty raises. I am encouraging Scottish Water and the Scottish Environment Protection Agency to address some of those issues in a memorandum of understanding, to allow, where possible, an early start to be made on tackling those issues.

Frances Curran (West of Scotland) (SSP): I am interested in the £44 million a year that the minister thinks that business is overpaying and the research that has been done. We know that BP pays less than we do, per unit, for its water. I am interested to know the source of the minister's information. He says that he is going to give business back that £44 million without unreasonably penalising anyone else. Who is going to pay for it, or are we dealing with Wendy Alexander's fairytale economics, according to which no one will pay for it?

Lewis Macdonald: If Frances Curran had noted the lending figures that I mentioned, she would have observed that the level of Scottish Executive lending to Scottish Water will rise by something in the order of £30 million a year over each of the four years. That is part of the answer to her question. We commissioned Stone & Webster economic consultants to consider the costs of supplying water and sewerage services and how the requirement to meet those is reflected in charges. The consultants reached that figure after considerable investigation. Their report will be published, and I invite Frances Curran to read it.

Business Motions

16:58

The Presiding Officer (Mr George Reid): The next item of business is consideration of business motion S2M-2391, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, proposing that the timetable for consideration of the preliminary stage of the Edinburgh Tram (Line One) Bill be extended to 5 March 2005.

Motion moved,

That the Parliament agrees that the timetable for consideration of the Preliminary Stage of the Edinburgh Tram (Line One) Bill be extended to 5 March 2005.—[*Ms Margaret Curran.*]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S2M-2399, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Wednesday 23 February 2005

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| 2.30 pm | Time for Reflection |
| <i>followed by</i> | Parliamentary Bureau Motions |
| <i>followed by</i> | Stage 3 Proceedings: Fire (Scotland) Bill |
| <i>followed by</i> | Preliminary Stage Debate: Edinburgh Tram (Line Two) Bill |
| <i>followed by</i> | Motion on International Organisations Bill – UK Legislation |
| <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 24 February 2005

| | |
|--------------------|--|
| 9.30 am | Parliamentary Bureau Motions |
| <i>followed by</i> | Scottish Green Party Debate: Energy Efficiency |
| <i>followed by</i> | Scottish Green Party 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 | Procedures Committee Debate: 2nd Report 2005, Final Review of Oral Questions |

followed by Standards Committee Debate: 1st Report 2005, Replacing the Members' Interest Order

followed by Motion on Disability Discrimination Bill – UK Legislation

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 2 March 2005

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Executive Business

followed by Preliminary Stage Debate: Edinburgh Tram (Line One) Bill

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 3 March 2005

9.30 am Parliamentary Bureau Motions

followed by Scottish Socialist Party Business

12 noon First Minister's Question Time

2.00 pm Question Time—
Environment and Rural
Development;
Health and Community Care;
General Questions

3.00 pm Executive Business

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business—[Ms Margaret Curran.]

Motion agreed to.

Parliamentary Bureau Motions

The Presiding Officer (Mr George Reid): The next item of business is consideration of six Parliamentary Bureau motions. I ask Margaret Curran to move motion S2M-2389, on the approval of a Scottish statutory instrument.

Motion moved,

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (Scotland) Order 2005 (SSI 2005/34) be approved.—[Ms Margaret Curran.]

17:00

Bill Aitken (Glasgow) (Con): I serve notice that the Conservatives will object to the order. The issues have been well rehearsed over the years. We are showing a consistent line, despite the slight misunderstanding that arose in committee. Unfortunately, the Executive still refuses to acknowledge the realities of the situation and, until it does, we will consistently oppose SSIs of this nature.

17:00

The Deputy Minister for Health and Community Care (Rhona Brankin): I welcome Mr Aitken's new-found interest in scallops, although I know that Glasgow is a hotbed of scallop eating. However, I am disappointed to discover that he is continuing with what I regard as an extremely irresponsible Conservative line in consistently voting against a measure that we believe protects the health of the public and public confidence in the scallop industry in Scotland. I urge members to support the motion.

The Presiding Officer: I ask Margaret Curran to move motion S2M-2390, on the approval on an SSI, and motions S2M-2394 to S2M-2397, on the designation of lead committees.

Motions moved,

That the Parliament agrees that the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2005 be approved.

That the Parliament agrees that the Justice 1 Committee be designated as lead committee in consideration of the European Communities (Matrimonial and Parental Responsibility Jurisdiction and Judgments) (Scotland) Regulations 2005 (SSI 2005/42).

That the Parliament agrees that the Justice 1 Committee be designated as lead committee in consideration of Part 1 Land Reform (Scotland) Act 2003: Draft Guidance for Local Authorities and National Park Authorities (SE/2005/14).

That the Parliament agrees that the Justice 2 Committee be designated as lead committee in consideration of the Community Reparation Orders (Requirements for Consultation and Prescribed Activities) (Scotland) Regulations 2005 (SSI 2005/18).

That the Parliament agrees that the Justice 1 Committee be designated as lead committee in consideration of the Family Law (Scotland) Bill.—[*Ms Margaret Curran.*]

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

Decision Time

17:01

The Presiding Officer (Mr George Reid): There are eight questions to be put as a result of today's business. The first question is, that motion S2M-2349, in the name of Ross Finnie, on 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)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baird, Shiona (North East Scotland) (Green)
 Baker, Richard (North East Scotland) (Lab)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gibson, 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)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (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)
 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)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinburne, John (Central Scotland) (SSCUP)
 Swinney, Mr John (North Tayside) (SNP)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Byrne, Ms Rosemary (South of Scotland) (SSP)
 Canavan, Dennis (Falkirk West) (Ind)
 Curran, Frances (West of Scotland) (SSP)
 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)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 Kane, Rosie (Glasgow) (SSP)
 Leckie, Carolyn (Central Scotland) (SSP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Mundell, David (South of Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Sheridan, Tommy (Glasgow) (SSP)
 Tosh, Murray (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 93, Against 21, Abstentions 0.

Motion agreed to.

That the Parliament agrees that the Water Services etc. (Scotland) Bill be passed.

The Presiding Officer: The second question is, that motion S2M-2359, in the name of Tom McCabe, on the Budget (Scotland) (No 2) Bill, 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)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gibson, 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)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (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)
 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)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinburne, John (Central Scotland) (SSCUP)
 Swinney, Mr John (North Tayside) (SNP)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Byrne, Ms Rosemary (South of Scotland) (SSP)
 Canavan, Dennis (Falkirk West) (Ind)
 Curran, Frances (West of Scotland) (SSP)
 Fox, Colin (Lothians) (SSP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Kane, Rosie (Glasgow) (SSP)
 Leckie, Carolyn (Central Scotland) (SSP)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Sheridan, Tommy (Glasgow) (SSP)

ABSTENTIONS

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

The Presiding Officer: The result of the division is: For 87, Against 14, Abstentions 14.

Motion agreed to.

That the Parliament agrees that the Budget (Scotland) (No.2) Bill be passed.

The Presiding Officer: The third question is, that motion S2M-2389, in the name of Margaret Curran, on the approval of a Scottish statutory instrument, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baird, Shiona (North East Scotland) (Green)
 Baker, Richard (North East Scotland) (Lab)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Canavan, Dennis (Falkirk West) (Ind)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 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, John (East Lothian) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 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)
 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)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)

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

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)
 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)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 Kane, Rosie (Glasgow) (SSP)
 Leckie, Carolyn (Central Scotland) (SSP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Mundell, David (South of Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Sheridan, Tommy (Glasgow) (SSP)
 Tosh, Murray (West of Scotland) (Con)

ABSTENTIONS

Adam, Brian (Aberdeen North) (SNP)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, 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)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)

The Presiding Officer: The result of the division is: For 73, Against 21, Abstentions 22.

Motion agreed to.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (Scotland) Order 2005 (SSI 2005/34) be approved.

The Presiding Officer: The fourth question is, that motion S2M-2390, in the name of Margaret Curran, on the approval of an SSI, be agreed to.

Motion agreed to.

That the Parliament agrees that the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2005 be approved.

The Presiding Officer: The fifth question is, that motion S2M-2394, 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 1 Committee be designated as lead committee in consideration of the European Communities (Matrimonial and Parental Responsibility Jurisdiction and Judgments) (Scotland) Regulations 2005 (SSI 2005/42).

The Presiding Officer: The sixth question is, that motion S2M-2395, 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 1 Committee be designated as lead committee in consideration of Part 1 Land Reform (Scotland) Act 2003: Draft Guidance for Local Authorities and National Park Authorities (SE/2005/14).

The Presiding Officer: The seventh question is, that motion S2M-2396, 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 Community Reparation Orders (Requirements for Consultation and Prescribed Activities) (Scotland) Regulations 2005 (SSI 2005/18).

The Presiding Officer: The eighth question is, that motion S2M-2397, 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 1 Committee be designated as lead committee in consideration of the Family Law (Scotland) Bill.

Deer Management

The Deputy Presiding Officer (Trish Godman): The final item of business is a members' business debate on motion S2M-2317, in the name of Nora Radcliffe, on responsible deer management. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes the collaborative work on responsible deer management being undertaken in Scotland and the vital role of deer management groups and their use of the Deer Commission for Scotland's best practice guidance; acknowledges the importance of culling deer using such guidance to avoid poor condition of deer in late winter and unnecessary death by starvation or as a consequence of inadequate habitat and shelter to support them; notes the support of the Scottish Society for the Prevention of Cruelty to Animals in ensuring that culling is carried out professionally and humanely; recognises the contribution that sustainable deer management can make to sustaining rural development, with increased rural employment and public benefits such as habitat regeneration, enhanced biodiversity and reducing risk of road accidents; considers that deer management groups should take the issue forward constructively, implementing deer management planning and setting targets that can be monitored to ensure progress, and concludes that deer management groups should be supported by representation from wider public interests, including local community, recreational and conservation interests, which would be particularly useful during preparation and review of deer management plans.

17:07

Nora Radcliffe (Gordon) (LD): I thank those members who have supported the motion and those who will contribute to the debate.

We have four species of wild deer in Scotland. Fallow deer, which were introduced from the Mediterranean in the 14th century, occur in isolated populations in several areas of Scotland, but their number is thought to be less than 8,000. Roe deer are the most widely distributed species of deer. However, because they tend to stick to woodland, estimating their numbers is difficult; it is thought that there are probably around 200,000 of them. Accurate local counts of local red deer are regularly made in some parts of Scotland for management purposes, but there is no accurate figure for the overall number of red deer. Estimates vary between 350,000 and 400,000. The fourth species is the sika deer, which was introduced from Asia as an ornamental species in the late 19th and early 20th centuries. Sika deer are now feral and they occupy about a third of the red deer range. Because the two species are genetically closely related and share territory, there has been some hybridisation. There are no reliable estimates of overall sika deer numbers, but around 4,000 were culled in 1999-2000.

Wild deer are both an asset and a nuisance. They are an asset in that they can provide a wide range of economic, social and environmental benefits. They provide employment that helps to maintain communities in remote and rural areas. At the right stocking densities, they maintain important habitat types within woodland or moorland ecosystems in Scotland. However, wild deer are also a nuisance, in that they can generate a wide range of economic, social and environmental costs. At inappropriate densities, they cause damage to the natural heritage, agriculture and forestry. Protecting those land-use interests is expensive and can cause additional problems. Deer may also cause road accidents. They can be a nuisance around settlements and, in some circumstances, their management may conflict with recreational and other interests.

The difficult balance that must be struck largely revolves around deer numbers, with competing interests to be taken into account. I hope that this debate will help to find that balance.

Mr Jamie McGrigor (Highlands and Islands) (Con): Does the member agree that road accidents are caused not so much by deer as by people driving at too high a speed?

Nora Radcliffe: That is perhaps a contributory factor to a large number of accidents, regardless of whether they are caused by deer. In fact, the proportion of road accidents that are caused by deer is quite small.

In recent years, deer numbers have continued to rise in many areas despite record culls. Possible options include fencing, culling, capture and the reintroduction of natural predators such as lynx and wolves. Deer fencing can be an effective way of controlling deer to allow different land uses to exist side by side and to reduce the number of road accidents. Traditional deer fencing can be visually obtrusive and so is undesirable in some situations, although some types of fencing that contain deer are barely visible. However, deer fencing can be a dangerous hazard to birds, with capercaillie and black grouse being particularly vulnerable.

Putting in a new fence can also disturb protected mammals, such as wild cats, otters and badgers. Another mammal—man—is sometimes upset if access is restricted or if changes in habitat and deer management on one landholding have significant effects on neighbouring landholdings or communities. Fencing might not be the answer, or it might be only part of the answer. The John Muir Trust has a clear operational policy presumption against using fences for deer control; it uses them only where there is a clear justification for short-term use.

At a briefing meeting that was organised by Scottish Environment LINK in December, I was interested to hear that natural regeneration has been achieved on the Creag Meagaidh estate, without fencing and without planting, by reducing deer numbers from 1,000 to 200. Although the area is surrounded by sporting estates with much higher deer population densities, deer did not migrate in to fill what might have been seen as a vacuum. Apparently, a hind will stay within 2km of where she is born; although stags move, hinds do not.

Deer numbers are usually controlled by culling. When culling is necessary, it must be done in accordance with best practice. The public concern if it is not done in that way was clearly demonstrated by the reaction to aspects of the emergency cull that was undertaken in Glen Feshie a year ago. Both the Scottish Executive Environment and Rural Affairs Department and the Food Standards Agency felt obliged to investigate what happened; there is a report on the matter in the public domain, so I do not intend to comment further on it.

I will mention two other pieces of work, however. The Deer Commission for Scotland is consulting on the rationale for close seasons. It is asking what the animal welfare considerations should be, in what circumstances deer should be killed in a close season and whether all those who kill deer should be required to demonstrate that they are fit and competent to do so. The consultation officially closed on 4 February, but I gather from the commission's website that late responses will be accepted until 25 February. The other piece of work that I will mention hopes to clarify the relationship, which is not totally understood, between deer numbers and damage to the natural heritage.

Bruce Crawford (Mid Scotland and Fife) (SNP): I thank Nora Radcliffe for setting out all those factors, but will she tell us her view on the balance to be struck between the interests of the landowner who has sporting estates and the power of the Deer Commission for Scotland to undertake a proper and appropriate cull when necessary? Does she think that the balance is right? Perhaps we need to revisit the matter to make sure that the DCS is given the powers that it requires to do the job properly and appropriately.

Nora Radcliffe: The DCS operates quite effectively. I will go on with my speech, because it partially answers the point that the member raises and I am rapidly running out of time.

The Macaulay institute is undertaking comparative work on grazing and trampling impacts on the vegetation with changes in deer density and the presence or absence of other herbivores. When that work is completed, it should

help to clarify whether deer numbers are a useful measure of habitat damage and to identify where deer might be in conflict with natural heritage interests and where they do not present a problem. The results of that work are due to be published this year.

Deer management is a complex matter, with a host of variables, many of which are site specific, so I regard local deer management groups as a sensible way forward, with some caveats. Some of them work very well, but some work less well. At the moment, those groups are voluntary and have no statutory authority. I do not think that that is necessarily something to worry about, because the DCS has various statutory powers that can be brought into play. However, deer management groups should be preparing deer management plans that can be monitored and evaluated in each area.

One weakness is that, although the groups work well as a vehicle for dialogue between neighbouring estates that might have widely differing agendas, recreational users and communities in and around estates are not included. It would be advantageous if they were and it might also be useful if recreational interests were represented on the DCS.

Deer are a vital part of our wildlife and our ecosystems. Given that visitors see deer as a symbol of Scotland, that stalking is worth millions to the rural economy in places where that matters a great deal and that venison is a supremely healthy food, it is important that we get deer management right. Inclusive deer management groups that operate according to best practice and with the benefit of on-going research and better understanding should deliver the goods that we expect.

17:16

Eleanor Scott (Highlands and Islands) (Green): I thank Nora Radcliffe for securing this timely debate on a rural land management issue that is important to many areas, including my Highlands and Islands region, and which has—as she pointed out—lately been controversial.

Although Nora Radcliffe has covered some of the history, I want to emphasise certain aspects. Nowadays, we live in a Scotland that has lost all but 3 per cent of its native tree cover and all its large predators, apart from us. That has an effect on the deer-carrying capacity of our landscape. The Red Deer Commission was established in the 1950s to deal with the deer problem as it was seen then. Ironically, the deer population has since increased threefold, which means that any problem at that time is three times greater now.

Let me say at this point that I admire the Victorians greatly. They should be thanked for

many things—for example, they have given us civil engineering structures that are still standing, sewerage systems that we are still using and hospitals and schools that are still in operation. However, I do not thank them for the image that they projected of the Highlands, which has stayed in people's consciousness to this day. We have all seen Victorian paintings of monarchs of the glen, heather moors and so on and generations have grown up thinking that our natural landscape is moorland, not forest, and that deer live not in forests—as they should do—but on moors. The deer in those paintings have become iconic figures in the shortbread-tin view of Scotland, which is probably why people find killing them distasteful and why such actions are politically difficult. As a result, not enough culling has taken place.

I was interested in Nora Radcliffe's claim that, at Craig Meagaidh, natural regeneration took place when deer numbers were reduced from 1,000 to 200. I was not aware of those figures, but for many years our party has said that we need an 80 per cent cull of hinds to ensure that such regeneration takes place. Her figures fit in very nicely with that.

People do not realise that deer should be large animals that live in forests, not scrawny animals that live on moors. I have already mentioned Scotland's deer-carrying capacity and there is no doubt that local—perhaps even overall—numbers of deer are excessive. During the winter recess, I was fortunate enough to visit Assynt for a ceilidh. However, as my co-driver on that occasion will confirm, I was less fortunate when I chose to drive back to Easter Ross, where I stay. It was like driving through the Serengeti. I would be the last person to excuse motorists from the part that they play in causing accidents and I agree with Jamie McGrigor's point that excess speed is very often the prime factor in any collision. That said, my speed was certainly not excessive. Moreover, those deer were on the road through no action of mine; they were on the road anyway. I have to say that that journey was quite scary.

Returning to the motion, I agree that deer management groups are important and that they should be more widely representative. They should prepare deer management plans that involve a much wider representation of all stakeholders. The plans should be publicly available and they should contain no surprises when they are acted on. Moreover, the plans should be eligible for public funding, subject to cross-compliance rules and monitored by the Deer Commission for Scotland.

A briefing that we received from the British Deer Society was insistent that deer should not be regarded as vermin. I would never refer to deer as vermin, but there is no doubt that they can pose a problem in some areas and that they require

vigorous management. Nowadays, only humans can do that. For the good of the environment and the deer themselves, we must not shrink from doing whatever is necessary.

17:20

Mr Jamie McGrigor (Highlands and Islands) (Con): I declare an interest: I am a member of the Inverary and Tyndrum deer management group.

I am glad that we are debating deer management in the chamber and congratulate Nora Radcliffe on bringing that about. There is no doubt that the herds of red deer that inhabit Scotland's Highland regions are an important part of our national heritage and a tourist attraction. They must be managed in a way that makes the most of this valuable asset, rather than reducing the monarch of the glen to the status of vermin.

I take the reference in the motion to

"collaborative work on responsible deer management"

with a large pinch of salt, because, frankly, that is not happening. The recent indiscriminate massacres of deer in Glen Feshie, on Ben Lomond, on the Cobbler and at Braemar are acts not of responsible management, but of barbarity—truly offensive acts that have disgraced the name of stalking and offended most people who are involved in deer management. There are too many deer in some parts of Scotland, but that is not the case throughout Scotland. Recently, deer numbers have dropped considerably in many areas.

Management of deer should be controlled by the workforce on the ground, advised by the local deer management groups that are already in place. Deer should be culled carefully, by taking out the old and infirm animals. That should be done as it always has been done—by professional stalkers who either shoot the deer or instruct their stalking clients on which deer to shoot. Wherever possible, culling should take place in the existing stalking season. The main reason for culling should be the improvement of the red deer herd.

Not only were the recent deer massacres that I have mentioned indiscriminate, but the methods that were used—the evidence of which can be seen on Scottish Gamekeepers Association videos—are abhorrent to anyone who has the welfare of Scotland's red deer at heart. It is important that the public should be told the facts about the tragedy that is unfolding amid Scotland's wild and beautiful places.

The motion refers to

"the contribution that sustainable deer management can make"

to rural employment and public benefit. I recognise that contribution and have nothing against habitat

regeneration. However, I believe that the open hill environment that has been sustained for centuries through sensible stocking ratios of deer and sheep is far preferable to the impenetrable, tick-infested tundra that soon grows up where grazing animals have been removed. I speak from personal experience, as someone who has walked many of the high Highland mountain ranges, and know that I echo the thoughts of most experienced hillwalkers.

I have nothing against habitat regeneration that promotes the growth of pine forests and deciduous trees in some of our glens, but from practical experience I know that that is impossible without deer fencing. I do not understand the present attitude of the Forestry Commission. Unfenced young trees act as a honeypot for deer from miles around and will be munched in the same way as an unfenced field of carrots will be munched by rabbits. Those who say that traditional deer fences kill bird life should remember that fences can be marked and that there is now the option of low-lying electric fencing, powered by solar panels, which is extremely effective. Failure to fence young trees is sheer madness that can lead to the savage slaughter that has upset many right-minded people of late.

17:23

Rob Gibson (Highlands and Islands) (SNP): I congratulate Nora Radcliffe on securing this debate, which is important for putting the voice of reason into the question of deer management.

The SNP's policy for sustaining Scotland's wild species contains short statements that acknowledge the wild species, both plants and animals, as having a "high intrinsic value" and which make clear

"that we have a responsibility to ensure their long-term well-being."

We also recognise

"that the biologically sustainable harvest of these natural resources is a fundamental right and responsibility of the peoples of Scotland."

The SNP

"supports the sporting use of native species within defined humane and biological limits",

but

"accepts that the current population of red deer",

in particular,

"exceeds the current carrying capacity of their environment and this is harmful to both the deer and their habitat."

Emotive language has already been used in this debate, and that does not help the argument about finding a way forward. The Deer Commission for Scotland's consultation is a way of trying to achieve that. Unfortunately, a prominent

landowner in the north, Michael Wigan, who writes on such subjects, has described the monarch of the glen as being treated like a town rat. That is not helping us along one bit in finding ways to deal with the conflicting interests—or, indeed, the co-operating interests—of land users in the countryside. That kind of language is a hindrance, as are the talk of massacres and the slights against the Deer Commission for Scotland that we have heard in the chamber today.

We are learning as we go along. As a member of the Environment and Rural Development Committee, I had the pleasure of visiting Glen Feshie in the summer to see how the process of deer management was taking place there.

Mr McGrigor: Does Rob Gibson think that it is right that the Deer Commission for Scotland should not have appointed anyone from the Scottish Gamekeepers Association to its board?

Rob Gibson: The Scottish Gamekeepers Association has many prominent backers who are on that board in their own right. As far as I am concerned, we must turn our attention to how the shooting estates, as currently managed, benefit or disbenefit the rural development of Scotland.

Remarks were made earlier about the effects of accidents, and members have said that they think that few accidents are caused by deer. Deer estates, it is suggested, could have caused up to anything in the region of 15,000 accidents in Scotland, including nine fatalities, in the five years prior to 2003. I do not believe for one minute that those accidents were caused by speeding drivers, because I have been involved in such an accident, in 1981, on the dual carriageway at Ballinluig. Recently, on the dual carriageway of the A9 at Drumochter, there could easily have been accidents at a place where people are allowed to do 70mph. That problem is unresolved, and it must be resolved.

We must examine the way in which the value of estates for shooting is based on the number of trophy stags that can be shot in a year. That is over-egging the pudding about the value of the land on which that practice takes place and it is something that we want to have reviewed in a more fundamental way than the Deer Commission is currently considering. To be entirely positive in responding to the wording of the motion, I must say that I think that the regulating of deer management groups by bringing on board public interests, including the local community, would be a major signal that the deer management group regime, which is informal, would be brought into the formal process of working out how best to do that. I hope that the minister's remarks will help us to reach such a conclusion.

17:28

Dr Elaine Murray (Dumfries) (Lab): I am the only member from the South of Scotland to have spoken in the debate so far. There is a stretch of the A71 between Moffat and Dumfries, by St Ann's bridge, which is regularly frequented by deer grazing at the side of the road. Unfortunately, sometimes they cross the road, and on more than one occasion I have found a hind and fawn in the middle of the road when I came round the corner; fortunately, I have never had an accident. In all my time in my constituency, I have only ever seen one dead deer on the road, although I have seen a great many dead foxes, rabbits and badgers, so I do not believe that deer are among the types of wildlife that are most often involved in road accidents.

As Nora Radcliffe said, only two species of deer are native and the other two are imported species, but deer in general are now strongly associated with Scotland's natural heritage. It may be the case, as Eleanor Scott said, that that is down to the Victorians, but many visitors to Scotland hope to see some of our native creatures, whether they be red squirrels, golden eagles or red deer. They are probably a lot more likely to see red deer, which contribute to our tourism potential, as indeed do field sports. I know that some people disagree strongly with field sports, but field sports contribute a lot to some local economies, including the economy of Dumfries and Galloway. That needs to be borne in mind, as does the fact that venison is an important, but unfortunately undervalued, food source, which could be far better promoted than it is in the marketing of Scotland's food produce.

I am not denying that deer can be destructive and have to be managed. They can be destructive to other species and to economic activities. As many have said, the control of deer has to be humane. It has to take account of the fact that deer are wild herd animals that at times live in inhospitable conditions and need to seek shelter.

The Scottish Gamekeepers Association has made a number of suggestions on the management of deer, including designated deer forests, deer fencing and deer corridors. In its briefing, RSPB Scotland expressed concern about the erecting of high fences because of the danger to species such as woodland grouse and capercaillie. However, I am assured by the Scottish Gamekeepers Association that the types of fencing that are available now are not so dangerous for some of those species. I hope that dialogue will take place between the different stakeholders on what can be done.

The British Deer Society welcomes a revision of attitudes that means that the erecting of new fences will be considered on its merits. Previously,

there was an assumption against all fencing. The society's point of view is very sensible. Fencing must be appropriate to particular conditions and environments.

Reference has been made to a film produced by the Scottish Gamekeepers Association. I have seen the film; it purports to show deer being herded with helicopters towards waiting guns. If that has happened, I could never in any way condone that type of behaviour. We would not herd cattle with helicopters; we would not herd sheep with helicopters; we would not herd horses with helicopters; and I do not believe that deer should be herded in that way either. I repeat what I said earlier: deer culling has to be done as humanely and as acceptably as possibly.

I want to finish on a more optimistic note. As far as I can see from the various contributions from the various sectors in this debate, there is a general view that deer management groups should be more representative and should include members of the community. The Scottish Gamekeepers Association has suggested councils and other groups. If there were a widening of the membership of deer management groups so that they included more people with an interest in the various industries that are affected by deer, people might be able to get together and find mutually acceptable solutions and a consensus that would allow progress to be made.

17:32

John Farquhar Munro (Ross, Skye and Inverness West) (LD): I congratulate Nora Radcliffe on bringing this topic to the Parliament for debate.

Earlier today, I was most interested to read the briefing paper from Scottish Environment LINK on improved deer management in Scotland. The paper clearly states:

"Wild deer belong to no-one".

That has not been my experience. When I collide with a stag or a hind on the road, nobody claims responsibility or ownership, but if I happen to shoot the animal on the road, ownership is quickly claimed by whoever owns the nearest estate. I have experienced both situations several times and can testify to the fact that each incident can be very costly indeed.

It is now being suggested that far too many deer are on our hills. Not so. I do not believe it. Deer numbers are at a record low as far as I am concerned. I can see that in our own estate at Glenshiel. Deer are being effectively and professionally managed by gamekeepers and deer management groups the length and breadth of Scotland. The problem, of course, is that vast

areas of the winter habitat of the red deer population have been fenced and designated as areas of regeneration. The loss of grazing has forced the deer to move to areas where they were not previously seen. That creates the mistaken public perception of an excess population of red deer in Scotland. I do not believe it, and many others are of the same opinion.

If we are to retain a sustainable deer population and the associated employment in rural Scotland, we must ensure that deer management and control are left to those with the professional expertise. Deer management groups and the SGA are working together effectively to ensure that we have a properly managed and controlled resource. They are the professionals whom we must support.

Anyone who saw the invasion and mass culling that the Deer Commission for Scotland undertook in Glen Feshie last year must agree that its approach was far from professional; indeed, the action that it took was cruel in the extreme.

Rob Gibson: The minister made a statement about the culling in Glen Feshie. Does the member acknowledge that we should distinguish between what the Deer Commission did there and what the estate did?

John Farquhar Munro: It must be accepted that the estate had the professional people to do the cull on site, but the Deer Commission did not allow them to do it.

The actions of the Deer Commission were cruel in the extreme. I wonder where organisations such as the Scottish Society for the Prevention of Cruelty to Animals were hiding that day; they were certainly conspicuous by their absence from that scene of abject cruelty.

I hope that deer numbers will be maintained at their current level in the years ahead so that, in the future, we can still enjoy a traditional Highland custom: if we cannot have a day on the hill, we should at least be able to have one for the pot.

17:36

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): It is always a pleasure to follow one of life's poachers, John Farquhar Munro, especially when I am speaking out on behalf of Scotland's gamekeepers. I echo the sentiments that John Farquhar Munro expressed on the vital role that they play in deer management.

As a former mountain rescue team member and hillwalker, I believe that there is a place for the co-existence of walking, mountaineering and sporting activities; that is what we should seek to achieve. However, the events at Glen Feshie last January have caused widespread anger among those

people who work with deer. The Veterinary Association for Wildlife Management wrote to the DCS chairman to express

"concern at the serious shortcomings in animal welfare that apparently accompanied the cull. Hinds were left severely wounded, having been shot in the abdomen or hindquarters, for at least 20 minutes before they were put out of their suffering."

When we debated the Protection of Wild Mammals (Scotland) Bill, we accepted that cruelty took place if the fox was not seen off within 10 or 15 seconds. It is beyond my ken how anyone can say that leaving on the hill for 20 minutes a hind that has been shot and is suffering is anything other than cruel or barbaric.

Eleanor Scott: In an answer to a written question from Fergus Ewing, Ross Finnie said that the report into the Glen Feshie incident

"noted that there had been delays of up to 15 minutes in respect of two of the deer culled and concluded that such delays, whilst unfortunate, were not uncommon during traditional culling operations."—[*Official Report, Written Answers*, 10 August 2004; S2W-9553.]

Does the member accept that?

Fergus Ewing: I accept the former proposition, but not the latter. Frankly, gamekeepers would be angry at the suggestion that that is part of their normal practice. Moreover, the SGA's response was that the report to which Eleanor Scott refers was an unacceptable whitewash and cover-up. That is a matter of record.

Deer must be managed, but those who are involved in working the land must play a key role in that process. The tone of people who appear to be opposed to gamekeepers surprises me. On one hand, they say that we must be reasonable, but on the other they insist that gamekeepers should not be involved in the working groups or have a seat at the committee tables. In my view, that position is inherently contradictory. Gamekeepers and the SGA are not involved in performing as many of the land management roles as they should be involved in performing.

We should leave the Victorian century behind and accept that sporting estates play a useful and valuable role, not least in my constituency of Inverness East, Nairn and Lochaber. Not all landowners are Jeremys and Sebastians—cravatted former Etonians with more inherited money than brains. It is not helpful to characterise landowners. Many of the landowners in my constituency play as significant a role in the community as anyone else; they certainly employ a great many people. I do not think that I will get their votes, given what I have said, but nonetheless the truth must out.

Some gamekeepers think that capercaillie will become extinct. The capercaillie, as an

endangered species, is being attacked—at will and willy-nilly—by protected species including the pine marten.

I hope that the minister will spell out the way in which he will ensure that Scotland's gamekeepers will become fully involved in the process. The gamekeepers' organisation, the SGA, which is one of the fastest-growing membership organisations in Scotland, should become involved as a full partner around the table in discussions to find a solution. We need to find a solution that people such as Cameron McNeish, a fellow columnist from the *Strathspey and Badenoch Herald*, and I could all agree on. We need a solution that represents all the interests in Scotland that go to the mountains and love the deer.

17:40

Mr Mark Ruskell (Mid Scotland and Fife) (Green): I thank Nora Radcliffe for bringing the topic for debate in environment week.

It is clear that we have to manage our deer population. We need to balance their intrinsic natural heritage value with wider public and private interests. I welcome the work of the Association of Deer Management's groups and other groups. Their work in promoting collaborative management is a welcome step towards reducing sometimes unsustainable deer numbers and towards addressing some of the conflicts between deer stalking and other public interests that are connected with access, biodiversity and even water-catchment management.

Deer management groups must include the legitimate concerns of all stakeholders, including communities. The groups need to ensure that when cull levels are set, quotas for individual land units in the plan are achieved. The Deer Commission for Scotland has a vital part to play and we should question whether its powers are sufficient, or at least whether it is using its existing powers correctly.

Many deer in our forest estates are managed professionally and productively and produce consistently high-quality venison. However, all too often, red deer occupy vast tracts of habitat that have been severely degraded by centuries of overgrazing, a fact that is reflected in the small size and poor condition of the deer on many estates. The deer have either to be fed or culled to save them from a slow death from starvation or exposure in subsequent winters.

The opponents of the cull at Glen Feshie last spring, who opposed the cull by invoking animal welfare issues, should remember that overpopulation is also an animal welfare issue. Clearly, the reputation and price of venison in the marketplace has suffered as a result.

We need to reduce deer numbers. By so doing, we will allow habitats and deer to come back into balance. We also need to foster rural development and support for the rural economy through many channels, including those that promote high-quality venison, green tourism and sporting revenues. Reduction in the numbers of deer would deliver other public benefits along the way. As we recreate our Caledonian forests, the benefits would include enhanced biodiversity and even adaptation to climate change and a reduced risk of flooding.

We need to get behind a vision of a regenerated Scotland that has healthy and viable deer populations. We do not need a shortbread-tin view of a denuded Victorian landscape.

17:43

The Deputy Minister for Environment and Rural Development (Lewis Macdonald): I welcome this debate on an important issue. I was pleased to hear Nora Radcliffe say that responsible deer management should be planned and carried out collaboratively. I was also pleased to hear that view being echoed in a number of other speeches—it is certainly one that the Executive supports.

We want effective local deer management throughout Scotland. That should be supported by best-practice guidance that safeguards essential animal health and welfare and public safety. Effective management is important; it produces benefits that are clear to see for landowners, land managers and local economies. Of course, if it is done properly, it also produces benefits for the ecology of areas.

Deer management can be undertaken in a number of different ways, but it is important that in planning deer management, the approach that is taken is open and careful. Clearly, primary responsibility for good land management must rest with the owners and managers of the land. As members have said, deer are wild animals that roam widely over a range. If they are to be properly managed, it is essential that the work be done by neighbours who work together, openly and in collaboration, in order to achieve effective controls.

I welcome and support the concept of deer management groups or similar arrangements that cover a particular range. A number of the existing deer management groups have demonstrated how effective their work can be. Clearly, Scottish Natural Heritage and the Forestry Commission Scotland—which are funding the preparation of deer management planning—play a role, as does the Deer Commission for Scotland, through the professional advice and support that it provides.

We welcome the examples of successful deer management groups and successful planning by them.

Of course, deer management groups do not cover the whole of Scotland, sometimes for good reasons. In some areas, the problems that are caused by deer are less severe, so there is less need for such an approach. In addition, in some areas different collaborative mechanisms have been put in place, such as looser affiliations of owners, occupiers and other interests. Where they work, we support them. There are also statutory panels under the Deer (Scotland) Act 1996, which examine deer-related road accidents in Glencoe and Ullapool. Those arrangements are appropriate in those cases, and we welcome the involvement of a wide range of stakeholder bodies, but they have a specific and limited responsibility.

What matters is not how many deer there are in Scotland—today's debate has illustrated the wide range of views on that—but the impact of deer on particular sites. The work that has been done by the Deer Commission for Scotland in partnership with us, the Forestry Commission and Scottish Natural Heritage has been helpful in identifying priority sites and developing management plans for them. In many cases, that has involved working directly with the affected estates.

Mr McGrigor: Does the minister agree that the policy that the Forestry Commission used to pursue of bringing in clients for stalking within its areas and getting income from red deer was a good one, as opposed to the present policy, which appears to be that the only good deer is a dead deer?

Lewis Macdonald: That is a completely false characterisation of the policy and approach of the Forestry Commission. It has responsibility for management of the wider biodiversity of the habitats for which it is responsible, which it exercises well.

It is disappointing that one or two members have sought to continue old arguments, rather than look to the future. I encourage all those who favour sporting and other uses of deer as a resource to concentrate on looking to the future and supporting the principle of effective deer management on a partnership basis—an approach that is supported by, for example, the Scottish Gamekeepers Association in its involvement in the steering group on best practice in deer management.

Fergus Ewing: Does the minister agree that marking fences as Elaine Murray suggested reduces the risk of loss of capercaillie and other birds through their flying into fences? If we accept for the moment that there is such a risk—of which I am by no means convinced—marking fences will

reduce that risk massively, therefore that practice should form a central part of deer management.

Lewis Macdonald: We want to encourage practical propositions that will address the issues, such as that which Fergus Ewing mentioned. There has been a change in the approach to fencing, as was noted during the debate, which is right. The appropriateness of fencing should be addressed case by case and area by area. The key is in maintaining focus on the priority areas in which we should take action.

Rob Gibson: On fencing, will we mention the danger of deer on roads?

Lewis Macdonald: Deer cost us a significant sum through damage caused by accidents. The panels to which I referred that were set up under the Deer (Scotland) Act 1996 were established to address that problem in the areas where it is most significant. The actions in Glen Feshie—which Nora Radcliffe did not mention and which I do not welcome other members raising—have been fully examined in the past. There is a published report that made it clear that the actions were justified, that there were no serious failings in public safety, food safety or animal welfare, but that there were lessons to be learned. We expect the Deer Commission for Scotland to implement those lessons and carry forward the report's conclusions.

We recognise that many others who are involved in management of deer, including the Scottish Gamekeepers Association, have significant contributions to make to implementation. We encourage and support the SGA's continuing involvement in many of the steering groups that have been set up, such as the one on best practice. We also encourage continuing development of deer management groups, and we recognise that they can bring together, on a voluntary basis, all those who have stakes in the future management of deer.

The Deer Commission for Scotland, under its new chair and new board, is already developing plans for investigating the wider impacts of deer outside designated sites. Through the Forestry Commission and SNH, we will continue to provide incentives for specific management operations in support of our wider policies and to protect designated sites. The Deer Commission will continue to monitor for serious degradation and damage. It, the Forestry Commission and SNH will not hesitate to use their combined regulatory powers to address damage where that is proved to be necessary, but the best way to avoid intervention is active and effective management of deer through positive collaboration between neighbours in the interests of the land and locality. We strongly encourage that approach.

Meeting closed at 17:51.

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