

MEETING OF THE PARLIAMENT

Wednesday 21 November 2007

Session 3

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Scottish Parliament

Wednesday 21 November 2007

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

Time for Reflection

The Presiding Officer (Alex Fergusson): Good afternoon. The first item of business this afternoon is time for reflection. Our time for reflection leader is Anne McIntyre, the national director of Parliamentary Prayer Scotland.

Anne McIntyre (Parliamentary Prayer Scotland): Presiding Officer and members of the Scottish Parliament, it is a real joy to be able to engage with you and pray together for you today.

Parliamentary Prayer Scotland is a growing network of thousands of intercessors worldwide, from every Christian denomination. Some of us meet every Wednesday in the Salvation Army hall to pray for you and the current issues facing the nation. Then we come as a thin red line into the public gallery.

"Come apart and rest awhile."

Jesus urged his disciples to take a break from all the constant demands made on their lives. Does that sound familiar? The four minutes for time for reflection is hardly "awhile", but it can be a valuable moment when we can lift our hearts and minds to God and ask for his wisdom, insight and help, even to change our attitudes if necessary.

Just before the opening of this building, when we were praying for the Parliament in its new home, God impressed upon us that we needed to change our attitudes. Like many others, we had been critical of the building, but we came down to see the new inscription in the courtyard of Queensberry house. Frank McAveety was just outside, and he kindly brought us in. We declared in our best Scottish accents the biblical quotation from 1 Corinthians, chapter 13:

"Gin I speak wi the tungs o men an angels, but hae nae luve i my hairt, I am no nane better nor dunnerin bress or a ringing cymbal."

As soon as we finished, a diminutive young woman, dressed in black, stepped forward, produced a microphone and said that she was a World News reporter. She asked, "Tell me, what do you think of the building?" Without a moment's hesitation I said, "Oh we love it!" Our attitudes had indeed been changed, and they remain changed because God has given us his love in our hearts for you and for this place.

So, let us take a precious moment now to seek God's blessing on all who work in this building for our Government and nation, through the prayer that the Lord Jesus Christ taught his disciples.

Our Father, who art in heaven, hallowed be thy Name. Thy kingdom come, thy will be done on earth as it is in Heaven.

Give us this day our daily bread and forgive us our sins as we forgive those who sin against us and lead us not into temptation but deliver us from the evil one.

For thine is the Kingdom, the power and the glory for ever and ever.

Amen.

Economic Strategy

The Presiding Officer (Alex Fergusson): The next item of business is a debate on motion S3M-883, in the name of John Swinney, on the Scottish Government's economic strategy.

14:34

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): "The Government Economic Strategy" sets out our route map for achieving our overarching purpose of increasing sustainable economic growth in Scotland. Last week's budget set out how, in the context of the tightest financial settlement since devolution, we will invest the money available to us to increase our national prosperity and deliver the hopes and aspirations of the people of Scotland. The economic strategy and our budget are the two key elements that will underpin a new age of ambition in Scotland. Together they provide the strategy and the measures that will put Scotland firmly on the course to success and ensure that this Government delivers greater prosperity and opportunity for the people of Scotland.

No one in this chamber will deny the need for a new approach or the fact that economic success in Scotland is long overdue. After all, the statistics tell a damning story of years of economic mediocrity in Scotland. It is a fact that, for decades, growth in Scotland has lagged behind that in the rest of the United Kingdom. Over the past 25 years, growth has averaged 2.3 per cent in the rest of the UK, but only 1.8 per cent in Scotland.

It is also a fact that our growth rate has been much lower than the average growth rate of small European countries. Indeed, when we compare ourselves with the successes that have happened on our doorstep, the need to improve our economic performance is clear.

Gavin Brown (Lothians) (Con): Does the Government have any targets for 2011 that will allow it to compare our performance with that of other European countries and countries in the Organisation for Economic Co-operation and Development?

John Swinney: In its economic strategy, the Government has made clear its intention to equal by 2011 economic growth in the rest of the UK. Bearing in mind the difference in the growth rate between Scotland and the rest of the UK, we consider that a reasonable short-term target. Our ambition in the medium term is to ensure that Scotland's growth rate equals that in small European countries by 2017. I think that that, too, is reasonable.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): In the last quarter, the growth rate in Norway was 1.4 per cent and, in Finland, 1.7 per cent. Forecast growth in Iceland is 0.4 per cent. In half the arc of prosperity countries that the cabinet secretary believes we should match our performance with, growth is slower than in Scotland. Why does he think that that is the case?

John Swinney: Mr Purvis should reflect on the fact that, over the years, Scotland's economic performance has been sluggish in comparison with that of small European countries. That is why this Government is ambitious to improve Scotland's economic performance.

As for Mr Purvis's example of Norway, Scotland and Norway are near neighbours with populations of roughly the same size. Both countries are equally rich in oil. However, according to the United Nations human development index, Norway ranks as the most prosperous country in the world, while Scotland, even as part of the UK, struggles to make it into the top 20. Critically, our other near neighbours—Iceland, which Mr Purvis also mentioned, and Ireland—rank second and fourth respectively in the same UN survey and again fare far better than Scotland.

It is no coincidence that Norway, Ireland and Iceland all achieved their independence in the 20th century and that they have all achieved their wealth by not being part of a larger political union. As a result, the Government takes the view that the economic case for Scottish independence is compelling. Although we are making that case, we also recognise that there is more that we can do within the Parliament's existing powers.

Rhona Brankin (Midlothian) (Lab): The cabinet secretary will realise that in some of the countries that have been mentioned education is held in very high esteem. Does he recognise the importance of Scottish universities to the Scottish economy and appreciate that Scottish universities are among the best in the world and, indeed, create jobs in Scotland? If so, why has he given them such a derisory settlement for the next three years?

John Swinney: I am very interested in Rhona Brankin's question. This Government takes the view that education is very important. Indeed, that is why we are delivering our commitments in every element of education—from the early years sector, through primary school education, with our commitment to reduce class sizes, through secondary school education, with our activities on vocational links, to our support for the further and higher education sector.

This Government has delivered an investment package for higher and further education of £5.24

billion over the next three years, which is a cash increase of 11 per cent.

Iain Gray (East Lothian) (Lab): Will the cabinet secretary give way?

John Swinney: Mr Gray will get his chance in a moment, but he will just have to listen to me for a little while.

By any measure, that package represents a serious investment in learning, skills and Scotland's future prosperity. Taking into account the spending review increases and the £100 million that I was delighted that the Finance Committee approved yesterday as the capital addition in 2007-08, the Government will have increased, compared with what was planned, capital investment in universities by 20 per cent over that period, which is a formidable investment.

Iain Gray: Will John Swinney make it clear to the chamber that, in reaching the figure that he gave for the increase in higher education funding, he is counting cumulatively over three years, and that, were we to apply that method of counting to the additional resources from the spending review, we would find that he has received £7.2 billion over the next three years? Either way of counting is fine, but he must be consistent.

John Swinney: What is clear is that the Government is delivering higher investment in universities and further education colleges, which is to be welcomed.

I also want to put on record a point about the £160 million bid from Universities Scotland in relation to the spending review. The total amount of the Universities Scotland bid was, over three years, £526 million. Within the tightest constraints of the spending review, the Government has delivered £263 million—half that bid. That is a good outcome in difficult circumstances, bearing in mind the contribution of Her Majesty's Treasury.

Jeremy Purvis: I wonder whether the cabinet secretary was following this morning's meeting of the Education, Lifelong Learning and Culture Committee, where possible double counting of an additional £10 million came to light in relation to the capital that has already been released. Can he confirm that, in real terms, over baseline and over the three years, the sum provided to universities is actually £43.2 million, not the £263.2 million that he has claimed? In real terms, what is the figure?

John Swinney: What I said to Parliament is absolutely the case. On a like-for-like basis, the Universities Scotland bid was for £526 million, and we have delivered £263 million—50 per cent of what Universities Scotland was asking for. I do not think that that is a particularly bad deal.

Jeremy Purvis is speaking from the Liberal Democrat benches, and we heard a lot from the

Liberal Democrats over the weekend about the solution to the funding challenge in the university sector being the mutualisation of Scottish Water. I have never heard a more deceptive presentation of an argument than that from the Liberal Democrats. Under the Liberal Democrats' proposal, not a single penny would be released by the mutualisation of Scottish Water on 1 April 2008 or 1 April 2009, or even 1 April 2010. For them to say, after years of experience in government, that that is the solution to the problem shows that they obviously were not paying attention in government when those issues were addressed.

The strength of the Government's economic strategy is that it aligns all aspects of the public sector to support the Government's purpose of increasing sustainable economic growth. It does not matter whether the expenditure is on health, the environment or enterprise, because the Government has aligned public expenditure to support our approach on economic growth. Our focus is on providing opportunities to reverse the brain drain from Scotland and to encourage talented and able people to build their lives here. We want to create in Scotland a competitive place that builds clear, comparative advantage for business. We want to make Scotland one of the most competitive countries in Europe, and the steps that we are taking in the economic strategy are designed to do that.

Tavish Scott (Shetland) (LD): In that context, why has John Swinney decided—it was his choice—to cut £54 million from Highlands and Islands Enterprise over the period of the spending review?

John Swinney: I have decided to ensure that we invest in reducing the burden of business taxation on companies throughout Scotland. That is why we put such emphasis on reducing costs for small businesses in the communities of Scotland that need some additional incentive to make themselves competitive. I would have thought that a member who represents the Shetland Islands would have welcomed the fact that we are giving such a boost to the small, rural communities of Scotland.

The Government's economic strategy is focused on five specific priorities. First, it is focused on strengthening our investment in learning, skills and well-being, on giving every child a strong start in life, on providing education and skills to meet the needs of business, and on ensuring that we invest in the physical and mental health of the workforce.

Secondly, the strategy is focused on creating a supportive business environment, in which we deliver broader support for innovation and a competitive tax regime to help us attract investment into Scotland. That is why we have decided to ensure that 150,000 small businesses

are freed of either the whole burden of business rates or a significant proportion of it.

Thirdly, the strategy focuses on infrastructure development and place. There will be significant investment in our transport infrastructure over the spending review period.

Fourthly, our economic strategy focuses on effective government and on ensuring that our public services operate efficiently and in a streamlined fashion to deliver the Government's objectives. We have high hopes that our whole approach to the organisation of the public sector and the arrangements with local government mean that we can align public services to support the needs and direction of economic growth in Scotland. If we join up the different components of activity within the public sector, that could greatly support our purpose of increasing economic growth.

Finally, we demonstrate in the economic strategy our focus on ensuring that increased prosperity is shared equitably among everyone in Scotland. That is why our strategy includes such a strong investment in the development of a sustainable rural economy and why we support the development of the renewable energy sector, which will ensure that we use our natural resources to maximum advantage. It is also why we are investing in the creation of a new sustainable development and climate change fund.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): On sustainable rural development, we heard at the Rural Affairs and Environment Committee meeting this morning that the £10 million that the Government has allocated for a new entrants scheme for farming is not ring fenced. The money will be taken from the other agri-environment schemes and might not result in any new money going to any new farmers.

John Swinney: Mr Rumbles fails to recognise the ambitious content of the Government's rural development programme and what it will deliver for people in Scotland.

I mentioned the sustainable development and climate change fund, which will make a formidable contribution to the achievement of the Government's sustainability objectives.

We are focused on achieving the impressive and ambitious targets that we have set in the economic strategy. We aim to ensure that we increase the growth rate in Scotland to match the United Kingdom level by 2011 and the average growth rate in small European countries by 2017. We see those as ambitious aims that have been taken forward by small countries that are determined to ensure that they are more competitive and more successful.

This Government is ambitious for success in Scotland. We aim to transform the economic opportunities of people in Scotland and to ensure that we have the right infrastructure to sustain a competitive business environment. Our approach is drawn together in a clear and straightforward economic strategy that gives guidance to the whole public sector on how Scotland can be more successful. I am delighted that my motion supports the essential elements of the economic strategy, which will deliver prosperity for the people of Scotland.

I move,

That the Parliament recognises the importance of creating a more successful country with opportunities for all of Scotland to flourish and notes the publication of *The Government Economic Strategy*, which sets out the Scottish Government's approach to aligning the public, private and voluntary sectors to achieve this objective.

14:48

Iain Gray (East Lothian) (Lab): The previous Executive made economic growth its top priority, so we whole-heartedly support the economic strategy's purpose of increasing sustainable economic growth and opportunities for all.

One clear difference from previous approaches is the setting of a target for economic growth. The choice of targets seems curious, given their relativity—they are moving targets, as Mr Purvis showed in his intervention.

The target of matching UK growth begs the question: what happens if UK growth drops? Will we have achieved our target even if our economy slows but the UK economy slows more quickly?

In any event, we know that Scotland's gross domestic product growth matched or exceeded the UK figure 13 times over the past 26 quarters. The recent picture is perhaps not as bleak as the Government would like it to appear.

Nonetheless, the purpose of increasing economic growth is a vital one. What matters is what we do to achieve it: targets will not, in and of themselves, drive economic growth. The reality check is whether the budget invests in the strategic priorities that have been identified to drive growth, as Mr Swinney made clear.

The promised small business bonus scheme is part of the strategy and we support it in principle, although in our view it is a missed opportunity. The scheme could have been used to incentivise training or energy efficiency. There was a potential double win.

In Scotland, we have a great track record of support for innovation and business growth, through successful, ground-breaking initiatives such as the proof of concept programme and the

Scottish co-investment fund. However, the budget lines for Scottish Enterprise and for innovation and investment grants, which we would expect to include such programmes, are falling in real terms, and “The Government Economic Strategy” does not appear to contain new ideas on support for innovation. That is disappointing.

On infrastructure, the picture is worse. Not only are funds for major public transport projects falling, but the rail link to Edinburgh airport, which was the single most important economy-related public transport project in Scotland and had the best cost-benefit ratio of any rail project since devolution, has been cancelled. What is more, the route development fund, which was the single most successful initiative, which connected Scotland with the world and which supported some 46 new direct routes to Scottish airports, has also been cancelled. The fund had to be changed to remain European Union compliant, but it has gone completely. In its former life, the SNP never stopped banging on about the importance of direct air routes to Scotland, and Scottish business agreed. Does the Government think that Scottish business no longer cares about direct routes to Scotland? I think that Scottish business cares about direct routes.

Margo MacDonald (Lothians) (Ind): The member might be interested to hear that the matter was discussed at a meeting of the Edinburgh airport consultative committee this week. Although he might well be correct in identifying a lack of action on the part of the Government in Scotland, there has also been a lack of action in England. English airports have been caught in the same trap.

Iain Gray: The point is that the route development fund gave us the competitive advantage over the rest of the UK that the Government supposedly seeks.

Two iconic projects have been cancelled, and the business world is asking whether the M74 extension is next. The preparatory work has been done, so why cannot construction begin? Immediate progress on the project is a central test of the Government’s commitment to Scotland’s economic infrastructure.

The greatest test of investment in economic growth is investment in our people. In his foreword to “The Government Economic Strategy”, the First Minister calls Scotland’s people “our greatest asset”. He is absolutely right to do so. We cannot afford to waste the potential of a single Scot. Yesterday I met someone who works in the construction industry, who complained to me that we produce only 200 structural design engineers a year. He knows of a single university cluster in India that turns out 4,500 design engineers a year. The jobs that he cannot fill in Scotland are being

outsourced to Vietnam. On the way to that meeting, I heard Polly Purvis, from ScotlandIS, talking on the radio about the skills shortages in information and communications technology. There are 7,000 unfilled vacancies in a skills set that is a core driver for growth.

How can a Government that is committed to economic growth produce a budget in which the enterprise lines for skills funding are cut—in cash terms, never mind in real terms? Why are our universities in open rebellion—however Mr Swinney double or triple-counts the figures—threatening to freeze student numbers and predicting that they will fall behind their competitors?

Alex Neil (Central Scotland) (SNP) rose—

Iain Gray: How can the pressing need for wider vocational opportunities in our schools be reduced to one sentence in the Convention of Scottish Local Authorities concordat, with no funding, targets or hope of progress?

How could Mr Ingram tell my colleague Rhona Brankin last week that there will be no additional apprenticeships in Scotland? To take such an approach is not to stand still but to go backwards—[*Interruption.*] Ms Hyslop is disagreeing from a sedentary position, but I assure her that that is what Mr Ingram said. On the day when Mr Ingram told us that there would be no new apprenticeships in Scotland, the responsible minister in the UK Government announced 120,000 new apprenticeships in England. In my council area, when an apprenticeship is offered, there are 300 applicants. We need those apprenticeships, but we are falling behind.

The Cabinet Secretary for Education and Lifelong Learning (Fiona Hyslop): Will the member give way?

Iain Gray: I am sorry, but no.

The settlement could have delivered skills academies in every part of Scotland, science and maths centres of excellence and 1,500 new apprenticeships. It could have guaranteed that no 16-year-old would be allowed to drift without education, training or a job—they will soon be given such a guarantee elsewhere in the country.

Those who criticise compulsion miss the point: the compulsion is on us. We need to find ways in which to harness every talent, no matter the challenge. I was a teacher when the leaving age was raised and I taught so-called ROSLA—raising of school leavers age—classes. It was tough, but we found ways to succeed. The Government is in danger not of compromising an election promise, but of compromising the future promise of a generation of our young people.

In the strategy, the Government has willed the end, but, in its budget, it has failed to will the means. When he was pressed on the matter at the launch of the strategy, the First Minister fell back on what, in his world view, is the means to any end that anyone cares to choose: independence. All over the world, nations are coming together to build single markets, single currencies and single regulatory unions to drive economic growth in global markets. That is happening in America, Asia, Africa and Europe, but our Government wants to go the other way.

Frankly, if Scotland was independent, the Government would argue in its economic strategy for closer links with the rest of this island. Our financial services and energy sectors would demand markets that were more closely integrated and greater access to the English market, which is 10 times the size of the Scottish market. According to the Government's own figures, the English market is worth £14 billion.

Rob Gibson (Highlands and Islands) (SNP): If the member wants Scotland to be able to sell energy into England, it is important, in our so-called union, for the Office of Gas and Electricity Markets to be forced to allow us to hook up at a price that is a lot lower than current prices. Surely the energy market is not working.

Iain Gray: The fact of the matter is that we are part of a national grid that allows us to sell into England. We do that day in, day out, and yet the member wishes to break that arrangement.

The strategy says that Scotland was an economic leader 100 years ago, but it misses the point that that was precisely because of the pooling of markets, resources and risk in the union.

It is really hard to understand why a Government that talks so much about economic growth is, in real terms, disinvesting in skills, higher education and economic infrastructure.

Fiona Hyslop: Will the member give way?

Iain Gray: I am sorry, but the cabinet secretary has never, on any occasion, allowed me to intervene on her. [*Interruption.*]

The Presiding Officer: Order.

Iain Gray: It is also hard to understand why all the crucial drivers are deprioritised in favour of a business rate cut, which is welcome but not enough, and a council tax concordat that jeopardises progress, even on early years policies such as class sizes.

It is hard to understand those things unless, of course, *The Wall Street Journal* of 31 October is right in saying that the next country to adopt

Reaganite policies is Scotland. It went on to gush that

"The First Minister sounds a lot like the Gipper".

Members might think that Mr Salmond would protest, but no, he could hardly hide his delight—indeed, he purred that he was

"a long time advocate of supply side economics."

We always thought that Mr Mather's fiscal fairy dust was a joke, but perhaps it is no laughing matter. It may be a darker magic of the sort that even George Bush senior called voodoo economics. We should worry about what spell the SNP wants to work on workers' rights and the minimum wage, if the Government were to get its hands on them, as the strategy suggests it should.

We are entitled to ask whether the Government's economic strategy is simply the empty vessel that makes the most noise. The purpose is admirable, but the means are lacking. In every area that the Government has deemed a strategic priority—one that is vital to the delivery of its purpose—investment is static or even falling. There is nothing new in the document. On skills, infrastructure and higher education, the Government's budget has failed its own test of purpose.

The rhetorical roar of the Celtic lion is simply a cover for a real-world whimper of actual investment—or is there something worse here? Reaganomics, laissez-faire, trickle-down, the Laffer curve, crackpot economics—call it what we will, we are entitled to ask of the strategy, "What manner of economic beast is hidden here, slouching toward separation?"

I move amendment S3M-883.3, to insert at end:

"calls on the government to make the necessary investment in skills, schools, colleges, universities and infrastructure, and believes that Scotland can best achieve sustainable economic growth as part of the United Kingdom."

15:00

Derek Brownlee (South of Scotland) (Con): I will cover our approach to the Government's economic strategy in due course, but I will first set out the case for supporting the amendment in my name. My amendment seeks to ensure that small businesses benefit from an acceleration of the cuts in business rates, if resources can be found to do that. There are many reasons to support small businesses. Not only do they play an important part in Scotland's economic life, but they provide vital local services and improve the quality of life in communities throughout the country.

Another reason why small business in Scotland needs our help is that, from April next year, small companies will pay a higher rate of corporation

tax. The tax bills of many unincorporated small businesses will rise as a result of changes to income tax and national insurance. Further, many small business owners who, for whatever reason, have to sell their business will see their capital gains tax bills rise. From next April, small business will bear the brunt of the tax rises that the Labour Government at Westminster has set. By accelerating the implementation of the small business rate cuts that were announced in the budget, we can to an extent offset those increases. For small businesses that are not profitable enough to pay tax, we can help them by cutting their rates bill. If economic growth is to be our top priority, which it should be, the best way to ensure that it happens is to help small businesses to grow.

Robert Brown (Glasgow) (LD): I am curious about the member's amendment. A strong case has been made for support for small business with which I do not disagree, but if the case is as strong as all that, why does the amendment contain the qualification

"if additional resources become available"?

Why does the member not identify what additional resources are required and say where they might be found?

Derek Brownlee: We do not want to come up with crackpot schemes like that of getting instant money from the mutualisation of Scottish Water, which could not happen for a number of years.

Tavish Scott: The member supports that.

Derek Brownlee: Indeed I do, but we cannot do it through the budget bill. I remind the member of the Liberal Democrat manifesto, which had a timetable for what would happen when Nicol Stephen became First Minister. In November, the party was going to cut small business rates, so it should support our suggestion today.

I turn to the two other Opposition amendments. The Liberal Democrat amendment makes the reasonable assertion that higher education makes a vital contribution to the economy, but it fails to set out what level of funding it is asking us to sign up to to allow the sector to remain internationally competitive. I wonder whether the Liberal Democrats have ditched or are sticking to the manifesto commitment to £168 million a year. That is not in the amendment either.

The Lib Dem amendment does not tell us where the funding would come from, but it raises important issues. It is vital that the sector is more competitive internationally, but the nature of the challenges and the range of questions that we must ask are such that we need to revisit the whole issue of higher education funding via an independently conducted review. I am happy to

work on that with the Liberal Democrats, who have come round to our view on the mutualisation of Scottish Water, although it is some years late—I remember that Ross Finnie never supported the idea when he was a minister. I am happy to work with the Lib Dems in the constructive and non-partisan way that Tavish Scott has made his own.

Fiona Hyslop: The member calls for an independent review of the higher education system. I am meeting with university principals tomorrow to work together with the sector to achieve rapid progress towards where we think the sector should be. If the university principals share that view, will he support it?

Derek Brownlee: We need to find out what the university principals say about that. We remain of the view that an independent inquiry is the best way in which to make progress on the issue.

The Labour amendment makes the equally valid point that skills and infrastructure are important. Iain Gray outlined those points in his speech. However, we do not know what the necessary investment that is mentioned in the amendment would be. Labour wanted all the extra resources that come to Scotland to be spent on education, but we do not support that. We want business rate cuts to be prioritised and we cannot prioritise everything at the same time, however worthy the causes might be.

The latter part of the Labour amendment says that

"Scotland can best achieve sustainable economic growth as part of the United Kingdom."

Despite the best efforts of Gordon Brown and Alistair Darling, despite the tax rises that have been outlined and the many others that have gone before them, and despite the lamentable record of growth since Labour took office, I am still prepared to concede that Scotland can best achieve sustainable economic growth as part of the UK. It is just that we need a change of policy and a change of UK Government before it can do so.

I turn to the economic strategy that has been unveiled by the Government. We welcome the fact that, for the first time, we have a target for economic growth. It is a pity, as Iain Gray said, that it is not a specific target or a set percentage. As he said, the UK growth level will fluctuate and it is difficult to see what precisely we are aiming to achieve. We do not yet know the UK Government growth projection for 2011, but for 2010 it is in the range of 2.5 to 3 per cent. The average error in Treasury projections, according to the Treasury, is 0.75 per cent, meaning that we could be trying to exceed anything from 1.75 to 3.75 per cent.

Iain Gray: Will the member acknowledge the problem that, in arriving at its growth rates, the

Government has gone back more than 25 years? That includes a couple of recessions under the Tories, which rather drags down our economic success in later years.

Derek Brownlee: I remember Professor Brian Ashcroft—a fairly distinguished economist—telling the Finance Committee earlier this year that the Scottish economy had underperformed that of the UK since 1996. I remember who took office in 1997.

The key point about the target that the Government has unveiled is that it is fine to set a target for 2011, but we need to know how we are going to meet it and what we should expect in 2008, 2009 and 2010 to make sure that we are on track. Similarly, as we head towards all the targets that are set for 2017, we need to understand what measurements we should expect to see each year. I acknowledge that the Government has made this commitment:

“We will formally and regularly report on the progress that we are making”.

However, it would be helpful to get an independent assessment of that. It is surely unreasonable for the Government to act as its own judge and jury.

Whatever we think of the Government's economic strategy, we would surely enhance the competitiveness of Scotland's small businesses if we accelerated the cuts in business rates.

I therefore have pleasure in moving amendment S3M-883.1, to insert at end:

“and, recognising the importance of small businesses to the Scottish economy, calls on the Scottish Government, if additional resources become available, to prioritise the acceleration of the full implementation of the reductions in business rates for small businesses announced in the budget on 14 November 2007.”

15:07

Liam McArthur (Orkney) (LD): For a Government that claims to be so ambitious that even its purpose is spelled with a capital P, the motion before us this afternoon reeks of timidity. The Government's economic strategy was launched last week amid great fanfare. It was heralded by the bold First Minister as the road map to independence by 2017. It seems scarcely credible that the same document is being debated today on the back of a Government motion that makes no reference at all to Mr Salmond's stated endgame of independence.

The reason for that is clear. It is not simply the recent evidence that popular support for independence is going backwards, and it is not just that the business community has responded to such a separatist agenda with alarm and distrust. The answer to the Government's coyness

lies slightly closer to home—with the party to my right, to be precise. From helping Scottish National Party ministers to kill off the Edinburgh airport rail link project despite broad support from the business community, which saw it as a means of delivering a properly integrated transport system fit for the 21st century, to blocking more detailed scrutiny of the budget process, Annabel Goldie's tartan Tories appear to have adopted a new approach: compassionate opposition.

Derek Brownlee: Already in this debate, we have heard about many instances of committees doing exactly what we said they would do—scrutinising the budget process appropriately. Does the member not accept that the committees are already taking very seriously their responsibility for scrutinising the budget?

Liam McArthur: I fully recognise the role of the committees in the process, but what Derek Brownlee has just set out is very much at odds with the position that he adopted in the chamber earlier in the year.

Even Ms Goldie knew that she could not be so brazen as to ask her troops to vote for a Government motion that set an unambiguous course towards separation. So, it appears, a take-note motion was agreed. That has allowed Derek Brownlee to be unleashed with such fury in holding ministers to account that it will come as a surprise to no one if the Government returns the favour of a couple of weeks ago and votes to support the Tories' amendment to its motion.

It is essential that the Government is held properly to account. In the run-up to May, the SNP made big promises. Since the election, and again today, Mr Swinney has asserted that they will all be delivered. However, it is increasingly obvious that many promises have been dumped. In some cases, there was never any intention to deliver them in the first place. Dropping student debt is the prime example. Never has so much been promised to so many by so few with such little honesty.

We believe that it is the treatment of the higher and further education sector overall that strikes at the heart of the Government's economic strategy. It undermines the First Minister's claim in the strategy that

“Sustainable economic growth is the one central Purpose to which all else in government is directed and contributes.”

As the Government's own Council of Economic Advisers made clear at its meeting in September,

“developing Scotland's comparative advantage ... including high level skills”

is one of the key drivers of growth. However, real-terms spending on higher education institutions will be cut next year. Over the spending review

period, spending on higher education will grow by less than the rest of Government spending—far short of the 15 per cent that the sector seeks in order to remain internationally competitive.

John Swinney: Will Mr McArthur take the opportunity to tell Parliament exactly how the Liberal Democrat proposals to mutualise Scottish Water would pay for an increase in the money for universities on 1 April 2008?

Liam McArthur: I am grateful for that intervention from the cabinet secretary because it gives me an opportunity to point out that much of the press coverage over the weekend was from Comical Alex, the cheerleader for the Government, and not from the Liberal Democrats. This is the Government's budget, delivering the Government's economic strategy, so the Government needs to tell us why the figures do not tally.

John Swinney: What is the answer?

The Presiding Officer: Order.

Liam McArthur: Universities Scotland has been crystal clear. The resources that it sought—£168 million by 2010-11—would have been used to develop high-level skills, boost research and promote links between education and business. They would also have been used to lever in similar levels of match funding from the private sector. Those are all critical success factors that are identified in the Government's economic strategy, but the failure to deliver anything like the funding that is required calls into question the assertions of ministers about their commitment to deliver.

There are other examples. As Iain Gray set out, along with the failure to increase funding for higher education, there are cuts in innovation and investment grants. That undermines the Government's strategy with respect to increasing research and development activity and knowledge transfer.

Fiona Hyslop: On the basis that the Government is providing a bigger share of a bigger budget for higher education—

Tavish Scott: A bigger budget.

Fiona Hyslop: It has increased by 1.4 per cent, not the 15 per cent on top of inflation that universities are asking for, for the Liberal Democrats' proposals. If we are providing a bigger share of the budget than the previous Government did, what on earth does that say about that Government?

Liam McArthur: Between 2002-03 and 2007-08, as a percentage of overall funding, university and college funding averaged 5.29 per cent. The percentage for 2008-09 to 2010-11 is 5.07 per cent.

As for Highlands and Islands Enterprise, the cut in its budget of £57 million by 2010-11 looks like an act of economic vandalism. HIE has performed well, and is recognised internationally. It has been innovative and it has challenged ministers to support its success in recent years. The cuts that are proposed by the Government, along with the removal of input from local businesses, and centralisation to Inverness, beggar belief.

The rhetoric of the economic strategy is not matched by the reality of the Government's budget. As the strategy makes clear, however, the Council of Economic Advisers will be an important "external review" of the Government. That is why Liberal Democrats want the council to be invited to carry out a review—to assess the extent to which the budget delivers what the strategy promises, and to highlight where the choices that are made by the Government fail to live up to the promises that it has made about sustainable economic growth. I hope that the cabinet secretary will extend such an invitation, or encourage the First Minister to do so.

It is clear, to use the First Minister's own words, that all policy and spend has not been assessed for the contribution made to economic growth. The Council of Economic Advisers should now carry out a review and be empowered to make recommendations. That should be done as a matter of urgency, before we are locked into a three-year budget.

All members will share the ambition that is expressed in the Government's motion of creating a more successful country, with opportunities for all Scotland to flourish. The role of the public, private and voluntary sectors in achieving that is not in doubt. However, the failure of the Government to put its money where Mr Mather's matrix management is—particularly in relation to the higher education sector—is a source of serious concern.

I move amendment S3M-883.2, to insert at end:

"believes that higher education has a vital contribution to make to the Scottish economy in delivering high-level skills, research and knowledge transfer, and is therefore disappointed and dismayed at the failure of the SNP government to support this economically vital sector with the funds it requires to remain internationally competitive."

15:14

Alex Neil (Central Scotland) (SNP): First, I say to Iain Gray that if Scotland had been independent and John Swinney was the finance minister in an independent Scotland, John Swinney would not have made the fist of the banking system that Alistair Darling has made in the past two months or so. To be fair to Alistair Darling, perhaps he is missing his former dynamic adviser, Iain Gray, which is why he is making such a fist of it.

Iain Gray has a cheek to talk about young people who are not in employment, education or training when his Government has presided over the worst level of NEETs in Europe for 10 years.

Iain Gray: Will the member give way?

Alex Neil: He wouldnae take me, so I'm no taking him.

Let me turn to the Liberal Democrats—better known as Wendy's poodles.

The Deputy Presiding Officer (Alasdair Morgan): Order. Refer to members by their full names, please.

Alex Neil: Wendy Alexander's poodles, then—they are still poodles, Presiding Officer.

When John Swinney asked Liam McArthur about paying for the funding for the universities, he would not answer the question. However, on "The Politics Show" on Sunday, Tavish Scott's deputy leader, Nicol Stephen, said that the Liberal Democrats would give the universities every penny that they ask for. Maybe Nicol's nickel isnae worth a dime—who knows? He then said, when asked how he would fund that investment, that he would mutualise—that is, privatise—Scottish Water.

Tavish Scott: I am grateful to the deputy minister for "Newsnight" for giving way. He is the most loyal back bencher on the Government benches. [*Laughter.*] I am grateful that the Government appreciates that.

I hope that Mr Neil will accept that that is not what Nicol Stephen said and that the Liberal Democrats have never and will never back privatisation of Scottish Water.

Alex Neil: With respect to Tavish Scott, I heard the broadcast and heard Nicol Stephen say that he would mutualise Scottish Water. In my mind, mutualisation is equal to privatisation. In that regard, I wonder whether the Labour Party will tell us whether it will support its pals in the Liberal Democrats in that bid to mutualise Scottish Water.

In any case, Nicol—and, by that, Presiding Officer, I mean Nicol Stephen, who was talking to Glenn Campbell—did not seem to realise that it is impossible to mutualise Scottish Water in a budget bill. Further, he did not mention the calculation—

Tavish Scott: On a point of order, Presiding Officer. We are three minutes into Mr Neil's very entertaining speech and I must say that it has nothing to do with the economic strategy of the Government.

The Deputy Presiding Officer: I will judge whether the member is in order.

Alex Neil: Thank you, Presiding Officer. I would have thought that the universities and Scottish Water would be central to the economic strategy of any Government.

If Scottish Water were mutualised, £250 million could be taken from Scottish Water to give to the universities. However, if that were done, every pensioner in Scotland would be driven into dire poverty.

Nicol Stephen did not tell us—and did not seem to realise—that on "Newsnight", three nights before he was speaking on Sunday, his leader, Tavish Scott, said that his priority in the budget changes was not the universities but giving more money to renewable energy. When he was pressed to tell us how much more money he wanted to give to renewable energy—which, to ensure that I stay within the terms of the motion, I point out is another essential part of the economy—he could not tell us. Further, when I asked him how he would fund that investment, he could not tell me. The Liberal Democrats are all over the place. They do not know what they want to do. They have not worked out their economic strategy for Scotland. Given that they were part of the eight years of failure that has just passed, that is not surprising. They still have not got a clue what they want to do.

As John Swinney rightly said, we are facing the toughest financial settlement from Westminster since devolution. However, the irony of the situation is that the price of oil is heading towards \$100 a barrel. That means another bonanza for the Treasury in London. It is a ridiculous situation for a nation such as Scotland to be in—to have to squeeze our spending to a rise of 1.4 per cent, when Norway's is rising by five times as much and when our people are producing the riches to fund all the infrastructure programmes in London and the south-east of England. It is high time that the unionist parties got their economic priorities right, like us, and started fighting for Scotland instead of their unionist pals south of the border.

15:20

Marilyn Livingstone (Kirkcaldy) (Lab): The SNP Government states that growing the economy is its top priority. It says that the implementation of its economic strategy

"will be driven across the public sector and ... supported by the new arrangements within the Scottish Government to provide a clear focus on delivery of the Purpose"

and that

"Financial and other resources will be aligned to ensure that policy development and spending programmes are sharply focused on the delivery of the Purpose".

Will the cabinet secretary tell me how that equates to a cut of 3.4 per cent in the enterprise, energy

and tourism budget? Will he explain how it equates to the disconnection of economic development and the skills strategy, which has seen the scrapping of plans for an increased number of modern apprenticeships, although the construction industry is crying out for increased numbers?

Fiona Hyslop: Will the member acknowledge that the number of apprenticeships will increase under this Government? We will not set arbitrary targets, but we will increase the number of those in training to 50,000, compared with the 400,000 apprenticeships that have been announced recently by the Westminster Government. That puts Scotland in a very competitive position.

Marilyn Livingstone: I can see no budget to follow that, and no specific numbers. The Scottish Building Federation says that, despite the construction industry's record success, more recruits are needed and Scotland cannot afford to rely on attracting skilled professionals from other areas. There is also the issue of higher education—further education colleges and universities are being given only a fraction of the funding that they need, which is putting them at a competitive disadvantage.

I will concentrate on the Government's important strategic priority of equity. The Government says that it will

"provide the opportunities—and incentives—for all to contribute"

and that it will

"accord greater priority to achieving more balanced growth across Scotland".

If that key strategic priority is to be achieved, the development of economic policies based on city regions is welcome—I am not disputing that, and the evidence supports that. If we are to achieve the growth in the economy to which we all aspire, we have to ensure that our economy is firing on all cylinders.

Alex Neil: I acknowledge Marilyn Livingstone's long-standing record of campaigning for more money for skills, but will she support the Lib Dem plan to find more money for the universities by mutualising Scottish Water?

Marilyn Livingstone: No. My party clearly set out its commitment on further and higher education. I will not be drawn into that argument—we made our position clear.

I agree with the cabinet secretary that we must achieve balanced growth throughout Scotland, whether that is at national, regional or local level. National economic development is to be the responsibility of Scottish Enterprise. That much is clear, but regional economic development will—by the nature of its focus—be located at regional

level. I ask the cabinet secretary—if he will listen to what I am saying—what powers Scottish Enterprise will have. What powers will the advisory boards have? The term "advisory" denotes their status, but that leaves Scottish Enterprise with decision-making powers over all strategic and spending decisions. Decentralisation and decluttering are not yet apparent to me. The most worrying part of the Government's strategy is that the reforms take no account of the difficulties that will be encountered at a local level.

I use Fife as an example to support the point. If the reforms go through, Fife will have no local decision-making powers. There will be no Scottish Enterprise budget specifically for Fife projects, nor any strategic decision-making powers at a local level. John Swinney specifically identified Fife economic forum as a model of good practice in a speech to the Parliament. What impetus will there be for senior business figures in Fife to give up their valuable time for what they say will become a talking shop? How will community planning partnerships in Fife and throughout Scotland be affected when business development agencies are divorced from other public sector bodies in the region?

Scottish Enterprise has made it clear that it is interested only in growing priority industries and high-growth businesses. Who will fill the policy and strategic vacuum that that will leave? Who will have the resources and, importantly, the decision-making powers? As it stands, all roads will lead back to Atlantic Quay. Much of the success of Fife's local enterprise company is due to its ability to work with businesses and partners at all levels to make the improvements that we have seen in the Fife economy.

I believe that John Swinney is sincere in his determination to ensure that there is local democracy and decentralisation of decision-making processes. However, he has no way of delivering that with the proposed structure. He must ensure that we have accountable and transparent decentralised structures with appropriate decision making at local and regional levels. He must not allow all decisions to be made at Atlantic Quay. Only then will we, as John Swinney says in the strategy,

"give all across Scotland the chance to succeed".

I ask him to confirm to the Parliament this afternoon that he will ensure that there will be local decision-making powers.

15:26

Keith Brown (Ochil) (SNP): I commend the motion and the strategy to the Parliament, mostly because the strategy brings to Scotland something that it fundamentally needs—ambition. I believe

that it was ambition and a fresh vision for Scotland that got the Government elected in the first place. Members of the Opposition parties should remember that when they make speeches that comprise nothing but negativity and criticism.

The strategy contains ambitions for growth and excellence. From Adam Smith onwards, we have produced economists who have been world leaders—and even a First Minister. The SNP Government had the novel idea of employing some of those economists in the Council of Economic Advisers. It should be our ambition to produce an economy that is a world leader too.

It is fashionable to talk about whether people are following through on commitments and manifestos, so let us take a quick look at the partnership agreement that was signed by Labour and its little helpers the Lib Dems. As a new member, I am disappointed to see that every time a Lib Dem front bencher speaks, they look to the Labour benches with pleading eyes for approval. Perhaps it is time that they had some ideas of their own.

The first sentence in section 1 of the partnership agreement is:

“Growing the economy is our top priority.”

To be fair, Labour and the Lib Dems grew the economy a bit, but 1.8 per cent a year is less than the UK average, less than the average for industrialised countries and, as the Cabinet Secretary for Finance and Sustainable Growth said, much less than the growth rate of small independent countries nearby, whose record on economic growth puts Scotland's to shame.

Growing the economy was Labour's top priority. The Westminster Government's priority seems to be to give a major boost to the black market by revealing the names and bank account details of 25 million people, but that will not bring it any extra tax revenues.

On workers' rights, I say to Iain Gray that I worked for seven years on the Committee of the Regions, and half our time was spent trying to prevent the Blair Government from opting out of directives that sought to give extra protection to Scottish workers.

John Park (Mid Scotland and Fife) (Lab): Will the member tell us how SNP MPs voted on the working time directive at Westminster and how its MEPs in the European Parliament voted?

Keith Brown: From recent correspondence that I have seen, I know that they supported it in committee and supported the spirit of the legislation. I do not know whether the member means the working time directive or the legislation on the minimum wage, but as far as I know the SNP has always supported that, which stands in

stark contrast to the conduct of the Labour Party in Europe. Blair tried to undermine workers' rights at every opportunity.

The SNP wants our country to rise up the world rankings. To use a football example, we want Scotland to climb from where we were only two years ago, which was 62nd in the world, sandwiched between Mali and Angola, to something like where we are now, which is 13th and knocking at the door of countries far larger than us. The strategy is a means to achieve that.

Jeremy Purvis: The member will have heard the Cabinet Secretary for Finance and Sustainable Development state clearly that it is Government policy to match the growth rate of small, independent European countries. What is that growth rate?

Keith Brown: There is no standard growth rate; different countries have different rates. I am sure that the member can do the research for himself.

We recognise that small businesses need help to compete and grow, and I am delighted that the Scottish Government is delivering more for Scots small businesses than any other party has offered. I have met the Federation of Small Businesses twice in the past week, since the budget was published. It is true that it would like more to be done, but it is grateful for the support that is being offered by the Government through the small business bonus scheme, which goes far further than the Lib Dems, Labour or even the Tories have gone in the past.

The economic strategy also recognises that transport infrastructure—public transport and crucial road networks—is vital. The Government is delivering more, and doing so more efficiently, than any of the other parties proposed. I remember when, in 1999 on Clackmannanshire Council, we identified the fundamental nature of transport infrastructure projects, such as the completion of the A907, the new Kincardine bridge and improved railways—all of which are now happening or have happened. Transport infrastructure is essential to future economic growth.

We recognise that education is crucial. The Government is delivering more on class sizes for the youngest pupils and more on fees and debt for students than any other party ever demanded or suggested. It is worth noting that Clackmannanshire Council in my constituency has oversubscribed to so much debt for its secondary school estate that it has not a single penny left to improve its primary school estate. The council has subscribed to almost £750 million of debt for three secondary schools. That is one problem that the Cabinet Secretary for Education and Lifelong Learning has had to deal with.

The other parties criticise the Government for not doing everything now, but the Government has already done more, in a more difficult situation, than those parties wanted to do in the first place. I accept that we could do more and, like many members, I would like us to do more. More important, I would like us to be able to do more.

The strategy is far reaching and comprehensive, but it is constrained by the limits of devolution—the limits on tax, business and the macroeconomy. We are told by the other parties that those are big boys' toys and we do not have the ability or responsibility to handle them. Although the strategy has ambitions and targets for 2011, we in the SNP have ambitions for an independent Scotland to go far beyond that. The strategy is a core part of that positive vision. It is part of the process of bringing back Scotland's self-confidence and prosperity. I hope that the Parliament joins me in welcoming it.

15:32

Richard Baker (North East Scotland) (Lab): I know that Mr Brown is new, but I suggest that, if he had wanted to hear constant negativity, he need only have listened to members on the SNP benches in the past four years.

I cannot help but wonder whether, when the First Minister introduced the strategy last week, articulating aspirations for the sustainable economic growth that we all want for Scotland, he did not at least pause for thought—particularly given his surroundings at the University of Glasgow—that there was a crucial mismatch between the strategy and what was to be delivered by his Government in the spending review the very next day.

We can agree that the strategy should place at its heart the vision of a highly skilled workforce and economic growth, capitalising on Scottish excellence in research and innovation. However, that vision needs to be backed by investment, which is where the Government's approach falters.

Alex Neil: Will the member give way?

Richard Baker: I will give way to Comical Alex—Comical Alex Neil, that is.

Alex Neil: Does the member support the Labour Party policy down south of university tuition fees of up to £3,000 and the possible lifting entirely of the cap on such fees?

Richard Baker: As Mr Neil knows, that was not—and has consistently not been—part of our manifesto. Mr Neil talked about fighting for Scotland, but the reality of the situation—which would exist both with independence and under the current settlement—is that his Government's actions on university funding are putting our

universities at a competitive disadvantage to their English counterparts. On that issue, it is the other parties that are standing up for Scotland.

Fiona Hyslop: Is the member aware that Universities Scotland's press release in the past week states that the universities remain competitive? Is he aware that, certainly until 2010—it is not a foregone conclusion that the cap will come off fees in England—the budget provision maintains the competitiveness of the university sector?

Richard Baker: I do not agree that the budget maintains competitiveness. I also saw the initial press release from Universities Scotland, which talked about the budget threatening competitiveness.

I understand today from Universities Scotland's own figures that, despite the triple or quadruple counting—whatever is going on in Mr Swinney's defence—it believes that, in real terms, it is getting only a quarter of what it asked for. That is the stark reality of the funding crisis that the Government is creating in the universities sector and which will defeat the purpose that the economic strategy outlines.

The strategy contains aspirations with which I disagree, and it is unfortunate that the spending review announcement has undermined the aims with which we could agree. The strategy has a fixation with selectively comparing ourselves with Scandinavian economies, but it does not refer to personal taxation levels in those areas or to the fact that, put together, all those Scandinavian countries have only one university in the world's top 100, whereas Scotland has two. Perhaps we will head in the same direction as Scandinavia if the Government gets its way.

Margo MacDonald: Does the member know the relative situation for skilled workers as opposed to more academically qualified people?

Richard Baker: The strategy would have done better at achieving more skilled workers if more commitments had been made to modern apprenticeships—it appears that none has been made. In addition, yesterday I learned from Amicus that there are worries about what is happening to individual learning accounts. Improvements could be made. Skills are important. It is unfortunate that the Government is not delivering what it wants to achieve on skills.

Unlike the Government's economic strategy, in "A Smart, Successful Scotland" and the former coalition's refreshed strategy we put our money where our mouth was. We increased investment in our universities by 18 per cent and investment throughout tertiary education by 22 per cent, which resulted in rewards.

The bleak picture of our economy in the economic strategy is not justified when we have had record-high employment. The evidence is that people—particularly graduates—are benefiting from obtaining rewarding careers. Of course, we have also had consistent growth in our economy.

On the validity of targets, Derek Brownlee and Iain Gray talked about the UK growth target. However difficult achieving targets is, it has been made tougher by the Government's inability to have joined-up thinking between its economic strategy and its spending review, which was published the day after the strategy was issued.

The funding settlement could not come at a worse time for universities, because the research assessment exercise is approaching. The previous Executive's funding increase helped universities to win more than our fair share of UK research funding, which developed sectors such as the life sciences and brought in private investment from companies such as Wyeth Pharmaceuticals. Under the current Government, universities have received a paltry funding settlement.

However appalling the Government's dropping of a firm commitment on student loans was—some of us expected that volte-face—we could not have foreseen from the strategy a funding settlement for universities that would cause Sir Muir Russell to warn that our universities' competitiveness with their English counterparts is threatened and would cause others to warn that, if we do not allow for extra activity, the settlement will have an impact on academic staff's pay. That is a cost to our economy. How on earth does that settlement follow the Government's statement in its economic strategy that it will

"ensure a funding system for Further and Higher Education ... that is responsive to the needs of individuals, employers and the wider economy"?

It is clear that the spending review will not do that.

On the day when the spending review was announced, Sir Muir Russell said:

"this settlement appears inconsistent with the Scottish Government's aspirations for economic growth in its strategy published only yesterday".

In that context, I give Fiona Hyslop full marks for bravery in responding to the debate. I understand that she will meet principals tomorrow. I hope that a rethink can take place on their crucial funding settlement. The Government cannot afford to repent at leisure, although from Mr Swinney's and Mr Neil's statements it does not seem about to repent.

The Government's position is inconsistent and represents an opportunity cost to our economy. It needs a rethink. The only opposition to the aspiration to achieve economic growth comes

from the Government's own actions on university funding.

15:38

Alex Johnstone (North East Scotland) (Con):

I had hoped to indulge in the age-old tradition of pouring scorn and perhaps a little ridicule on Scotland's finance minister, to emphasise the fact that the proposals in the economic strategy and the budget, which we received immediately after the strategy was produced, leave quite a lot to be desired. However, the actions of the Chancellor of the Exchequer in the south have made achieving my hope all the more difficult. The chancellor's behaviour in recent days makes it difficult to ridicule the Cabinet Secretary for Finance and Sustainable Growth, because the chancellor is simply a clown.

David Whitton (Strathkelvin and Bearsden) (Lab): Does Alex Johnstone remember the clown on black Wednesday?

Alex Johnstone: I always liked the clowns.

What do we do with the economic strategy? We must examine it closely, because it sets out the Government's intentions not only for the immediate future but for four years. When I consider its priorities, it is easy for me to find things that I agree with, but one or two things betray a very traditional attitude for a Scottish Government. There is—sadly—a reluctance to invest where investment is necessary to underpin true economic growth. Since the budget was published, I have believed that there is far too great a tendency to rely on expenditure in the public sector to fuel growth, and an unwillingness to take the necessary steps to encourage private sector growth, which would create the jobs and the economic expansion that we all want. The call "It's Scotland's oil" is continually reverted to, and it is interesting to debate that claim, but such debates are not necessary at this time, because Scotland has the potential for strong growth.

The Cabinet Secretary for Finance and Sustainable Growth and others have told us that he is prepared to invest in Scotland's universities, but it has become increasingly obvious in recent days that that investment is not all that it could be. It is essential that we remember that simply dictating from the chair is not the way for a minister to behave, and that action must be taken if we are to achieve the necessary expansion in Scotland's universities to ensure that they are not disadvantaged in comparison with their English counterparts. As Derek Brownlee suggested, an independent inquiry into university funding is the way to go. Such an inquiry would tell us what is truly necessary to ensure that no imbalance exists

in the university sectors north and south of the border.

I will concentrate on the key issue in the Conservative party's amendment—support for small businesses. It is important that we support small businesses, because there are a great many of them in Scotland and they are a major source of employment. Despite the drift towards incorporation by smaller businesses in recent years, taxation—in many cases, personal taxation—is still a major cost for them.

How can we underpin our economy and ensure that we do not target too many resources on a handful of projects that may not deliver what we want? Small businesses should be targeted, as there are small businesses throughout Scotland. In our most rural areas, they represent a disproportionate measure of the activity in the economy. It is essential to recognise that, as has been said previously, the tax burden on small businesses is set to rise, and that it will rise considerably over the next two or three years. That is why we must ensure that their tax burden is cut at the earliest possible opportunity. Obviously, the Cabinet Secretary for Finance and Sustainable Growth ultimately will achieve his declared aim of cutting business rates for small businesses, but he has not taken the opportunity to cut them immediately. By committing to doing so, he could give Scotland's small businesses a real shot in the arm at a time when they need it.

Labour's pointless debates on the budget have been referred to. Attempts to secure debates that are simply opportunities to grandstand with no decision-making process following them will not deliver the changes that we need. The Conservatives have clearly set out their stall: we want improved opportunities for businesses, investment in infrastructure and an independent inquiry into university funding. Unless we get promises on those, it will be difficult for the Parliament to unite behind a budget. The opportunity to do so still lies some way in the future. I hope that, following the debate, we will understand better how we can achieve unanimity.

15:44

Brian Adam (Aberdeen North) (SNP): The Government's economic strategy contains—probably for the first time—an overarching strategy for the entire public sector in Scotland, which it focuses on the one purpose of increasing sustainable economic growth. I would have thought that that would attract universal support. An overarching agreement—not just agreement within the Government and the civil service, but across the board—was the starting point for the Irish success story. There may be debates about this or that aspect, but if we show true purpose

and unity on this kind of approach, there will be a much better chance of success than if we nitpick over the detail.

Marilyn Livingstone: Will the member give way?

Brian Adam: If the member lets me develop my theme I will be happy to take an intervention from her later.

I am intrigued by the debate on how we are going to balance the budget. The budget is part and parcel of delivering an economic strategy, and those who wish to change the budget must tell us not just where they would spend more but where they would spend less. Iain Gray challenged the Government's decision on the Edinburgh airport rail link project. That decision has been made, but, if he wants to restore that project as part of the budget, it is up to him and his colleagues to tell us where the counterbalancing cuts would come—everybody needs to know that. I will wait with interest to see whether the Labour Party produces an amendment to that effect and the support that it does or does not receive.

Likewise, on the proposed mutualisation of Scottish Water, we need to know whether that is a competent way of dealing with a budgetary situation in which there is a difference of view. All that we have heard so far has been about whether mutualisation is privatisation. I really do not think that that is the case, and I do not think that that is a substantive response. I understand the difficulties that Opposition members have in producing alternative budget proposals, having been in that situation and spoken on the budget process on behalf of the SNP over the past eight years.

Margo MacDonald: Will the member give way?

Brian Adam: I will give way if the member lets me develop my theme.

Liam McArthur called for more money for Highlands and Islands Enterprise. Fine, but where will it come from?

Margo MacDonald: Will the member give way?

Brian Adam: I promised Marilyn Livingstone that I would give way to her.

Marilyn Livingstone: Mr Adam made the point about a minute and a half ago, but I will try to recapture the flavour of it. He said that we are nitpicking. Will local authorities receive appropriate funding and, importantly, responsibility for delivering local business support and regeneration? That is not nitpicking; it is crucial to the Government's whole economic strategy. It is an appropriate question to ask.

Brian Adam: There is absolutely no doubt that those who will have funds transferred to them will

need that kind of reassurance, and I am confident that they will get it. There is a different direction of travel. I notice that Marilyn Livingstone does not object to the principle of that transfer; she asks a reasonable question about the mechanism by which it will happen. I am sure that the minister will be delighted to give her reassurance on that.

As Mr Gray is anxious to intervene, I will give way to him too.

Iain Gray: Mr Adam says that, if we criticise the budget, we are required to produce an amendment that brings in money from somewhere else. I was not a member of the Parliament for the past four years. Perhaps he can remind me how many times the SNP, when in opposition and complaining about something not receiving funding, produced an amendment in that form. Once?

Brian Adam: That merely highlights the point that I am making: I concede that completely—it is not easy to amend a budget. However, on the one occasion when an amendment was produced by the SNP—Nicola Sturgeon lodged a reasoned amendment—it was not accepted by the Government. I wish Labour well in producing an amendment that still gives us a zero-sum budget under the current system.

I think that I should give way to Margo MacDonald.

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

Brian Adam: I realise that.

Margo MacDonald: As an independent MSP, and not being a member of the Finance Committee, I will not have the opportunity to move an amendment. I wonder if anyone else would be interested in moving one that saves money on the schools project and spends it instead on a capital city supplement.

The Deputy Presiding Officer: Fifteen seconds, Mr Adam.

Brian Adam: I tell the member that I will not do that. We have a very good strategy, and uniting around an economic strategy, rather than focusing on some of our differences, will be good for the country.

15:50

Tavish Scott (Shetland) (LD): I thank Brian Adam for the honesty of what he has just said, but I cannot remember the SNP expressing it in such reasoned terms when it was in opposition. I seem to remember that the SNP, and particularly Mr Neil—who is just returning to his seat—was pretty vigorous in saying that the Government was useless and it should have spent more money. We

all remember the spending list that Mr Adam and his colleagues came up with—it was pretty legendary at the time.

The Government should challenge the Opposition to say where it would find money in the budget. I did it, and I accept Brian Adam's point. The Liberal Democrats have suggested nothing more than an option, despite the rhetoric of Mr Neil and Mr Swinney, who was sitting next to Mr Patrick Harvie at the back of the chamber—he has moved on; the coalition has gone already. I recognise that Mr Neil is better at rhetoric than anyone else.

No matter what the SNP's spin is, it has broken its promises on police numbers and class sizes, and it has cynically dumped students. It is important to consider this debate in the context of the gap between rhetoric and action. Although the SNP can talk the talk—and there is plenty of that in the strategy—on the budget and the economy, it has tripped over the doormat at St Andrew's house.

Alex Neil: The member has backtracked on the comments that he made on Sunday. Can he tell us about his policy—as opposed to that of his leader—on finding more money for renewable energy? What does he want us to cut to fund that?

Tavish Scott: I must go back over the past eight years and look at all the times that Alex Neil challenged me when I was a minister—deputy or otherwise—on the numerous things that he wanted to be in the budget. I do not remember Alex Neil ever saying how he would pay for them. As Brian Adam said, very fairly, the nationalists did that only once, when Nicola Sturgeon lodged an amendment. Mr Neil has lost the argument and he should just sit there. [*Interruption.*]

The Deputy Presiding Officer: Order.

Tavish Scott: Thank you, Presiding Officer.

Although the SNP front bench has reorganised the deck chairs, taken down a few brass plaques and moved certain quango kings around the desks, it has committed less money and fewer resources, and has made a less tangible commitment. The acid test of Government is the choices that it makes on the budget.

Brian Adam: Will the member give way?

Tavish Scott: I will make a bit more progress and then I will certainly give way to Brian Adam.

The SNP said, "It's time". It certainly is time to look at what the SNP has done. To be fair, Mr Swinney was generous, but not to himself. Highlands and Islands Enterprise's funding was cut by 22 per cent, which means that £54 million will come out of economic development over the rest of the spending review period.

John Swinney: That is triple counting.

Tavish Scott: I was talking in real terms over the period of the spending review. I will say it again for the record: £54 million in real terms over the spending review period will come out of economic development in the Highlands and Islands. I will be very happy to give way to Mr Swinney if those figures are wrong, but that is the reality. In the areas that I really care about, £54 million less will be spent on ensuring that the development agency for the Highlands and Islands has the resources to make the difference that the area desperately needs. Instead, fewer local services will be provided for businesses, less investment will be made in business and in the area, and operations will increasingly be centralised in Inverness. That is wrong. The SNP has made a bad choice.

The budget was not great for the economic development of the Highlands and Islands. Despite all the rhetoric and the many times leading up to the election that the SNP pressed me to cover the Highlands and Islands in tarmac—I remember them well; I have them in a file—the dualling of the A9, which the SNP promised to do, is not in the budget or the spending review. It said that it would upgrade the A96, but that is not in the spending review or the budget.

I will be fair to the cabinet secretary—he has allocated money for central belt motorways. However, the Highlands and Islands has not been allocated economic development funding consistent with the strategy. Moreover, the cuts have come before any details have emerged about the transfer of the business gateway to local authorities or about the skills agency, which will also be sliced out of Highlands and Islands Enterprise's budget. Before the Parliament votes on the budget, we deserve to know what choices the SNP Government has made in that respect.

The SNP policy of cutting such economic support might have been understandable if its policy had been to cut the percentage of GDP that is spent on public services. Indeed, that used to be Jim Mather's position. He had a point; I certainly have sympathy with the argument that Government's role in Scotland is too big. However, that is the opposite of the SNP's current position. We have been told that the budget is tight and that there is no room—even though, as we all noted carefully, Fiona Hyslop said it was the largest budget ever. The SNP's position in government is that it should have received more from London and that it wants a higher percentage of GDP to be spent on the public sector. The Liberal Democrats are asking the Council of Economic Advisers to examine those policy contradictions and to judge whether a failure to meet our

universities' competitive needs is consistent with the SNP's avowed purpose.

On the sporting field, Scotland has much to offer. With its current facilities and with what is being built, Scotland as a destination presents a winning package that VisitScotland, EventScotland and sportscotland can sell both nationally and overseas. As sport can bring real economic advantage, I urge the SNP to drop its obsession with abolishing sportscotland. After all, that body will be able to commit itself to ensuring that every part of Scotland—Mr Swinney's as well as my own—benefits from 2014. I would strongly support the positive move of breaking that promise.

15:56

John Park (Mid Scotland and Fife) (Lab): Yesterday, I visited my old workplace—Rosyth dockyard in Fife—to look round the Babcock Lauder school of engineering and technology. Members will expect me to be a bit biased, but I have to say that the visit was very uplifting. I saw hundreds of learners, lots of new equipment and a group of enthusiastic staff, all of which equated to a fantastic and vibrant learning environment. I even bumped into an old colleague who asked me whether I was back to complete my training. It was good to see that the dockyard's renowned sense of humour had not been lost in the modernisation process.

I suggest that the Government ministers visit that centre to see the real and positive difference that modern apprenticeships and vocational training make for people of all ages. However, although many positive things are happening there, there are concerns about the future. Many who are involved in training and development believe that having no concrete targets for modern apprenticeships will not just impact on employment, but have long-term negative effects on the economy.

The economic strategy does little to convince me that the Government understands the challenges and opportunities, particularly with regard to skills, that will emerge in Scotland in the not-too-distant future. Over the next few years, many projects will be undertaken in Scotland, including the construction of two huge aircraft carriers; the construction—I hope—of a new Forth crossing; the building of up to 350,000 houses over the next 10 years; huge construction projects associated with the Commonwealth games; and other construction projects in Glasgow and Edinburgh. If the already-widening skills gap is not plugged, it will have huge implications for Scotland. The viability of those projects will be under threat and labour costs will rocket. That simply does not make economic sense.

I was told yesterday that there are tens—sometimes hundreds—of applicants for every modern apprenticeship that is available at Babcock Lauder. Moreover, apprenticeships in engineering have particularly high completion rates, compared with other apprenticeships in Scotland and the UK. If the SNP does not show leadership and set stretching targets for modern apprenticeships and vocational programmes, it will fail a generation of young people.

Moreover, if we want to develop a high-skilled and responsive economy, we need to consider not only those who are coming into the workplace from schools and further education establishments, but those who missed out earlier in life. Those people, too, need opportunities, because most of them will still be in work in 20 years' time. As a result, we need more adult apprenticeships.

It gives me no pleasure to say that, as Iain Gray pointed out, we are now lagging behind the UK in our ambitions for modern apprenticeships. Over the past few weeks, the UK Government has really set the agenda with regard to skills for work. Down south, over the next few years, there will be 120,000 apprenticeships, 30,000 of which will be for older workers.

Fiona Hyslop: It is important to grasp the information that I gave to Marilyn Livingstone: that this Government will see 50,000 people in training. The Westminster Government's recent announcement of 120,000 apprenticeships brings its total to 400,000. Given Scotland's population share, 50,000 compares well with 400,000 and shows that we are extremely competitive when it comes to apprenticeships.

John Park: I must be going up in the world. In response, I can say that we would have delivered 50,000 apprenticeships a year by 2011. That was our manifesto commitment, and the SNP's looks paltry by comparison.

The strategy talks about rights at work. It states:

"further devolution of employment policy would improve accountability and provide greater coherence between economic and employment policy, allowing the balance between workers rights, the level of minimum wage and the need for a flexible workforce to reflect Scottish labour market conditions".

Members are quite clear where I stand on modernising employment practices in the workplace, and there is no doubt that there have been unprecedented improvements in the workplace over the past 10 years. Workers in Scotland now have the right to join a trade union for the first time. They have a national minimum wage, and the right to paid holidays for the first time—originally three weeks and now four weeks. Maternity leave has been increased to up to 52

weeks, and paternity leave of two weeks has been introduced. Given those improvements, I hope that someone will clarify what the SNP means by the statement that I quoted.

As Iain Gray said, the First Minister is a great fan of Reaganomics. Is the SNP's interpretation of a flexible labour market along the lines of Sir George Mathewson's recent comments to the Parliament's Economy, Energy and Tourism Committee about employment legislation being "frightening"? I can assure him and the SNP that it is not frightening for the millions of workers who benefit from the protection that it brings. Members on the other side of the chamber—particularly ex-conveners such as Brian Adam and ex-left wingers such as Alex Neil—need to start asking questions inside their party. They need to ask questions of George Mathewson, Alex Salmond and John Swinney about what employment legislation would look like under the SNP.

Perhaps, in summing up, the Cabinet Secretary for Education and Lifelong Learning could give an indication of what rights at work will look like under an SNP Government. I can assure the SNP that Labour members will not leave the issue alone, because those rights at work have been hard won over many years; we will certainly not give them up to the most economically right-wing Government in Scotland since Thatcher.

16:02

Patrick Harvie (Glasgow) (Green): Liam McArthur mentioned the continual capitalised references to "the Purpose" in the economic strategy, and the document comes across with an ever-so-slightly Messianic tone. The Government's motion does not have a Messianic tone; it is perhaps understandable that a Government in minority cannot lodge motions that have such a tone. However, it gives us the opportunity to debate the various positions, and I will begin by responding to some of them.

I would be happy to agree with the Conservatives that there is a great deal that we could, and should, do to support small businesses, but there are many different ways in which that can be done. We could use the planning system to thwart the domination plans of the big four retailers, for example. We could use a serious approach to green procurement to direct some of the huge amounts of public spending outwith the central Government budget towards small businesses throughout Scotland. Some £2 billion a year is spent by local authorities alone on procurement, and we could use that money to support small businesses, rather than just spending more from central Government's budget. However, making a priority of that spending issue alone, to the exclusion of all other priorities, would

be wrong at this stage. Besides, Mr Brownlee's speech made it clear that that is properly a matter to be addressed during scrutiny and consideration of the budget, not of the economic strategy document.

Labour and the Liberal Democrats both major on education, which is perfectly understandable, although from my position the Labour amendment appears to remain stuck on the narrow, central objective of economic growth; I shall say more on that later. I would be able to support the Liberal Democrats' amendment if I did not think that the only way in which they intend to pay for increased spending is, as has been discussed, through the mutualisation of Scottish Water. They certainly have not given a clear alternative today, and that move would have little support in the country.

Tavish Scott: The Liberal Democrats have never said that. It is one of the options, as I said in my speech and as Jeremy Purvis has said. Can Mr Harvie not just believe us?

The Deputy Presiding Officer (Trish Godman): Mr Scott, please speak into your microphone, otherwise we cannot hear you.

Patrick Harvie: If mutualisation is only one of the options, I have not heard the others. I commend Marilyn Livingstone for rejecting that proposal, and I hope, with the best will in the world, that the rest of the Labour Party will show that it retains a genuine commitment to public services in the public sector and will oppose that scheme. Besides, there are other and better ways of finding the money. That is the end of my bridge building, and I turn to scrapping the unsustainable road-building projects that the Liberals and Labour set in motion and which, sadly, the SNP seems keen to stump up the cash for. As I said in relation to Derek Brownlee's amendment, those are matters for budget scrutiny.

What of the strategy itself? Mr Mather's management-speak may have crept in a little too much for my taste, but leaving that aside there is very little in the economic strategy that would be out of place in the expression of economic objectives of many Governments around the world. That, of course, is the problem.

We face unprecedented challenges, which derive from economic activity in developed, high-consumption countries such as ours. In the face of those challenges, business as usual is not good enough, and Greens would be as bland as the rest if we accepted the conventional thinking and chanted the mantra of everlasting economic growth. That came to mind during Iain Gray's speech, during which he mentioned EARL, the route development fund and the M74 extension; all three of those so-called "iconic projects" are designed to build capacity, either for increased

road traffic or for increased air traffic. It is no wonder that the Prime Minister is more interested in discussing the climate overseas with other world leaders than in taking the policy decisions at home that are necessary to cut emissions.

The issue comes up on page 20 of the Government's economic strategy, which states:

"Countries around the world are wrestling with how to break the link between economic growth and environmental impact."

Is it possible to break the link between economic growth and environmental impact? That is a tough question. Fortunately, I do not need to argue that it is possible; I argue that it is not necessary, because the link between economic growth and well-being has clearly been broken already. Since the 1960s, it has become increasingly clear that, once a society reaches a certain level of affluence, getting richer is not what makes us happier—growing more equal does. I commend the Government for at least writing in its strategy about social equity, inter-generational equity and the cohesion of communities, but that is all set in the context of growth—the myth that everlasting economic growth can be achieved on a planet of finite resources without something being torn apart at the seams.

When the SNP Cabinet positions were first announced, I was optimistic that there would be something new on well-being, given that it apparently forms half of the Deputy First Minister's agenda. However, we have not seen much on it so far—I await that with interest. The development of alternative economic indicators would be a good place to start.

My final point is on the process that has led to the publication of the strategy document. I have heard it rumoured that no strategic environmental assessment has been carried out on the strategy. I have even heard it said that some person from somewhere in the bowels of the Executive has given the absurd excuse that an assessment has not been conducted because the document is a financial plan and is therefore exempt under the legislation. It is clear that the document is not a financial plan—it is an economic strategy, which is why the words "economic strategy" appear on the front cover.

I hope that the cabinet secretary will explain, in closing, when the strategic environmental assessment will be published. I am sure that she will not want to tell Parliament that she has ignored the law and failed to conduct one.

16:08

Rob Gibson (Highlands and Islands) (SNP): I am delighted that the economic strategy is an overarching one, which covers the important issue

of how to increase GDP growth by ensuring that the growth is shared and sustainable. To continue one of Patrick Harvie's themes, I can envisage many more parts of the country being able to play their part in increasing growth without it having undue effect on the environment if we can grow the potential of each family to have an income that is £10,000 higher by the end of the strategy period. That is an incredible piece of logic, which gives everyone a part in this work, and the Government goes on to suggest how we can do it.

I will consider some issues in the north of Scotland that help us to see what is being done now and what could be done under the strategy. We are talking about gross value added in Ross-shire, Sutherland and Caithness of about £500 million per year. It is interesting that that is affected by matters such as the cost of decommissioning at Dounreay, which—as is revealed in the newspapers today—has gone up by £500 million in total.

However, the huge economic potential of oil to the west of Shetland and renewable energy in the Pentland Firth has not necessarily been considered. If we are to exploit that potential, elements in the Government's economic strategy must come into play. It is important to stress the size of the potential. According to the Department for Business, Enterprise and Regulatory Reform, nearly a fifth of Britain's known oil reserves are around the Faroes and to the west of Shetland. The nearest port in the north of Scotland is Scrabster, but there has been no rush by the enterprise bodies to get going and back up development in Scrabster. The Government must stress to people in the north that one of the reasons for being able to cut the development budget is that there will be no more duplication, whereby people in Caithness speak to people in Inverness before making decisions. There are many examples of money being wasted, but the new, streamlined approach will take care of that.

As I said when I intervened during Iain Gray's speech, we are suffering under a London system that puts us at a grave disadvantage in the development of marine energy and other forms of clean power. Before the election, the First Minister talked about the potential for a supergrid across the North Sea, which would link Scotland and Norway and serve northern Europe. We should keep such proposals in mind, because when I complain to Ofgem about the scandal of charges for getting on to the grid that are about 36 times what people in Denmark pay, Ofgem just says, "That's not the problem; it's about getting planning permission." There have been no planning permission issues. Marine renewables are the big prize.

Tavish Scott has left the chamber, but I was interested in his comments about the size of the HIE budget. If he wants to increase the budget, what will he cut? He was the Minister for Transport for the central belt. He used to fly over the Highlands on his way to Shetland and he never saw what it was like on the ground. The SNP Government's infrastructure and transport policies will include the rest of Scotland. Of course everything cannot happen in three years, but a queue can be formed and areas will not be excluded as they were during the previous, coalition Government, when transport in the north was out in the cold and nothing north of Stirling or towards Aberdeen was developed. Links will be put in place. Rail services will be part of sustainable growth and there must be a catch-up exercise on some of the appallingly unsafe roads that the Government has inherited.

Jeremy Purvis: Will the member give way?

Rob Gibson: Not at the moment. I must develop my point.

We have a shared and sustainable approach to development. When we consider climate change targets, we will have to consider frequent flyers and how economic development is balanced against the environment that we hold dear. The Government is on the threshold of being able to do such things properly. We must build up the renewable energy sector. The approach of the past eight years was just to allow a few wind farms here and there, but there was no strategy to help people to accept such development. However, I think that people will be able to understand the approach when they read "The Government Economic Strategy".

Small businesses in the north of Scotland are often seasonal. We will have to do more than just cut or abolish business rates; we will have to think about an economy that relies on tourism perhaps for just three months of the year. Small businesses in Caithness and Sutherland could do better in that economy.

At last we have a document that points in the right direction. Thank goodness we have an overarching strategy for the first time, from the SNP.

16:14

David Whitton (Strathkelvin and Bearsden) (Lab): I support the amendment in Iain Gray's name.

From the SNP's economic strategy document, we now know that its ministers are all slaves to a new master called "Purpose". Purpose is demanding, as it should be on Government, and all-seeing across all departments, as it should be if

strategy is to be coherent. According to the First Minister, purpose will create

“a more successful country, with opportunities for all ... to flourish, through increasing sustainable economic growth.”

So far, so good, but there is also a dark side to purpose. If we believe everything that the First Minister says—and students, primary teachers and even policemen have cause to question that statement—Scotland is an economic basket case.

The First Minister and his sidekick, Mr Swinney, the Cabinet Secretary for Finance and Sustainable Growth, consistently chant the negative mantra of the purpose:

“For over 30 years, Scotland has suffered because our economy has been locked into a low growth cycle”,

to which they add:

“we believe that independence is the best guarantee of all for Scottish success”.

They have been touring Scotland with that message for many months and years. The sad fact is that some people actually believe it.

We are now looking at the result of the labours of Mr Mather, the minister for mind maps, who is the main disciple of the purpose. To the tune of “Wi a hundred flip charts an a’ an a’”, he has eaten his way across Scotland, bamboozling all in his wake with management gobbledegook and an explosion of colour from his PowerPoint presentations. I know; I have seen it. Clearly, he is the David Brent of Scottish politics. However, I did not become a convert.

Let us not kid ourselves: the document is not really about sustainable economic growth; it is about independence. Littered through the 42 glossy pages are constant references to how much better life would be if only Scotland could be independent like the other small independent countries, which the SNP likes to describe as the “Arc of Prosperity”.

The First Minister said when he launched the document that he expected Scotland to be independent by 2017. Again, those in the chamber with long memories will recall that we have heard that kind of bluster before. However, with current opinion polls stating that support for independence is at an all time low of 21 per cent, it seemed an extraordinary boast to make, even for the always confident Mr Salmond.

Let us take a look at what has happened to Scotland over the past 30 years, a time during which I was a newspaper journalist who was involved in industrial reporting. I saw the closure of the Ravenscraig steelworks, Linwood car plant, Bathgate truck factory, Scott Lithgow oil rig yard, and the Lochaber pulp mill. I was there; I got the T-shirt. At that time, Scotland’s economic base

was changing from heavy industrial manufacturing to new industries such as electronics. It was a time of inward investment announcements from personal computer makers and of silicon chips with everything. It was also the time when George Mathewson—for it was he—first came up with the cluster strategy that led to the creation of silicon glen.

The Scotland of 2007 is a very different place from the one of 30, 20, or even 10 years ago. Instead of looking back 30 years, why do we not just go back to the start of devolution? Using the Government’s published figures on GDP performance for the 26 quarters from 2001, we can see that Scotland has either matched or exceeded UK figures on 13 occasions.

The Minister for Enterprise, Energy and Tourism (Jim Mather): Does not the member concede that, during the era of his Government, GDP had to be re-indexed on a rolling basis to try to make it equivalent to that of the UK? Surely that masked any clarity in the data.

David Whitton: That is the kind of management gobbledegook that I was talking about.

We have had a hit rate of 50 per cent, with the most recent being the second quarter of this year. When that was put to Sir George Mathewson—as he now is—when he was giving evidence to the Economy, Energy and Tourism Committee, he replied:

“A three-month figure would not influence me one way or another.”—[*Official Report, Economy, Energy and Tourism Committee*, 24 October 2007; c 185.]

Given that he is the chairman of the much-vaunted Council of Economic Advisers, I hope that he will at least pay attention to 13 quarters over the past six years.

What of the countries that make up the arc of prosperity? Ireland is currently in 22nd place in the global competitiveness index, 12 places below the UK. Iceland’s growth rate this year is expected to be no more than 1.8 per cent; it is also the country in which interest rates are around 14 per cent and expected to go higher. In Norway, Sweden and Finland, growth has fluctuated wildly; both Finland and Sweden have had three years of recession. Against that picture, what has the devolution dividend been for Scotland? The highest-ever rates of employment and the lowest-ever rates of unemployment. Even Sir George might acknowledge that the UK’s economic performance helped him and his colleagues to build the Royal Bank of Scotland into the global giant that it is today.

Scotland is a major global player in financial services, life sciences and even manufacturing. An example of the last of those is Clyde Blowers,

which is owned by another member of the Council of Economic Advisers, Jim McColl.

The challenge that the economic strategy should tackle is how to get the economically inactive, the number of which is still too large, into work. Taking the careers agency from Scottish Enterprise has set back that work by three years. Sir George Mathewson, a former boss of the enterprise agency, was not consulted on that decision and another former chief executive of Scottish Enterprise, Robert Crawford, who also claims to support the SNP, said that he regretted the separation of training from economic development.

The Government should invest in higher education, not cut back the funding; it should invest more in enterprise, energy and tourism, rather than cut the budgets by a cumulative 3.4 per cent; it should create more modern apprenticeships and provide more vocational training to boost sectors such as construction and tourism; and, finally, for the sake of purpose, it should abandon all plans to introduce a local income tax. I remind Mr Salmond and Mr Swinney that Sir Peter Burt, another eminent former banker, said that local income tax would have to be set at 6.5p in the pound to maintain current levels of investment in public services. The SNP used to have a slogan, "A penny for Scotland"—if it introduces a local income tax, Scotland will become the highest-taxed part of the UK. How will that help our economic growth?

The Deputy Presiding Officer: I call Jamie Hepburn—you have five minutes, Mr Hepburn.

16:21

Jamie Hepburn (Central Scotland) (SNP): I will have to curtail what I was going to say.

I welcome the fact that the Government has presented the motion to Parliament to facilitate today's debate. I also welcome the publication of "The Government Economic Strategy" last week. I was going to say why I welcome the aims that have been set out for economic growth, but those points have been well made by many other members.

Economic growth is hugely important, but it is not the only important target that the Government has set in its strategy. As well as setting targets that will make our country wealthier, the strategy seeks to make our economy much fairer. In a country with so much potential, it is a disgrace that one in five of our older people lives in poverty, and it is an outrage that one in four children lives in poverty—worse than the level 30 years ago, which was about one in 10.

The economic strategy does not hide the fact that income inequality is higher in Scotland than it

is in many other countries of roughly our size, or that it is at the same level today as it was a decade ago when new Labour first came to power. That is why I welcome the Government's commitment, as set out in the economic strategy, to increase overall income and, crucially, to increase by 2017 the proportion of income that people in the bottom three income deciles earn. That is obviously a difficult task. Without all the requisite powers, it will not be easy for any Scottish Government to achieve a fairer economy through redistribution of wealth. Without full control over taxation, benefits and the minimum wage—on which, incidentally, Scotland has the highest non-compliance rate—it is difficult to work toward the fairer economy that our society needs. Implementation of a local income tax that is based on the ability to pay will go some way towards helping, but it will not lessen the need for control over all the levers that manage our economy. That is just one reason why I support independence.

We should not underestimate the significance of finally having a Government that is genuinely determined to reduce income differentials, which is why Iain Gray's nonsense about Reaganomics is so fundamentally misplaced. We will take no lectures on the nature of our economic ambitions from a member of a party whose leader invited Mrs T round for tea and who was recently lauded by Norman Tebbit.

Lewis Macdonald (Aberdeen Central) (Lab): Will the member take an intervention?

Jamie Hepburn: No, thank you—my time has been cut.

I am glad that the strategy commits us to work toward making Scotland a fair-trade nation, which will extend our commitment to a fairer economy at home to include a fairer economy around the globe. I also welcome the Government's commitment to investment in social enterprise, which is a wholly different way of generating economic activity. Social enterprises can go a long way to making Scotland a wealthier place and, by their nature, a fairer place. The co-operative sector is perhaps one of the best known and longest-standing examples of social enterprise.

It is clear that

"There is no great accumulation of evidence to suggest that co-operatives and employee-owned enterprises are less productive than conventional firms, and substantial evidence that they at least equal, and probably exceed, the productivity of their conventional counterparts."

Those are not my words, but the words of a paper that was prepared for the International Labour Organisation in 2005. It is right that the Government supports the social enterprise sector.

It is also right for Parliament to support "The Government Economic Strategy", which is

designed to make our economy wealthier and to help us achieve our potential, as we know is possible. It is designed to make our economy stronger and able to compete in an increasingly globalised world. Most important, it is designed to make our economy fairer for the benefit of our most disadvantaged citizens. That is something that we should all welcome.

16:25

Mr Frank McAveety (Glasgow Shettleston) (Lab): Writing on 9 November 2007, Alf Young said that the Government's

"big tax pledges—to freeze and then abolish council tax, replacing it with a flat 3p rise in basic-rate income tax, while still within the UK; and to slash tax on corporate profits once independent—will do nothing to address the growing wealth and income divides which already characterise modern Scotland."

Even the most recent speech from an SNP member today does not match the action of his own Government ministers. I ask Jamie Hepburn to reconsider the thoughts that he voiced in his contribution.

There were 193 days between 4 May and the 13th of this month—an interesting date. The SNP leader said that we had a "nationalist nirvana". He produced a document, which he calls "a wonderful document", but it is devoid of content and is predicated on what one would, at best, call a tutorial paper for supply-side economists. He made a range of claims about the arc of prosperity of equivalent small European countries, but he chose to omit what I would call the inconvenient truths that are contained in his document—which were amplified earlier by my colleague David Whitton—regarding the reality of the experiences of Sweden, Iceland, Ireland and Norway. In many ways, the statistics for those countries illustrate the concern that is felt by many of us who want a UK strategy to work in partnership with a Scottish strategy on economic growth.

Rob Gibson: Will the member take an intervention?

Mr McAveety: I am sorry, but I have only five minutes. Rob Gibson already spoke about that point in his speech.

We must measure what we do here in Scotland, but also what we can do in partnership with the United Kingdom. The economic advisers in the Government's team have been here before—they were here in the late 1980s and early 1990s in different capacities, and they identified a number of strategies.

Alf Young, whom I have already quoted, identified a series of searching questions, which I hope the minister addresses when she winds up. Scottish growth already has a 50 per cent strike

rate in comparison with UK growth levels. Alf Young has said that despite the desperate efforts of a monochrome narrative on our economic performance, as is contained in the Government's document, the document does not address the fact that we have matched much of the UK economic growth in many ways over a number of quarters.

Secondly, Alf Young said that half the underperformance in growth is to do with the population variation between Scotland and the UK—UK population growth has been markedly higher than population growth in Scotland. I know that members all round the chamber support endeavours to increase our population.

Alf Young's third and most important critique is that the official data can in many ways be flawed. He said that if we cannot know how fast our economy is growing or where our population is heading, it is very difficult to rely on the specificity of the claims in the document.

In his opening speech, John Swinney said that we were entering an "age of ambition". I thought that his speech revealed an age of evasion. He avoided some of the fundamental issues. For 169 days, we have heard the Government claiming what it is going to do.

Joe Biden, one of the candidates for the Democratic presidential nomination, said:

"Don't tell me what you value. Show me your budget and I'll tell you what you value."

In the past week, we have seen a budget of evasion, which clearly has not identified the critical pathways. We even have an education minister who could not provide money for school buildings or for class-size reduction, and who could not show reasonable ambition for universities. What is the point in an education minister who cannot, in three critical areas of her work, deliver because the big beasts in the Cabinet have said, "Sorry, we're taking your money because we've got other priorities"? Those priorities involve a council tax freeze and business tax reduction. Noble as those two ambitions are, they are not the only story.

On VisitScotland and tourism, when I was a minister I argued with my Cabinet colleagues from the Labour group and the Liberal Democrat group about how we could grow Scotland's economy in that important sector. I heard an SNP member say that we must do something in tourism to grow the economy. What has the SNP done? It has cut the VisitScotland budget—reducing it from our 2015 ambition—and taken out the route development fund. By your deeds and actions will you be known. This is a Government that speaks radical but delivers cautious. It does not have a commitment to making a real difference in Scotland.

The final aside in the stage show that was produced by the First Minister was when he said that Scotland would be independent by 2017. The troops loved it. That claim is as credible as a claim that the reunion of the Spice Girls is about artistic integrity and not money. That is how daft the claim is and that is how daft the document is. We should support the amendment in the name of Iain Gray.

16:31

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): On Friday, the Cabinet Secretary for Education and Lifelong Learning told *The Guardian* that she “shared the fears” of Scotland’s universities over their future competitiveness. I am not surprised, given that she created those fears in the first place. The response of the cabinet secretary has been breathtakingly complacent. She said at the weekend that the UK Government may not lift the limit on tuition fees—

Fiona Hyslop: Exactly.

Jeremy Purvis: Fiona Hyslop has confirmed it here today. That leaves Scottish institutions potentially exposed. The cabinet secretary’s only future-proofing is to keep her fingers crossed.

Fiona Hyslop: Will the member give way?

Jeremy Purvis: Since I have named the cabinet secretary I will give way. I see that her fingers are already crossed.

Fiona Hyslop: The member has just said that he acknowledges that if the cap does not come off, it will leave our universities exposed. How on earth is that the case?

Jeremy Purvis: My point, which the cabinet secretary has not denied, is that she is complacent about putting in plans and investment now, given what could potentially be happening south of the border. On 12 February 2004, during the passage of the UK Government’s Higher Education Bill, the cabinet secretary attacked the previous Government in Scotland for its “wait-and-see stance”—a stance that the cabinet secretary has outdone with her sheer complacency. She has confirmed that this afternoon.

On 16 October 2003, the cabinet secretary was in London, briefing journalists, and attacking the UK Government and the failure of the then Scottish Government. She said:

“Under devolution, Scotland will be in the invidious position of falling behind England in higher education, causing a brain drain of talent.”

The Government is providing a lower share of the budget to higher education than the previous Government and slower growth in the higher education budget than the previous Government.

Furthermore, it is providing for a real-terms cut in next year’s budget for colleges. The cabinet secretary was happy to be in London attacking the previous Scottish Government, but—according to Universities Scotland and Scotland’s principals, not me—it is the cabinet secretary’s Government that is putting our higher education sector at risk.

On 16 November this year, the cabinet secretary told the BBC:

“It’s a tight settlement and you have to say, should hospital patients suffer in order to give universities a £0.5bn increase when actually we can manage a reasonable settlement that keeps us competitive.”

Those are political choices by the Government. They are nothing to do with the overall settlement, but are political priorities that have been set by this Administration.

Fiona Hyslop is the cabinet secretary who told the country that universities are a key driver for the economy. She is now having crisis talks with the university sector, and looking at ways in which she can help universities to lever in additional resources. She forgets that the funding bid from Universities Scotland was only half what it anticipated was needed in Scotland, because that funding was to be match-funded. Universities Scotland uses that funding to lever in private investment in Scotland, but the cabinet secretary has slashed its ability to raise additional non-Government funds. It is inconceivable to me that just one week after the publication of “The Government Economic Strategy” it should be having crisis talks with one of the key drivers of the economy—the universities.

The cabinet secretary has been scurrying around St Andrew’s House, desperate to find a way forward. Today, we read in the press that she is seeking to establish a review with the university principals on post-2010 funding. Her spin doctors told *The Guardian* that this was to be a “future thinking review”. We have the Government’s skills strategy, we have the hatchet job over the enterprise networks, we have the economic strategy and we have the budget. The cabinet secretary should be using those documents—not the back of a fag packet—as a basis for future thinking.

Let us examine the Government’s spending on higher education. The Cabinet Secretary for Finance and Sustainable Growth said today that the Government had provided £260 million for universities. However, in real terms, it has provided cuts of £1.9 million in year 1, £15.6 million in year 2 and £29.5 million in year 3. That is £43.2 million, in real terms. I asked the cabinet secretary to confirm that but he refused because—obviously—it is the case.

Earlier this year, the Cabinet Secretary for Finance and Sustainable Growth condemned the United Kingdom Government for using dodgy baselines, but that was nothing compared to what we have seen in the past week, as the Scottish Government has desperately attempted to spin its way out of a funding situation that will obviously involve a below-inflation rise over the review period.

Today, Mr Swinney said that the target for Scotland is to meet the growth rate of small independent European countries, but we have no idea what the Government uses as the baseline figure. Even more interesting is that page 16 of the "The Government Economic Strategy" says that we are to meet the population growth of the European Union 15 countries, over the period to 2031—again, however, there are no baseline data.

Marilyn Livingstone was absolutely right to raise concerns about the enterprise networks. There is confusion at the heart of the Government's economic strategy. Also, just today, it has been confirmed that the set-up costs for the new centralised skills agency—which takes skills and training support away from the rural and local areas, where we want it to be, and replaces that model with a national centralised English model—will be £16 million, which is nearly as much as the entire funding for the get ready for work programme and the NEET strategy. I have asked what the forecast is for the agency's on-going running costs, but the head of the relevant department in the Scottish Government said that they did not know because the agency was not yet up and running.

The Cabinet Secretary for Education and Lifelong Learning should confirm today that the Council of Economic Advisers will be asked to consider whether the budget priorities match the economic priorities. We are saying that the Government has got its priorities wrong. If the cabinet secretary is afraid to ask the Council of Economic Advisers to consider that, we will know that the council agrees with us.

16:37

Gavin Brown (Lothians) (Con): I rather enjoyed listening to Jeremy Purvis give a passionate defence of education. I am tempted to send him a mile up the road to the City of Edinburgh Council chambers, where the Liberal Democrat administration wants to close down 22 nurseries, primary schools, secondary schools and community centres.

Jeremy Purvis Will the member give way?

Gavin Brown: I know that there is a convention that a speaker should give way to a member they have named, but I think that six minutes from Mr

Purvis was more than enough for one day. We do not want to have too much of a good thing.

The Scottish Conservative party's position is that, in broad terms, we accept the economic strategy as a positive move forward. We have issues with it, which I will deal with in due course, but, in general, we think that it is positive and that the strategic priorities are good. Most members can agree that we want stronger and more impressive growth in Scotland. Growth has not been good enough since devolution and it is important that we get that right. It is not good enough for Iain Gray and David Whitton to say that there were 13 quarters in which we were ahead; what is important is the annual growth rate over the piece. I only hope that Iain Gray and David Whitton never become football managers because, when they have lost every game over the season, they will say, "But we were ahead at half time in 13 of the games!"

We accept the Government's strategy, in broad terms. There is some good stuff in it. It talks about the importance of private sector wealth generation and ensuring that Government intervention should not

"crowd out private sector activity".

We agree with that. It says that there is no need for a proliferation of initiatives, because there is a danger that that will create new sources of inefficiency. It says that the Government will reduce

"duplication, bureaucracy and overlap".

We agree with that aim as well, and with the statement that

"national competitiveness depends critically on the competitiveness of our individual businesses."

There are a couple of good Matherisms in there. An important—and critical—point that is made more than twice is that

"we can achieve much more with the levers that we have".

We commend to the Government that, instead of focusing on complaints about constitutional ideas, we focus heavily on the levers that we have, and get results.

We part company with the Government on two areas of the strategy. Derek Brownlee has talked about our point on business rates, so I will focus on the lack of accountability in the targets that the Government has set. We do not want a box-ticking exercise or a plethora of targets that are rigidly looked at every week of the year, but we are disappointed—I tried to make this point to the cabinet secretary—that only two targets have been set for 2011. This Government's term of office ends in 2011—there will be an election—so it is important that we set targets on that basis.

There are only two targets. The first—increasing the GDP growth rate to match the UK level—is bold but, as Iain Gray rightly pointed out, there is a danger that if the UK economy as a whole goes down, Scotland will overtake it purely because it is not doing very well. The second is simply to reduce emissions, but the small print states that the basis for emissions targets has yet to be decided.

There are only two targets and they are the only basis on which the Government wants us to judge it from an economic perspective in 2011. There are six targets for 2017. There is even a target for 2050. Some targets are not just being kicked into the long grass—we are practically booting them out of the stadium and asking to be judged on only two very simple targets in 2011.

We commend to the Government that Scotland comes up with some better and more strategic targets for 2011. Where does the Government think our GDP growth rate can be by 2011, compared with other EU countries of a similar size? Where does the Government see our productivity moving by 2011, as compared with our OECD trading partners? The employment rate in Scotland is higher than that in the UK yet our GDP is lower, so our productivity must be significantly down.

Where does the Government see Scotland's labour market participation being by 2011? Where does it see areas such as health and life expectancy—a point well made by Patrick Harvie—being by 2011? The Government says that it is important to reach those targets by 2017, but we need clear indications of where it expects to be by 2011. We should have indicators.

It is ironic that, on page 34, the Government praises to the high heavens the Virginia model, in which

"Relationships previously focused on funding and management processes are now driven by results and outcomes."

It is incumbent on the Government to show what it thinks the outcomes ought to be by 2011.

We are disappointed that the business bonus rates are to be phased in over three years rather than put in place in April 2008, particularly because rates were mentioned in the SNP's "A new approach: Our first steps", which made it very clear that they were one of the top priorities. I quizzed the Minister for Enterprise, Energy and Tourism on the subject—twice in the chamber and once in committee—and there was never any question of that policy being phased in. We are disappointed by that and would like to know exactly when the decision was taken.

We agree with much of what is in the strategy—we think that it is a positive step forward—but we

want better action on business rates and much more accountability by 2011, not 2017.

16:43

Elaine Murray (Dumfries) (Lab): I will start by clearing up the issue surrounding the answer Rhona Brankin was given last week. In reply to her second question, Mr Ingram stated:

"The funding...we will put in place will maintain the existing number of modern apprenticeships."—[*Official Report*, 15 November 2007; c 3462.]

Rhona Brankin is therefore quite correct to state that not one extra apprenticeship place is being funded.

On 22 September 2005, the Scottish Parliament passed the following amended motion:

"That the Parliament supports growing the economy as the top priority of the Scottish Executive; believes that economic growth must be sustainable; agrees with the Partnership Agreement commitment to assess economic development policies against their impact on sustainable development indicators; notes that the Framework for Economic Development in Scotland has made sustainable development the principal objective; welcomes the stronger emphasis on sustainability in the refresh of A Smart Successful Scotland; endorses the Executive's determination to drive forward its green jobs strategy, and endorses the Executive's commitment to sustainable development."

It sounds familiar. SNP members, including Mr Mather and Mr Swinney, abstained from the vote on that amended motion. It appears that, at that time, they did not agree with the policy direction that it sets out.

During the debate, Jim Mather stated that the SNP had "reservations" about the use of GDP as an indicator. He said:

"I agree that GDP is not an accurate reflection of performance ... GDP is subject to arbitrary adjustment and poor presentation."—[*Official Report*, 22 September 2005; c 19349.]

However, things change in government. The SNP now states that its targets are

"to match the GDP growth rate of the small independent EU countries by 2017"

and

"to raise Scotland's GDP growth rate to the UK level by 2011."

Jim Mather: The key point is that we have to run with the measures that we inherited. That is all we have. There is no history in this country of creating gross national product data. There has been an underinvestment in statistical production in this country. We have taken over the existing form of government and are looking to move that forward. What Labour delivered to us is absolutely inadequate. We will manage it forward.

Elaine Murray: Surely the SNP's not wanting to develop better targets displays a lack of ambition.

I am happy that the SNP recognises the importance of sustainable economic growth. I am also happy that the Government agrees with the former Executive that education and skills, addressing health inequalities, reducing the number of people of working age who are economically inactive and investing in infrastructure all contribute to economic growth. Unfortunately, we did not see that belief translated through to the spending review.

I am happy that the key sector strategy survived the change of Government and that the Government states that "particular attention" will continue to be given to the creative industries, energy, financial and business services, food and drink, life sciences and tourism. The only thing is that the Government appears to claim that as its policy; it does not acknowledge that it has been happening since 2001.

We have two concerns. First, the spending decisions that were announced in last week's spending review do not bear out the Government's stated objectives. As Liam McArthur said, there are real-terms cuts in the budgets that support economic development. Marilyn Livingstone pointed out the toothless nature of the proposed advisory boards in the Scottish Enterprise network and the likelihood that businesses will not want to become engaged in organisations that have no powers. Richard Baker and the Liberal Democrats pointed out the poverty of the university settlement. Let us be quite clear that, in real terms, the settlement is 1 per cent growth per annum for the higher education sector and the further education sector.

Alex Neil: Will the member take an intervention?

Elaine Murray: No. I am sorry; I have taken an intervention already and it was rather long.

At 1 per cent, that growth is considerably less than the amount by which the Scottish block has grown, so the sectors' percentage is reducing.

Tavish Scott mentioned the cut to the HIE network of 22 per cent over three years. I agree with him. It is a real-terms cut of some 7.6 per cent per annum. At the same time, Scottish Enterprise will receive a 5.2 per cent cut per annum. That does not suggest that the Government is supporting the mechanisms that support economic growth.

John Park drew our attention to the future requirement for construction skills and the need for adult apprenticeships. If we will not get one extra modern apprentice, how will we meet industries' needs in the future? John Park also made an

important point about workers' rights. When the SNP talks about reducing the burden of regulation, it must be clear about what it means. Is it talking about a reduction in workers' rights or consumers' rights, or about making it easier for businesses to comply with legislation? There are two different ways in which to address the matter. Frank McAveety mentioned the cuts to VisitScotland's budget.

The second area of concern is the comparisons with the countries in the "arc of prosperity". The SNP uses those comparisons to argue for its true purpose, which is, of course, independence. As David Whitton, Frank McAveety, Jeremy Purvis and others argued, the comparisons are selective and they underplay the performance of the Scottish economy.

The statistics that the SNP uses to prove how badly we are doing are dominated by our poor life expectancy. That is an important issue, but it is not the only way of assessing our economy. In other areas, such as education, Scotland performs better than all the arc of prosperity countries other than Finland. Richard Baker referred to the successes of our universities.

Margo MacDonald: Will the member give way?

Elaine Murray: I am sorry—I do not have time.

Let us consider the performance of Scotland in the UK. It is true that UK long-term growth has exceeded that of Scotland since the 1970s, but the Scottish economy is now growing above its long-term trend and slightly above the UK economy for the second quarter of 2007. Exports in that quarter showed the sharpest increase for nine years, and the Scottish average wage is the highest in the UK outside London and the south of England. The average full-time wage for men and women increased by 50 per cent over the 10 years of the Labour Government. If we continue to grow wages at that rate in the next 10 years, the average household will get an average £10,000 more. I could go on, but I see that my time is running out.

Scotland's economy has performed remarkably well considering the upheavals of the past 30 years—the loss of manufacturing, the demise of the mining, steel and shipbuilding industries, and the mass unemployment of the 1980s. Let us look at the successes in Scotland. The financial sector has grown by 60 per cent in six years while the UK's financial sector has grown only by 47 per cent. Let us remember the regeneration of Scottish cities and the opportunities that exist in life sciences and in information and communications technology.

I want, finally, to refer to the Tories. Miss Goldie said in the summer that there is no unionist more trenchant or determined than her. Today, Alex Johnstone complained about the lack of

investment to underpin economic growth. It is difficult to understand why the Conservatives find it impossible to support our amendment, which refers to the underpinning of economic growth and the importance of the UK in developing Scotland's economy.

16:52

The Cabinet Secretary for Education and Lifelong Learning (Fiona Hyslop): I welcome the opportunity to close the debate and emphasise once again how the Government will make its mark in delivering greater prosperity and opportunity for the people of Scotland.

Together, the SNP Government's economic strategy and budget set out a programme for economic progress that will put Scotland on a course for long-term success. Our economic strategy speaks of our values and of our ambition. It is a strategy based around the key drivers of competitiveness, investment in learning and skills, the creation of a supportive business environment, and investment in infrastructure development.

Economic success in Scotland is long overdue. Scotland's standing in the international league tables for prosperity is nowhere near where it should be, and the plain truth is that Scotland has been denied the success that was hoped for and expected because it was held back by a lack of ambition.

The Government will deliver ambition and the decisiveness required to achieve it. As Keith Brown said, we have provided a fresh, positive vision. That is why we have set out such stretching growth and population targets and why we will work with the public, private and third sectors to monitor and drive the delivery of the targets each step of the way. In a considered speech, Jamie Hepburn was right to highlight social enterprise in that respect.

Derek Brownlee, Jeremy Purvis and Liam McArthur all asked about the independent audit of targets. The Council of Economic Advisers and the establishment of the national economic forum will play an important role in assessing progress, but this is the first time that a Government has set time-bound economic targets for the country.

Jeremy Purvis: Given that both the strategy and the Cabinet Secretary for Finance and Sustainable Development say that the budget document is one lever to implement the economic strategy, does the cabinet secretary agree that the Council of Economic Advisers should also review the budget?

Fiona Hyslop: It is for the Council of Economic Advisers to judge how it will best monitor the progress of economic growth for the country.

Patrick Harvie asked an important question about strategic environmental assessments. The Government's economic strategy sets out a high-level framework for delivery of the Government's purpose of sustainable economic growth, and as such a strategic environmental assessment of it would involve everything the Government does. It is more appropriate to focus strategic environmental assessments on specific sub-strategies and policies. For example, the new version of the national planning framework is currently undergoing a strategic environmental assessment, and NPF 2 will reflect the physical development purposes in the components of the strategy.

Patrick Harvie: I note what the minister says, but I do not believe that, under the Environmental Assessment (Scotland) Act 2005, it is for the minister to decide when it is and is not appropriate to conduct a strategic environmental assessment. The act says clearly that exemptions are for

"financial or budgetary plans and programmes"

and that strategies are included in the act's scope. Unless the wrong document has been provided at the back of the chamber, the Government economic strategy is not a financial plan or a budget, but a strategy.

Fiona Hyslop: The economic strategy is at such a high level that it would be extremely difficult and time consuming to do an environmental assessment of it at this stage, but that does not mean that we do not do strategic environmental assessments of all other Government policy.

Learning and skills are central to achieving our economic strategy. They provide a powerful means of helping our people to realise their potential. Learning allows individuals, families and communities to prosper. It is a key driver of the Scottish economy.

Rhona Brankin: Will the cabinet secretary share with us how many more modern apprenticeships will be created in the next three years?

Fiona Hyslop: We will create more than Labour—its figure was 30,000, but ours is about 50,000. In comparison with the 400,000 English apprenticeships, our share is greater. *[Interruption.]*

John Park rose—

The Presiding Officer (Alex Fergusson): Order.

Fiona Hyslop: Last week, the Government produced a budget that will deliver world-class skills and learning for Scotland. Through our budget, we will invest in skills. Almost 50,000 people—mostly young—will be in training and

apprenticeships in Scotland; the relevant figure in England is 400,000. We will expand modern apprenticeships to SVQ level 2 and we will back that with a skills strategy for Scotland that will be financed by an additional £20 million for skills development.

Jeremy Purvis: Of that £20 million, £16 million is to establish an agency.

Fiona Hyslop: That £20 million is extra and will be on top of anything that is provided for the skills body.

The Government is investing in trade union workplace learning, with a permanent budget for the first time of £4.2 million. I say to John Park that that is more than was provided under the previous Government. We will deliver workplace learning that will tackle fundamental adult literacy and numeracy issues, which is vital to growing our economic prosperity.

We are investing in better school-college links, so more school pupils will have more opportunities to experience vocational learning.

It is regrettable that Labour attacked our councils' ability to deliver on the settlement, which councils agreed last week was the best settlement that they could achieve.

We will invest to secure extra nursery provision for 100,000 three and four-year-olds. By 2010, each child will have 570 hours of nursery provision and we will be well on our way to achieving our commitment of 50 per cent more nursery provision by 2011. [*Interruption.*]

The Presiding Officer: Order. Too much conversation is taking place in the chamber.

Fiona Hyslop: I tell Frank McAveety that we will increase capital infrastructure by 15 per cent. In year 1 of our budget, £115 million of capital investment will be made to provide smaller class sizes in schools. More than 20,000 new teachers are in training under the Government.

We are investing £3.24 billion in our universities. We are providing more money for universities. The Government is giving universities a bigger share of the budget than they had under the previous Government's 2004 budget settlement. We will invest 20 per cent more in capital than did the previous Government for all-important research facilities and buildings for our universities.

Universities asked for an increase by inflation plus 15 per cent from a Westminster settlement that grew by inflation plus 1.4 per cent. They bid for a funding settlement that was 10 times the percentage increase that everyone else had to share. If Opposition parties want to meet the universities' bid, they will have to find cuts of £263 million from elsewhere. Do the Liberal Democrats

seriously think that mutualisation of Scottish Water is the way to fund universities? Even if the process started now, not a penny would be available before 2011.

Liam McArthur *rose—*

The Presiding Officer: The minister is in her last minute.

Fiona Hyslop: What cuts does Labour want? According to its education spokesperson, it wants to increase council taxes throughout Scotland to fund universities. Labour's amendment shows that it wants to settle for a growth rate that consistently lags behind those of others. The only thing that Labour wants to grow is council tax bills throughout Scotland.

The Government is ambitious for Scotland. We are determined to invest in Scotland's human capital, from the early years right through to lifelong learning in the workplace. We are determined to make Scotland competitive and to achieve sustainable economic growth for Scotland. We invite the Parliament to share the ambition for Scotland in the Government's economic strategy.

Business Motions

17:00

The Presiding Officer (Alex Fergusson): The next item of business is consideration of business motion S3M-890, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a revised business programme.

Motion moved,

That the Parliament agrees the following revision to the programme of business for Thursday 22 November 2007—
after

2.15 pm Themed Question Time
Finance and Sustainable Growth;
Justice and Law Officers

delete

2.55 pm Scottish Government Debate: A Better
Future for Scotland's Children: Ending
Domestic Abuse Against Women

followed by Appointment of the Chair of the Scottish
Commission for Human Rights

and insert

2.55 pm Ministerial Statement: Pandemic Flu

followed by Scottish Government Debate: A Better
Future for Scotland's Children: Ending
Domestic Abuse Against Women.—
[Bruce Crawford.]

The Presiding Officer: Is Mr Scott paying attention?

Tavish Scott (Shetland) (LD): Yes.

The Presiding Officer: He is.

The question is, that motion S3M-890, in the name of Bruce Crawford, be agreed to.

Motion agreed to.

Motions moved,

That the Parliament agrees the following programme of business—

Wednesday 28 November 2007

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Scottish Government Debate: Equality
and Diversity

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 29 November 2007

9.15 am Parliamentary Bureau Motions

followed by Scottish Government Debate: Tourism

11.40 pm

General Question Time

12 noon

First Minister's Question Time

2.15 pm

Themed Question Time-
Education and Lifelong Learning;
Europe, External Affairs and Culture

2.55 pm

Scottish Government Debate: St
Andrew's Day

followed by

Appointment of the Chair of the Scottish
Commission for Human Rights

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by

Members' Business

Wednesday 5 December 2007

2.30 pm

Time for Reflection

followed by

Parliamentary Bureau Motions

followed by

Scottish Government Business

followed by

Business Motion

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by

Members' Business

Thursday 6 December 2007

9.15 am

Parliamentary Bureau Motions

followed by

Scottish Labour Party Business

11.40 am

General Question Time

12 noon

First Minister's Question Time

2.15 pm

Themed Question Time-
Health and Wellbeing

2.55 pm

Scottish Government Business

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by

Members' Business.

That the Parliament agrees that consideration of the Public Health etc. (Scotland) Bill at Stage 1 be completed by 18 April 2008.

That the Parliament agrees that consideration of the Abolition of Bridge Tolls (Scotland) Bill at Stage 2 be completed by 7 December 2007.—[Bruce Crawford.]

Motions agreed to.

Parliamentary Bureau Motion

17:02

The Presiding Officer (Alex Fergusson): The next item of business is consideration of one Parliamentary Bureau motion. I ask Bruce Crawford to move motion S3M-891, on the approval of a Scottish statutory instrument.

Motion moved,

That the Parliament agrees that the draft Licensing (Mandatory Conditions No. 2) (Scotland) Regulations 2007 be approved.—[*Bruce Crawford.*]

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

Presiding Officer's Ruling

17:02

The Presiding Officer (Alex Fergusson): Members will recall that, in response to points of order relating to conduct in the chamber, I previously undertook to discuss matters with business managers with a view to setting out the relative places of the Parliament's standing orders, the code of conduct for MSPs and the Scottish ministerial code. I am pleased to say that I have now spoken to all the business managers and an announcement will be published in tomorrow's *Business Bulletin*. I ask members to have regard to the terms of that announcement.

Decision Time

17:03

The Presiding Officer (Alex Fergusson):

There are five questions to be put as a result of today's business.

The first question is, that amendment S3M-883.3, in the name of Iain Gray, which seeks to amend motion S3M-883, in the name of John Swinney, on the Scottish Government's economic strategy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (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)
 Curran, Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Foulkes, George (Lothians) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Hume, Jim (South of Scotland) (LD)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Kerr, Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McArthur, Liam (Orkney) (LD)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McConnell, Jack (Motherwell and Wishaw) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Elaine (Dumfries) (Lab)
 O'Donnell, Hugh (Central Scotland) (LD)
 Oldfather, Irene (Cunninghame South) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)

Stewart, David (Highlands and Islands) (Lab)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Tolson, Jim (Dunfermline West) (LD)
 Whitton, David (Strathkelvin and Bearsden) (Lab)

AGAINST

Adam, Brian (Aberdeen North) (SNP)
 Ahmad, Bashir (Glasgow) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Allan, Alasdair (Western Isles) (SNP)
 Brocklebank, Ted (Mid Scotland and Fife) (Con)
 Brown, Gavin (Lothians) (Con)
 Brown, Keith (Ochil) (SNP)
 Brownlee, Derek (South of Scotland) (Con)
 Campbell, Aileen (South of Scotland) (SNP)
 Carlaw, Jackson (West of Scotland) (Con)
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)
 Constance, Angela (Livingston) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Don, Nigel (North East Scotland) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 FitzPatrick, Joe (Dundee West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Goldie, Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Christopher (Mid Scotland and Fife) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Central Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Kidd, Bill (Glasgow) (SNP)
 Lamont, John (Roxburgh and Berwickshire) (Con)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
 Marwick, Tricia (Central Fife) (SNP)
 Mather, Jim (Argyll and Bute) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West of Scotland) (SNP)
 McGregor, Jamie (Highlands and Islands) (Con)
 McKee, Ian (Lothians) (SNP)
 McKelvie, Christina (Central Scotland) (SNP)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McMillan, Stuart (West of Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Gil (West of Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Alex (Gordon) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 Swinney, John (North Tayside) (SNP)
 Thompson, Dave (Highlands and Islands) (SNP)
 Watt, Maureen (North East Scotland) (SNP)
 Welsh, Andrew (Angus) (SNP)
 White, Sandra (Glasgow) (SNP)
 Wilson, Bill (West of Scotland) (SNP)
 Wilson, John (Central Scotland) (SNP)

ABSTENTIONS

MacDonald, Margo (Lothians) (Ind)

The Presiding Officer: The result of the division is: For 53, Against 64, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S3M-883.1, in the name of Derek Brownlee, which seeks to amend motion S3M-883, in the name of John Swinney, on the Scottish Government's economic strategy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (Aberdeen North) (SNP)
 Ahmad, Bashir (Glasgow) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Allan, Alasdair (Western Isles) (SNP)
 Brocklebank, Ted (Mid Scotland and Fife) (Con)
 Brown, Gavin (Lothians) (Con)
 Brown, Keith (Ochil) (SNP)
 Brownlee, Derek (South of Scotland) (Con)
 Campbell, Aileen (South of Scotland) (SNP)
 Carlaw, Jackson (West of Scotland) (Con)
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)
 Constance, Angela (Livingston) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Don, Nigel (North East Scotland) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 FitzPatrick, Joe (Dundee West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Goldie, Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harvie, Christopher (Mid Scotland and Fife) (SNP)
 Hepburn, Jamie (Central Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Kidd, Bill (Glasgow) (SNP)
 Lamont, John (Roxburgh and Berwickshire) (Con)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
 Marwick, Tricia (Central Fife) (SNP)
 Mather, Jim (Argyll and Bute) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West of Scotland) (SNP)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKee, Ian (Lothians) (SNP)
 McKelvie, Christina (Central Scotland) (SNP)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McMillan, Stuart (West of Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Gil (West of Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Alex (Gordon) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)

Somerville, Shirley-Anne (Lothians) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 Swinney, John (North Tayside) (SNP)
 Thompson, Dave (Highlands and Islands) (SNP)
 Watt, Maureen (North East Scotland) (SNP)
 Welsh, Andrew (Angus) (SNP)
 White, Sandra (Glasgow) (SNP)
 Wilson, Bill (West of Scotland) (SNP)
 Wilson, John (Central Scotland) (SNP)

AGAINST

Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)

ABSTENTIONS

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (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)
 Curran, Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Foulkes, George (Lothians) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Hume, Jim (South of Scotland) (LD)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Kerr, Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Margo (Lothians) (Ind)
 Martin, Paul (Glasgow Springburn) (Lab)
 McArthur, Liam (Orkney) (LD)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McConnell, Jack (Motherwell and Wishaw) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Elaine (Dumfries) (Lab)
 O'Donnell, Hugh (Central Scotland) (LD)
 Oldfather, Irene (Cunninghame South) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stewart, David (Highlands and Islands) (Lab)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Tolson, Jim (Dunfermline West) (LD)
 Whitton, David (Strathkelvin and Bearsden) (Lab)

The Presiding Officer: The result of the division is: For 62, Against 3, Abstentions 52.

Amendment agreed to.

The Presiding Officer: The third question is, that amendment S3M-883.2, in the name of Tavish Scott, which seeks to amend motion S3M-883, in the name of John Swinney, as amended, on the Scottish Government's economic strategy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (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)
 Curran, Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Foulkes, George (Lothians) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Hume, Jim (South of Scotland) (LD)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Kerr, Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McArthur, Liam (Orkney) (LD)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McConnell, Jack (Motherwell and Wishaw) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Elaine (Dumfries) (Lab)
 O'Donnell, Hugh (Central Scotland) (LD)
 Oldfather, Irene (Cunninghame South) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stewart, David (Highlands and Islands) (Lab)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Tolson, Jim (Dunfermline West) (LD)
 Whitton, David (Strathkelvin and Bearsden) (Lab)

AGAINST

Adam, Brian (Aberdeen North) (SNP)
 Ahmad, Bashir (Glasgow) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Allan, Alasdair (Western Isles) (SNP)
 Brocklebank, Ted (Mid Scotland and Fife) (Con)
 Brown, Gavin (Lothians) (Con)
 Brown, Keith (Ochil) (SNP)
 Brownlee, Derek (South of Scotland) (Con)
 Campbell, Aileen (South of Scotland) (SNP)
 Carlaw, Jackson (West of Scotland) (Con)
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)
 Constance, Angela (Livingston) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Don, Nigel (North East Scotland) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 FitzPatrick, Joe (Dundee West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Rob (Highlands and Islands) (SNP)
 Goldie, Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Christopher (Mid Scotland and Fife) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Central Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Kidd, Bill (Glasgow) (SNP)
 Lamont, John (Roxburgh and Berwickshire) (Con)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
 Marwick, Tricia (Central Fife) (SNP)
 Mather, Jim (Argyll and Bute) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West of Scotland) (SNP)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKee, Ian (Lothians) (SNP)
 McKelvie, Christina (Central Scotland) (SNP)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McMillan, Stuart (West of Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Gil (West of Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Alex (Gordon) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 Swinney, John (North Tayside) (SNP)
 Thompson, Dave (Highlands and Islands) (SNP)
 Watt, Maureen (North East Scotland) (SNP)
 Welsh, Andrew (Angus) (SNP)
 White, Sandra (Glasgow) (SNP)
 Wilson, Bill (West of Scotland) (SNP)
 Wilson, John (Central Scotland) (SNP)

ABSTENTIONS

MacDonald, Margo (Lothians) (Ind)

The Presiding Officer: The result of the division is: For 53, Against 63, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The fourth question is, that motion S3M-883, in the name of John Swinney, on the Scottish Government's economic strategy, as amended, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (Aberdeen North) (SNP)
 Ahmad, Bashir (Glasgow) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Allan, Alasdair (Western Isles) (SNP)
 Brocklebank, Ted (Mid Scotland and Fife) (Con)
 Brown, Gavin (Lothians) (Con)
 Brown, Keith (Ochil) (SNP)
 Brownlee, Derek (South of Scotland) (Con)
 Campbell, Aileen (South of Scotland) (SNP)
 Carlaw, Jackson (West of Scotland) (Con)
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)
 Constance, Angela (Livingston) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Don, Nigel (North East Scotland) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 FitzPatrick, Joe (Dundee West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Goldie, Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harvie, Christopher (Mid Scotland and Fife) (SNP)
 Hepburn, Jamie (Central Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Kidd, Bill (Glasgow) (SNP)
 Lamont, John (Roxburgh and Berwickshire) (Con)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
 Marwick, Tricia (Central Fife) (SNP)
 Mather, Jim (Argyll and Bute) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West of Scotland) (SNP)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKee, Ian (Lothians) (SNP)
 McKelvie, Christina (Central Scotland) (SNP)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McMillan, Stuart (West of Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Gil (West of Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Alex (Gordon) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 Swinney, John (North Tayside) (SNP)
 Thompson, Dave (Highlands and Islands) (SNP)
 Watt, Maureen (North East Scotland) (SNP)
 Welsh, Andrew (Angus) (SNP)
 White, Sandra (Glasgow) (SNP)
 Wilson, Bill (West of Scotland) (SNP)

Wilson, John (Central Scotland) (SNP)

AGAINST

Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)

ABSTENTIONS

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (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)
 Curran, Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Foulkes, George (Lothians) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Hume, Jim (South of Scotland) (LD)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Kerr, Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Margo (Lothians) (Ind)
 Martin, Paul (Glasgow Springburn) (Lab)
 McArthur, Liam (Orkney) (LD)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McConnell, Jack (Motherwell and Wishaw) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Elaine (Dumfries) (Lab)
 O'Donnell, Hugh (Central Scotland) (LD)
 Oldfather, Irene (Cunninghame South) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stewart, David (Highlands and Islands) (Lab)
 Tolson, Jim (Dunfermline West) (LD)
 Whitton, David (Strathkelvin and Bearsden) (Lab)

The Presiding Officer: The result of the division is: For 62, Against 3, Abstentions 53.

Motion, as amended, agreed to.

Resolved,

That the Parliament recognises the importance of creating a more successful country with opportunities for all

of Scotland to flourish and notes the publication of *The Government Economic Strategy*, which sets out the Scottish Government's approach to aligning the public, private and voluntary sectors to achieve this objective and, recognising the importance of small businesses to the Scottish economy, calls on the Scottish Government, if additional resources become available, to prioritise the acceleration of the full implementation of the reductions in business rates for small businesses announced in the budget on 14 November 2007.

The Presiding Officer: The fifth question is, that motion S3M-891, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, on approval of a Scottish statutory instrument, be agreed to.

Motion agreed to.

That the Parliament agrees that the draft Licensing (Mandatory Conditions No. 2) (Scotland) Regulations 2007 be approved.

The Presiding Officer: That concludes decision time. As always, I ask members who are leaving the chamber to do so quietly. As always, they will probably ignore me.

Recycling Waste Wood

The Deputy Presiding Officer (Alasdair Morgan): The final item of business today is a members' business debate on motion S3M-752, in the name of Bill Kidd, on recycling waste wood. The debate will be concluded without any question being put.

Motion debated,

That the Parliament congratulates the Glasgow Wood Recycling Project, a Drumchapel-based social enterprise finding new ways to recycle and reuse wood through collecting waste wood from offcuts to skirting boards and roofing; welcomes the support that this project has received from Glasgow School of Art students, who are incorporating the waste wood into their work, and Edrington's bottling plant in providing its old whisky barrels to be recycled into garden furniture amongst other things; believes that local initiatives such as these are of fundamental value in tackling the environmental problems facing local communities and Scotland as a whole, and hopes that as the Glasgow Wood Recycling Project grows more people will use and benefit from this service.

17:09

Bill Kidd (Glasgow) (SNP): It gives me great pleasure to open this debate on an issue of growing importance: the recycling of wood and wood products. Sad to say, there are at present only two wood recycling projects in Scotland—one in Glasgow and one in Edinburgh. The Glasgow Wood Recycling Project is modelled on one in Brighton that now collects around 450 tonnes of waste timber a year. That is a fantastic achievement for a community-based project.

The Glasgow project has a three-year plan to become a self-sustaining wood reuse and recycling business through the collection of wood from businesses, schools and households. That will ensure a financially viable and sustainable local business in the Drumchapel area, where low incomes and poor business start-up rates and investment have combined to leave many adults and young people with low expectations.

That is where the social aspect of this type of recycling project comes in. The unskilled, the long-term unemployed, pensioners and young people are all benefiting from access to the facility. However, the project is not a school; it is a business and social enterprise. At present, its resources are too limited to take on board the number of people who would like to enjoy working with wood and pick up skills. Such enterprises rely on support from public bodies, and the all-too-familiar cry about the funding gap has gone up.

However, the returns for the wider community are great. They take the form of improved mental and physical health, the socialisation of young people, the acquisition of woodworking skills, the

provision of education and an improved local environment. It might therefore be beneficial if the Scottish Government considered the possibility of establishing a one-stop shop to allow such social enterprises to receive advice and funding. I hope that the minister will be able to look into that.

We already know that the budget has pointed the way towards minimising the amount of waste materials, with the eventual aim of a zero-waste society. There can be no better way of achieving that aim than through the use of what are currently seen as waste materials to create new products, such as furniture, shelving, frames, household items and even works of art to enhance the local area from which the waste was recovered. Glasgow School of Art is a regular customer of the Glasgow Wood Recycling project, and its product design department has worked with the project to develop products from reclaimed wood that will extend the enterprise's income-generating potential.

Another excellent example of local co-operation is in the donation of old barrels from Edrington, the bottling company, whose Drumchapel plant gives the Glasgow Wood Recycling Project old, solid, wooden kegs to be transformed into furniture. Such generosity and vision are to be welcomed, and as a member for Glasgow, I extend my thanks to Edrington's management for that.

The planners who were involved in the rebuilding of Drumchapel town centre—New City Vision—have also expressed an interest in using street furniture and art installations that have been made from waste wood from the demolished buildings of the old scheme. Similarly, the new Shetland museum and archives at Hay's dock in Lerwick is an impressive example of the use of recycled materials, wood prominent among them. In that case, the wood was taken from 19th century German ships that have been excavated from the harbour.

Wood recycling is an idea whose time has come. Socially and environmentally, such recycling is beneficial and, as the idea, grows, it will easily be able to clear its feet financially. However, in the short term, projects such as the Glasgow Wood Recycling Project will need some help with funding, business advice and the possibility of public contracts. I hope that the minister will be able to look on those issues favourably.

17:14

Bill Butler (Glasgow Anniesland) (Lab): I warmly congratulate Bill Kidd on securing tonight's debate, which provides the chamber with an opportunity to focus on the success of a social

enterprise and the benefits of recycling to each of us.

The Glasgow Wood Recycling Project is located in my Glasgow Anniesland constituency and, like Bill Kidd, I, along with the local councillor for the area, Paul Carey, have met Mr Peter Lavelle. I was impressed by his vision and by the way in which he set about establishing his business. It is important to acknowledge that the project has been greatly assisted by several agencies in the Drumchapel area, not least the Glasgow West Regeneration Agency, which, since meeting Mr Lavelle in 2006, has worked in partnership with him from initial discussions right through to the business development stage.

It would be remiss of me not to mention Drumchapel Community Business—or DCB—from which the project operates. DCB, which is situated directly across the road from my constituency office, has 55 units available for small businesses and social enterprises, and I am delighted to be able to tell members that, at the moment, occupancy stands at 100 per cent. DCB is an extremely dynamic and innovative operation that is able to offer new businesses such as the Glasgow Wood Recycling Project a 25 per cent reduction in rent, accessed through the community regeneration fund, to assist them during their critical first year.

It would not be an overstatement to say that DCB has been one of the organisations at the forefront of regeneration in the Drumchapel area, and I take this opportunity to pay tribute to everyone who has been involved in its success, including its manager Liz Atkinson and its committee members, who are elected by the local community.

As Bill Kidd said, the Glasgow Wood Recycling Project has been a great success. Modelled on the award-winning Brighton and Hove Wood Recycling Project, which has been around for about 10 years, the Glasgow project has set itself a very clear and ambitious target of becoming a self-sustaining wood reuse and recycling business within three years. It has also been quick to avail itself of modern technology, with a website and blog helping to raise awareness of its work and advertise its successful services.

I am also impressed by the business's social aims, which Bill Kidd highlighted. Although the benefits of volunteering for individuals and communities have been discussed many times in the chamber, I do not think that they can be stressed enough, and I am very pleased that this project offers people an opportunity to get involved, learn new skills, meet new people and make a real contribution to protecting our environment.

Discussing the success of the Glasgow Wood Recycling Project provides a helpful context in which to highlight some general recycling issues that affect the city. Although great strides have been made to increase the amount of waste that residents can recycle, less than half of Glasgow's households have a recycling bin for paper, cans and plastic. Glasgow City Council's target of reaching 66 per cent of all households by March 2008 means that it will have to double the number of tenements that are covered by the blue bin scheme.

However, even if that target is achieved, the city will still have some way to go to match recycling levels in other local authority areas. I know that Glasgow City Council is keen to make progress on the matter, on which I understand that there have been talks between the council and the Scottish Government. I urge the Government to look at the special circumstances that pertain in Scotland's most populous city. If Glasgow City Council needs extra investment to overcome the problems and improve the city's recycling capacity, the Government should consider providing that money. Perhaps the minister can address that in his summation.

We can learn much from community-driven initiatives such as the Glasgow Wood Recycling Project about how to establish similar schemes in other areas. As a Labour Co-operative MSP, I know that social enterprises can bring benefits and that often they can lead the way in providing solutions to problems that private enterprise or the public sector struggle with. The imaginative thinking of the people behind the Glasgow Wood Recycling Project has shown that recycling and reusing materials can be profitable and beneficial for our communities, and I commend all involved in such community enterprises.

17:18

Nanette Milne (North East Scotland) (Con): I congratulate Bill Kidd on securing this debate, which allows me to tell colleagues about two other excellent social enterprises that give meaningful employment to people who have learning disabilities or mental health problems and make a positive contribution to the environment by recycling wood that would otherwise go to waste. At this point, I am afraid that I must correct Mr Kidd on his statement that there are only two such enterprises in Scotland. There is indeed one in Edinburgh, but there is another in Aberdeenshire.

In May, Wood RecyclAbility, which is based on a former farm near Pitmedden in Aberdeenshire, celebrated 10 years of providing work placements for people of all ages with learning difficulties. The scheme started off with two employees and four trainees; at the moment, it has 11 employed staff

who provide places for 50 trainees, with an average of 26 people attending each day.

The wood used by the enterprise is made up mainly of pallets and packaging waste. The best-quality pieces are made into an increasingly wide range of garden furniture and wild bird and animal boxes, or are sold on to do-it-yourself enthusiasts. The rest is shredded and sent off to be manufactured into floorboards for the building industry. Last year, 2,286 tonnes of waste wood were processed, with just over half going to floorboard manufacture. None of the wood entering the premises went to landfill. This year, the figures are likely to increase to more than 3,000 tonnes processed, with nearly 2,000 tonnes being shredded.

When I first visited Wood RecyclAbility around seven years ago, it operated from fairly makeshift premises, but with great enthusiasm. The enthusiasm remains undiminished, but the premises are larger and purpose built, and the enterprise goes from strength to strength.

It is hard to describe the obvious satisfaction that most of the trainees gain from their employment. From those who spend their entire day removing nails from pieces of wood to those who hone their skills making high-quality garden furniture, the pride that they take in their work is clearly visible to visitors. Both trainees and trainers have every right to be proud of a business that makes such a worthwhile contribution to the environment, as well as teaching skills and giving purposeful employment to a growing number of people with a variety of disabilities.

I want to touch briefly on an Edinburgh-based company that I encountered only last week at the social enterprise reception in the Parliament's garden lobby. The Wood Works is part of Forth Sector, which has a varied portfolio of seven social firms and whose stated intent is to build the health and well-being of people with mental health problems by developing businesses that create employment opportunities. It currently gives realistic work placements to 120 people annually. Fifty per cent of its income is generated through trading, and there are plans to increase that percentage.

The Wood Works began trading in January of this year and specialises in wood recycling, using waste wood collected from construction sites, households and wood tradespeople. After grading, sorting and cleaning, good-quality wood is sold at a reduced price to people such as builders, architects and gardeners; the company also sells bespoke products made from salvaged wood. Collection charges are lower than the standard waste disposal methods of skip and dump, and a valuable resource is therefore saved from landfill or incinerator.

I do not have time to discuss either Wood RecyclAbility or the Wood Works in depth, but both those social enterprises clearly benefit the environment, develop skills and give valuable support to their trainees. I encourage colleagues to spread the word about them, and I wish them and other similar social enterprises a growing, successful and sustainable future. I support Bill Kidd's motion.

17:22

Robin Harper (Lothians) (Green): I, too, congratulate Bill Kidd on bringing his motion to the chamber. I begin by confirming the success of Wood RecyclAbility in Pitmedden, near Aberdeen. As Nanette Milne knows, I had the honour of going up there for the second year in succession to present certificates of achievement to the people who work there. There is a tremendous atmosphere of creativity in the place. It is, just as Nanette painted it, an enormous success and one that deserves to be repeated at the same level as the Glasgow recycling venture right across Scotland. There is no reason why such initiatives should not be repeated in every town and city in the country.

It would be quite achievable, and a good vision for Scotland, to have no wood being wasted or going into landfill. By 2015 or 2020, it should be possible to get there. One of the specific reasons for not putting wood in landfill is, of course, that it is one of the components of landfill that, when they degrade, produce methane, which is rather more powerful as a degrader of our atmosphere than even carbon dioxide. In those tips where we can collect the methane good use can be made of it, but that should not be the point of putting wood into landfill.

I know of two initiatives in Edinburgh and one in Fife—there are probably others in other parts of Scotland—for furniture recycling, which is wood recycling of a high order and something that should also be encouraged.

There is another use for wood. Much of the wood that comes from construction is not suitable for making into other things, such as the lovely bird box that I got from Wood RecyclAbility. However, that wood can and should be pelleted. If we link that into the idea of having more distributed generation of electricity in combined heat and power systems, there could be a big win-win positive loop through the use of the wood.

A further vision for the new Government to think about is an objective of no wood going to landfill and all wood being recycled or reused for producing energy. There are one or two facilities—there is one in Edinburgh and there must be one in Glasgow—where people can buy complete doors

and complete banisters. The two firms that have been mentioned are the only ones that I know of that will go to buildings when they are being knocked down and salvage anything that is of very high quality and deserves to be fitted into another building, including sash windows. We tend to forget that the uniformity of Victorian architecture is down to the fact that sash windows were mass produced and window apertures were often designed around the mass production of those extraordinarily long-lived and well-made artefacts.

I thank Bill Kidd for bringing what is potentially a very important vision to the chamber. I am sure that it is one to which the minister will give some attention.

17:27

Bill Wilson (West of Scotland) (SNP): I congratulate Bill Kidd on raising an important issue. As it happens, I came across some disturbing facts relating to timber when I was preparing for the debate on wildlife crime, so I am pleased to have an opportunity to air them.

As we all know, recycling timber reduces the demand for fresh wood and it also reduces the amount of this carbon-rich material that is discarded. The more wood that is not burnt or left to decay, the more carbon is locked up, where it cannot contribute to atmospheric carbon dioxide and so to climate change.

The harvesting and processing of trees also contribute to global warming. As an aside, I point out that establishing forests in peatlands, for example, can release far more carbon than the trees fix. As less processing is required for recycled wood, less carbon dioxide is produced. More important, much of the timber that is imported into the United Kingdom is illegal and comes from sources that are not sustainably managed.

The destruction of rainforests contributes massively to global warming, but global warming is only one of the many negatives that are associated with the importation of illegal timber, which also include organised crime. Although the subject is not specifically mentioned in Bill Kidd's motion, it is inseparable and I hope that he will forgive me if I expand on it a little.

According to WWF-UK, the UK is the world's third-largest importer of illegal timber—it spends approximately £712 million a year on the commodity. Annually, illegal timber that is imported into the UK accounts for the loss of forests of an area five and a half times that of Hong Kong, which is a reasonably sized area. Despite that, according to Greenpeace, the UK Government has refused to introduce laws to ban the import of illegal timber into the UK. Instead, it

has approved various timber certification schemes that supposedly guarantee “legal and sustainable” timber. In reality, they are nothing more than licences to wreck ancient forests.

In answer to a question on the subject at Westminster, Barry Gardiner, the Labour MP for Brent North, stated:

“During 2007, the Government will continue to work, through bilateral and multi-lateral processes, to develop restrictions on the import of illegally harvested timber.

The Government are working to implement the EU Forestry Law Enforcement Governance and Trade (FLEGT) Regulation which was adopted in 2005. This allows the EU to enter into Voluntary Partnership Agreements with timber producing countries, and will include a licensing system to identify legal products for export to the EU.”—[*Official Report, House of Commons*, 16 January 2007; Vol 455, c 972W.]

Note the word “voluntary”, which could be understood to mean “toothless”.

What are the effects of the illegal timber trade? The trade in illegal tropical timber directly undermines the efforts of tropical producer countries to conserve their forests, which robs those developing countries of a valuable economic and ecological resource.

In a report that was published in 2005, Greenpeace said that European companies are complicit in the destruction of the African forest of the great apes, which is a spectacular lowland rainforest in central Africa. The forest is second in size only to the Amazon rainforest and is the most species-rich place in Africa. Africa has already lost two thirds of its ancient forest in the past 30 years and industrial logging threatens most of what remains. Greenpeace says that in as few as five to 10 years, Africa’s apes—gorillas, chimpanzees and bonobos—will disappear, along with the last undisturbed forest areas.

According to Friends of the Earth, the destructive impact of the logging industry on the Amazonian forests of Brazil is legendary. Logging made a significant contribution to the loss of 53 million hectares of forest in Brazil—an area the size of France—between 1972 and 1998.

Research that was commissioned by WWF-UK found that the illegal timber trade is the most organised of the five categories of activity involved in the illegal wildlife trade. The researchers stated:

“The scale of the legal timber trade dwarfs all other trade in wildlife resources and is nearly seven times greater in value than the trade in animals and other plants. If the scale of legal operations indicates the potential scale of an illegal trade, the implications here are alarming.”

Given the scale, organisation and impact of illegal logging, it is surprising that efforts to tackle the illegal wildlife trade have largely failed to address that serious and damaging trade.

We must insist that the United Kingdom Government tackles the problem directly and effectively, but we can all help indirectly by recycling the wood resources that we have to the best of our ability. I support the motion.

17:31

The Minister for Environment (Michael Russell): Before I make general remarks, I will address issues that were raised during the debate. Bill Butler asked about Glasgow’s recycling rates. Although recycling rates are rising, city rates tend to be lower than countryside rates, and where there is a high proportion of tenemental and multi-occupancy housing it is harder to provide recycling facilities. However, Bill Butler is right to aspire to keep raising recycling rates, which are vital for the future.

Recycling is one way of tackling waste. We should remember that waste, in all its expressions, represents the misuse of the planet’s resources. In this debate we consider how we manage sensibly the resources of our planet and of our country. Mr Wilson was right to raise the issues that he raised, which relate to how we use the resources that we have to prevent depredation of resources elsewhere.

I congratulate Bill Kidd on his motion, which raises interesting issues. He asked for assurances on one-stop shops for advice on funding. Advice on recycling can be found at the Community Recycling Network for Scotland, for which the Government is providing funding of more than £500,000 in the current year. Equivalent organisations exist for social enterprises, but if it is suggested that there is a need to develop new organisations to provide information for social enterprises, I am sure that my colleagues will listen.

One does not have to be a Labour or Co-op sponsored member of the Scottish Parliament—as Mr Butler put it—to enthuse about social enterprise. We also heard such enthusiasm from the Conservative spokeswoman on the environment, who I am pretty certain is not sponsored by either body. I congratulate her on drawing attention to the Grampian scheme, which is important.

Bill Butler: On a point of order, Presiding Officer.

Is it in order for the minister to accuse me—inadvertently, I am sure—of being sponsored by the Co-op? Sponsorship would not be legal, of course. I am not sponsored by, but I have a constituency agreement with, the Co-op.

The Deputy Presiding Officer: I suspect that it is in order, but I am sure that the minister will take the opportunity to say something on the matter.

Michael Russell: I apologise to Mr Butler. My comment showed how old-fashioned I am. I thought that the old days of trade union barons sponsoring MSPs and MPs were still with us, but of course those days have been swept away by new Labour. I am sure that Mr Butler is grateful for that.

The Scottish Government recognises the valuable role that the community recycling sector plays in helping to deliver our objective of a greener Scotland. Of course, community recycling applies not just to wood, but to a range of materials. I think that we are all very pleased that a number of the projects that are funded by Increase—investment in community recycling and social enterprise, which is a specific fund for these purposes—have focused on a range of materials, including mattresses, carpets and bicycles. In some cases, these Scottish projects have learned from elsewhere; in others, we are teaching others.

The Scottish Government intends to carry on providing support for community recycling projects across Scotland. Currently, we are in discussion with the Community Recycling Network for Scotland on the type of support that should be made available. Social enterprise is clearly ideal for building some of those projects. As members have said, social enterprises have demonstrated that they can work in many sectors of the Scottish economy, often as the best solution in areas where there is a market failure or an emerging market. As Bill Kidd said, social enterprises provide employment opportunities. They also help disadvantaged people, assist with transportation, provide care services, support homeless people—and even help with kerbside recycling. The list is virtually endless.

On 14 November—that memorable day last week—when the Cabinet Secretary for Finance and Sustainable Growth delivered his remarkable and most successful budget, he announced that, for the years 2008 to 2011, the Scottish Government would make £63 million available to the third sector for a development programme and £30 million available for direct investment through the Scottish investment fund. The fund will support investment in the third sector by investing in assets, business development and the skills of those who work in the sector. I am sure that everybody is pleased about that.

These days, I spend quite a lot of my time in woodlands and forests, or watching wood products being made—or sometimes sold. This morning, I was in the Borders, at Ancrum, visiting the Borders Forest Trust, which is a remarkable organisation that takes wood from the woodland straight

through to the most amazingly well-designed furniture in Scotland. I commend to the chamber the Albannach brand, under which the trust is looking at how Scottish wood can be used in Scottish building, furniture and a variety of other ways. I will return to Ancrum in the spring to see more of that work. I encourage other members to pay the trust a visit.

That work is at one end of the spectrum. At the other end, we find the challenge of taking wood that has been involved in a variety of purposes, but abandoned—the issue that Bill Kidd raised and which Robin Harper addressed so well. We are talking not about the wonderful wood that craftsmen are working with in Ancrum, but wood that would otherwise go to landfill. If waste is the misuse of the planet's resources, placing wood into landfill is a misuse of the planet's resources too. It is vital that we recycle and reuse our existing supplies of wood. We need to do that in the ways that we have heard about today, which ranged from reusing timber in construction to the Glasgow School of Art students' use of wood in the project that Bill Kidd highlighted.

We can also use wood in another way. Earlier this year, I was pleased to chair the initial meeting of the wood fuel task force, the aim of which is to increase the supply of wood for renewable energy production. A key resource in all of that is wood waste—wood that would otherwise go to landfill, or even be left on site. I am referring not only to wood that has been used in construction, but the brash that the forestry industry leaves behind. When I receive the task force's final report on 14 December, I know that it will have identified the issues on wood waste and recycled wood.

Bill Kidd has brought an important issue to the chamber. The Government recognises and celebrates the work that is being done in Drumchapel. Indeed, Drumchapel is becoming increasingly important in the forestry world, not only because of this project, but as a result of the remarkable and successful Drumchapel community woodland, which I had the privilege of seeing in June.

If our focus is on recycling wood, we will eventually turn our attention to the many new uses to which wood can be put. I hope that the chamber will remember that—as the Government will in its work across sectors. In commissioning new housing, undertaking procurement policies, and all its other actions, I hope that the Government will remember the importance of the issue and act upon it.

Meeting closed at 17:38.

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