

MEETING OF THE PARLIAMENT

Wednesday 11 June 2008

Session 3

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Scottish Parliament

Wednesday 11 June 2008

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

Time for Reflection

The Presiding Officer (Alex Fergusson):

Good afternoon. As always on a Wednesday, the first item of business is time for reflection. Our time for reflection leader today is Juliet Wilson from the Humanist Society of Scotland.

Juliet Wilson (Humanist Society of Scotland):

Good afternoon, ladies and gentlemen. As a humanist celebrant, I sometimes get the opportunity to speak the words of one of Scotland's great thinkers, who said:

"Avoid people who say they know the answer. Keep the company of people who are trying to understand the question."

That sage piece of advice is from Billy Connolly's version of Max Ehrmann's "Desiderata", and although he goes on to counsel against running with scissors and giving LSD to guide dogs, those two sentences never fail to move me.

When I meet couples who want to get married in a humanist ceremony, they often raise an eyebrow when I say that I have nothing to tell them about the meaning of marriage. I have my own feelings about why marriage is relevant to me, but those would be irrelevant to anyone else. A humanist marriage ceremony is a blank page; the couple give it meaning by giving it meaning. They have to spend a lot of time thinking about why they love each other, what the commitment means to them and what they hope to achieve together. Consequently, their bond is all the stronger because their reasons are clear to them. They have contemplated the important questions, rather than accepting somebody else's answers.

Humanism is all about accepting all people equally and reaching understanding through discussion and debate. We think that there is no eternally right answer, just the one that we consider to be the best that we have at the moment. As with interfaith associations and the festival of spirituality and peace, the talks and debates that the Humanist Society of Scotland holds are intended to bring about mutual understanding through asking questions, rather than by forcing our opinion on others.

As some of you may have noticed, people expect politicians to have all the answers, which is unrealistic. We should acknowledge you for trying to understand the questions, hope that you

consider all the possibilities and accept that sometimes the response "I don't know" is the most honest and intelligent of answers. I ask you to think back to the time when you first entered politics. Do you have more answers now than you had then, or do you have more questions?

I leave you with a Chinese proverb: one who asks a question is a fool for five minutes; one who does not ask a question remains a fool for ever.

I thank the Presiding Officer for asking people of all faiths and none to speak to you, and I thank you for listening to me.

Legal Profession

The Presiding Officer (Alex Fergusson): The next item of business is a statement by Kenny MacAskill, on an alternative business structure for the legal profession.

14:33

The Cabinet Secretary for Justice (Kenny MacAskill): I am pleased to present to Parliament an update on the measures that the Government plans to bring forward to reform the way in which the legal profession conducts its business. The Scottish legal profession serves Scotland well and I was proud to be a member of it for 20 years. Our distinctive legal system forms one of the fundamental pillars of Scottish society and has helped to sustain our national identity for 300 years. Rightly, the Government will continue to support the strength and independence of the Scottish legal profession. I feel honoured and privileged to be in a position to help and to shape its future.

Lawyers perform a vital role in society by helping people at times of crisis and when necessity arises. In an ever-changing world—one that is changing at a rapid pace—lawyers face greater challenges in protecting the vulnerable, upholding the criminal justice system and responding to economic growth. I firmly believe that we must give the Scottish legal profession the full credit that it deserves for the influence that it has had on other legal systems throughout the world; for its quality and reputation; and for the values and principles that continue to stand the profession in good stead—a reputation that it has had and still possesses.

Now our major law firms compete internationally and want to think bigger and aim higher. For a small country, we have big ambitions—and rightly so.

Alongside the exciting opportunities that introducing alternative business structures will bring, the profession faces many challenges. The big commercial firms face competition within the global market; the high street firms are finding it difficult to recruit and retain trainees; those who offer a broad range of legal services are in competition with those who specialise in high-value or high-volume work; and alternative providers and English firms are entering the market. Scottish solicitors are under increasing pressure to deliver a quality, competitive service.

Scottish firms will continue to serve the communities in which they are based, both large and small, but some firms can compete internationally and globally. That is demonstrated by the success of our accounting and financial

services sector. There is no reason why legal services cannot do likewise. Our legal services must change to achieve that, and this Government is committed to helping them. The profession faces major technological changes in the next few years that will influence the business structures of the future. We may see access to the courts via videolinks, and the use of electronic pleading and customised online legal advice will increase. That will offer real benefits to the public, outweighing the challenge to the regulatory structure of the profession.

A series of reforms is already under way in our criminal courts, and the review that is being undertaken by Lord Gill will herald fundamental changes in the civil courts. Together with the review of administrative justice that is being carried out by Lord Philip, those represent a co-ordinated review of the entire Scottish justice system.

I am hugely encouraged that the profession has already begun to respond to the challenges that it faces. Following the *Which?* super-complaint last year, the Government's response to the Office of Fair Trading made it clear that change had to happen and was inevitable. The OFT's report argued that many of the current restrictions on business structures affecting the legal profession should be lifted.

During the parliamentary debate in November, the Government made it clear that maintaining the status quo was not an option, and we asked the profession to take the lead in considering the way forward. I am delighted that the profession has risen to that challenge and I commend the leadership that the Law Society of Scotland and Faculty of Advocates have given to their respective members. The society and the faculty have consulted their members and produced policy papers outlining their vision for the future.

The society's policy paper is a positive and forward-looking document and I am greatly encouraged by its commitment to reform. I completely agree that, rather than focusing on which business models are most appropriate, the way forward is to develop a robust system of regulation. I recently addressed the society's annual conference, which focused on the legal profession in the next five years. I am confident that when we look back in five years' time, the profession will have gone a long way towards meeting the challenges that it faces today.

Likewise, the Faculty of Advocates has been focusing on the way forward. I very much welcome the fact that the faculty's strategic direction is broadly in line with what the Government said in responding to the OFT. The faculty set out a strong case for maintaining an independent referral bar but would remove restrictions such as

the mixed-doubles rule. I am fully aware that members expressed concerns during the debate in November that effective regulation was key to safeguarding consumers and the profession alike. This is not about Tesco law—a nomenclature that some have given it. It is about allowing the profession to grow and compete, while maintaining quality of service to the public and the core values of the profession that have served Scotland so well throughout the centuries. Access to justice will, similarly, remain a key focus.

We have yet to iron out the detail of how we will tackle some of those thorny issues but we will continue to work together in the weeks and months ahead to devise solutions that are appropriate to the Scottish legal marketplace, Scotland as a nation and Scottish communities.

I am delighted that, although there are differences of approach between the Law Society and the Faculty of Advocates, we have taken the first steps towards reform. The next step will be legislation. Although I cannot pre-empt any formal statement on the legislative programme, we will begin work to develop detailed proposals as soon as the parliamentary timetable allows.

Although the profession may understandably be daunted by the challenges to come over the next few years—indeed, I acknowledge the concerns that many legal professionals have—reform will have huge benefits for it and the public that it serves in Scotland. There may be difficulties for some but, as we have said in previous debates, maintaining the status quo is not possible and was never an option. The profession must evolve as Scotland has evolved; we, as a Parliament and Government, have a duty to support it in that evolution.

Change is necessary to allow the legal profession to continue to thrive and advance. We must ensure that it continues to serve us well and to offer a high level of service to the public. I give my personal commitment to supporting the profession now and in the future. This is not about Tesco law; it is about bringing the legal profession into the 21st century to allow it to continue to serve our people as it has done down the centuries.

The Presiding Officer: The cabinet secretary will now take questions on the issues that were raised in his statement. We have about 20 minutes for questions, after which we move to the next item of business. I remind members that contributions should, as always, be made through the chair. That means that members should refer to other members by their preferred name or title.

Pauline McNeill (Glasgow Kelvin) (Lab): At first glance, the statement does not appear to say much at all, except that we have heard that there will be legislation at some point. However, at

second glance, it becomes apparent that the point of the exercise is to demonstrate to the OFT that progress has been made, with the Law Society and the Faculty of Advocates indicating that they will embrace some change, for which we applaud them.

The Labour Party is broadly supportive of the Government's approach but looks for several assurances. Competition will require careful regulation. Labour accepts that the status quo is not an option, but change should not fundamentally alter the Scottish system, which we hope the OFT recognises is different from the English system in relation to, for example, the independent nature of the Scottish bar.

We seek assurances that competition will be fair for all legal practitioners. Close consideration will be required to ensure that that happens. We want assurances that, in any legislation that introduces competition and removes restrictive practices, we will not end up endorsing other types of restrictive or anticompetitive practice. For example, if legal disciplinary firms were created and only ever instructed their own employees, that would create monopoly, which would not be in consumers' interest.

Labour asks for assurances that choice for the customer will be paramount. Careful assessment will be needed to determine how removing restrictive practices can provide choice. What assurances can the cabinet secretary give that legislation will benefit the consumer not only on price but on quality of service? Has he examined the reforms in England and Wales? They will provide important information to advise us whether some of the things that we are considering will really benefit the consumer.

We will examine the issue of third-party ownership carefully. Will the pitfalls as well as the advantages be examined, recognising that most law firms are small-to-medium-sized businesses, with just a small number of larger businesses?

Will the cabinet secretary assure me that in any proposed legislation we will choose a model that is right for our distinctly Scottish legal system? Will he ensure that Scotland's customers get the best legal services available?

Kenny MacAskill: I can give Pauline McNeill that assurance. To an extent, we are building on what the previous Administration and Executive set in train. I cannot predict what the previous Administration would have done, but I tend to think that matters have been progressed according to what is best for the Scottish legal profession and Scottish society, rather than according to party-political dogma. That is as it should be.

I am grateful for the spirit in which Pauline McNeill asked her questions. I give her the

assurance that change will be based on what is good for the Scottish legal profession, good for the Scottish consumer and good for Scotland as a community, on which I will expand.

We will consider what is happening in England and Wales, but we are not prepared to await outcomes there. We think that change has to occur. There is possibly some advantage for Scotland if we can move quicker, turn faster and allow those of our firms that wish to compete on pan-UK, pan-European and global levels the opportunity to do so. We will therefore press ahead.

We accepted that the OFT had made its decision. We were never going to act like King Canute—we recognised that change had to come. We accept Pauline McNeill's stricture that any changes must be good for our consumers, our lawyers and our society. We are proceeding on that basis.

A balance must be struck between choice and regulation. It is clear that unrestricted choice can sometimes undermine the consumer's interests and rights. It is a matter of balancing where we must regulate and what we must do. We are extremely grateful for the progress that has been made by the Law Society of Scotland in particular and by the Faculty of Advocates. The legal profession must evolve. It is difficult to predict what the profession will be like in 10 years, as opposed to five years. We need a framework that will allow the Law Society to evolve, subject to changes in our society, in a way that ensures that the profession is an integral part of our society, that regulation is in place to protect the consumer and that choices are available to the consumer. The Government recognises the importance both of the consumer and of our communities. There might be instances when the rights of the consumer could undermine the importance of communities, and we must deal with them.

Pauline McNeill understandably highlights the potential pitfalls. We wish to create a framework that will allow us to initiate change but which will let the profession move at a pace that will allow it to implement that change in due course. It is difficult to know what the world will be like for legal services in 10 or 15 years, given the nature of the internet and a whole variety of factors.

That brings me back to the beginning: the status quo is not an option. We have to change in a manner that suits the Scottish legal profession and serves the interests of Scottish consumers and Scottish communities. We need a framework that will allow us to implement change over the coming years as things develop. As Pauline McNeill correctly indicated, we should keep an eye out for pitfalls on the horizon and seek to avoid them.

Bill Aitken (Glasgow) (Con): I am grateful to the cabinet secretary for early sight of the statement, in which I found little to disagree with. Indeed, I was commenting earlier to Mr Lamont that I could well have written it myself—but perhaps in somewhat more eloquent language.

I am particularly pleased to endorse the views that the cabinet secretary expressed about the way in which the Law Society of Scotland and Faculty of Advocates have readily accepted the challenge of change and about how they will implement changes on a largely voluntary basis. We would all agree that that progress speaks volumes for the way in which the legal profession in Scotland is prepared to adapt to changing times.

The cabinet secretary talked about the international dimension of law and about the opportunity for Scottish firms to involve themselves in procedures and types of action in which they have previously been unable to involve themselves. He stated quite correctly that legal services must change to achieve that and committed his Government to doing everything possible to help them. What specific measures does he have in mind?

Kenny MacAskill: As I said to Pauline McNeill, we hope to proceed on a non-partisan and non-party-political basis. We are talking about what is good for the legal profession and for our communities. I was a member of the legal profession, as were some Labour members and some Conservative members—indeed, some members are still practising lawyers—and I want us to proceed together, which is the best basis for change.

Bill Aitken is right that change is to be made on a voluntary basis. Given what the OFT said and the situation that our country faces, we as a Government made it clear that we thought that change was inevitable. We wanted the professions to reach that conclusion and we made it clear that we would allow them to proceed at a pace and in a manner that they thought was appropriate. Accordingly, the stricture that we laid down was that the status quo was not a tenable option. We said that there would have to be change, but that we were happy to have discussions within that framework.

We will discuss with the profession where we go from here. As I said to Ms McNeill, I do not think that we can be too prescriptive at the moment. We have acknowledged that the status quo is not tenable. We have made it clear that Tesco law is not on the agenda, given the nature of Scottish demographics and society. However, we want to flesh out with the Faculty of Advocates and the legal profession as a whole a framework that will

allow them to begin to make the necessary changes.

As Pauline McNeill said, we have to proceed with caution. Although there are advantages ahead, there are also dangerous pitfalls that we have to avoid. Therefore, we have to allow the legal profession to intimate its view of the alternative business structures, so that we as a Government can flesh out proposals to provide a framework that we hope the Parliament will support. It is not for the Government to be too prescriptive. It is for everyone—the legal professions in particular—to say where they want to go. It is for us to ensure that, within that range, we not only provide protection for the profession—as a lawyer, I know that there is always a danger of special pleading—but balance the interests of the profession with the interests of our communities.

I say to Mr Aitken, who is convener of the Justice Committee, that we will be more than delighted to discuss those matters with the committee fully and frankly and to ensure that we take all sections of our society with us.

Margaret Smith (Edinburgh West) (LD): I thank the minister for giving us prior sight of his statement and I welcome his comments. I also thank the Law Society of Scotland and the Faculty of Advocates for their work in progress on the issue. The Liberal Democrats wish to ensure that the best possible framework is put in place—one that responds to the needs of the individual as well as to the global market. That brings challenges as well as opportunities to the Scottish legal business team—solicitors, advocates or whoever. There are challenges and opportunities, of which we want Scottish legal companies to take advantage.

We do not object in principle to any of the proposed alternative business structures, as long as an appropriate system of regulation is applied to all business structures that deliver legal services and the key principle of access to justice is maintained. I look forward to working on that in a cross-party manner, as the minister suggested.

I am particularly pleased that the cabinet secretary agrees that appropriate regulations must be put in place. I associate myself with the comments that Pauline McNeill made about the concern that restriction would be replaced by monopoly. We need to have the appropriate regulations to safeguard solicitors' duty to give the client independent advice, so that they do not simply suggest to the client that they should always deal with someone in their own firm, for example.

Will the cabinet secretary give us an assurance about the future of the master policy and the guarantee fund under a deregulated system?

Does he believe that if they do not continue to exist in their present form, they will have to exist in some other form? Does he think that that would necessitate their being open to provide cover for non-solicitors? If not, how would consumers continue to be protected in the way that they have been protected through the master policy and, in particular, through the guarantee fund in the past?

Kenny MacAskill: I thank Margaret Smith for her contribution and the tenor of it. We are more than happy to work with all parties in the chamber. She raises two valid points: one on the question of regulation; and the other on the guarantee fund.

It is clear that there has to be regulation. However, we have to try to reach a balance. We will discuss with the legal profession and other professional bodies the best form of regulation if alternative business structures that involve more than one professional body operate. We in the Government are prepared to be fairly pragmatic about those matters and to discuss them with professional bodies to ensure that we do not have a superfluity of bodies and unnecessary regulation and to deal with regulation in the best way. We will have to discuss such issues with the Law Society and the Institute of Chartered Accountants of Scotland. Equally, chartered accountants will have to discuss those matters with lawyers. However, at the end of the day, we will get there.

We must discuss the guarantee fund with professional bodies. That is the subject of debate and difficulties as it is, so members can rest assured that the status quo is untenable. I return to the point that Ms McNeill made: we must take account of the fact that the guarantee fund protects the consumer—that is something that we, too, must always do. Such matters are difficult and technical. They must be discussed not just with the Law Society and the faculty, but with other professional bodies.

Once we put our heads together and recognise where we want to go, what we need to do and what we need to preserve, we will get there. On regulation and the guarantee fund, I return to what we said to the profession at the outset. We will ask the profession to work out the system, but if it cannot, we will not hesitate to legislate to enforce a solution. As the Law Society and the faculty have done, I hope that ICAS, the Law Society and other professional bodies can reach an agreement, but if they cannot, I have no doubt that we will sort something out in committee or on the floor of the chamber.

The Presiding Officer: We come to questions from back-bench members. If I am to fit everybody in, questions will have to be short, sharp and to the point. I ask for brief questions, and I hope that the answers will reflect that brevity.

John Wilson (Central Scotland) (SNP): As the cabinet secretary knows, the statement was partly prompted by the Office of Fair Trading report that resulted from the supercomplaint by the Consumers Association. What organisations will the Government consult on protecting consumers' interest in Scotland? We have responses from the Law Society and the Faculty of Advocates, but given that the aim was to protect consumers' rights and interests, what consumer organisations will the cabinet secretary consult?

Kenny MacAskill: I assure Mr Wilson that we will consult as widely as possible. It is clear that the Consumers Association has an interest. A cause of angst to others is that a consumer representative is part of Lord Gill's review of the civil courts but, as I frequently point out, my predecessor initiated that review.

As soon as I start naming bodies, I will by implication leave somebody out. However, I give the assurance that we will involve not simply those who have an interest in the legal profession and who are lawyers, but consumer representatives. As I have said, we are concerned not only about consumers, but about communities, so we will discuss the proposals with all parties and with local government—Cabinet members and I were emphasising the concordat's benefits this morning.

Paul Martin (Glasgow Springburn) (Lab): I do not think that the minister answered John Wilson's question. Since our legal services debate in November last year, a clear question has been what consultation has taken place with *Which?* One reason for today's statement is that organisation's supercomplaint, so I would have expected the minister, *Which?* and other consumer organisations with an interest to have had discussions since November.

Kenny MacAskill: I have been to numerous meetings, including those with the Law Society, that *Which?* representatives have attended. *Which?* made the supercomplaint, the OFT said what had to be done and the change will be made. As I have said, we are at the stage when the involvement of consumer and community organisations has growing relevance, because we are coming to specifics.

Between November and now, we have dealt with whether change had to occur. As we said in November, the status quo is untenable and change must happen. The Law Society now supports what the consumer organisations asked for. We now require to sort out what that change means. That involves the tricky details, which I have no doubt that Mr Martin and others will pore over in the papers, in documents that are provided or at committee meetings at which I appear.

Nigel Don (North East Scotland) (SNP): I am sure that the cabinet secretary agrees that changing business structures will undoubtedly greatly benefit large businesses and those that aspire to be large. However, does he agree that there is a risk that small businesses, which are crucial to some of our smaller communities, might lose out in the process?

Kenny MacAskill: That is a possibility, but an alternative view is put forward by some in the legal profession who support alternative business structures. I do not know. There are difficulties that relate to small shops and legal and other professional bodies in small communities in Scotland, because of changing demographics and technology.

It has been suggested in some communities that if a professional firm—a lawyer's firm or a surveyor's firm—is in danger of going to the wall, it could share back-office functions, amalgamate and do whatever is necessary, using whatever new structures are created, which might allow it to remain in business. Time will tell whether such things will happen, but there is an argument that some such firms could be maintained by taking the opportunity to share back-office functions and work together. That is why we have to say that there must be change to allow the big firms to progress.

It will be up to individual legal firms whether they wish to co-operate with surveyors or accountants. The Law Society used to refuse to allow legal firms to operate with estate agencies, which precluded some sensible co-operation on back-office arrangements. Frankly, that stricture did neither legal firms nor estate agencies any public good.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I thank the cabinet secretary for his statement. I expected to be informed about the Government's position in more detail, but other than the cabinet secretary's announcement that the Government will begin work as soon as it gets the parliamentary time, the rest of the statement was already in the public domain.

Balance is important. The practice of legal firms and lawyers going into partnership with other professionals such as accountants, surveyors and perhaps even people who have an interest in housing development to offer a one-stop multidisciplinary service is open to question. I am sure that parliamentary committees will question that over time.

Have the cabinet secretary's early discussions on alternative structures taken account of possible conflicts of interest? How will he ensure that the consumer is protected and that they will get a good deal from any changes that occur?

Kenny MacAskill: It seems that Cathie Craigie is arguing the opposite to Mr Martin. He wanted me to consult *Which?* and she wants me to provide specifics. It has become clear that the Law Society and the faculty have accepted that there has to be—and will be—change. With regard to regulation, matters are extremely complex, and they will be worked out with the professions. We have the caveat—it was in place many months ago—that if they do not come to a conclusion that is acceptable to us and to other bodies, we will implement change.

However, I hope that we can get all parties to come to the table and recognise that there are advantages not simply for the Faculty of Advocates and the Law Society, but for other parties such as ICAS and surveyors. The regulatory system, which Mr Aitken, I think, touched on, is a significant matter and we have to ensure that we get the balance right. For example, are there ways in which matters can be dealt with through joint arrangements? Those things have to be sorted out.

We must acknowledge that there needs to be change, and we are grateful to the profession, including the faculty, for acknowledging that. We can now go forward and we will examine what comes out. As a Government, we would much prefer that the bodies involved work out what they think is suitable. If the outcome is acceptable to others, such as consumers and others who are lobbying us, it will be, in all likelihood, acceptable to us. If they cannot work that out, we reserve the right to legislate. However, they have got to this stage, and we should pay tribute to them for delivering and help them to drive forward.

John Lamont (Roxburgh and Berwickshire) (Con): During the debate in November, I discussed existing barriers to the legal profession. Unless we have a legal profession that can be accessed by the most able lawyers from Scotland and from around the world, we will not fulfil our ambition of allowing our legal profession to compete on the international stage. What does the Government propose to do to break down those barriers to entry?

The Presiding Officer: Minister, please be as brief as possible.

Kenny MacAskill: I have to say that I have difficulty in understanding what the member perceives to be barriers. If he is thinking of membership by those who are not lawyers, we have one application pending but few others are arising. We are looking to create a legal system that is good for Scotland in the 21st century. If there are barriers, we will seek to work within the system to change it.

I am more than happy to speak to Mr Lamont outside the chamber to try to clarify the matter. I have some difficulty in understanding his point, but we can discuss it elsewhere.

Stuart McMillan (West of Scotland) (SNP): During the debate in November, I highlighted the use of funds to defend big-time crooks. Today, the cabinet secretary highlighted the fact that the focus is not business models but the development of a robust system of regulation. Can he guarantee that the big-time crooks will not be the beneficiaries of any new regulations or other changes that are introduced?

Kenny MacAskill: Absolutely. Tangential to what we are discussing, it has been made clear through the serious organised crime task force that I set up that aspects of our civil society are interfered with by those who are involved in serious and organised crime. Lawyers and accountants have a role in tackling that, and we must ensure that we have the regulations and the civil and criminal laws that we need to target such crime and take appropriate action when required.

Small Business Bonus Scheme

The Presiding Officer (Alex Fergusson): The next item of business is a debate on motion S3M-2102, in the name of Jim Mather, on the small business bonus scheme.

15:06

The Minister for Enterprise, Energy and Tourism (Jim Mather): I am delighted to open this debate on the impact of the small business bonus scheme. The introduction of the new scheme on 1 April marked an important stage in the fulfilment of the Government's ambition to create a more successful country by increasing sustainable economic growth.

The Administration was elected on a mandate of change with a strong commitment to reinvigorate the economy and make Scotland a more successful and prosperous nation. Our economy has suffered from decades of underperformance: in the past 30 years, growth in Scotland's annual average gross domestic product has been about 1.8 per cent, which is significantly below the United Kingdom average of 2.3 per cent. At the same time, Ireland and other small but prosperous countries around us have flourished. Ireland's average growth of 5.2 per cent has had real implications for the quality of life that its citizens enjoy. Iceland, Norway and Ireland come first, second and fifth respectively in the United Nations human development index.

We want Scotland to achieve such gains, which is why last November we launched our Government economic strategy, which focuses the Government and the entire public sector on a unifying single purpose, which is to increase sustainable economic growth. The strategy is also the first of its kind to set measurable time-bound goals from which success can be judged.

The scale of our ambition is clear: we want to increase Scotland's GDP growth to the UK level by 2011 and to match the GDP growth rate of small independent European Union countries by 2017. Those are highly ambitious goals, particularly in the current global economic environment, but they are the Government's defining mission. Our declared purpose lies at the heart of the decisions that we have already made and those which are to come. The moves are designed to make Scotland more prosperous, wealthier and fairer and to sharpen both the appetite for economic powers and the competitiveness that will deliver increased sustainable growth. The major tax cut will help many businesses and communities and thereby help in that process.

Small businesses are the cornerstone of Scottish commerce. They help to grow our economy and sustain our local communities. Their viability and success contributes to the vibrancy and quality of life in Scotland, so the Government wants a business environment in Scotland that encourages more small business start-ups, creates more jobs, widens the tax base, increases local economic vibrancy and improves and retains local services and local confidence.

We are a listening Government: in the past year, we have listened carefully to the business community in many meetings and have made many direct connections. We have talked to the business community about the disincentive effect that rates can have in creation and expansion of small businesses, which is why we took swift action to reduce the burden of business rates. From 1 April this year, up to 150,000 businesses in Scottish high streets, towns and villages have begun to benefit from an unprecedented reduction in fixed costs, with an average saving of some £750 in 2008-09 and £1,040 from 2009-10 onwards.

Johann Lamont (Glasgow Pollok) (Lab): The minister said that, as a listening Government, it received the message from the business community that what was happening was a disincentive. Is he aware that the housing association movement regards the Government's actions as a disincentive to their development? Will he make representations to his ministerial colleagues to think again about the cuts to the housing association grant?

Jim Mather: I have not heard that message directly from the housing associations. We deal with them in my constituency as a key sector in the economy. I look forward to dialogue with them and to proving to them that the move will give them more tenants looking for homes in their areas.

We have decided to provide increased practical assistance because we believe that it is our duty to give small businesses the financial breathing space that they need in order to grow and invest in their future and Scotland's economic future. That presents small businesses with an unrivalled opportunity to invest their savings in growing their businesses.

We have gone further than any Administration since devolution, and will go further still. From 1 April 2009, up to 120,000 small businesses will pay no rates at all, which will give Scotland a real competitive advantage compared with other parts of the UK. I am confident that the local firms, small traders, retailers and entrepreneurs that make up the small business community will react positively to the measure by investing, and by triggering more sustainable growth and being better able to

cope with that growth as it affects their businesses.

John Park (Mid Scotland and Fife) (Lab): Will the minister explain how he can guarantee that there will be increased investment from smaller companies that will lead to more jobs and greater economic prosperity? Does he have any figures on how many jobs will be created?

Jim Mather: I regret that John Park has a zero-sum game mentality. The Government is putting business in the driving seat, and business has a sense of obligation. Let us consider the statements from the Federation of Small Businesses and the attitude of Andy Willox, who is looking to invest in the fabric of his business and to make it more cost effective. We are convinced that our policies will result in more dynamism, innovation and enterprise from the sector—a sector on which our prosperity clearly depends.

The Scottish Government's role is to complement private enterprise by creating the right environment for Scottish business to flourish and by encouraging increased productivity and competitiveness. We need to work in partnership with Scottish business if we are to maximise Scottish success, and the small business bonus scheme is one token of a wider social contract involving the private, public and voluntary sectors in Scotland working for a common cause.

Part of the Administration's ethos is a commitment to deal effectively and efficiently with the business community. We are fully committed to consulting business in detail about any new plans. We are grateful for the contribution that many people in the private and public sectors have made—including the FSB, the Scottish Chambers of Commerce and our partners in local government—in developing and publicising the new scheme. All have contributed to the speed with which the scheme has been introduced.

As other people have said, the businesses that benefit are sole traders or small shops in our high streets and local towns, many of which have been struggling to keep their heads above water. However, with the bonus scheme and growth rates converging with those that are enjoyed elsewhere, we will not only avoid the costs that far outweigh the reduction that we have made in business rates, but will generate compensating revenues that Scotland will benefit from in the future.

Tavish Scott (Shetland) (LD): On the minister's point about his discussions with business, is his position on regulation still that it should be one in and one out?

Jim Mather: We have a mature approach with the regulatory reform group. Better regulation is the objective and the process, and it has to be the focus. I can assure Tavish Scott that when he

sees the output and the commitment to business impact assessments, he will be satisfied that the effect that will have been generated is welcome.

Scotland's prosperity requires that we support our high streets and the communities that depend on them. Small businesses are key local employers and customers in their own right, and they provide important services to local communities and draw on suppliers of local goods and services. The bonus scheme promotes the opportunity to keep the local pound in the area, thereby retaining wealth locally and creating a climate that will see new entrants to the community.

Let me give members some examples of how the new scheme is already delivering benefits. One small business owner in Glasgow said:

"I will be looking at taking on an extra part time member of staff, refurbishing the shop and investing in new product ranges. The extra help will allow me a bit more breathing space to think about how I can take the business forward in the future."

I rather like that; it is very Deming-esque and very much along the lines that we want to see being taken at all levels in Scotland.

A computer game shop in Aberdeen is investing its savings in increasing its marketing and advertising spend and on refurbishing its premises. A design marketing firm in Leith that already uses its success to support a number of community initiatives plans more such work through the savings that it has made through the small business bonus scheme.

John Park: Would it be appropriate for you to make available the names of the companies that you are talking about today? It would be useful for us in the wider debate.

Jim Mather: There are plenty examples from around the country. I advise John Park to do what I did the other day, which was to walk around Oban and Rothesay and talk to the business community. You will find that it is exceedingly cheery and positive, and it is listening to the message from the FSB and others about investing to make its businesses more viable and allowing them to endure and grow. I also have an example of an auto workshop in Angus that has used its savings for the installation and upkeep of a waste oil and chemical processing system. The company says that were it not for the bonus, it would have had to resort to borrowing.

I could go on. I say to my Liberal Democrat colleagues that we will, of course, undertake a full evaluation once the scheme is fully in place, but the evidence of its impact is already apparent. To those who claim that the scheme should have been targeted, I will say two things: first, businesses are best qualified to make decisions

about how they can use the relief that we provide; and secondly, the Government believes in cutting bureaucracy, not in increasing it.

The Government's economic strategy sets out our ambition to narrow the gap in participation between Scotland's best and worst-performing regions by 2017. Available evidence suggests that one of the main beneficiary groups will be small-scale retailers, which will be particularly true in rural areas and districts where average rateable values are relatively low. I am delighted that in such areas the small business bonus will benefit a higher proportion of businesses overall, and that it will go some way towards maintaining the viability of some marginal small-scale retailers and fragile communities.

More widely, we see a chance for the business improvement districts to gain extra weight, for more confidence in financial autonomy for Scotland, and for people to realise that other support exists that they can lean on and use to drive their businesses forward. The reform of the enterprise networks creates that climate. Business gateway's extension to the Highlands and Islands and its transfer to local authorities mean that we are running a more cohesive system to support and drive the economy. The regulatory reform group is cracking on at a fine pace and is delivering real advantages, as is our move in public procurement.

All in all, at a time when business faces the challenge of rising costs in areas such as fuel and government, this Government is taking practical steps to reduce the burden of taxation. I am therefore proud to move the motion in my name.

I move,

That the Parliament welcomes the introduction, on 1 April 2008, of the Small Business Bonus Scheme; notes that businesses have reacted positively to the scheme, and believes that businesses themselves are best placed to decide how to use the reductions in business rates resulting from the scheme to invest in their own success and to deliver new opportunities, new employment and new ventures throughout Scotland.

The Presiding Officer: Before I call Elaine Murray, I remind all members that contributions should always be made through the chair, which means referring to members by their chosen name or their title.

15:18

Elaine Murray (Dumfries) (Lab): I ought to start by declaring an interest as one of the people who has received a small business bonus. That is probably true of many members who run offices in town centres. Tax cuts are always popular with the beneficiaries; indeed, the tax cut that we received was quite popular in our office, and I explained to

my colleagues that it was due to that nice Mr Mather and nice Mr Swinney, who made more money available for our members' allowances. However, popularity is not the sole criterion for the success of a policy.

Scottish Labour is certainly not opposed to assisting small businesses through rates relief. Indeed, between 1999 and 2007, we introduced a number of different measures to assist small businesses in that manner. In January 2000, the then Minister for Finance, Jack McConnell, announced a 1p reduction on poundage rates for businesses with a rateable value of £10,000 or less. The following year, businesses that were affected by the foot-and-mouth crisis were the subject of a £3.5 million rates relief package. In December 2001, Andy Kerr announced an improved rates relief scheme for small businesses, which offered discounts of between 5 and 50 per cent on small businesses with rateable values of £10,000 or less. That came into effect in April 2003.

In 2005, Tom McCabe announced that the poundage rate was to be reduced to that in England.

Gavin Brown (Lothians) (Con): In 2000, Jack McConnell ended the uniform business rate that applied to both Scotland and England. Was that a good result for businesses in Scotland?

Elaine Murray: As I was just about to explain—and as has been long rehearsed over the years—business rates comprise two factors: poundage, which at that point increased in Scotland, and rateable value. Arguably, because rateable values in Scotland were lower, despite the higher poundage the product of poundage and rateable value was the same in Scotland as in England. When, in 2005, Tom McCabe reduced the poundage rate to the same as the rate in England—at a cost of £100 million in 2006, £180 million in April 2007 and £200 million thereafter—Scottish businesses gained a competitive advantage over their English counterparts because they enjoyed the same poundage rate but lower rateable values. For the first time, businesses in Scotland had a competitive advantage, which was welcomed by members of all parties at the time.

However, Scottish Labour always intended to do more. Our 2007 manifesto pledged to double the small business rates relief. At the request of the Federation of Small Businesses, we agreed that such measures would be targeted at smaller businesses.

In addition to those schemes, a rural rates relief scheme has operated since 1997. The scheme allows for between 50 and 100 per cent rates relief for village shops, post offices, filling stations, pubs and small food stores in villages that have

populations of fewer than 3,000. The discretionary component of relief between 50 per cent and 100 per cent is 75 per cent funded by central Government, with the remaining 25 per cent coming from local authority council tax. For farm diversification projects, rates relief of up to 50 per cent for five years has been available since April 2003. Until this year, those reliefs were additional to any entitlement to the small business rate relief scheme. Therefore, rural businesses with lower rates of relief were slightly better off—albeit not by much—under the previous scheme than they are under the small business bonus scheme.

Having recapped that history, I say that we on the Labour benches have no ideological opposition to assisting small businesses and we certainly have no anti-business agenda. However, we are yet to be convinced that the small business bonus scheme is the most effective way of supporting local economic regeneration. I suspect that the scheme may be too blunt an instrument. Moreover, I argue that the effects of the scheme cannot possibly be quantified after only two months. For a Government that prides itself on an outcomes-based approach, at this stage the policy is concerned only with an input. There is no “historic concordat” here, so the outcomes appear to have been left to take care of themselves.

The cost of implementing the small business bonus scheme was to have been £265 million over the three years of the spending review period—according to page 12 of “Scottish Budget Spending Review 2007”—but the acceleration to full implementation over two years rather than three years, which was forced on the Government by the Conservatives, will cost an extra £50 million on top of that. Such costs will be partially offset by the increase in the rates poundage from 44.1p to 45.8p, which the executive note to the Non-Domestic Rate (Scotland) Order 2008 confirms will bring in an additional £75 million. Moreover, businesses with rateable values of above £29,000 will be surcharged an additional 0.4p in the pound, so the rates bill for such businesses will increase by around 4 per cent this year.

We do not dispute the popularity of the new scheme among small businesses, but we question whether spending a further £315 million purely on rates relief is the most effective way of stimulating either local economies or the national economy. Our contention is that funding could be better targeted to achieve longer-term growth. During the debate, some of my colleagues will expand on our alternatives. For example, for training, small businesses can find it difficult to release staff because of the cost of bringing in replacements. However, good-quality training—whether of the workforce or of an individual businessperson—can make all the difference in whether a business thrives and grows.

Given the widespread acceptance of the need to tackle climate change—many Cabinet members have referred to the importance of that task, and it is a central part of the Government’s economic strategy—funding could be targeted to encourage investment in energy efficiency. That would not only deliver annual savings to individual businesses, but would contribute to the Scottish Government’s target of reducing carbon emissions by 80 per cent by 2050.

Of course, the Government might argue that each business is free to spend any savings that it makes from rates reduction on training and energy efficiency. However, given that the Government’s economic strategy includes aspirations to make Scotland greener, and that it identifies learning, skills and wellbeing among the five strategic objectives, would it not be more logical to incentivise measures such as workforce training and energy efficiency?

The strategy states that

“vibrant, connected communities and businesses with good access to markets and services are key elements of a successful and dynamic economy.”

Who could disagree with that? However, what does the Government see as being its role in the creation of dynamic town centres where small businesses can flourish? Do ministers simply hope that small businesses will use some of the rates relief to fund business improvement districts, which were never intended to be a substitute for central or local government funding? In the present climate, Government needs to play a more interventionist role in town centre regeneration.

I can provide a current local example. Recently the property development company Centros Miller withdrew from a regeneration project in Dumfries town centre. Last week, my Westminster colleague Russell Brown met representatives of the company and was told that projects of that type would continue in cities where a return on investment was still expected, but in the current climate would not, without Government financial intervention, be implemented in smaller towns. Labour recognises that town centre regeneration is less attractive to the private sector than regeneration of cities and so requires Government incentives. That was behind our manifesto commitment to a town centre turnaround fund. It is disappointing that the Conservatives, who had a similar policy in their manifesto for last year’s elections, were not able to support Labour on the issue during the budget process.

We will support the Liberal Democrat amendment. If the Government is so sure that business rates relief will deliver new opportunities, employment and new ventures throughout Scotland, it should not be frightened to commission research into whether that has

happened. I am less inclined to support the Conservative amendment, although I understand fully why the Conservatives want to take credit for the business rate reductions. As I said, full implementation of the scheme in 2009 will cost another £50 million. In my view, that money would have been better invested in town centre regeneration.

Assistance for small businesses by means of rates relief is a valid and appropriate mechanism for providing Government support, but we would have preferred an approach that would incentivise activity that contributes directly to economic growth and tackling climate change.

I move amendment S3M-2102.1, to leave out from “welcomes” to end and insert:

“notes the introduction of the Small Business Bonus Scheme (SBBS) on 1 April 2008; recognises that business rates relief schemes play a part in government support for small business; notes also the schemes initiated by previous administrations but believes that the allocation of a further £315 million, over the period of this spending review, to the implementation of the SBBS does not by itself represent the most effective way of stimulating local economic development or national economic growth, and further believes that government funding targeted on energy efficiency, training and town centre regeneration would benefit both small businesses and their local communities.”

15:27

Derek Brownlee (South of Scotland) (Con):

The minister is often attacked—not without cause—for bewildering people with management gobbledegook, but today I will forgive him his mention of Deming because he also mentioned tax cuts. Conservative members are happy to welcome the mention of tax cuts by the Scottish Government.

Elaine Murray made a reasoned speech. I do not agree with all the points that she made, but she put the Labour case well. However, I will give members two examples of why she may not have been correct when she said that tax cuts are always popular. The first is the Conservative Government in 1996, and the second is Gordon Brown in the Crewe and Nantwich by-election. Tax cuts are often not popular.

Elaine Murray: I offer a brief correction. I said:

“Tax cuts are always popular with the beneficiaries.”

Derek Brownlee: I stand corrected. On the subject of correction, the establishment of a town centre regeneration fund was a policy in the Conservative manifesto, as Elaine Murray said. We think that more can be done to regenerate town centres and that the small business bonus scheme will go a significant way towards helping in that regard. However, we were unable to support the Labour proposals during the budget

process for one simple reason: they were to be funded by reducing the total amount of funding that was to be made available to local government. We do not think that it is sensible to reduce funding for local government in one way, only to give it back in another.

I move to the substance of today's debate. Most members, regardless of the area that they represent, realise that businesses throughout the country will be helped by the business rate cuts. The cuts are especially timely because small businesses face higher taxes as a result of actions by the United Kingdom Government this year. The rates cuts will allow many businesses to invest and will offset the higher costs that others face due to rising bills. Even if the rates cuts are not reinvested in businesses, the fact that they have been made and are going into local economies is good news.

Let us take as examples two struggling enterprises from outwith my region, for which survival is far from guaranteed: the offices of Wendy and Douglas Alexander. Together this year alone, they will save over £1,300. At least we can say with some certainty that the complaints from the Labour Party about the tax cuts are not motivated by self-interest, be it financial or electoral. It might be that what the Labour Party is saying is that because those particular individuals cannot spend that money more wisely than the Government, it should not be available to anyone else. However, I suggest that every other enterprise and small business in Scotland is better able to spend those business rate cuts than the Scottish Government and better able to decide the appropriate way of spending it.

Our amendment welcomes the acceleration of business rate cuts for 150,000 small businesses that was announced on the day of the final budget vote. Having pushed for it ever since publication of the spending review in November, we are as happy to support it now as we were then.

There is, of course, scope to improve awareness and take-up of business rate cuts. Many councils are taking different approaches to promoting the scheme even though there is no direct revenue loss to them in achieving full take-up. Some councils—for example, Conservative-run South Ayrshire Council—have taken a proactive approach by contacting every business that might be eligible and providing information and application forms. That sort of approach is needed on a national level but will, realistically, happen only if central and local government co-ordinate their activities to promote take-up.

Business organisations also have a role to play in raising awareness. Many of them were key supporters of the policy and it would be helpful if

they were to do as much as possible to ensure that their members take full advantage of it.

I offer members a quote about business rate cuts.

"Small businesses are the backbone of our rural community. They may not have huge numbers of employees but their sheer volume ensures work for thousands. Many are family run and struggle to make more than a meagre living. They are increasingly faced with mountains of bureaucracy in the shape of taxation, VAT, operating licences and so on. So it's nice to hear that politicians have moved to take some of that away".

That view, with which I agree entirely, came from the viewpoint column of the *Dumfries & Galloway Standard*, which obviously has a rather different view to the member for Dumfries.

I find the Liberal Democrat amendment intriguing, although it is—to give it full credit—carefully worded. It makes reference to an assessment

"of the current and previous administrations' business rate reduction measures".

It is carefully worded in that it does not ask for a review of the previous Administration's business rate increase measures. If there is to be an independent assessment of the impact of business rate cuts—I think that the minister suggested that there would be—it is surely only right and proper that such an assessment also takes into account the breaking of the uniform business rate and its consequences on business.

We do not believe that it is necessary to commission an independent report to decide that such measures are worth while; they are self-evidently good. I do not for a minute suspect that the Lib Dems are demanding a review because they want to use its findings to demand further business rate cuts, although I might well be surprised when they come to speak.

If the assessment proceeds, we would want an assurance that as little money as possible is diverted from helping businesses to funding reports. Scotland has sent a positive signal on business taxation through business rate cuts. If we can help small businesses, we should. It is just a pity that there are still some members in this Parliament who seem to be so blinded by ideology that they cannot see what is staring them in the face: business rate cuts are good for business and good for Scotland, and next year's will be even better. I have pleasure in moving the amendment in my name.

I move amendment S3M-2102.2, to insert at end:

"; welcomes the acceleration of the business rate reductions announced during the Parliamentary budget process, and calls on the Scottish Government, local authorities and business organisations to work together to

ensure that eligible businesses are aware of and benefit from the reductions."

15:33

Liam McArthur (Orkney) (LD): Small businesses are the lifeblood of our economy. The contribution that they make to the diversity, competitiveness and resilience of our economy is immense. In the Highlands and Islands, the extent to which small businesses provide the engine for the region's economy is perhaps even greater, helping to sustain communities in some of the remotest parts of the country.

There is no doubt that, wherever they are located, small businesses are experiencing the most challenging market conditions for several years. Like those of most members, my mailbag, surgeries and constituency meetings bear depressing testimony to the impact that high and spiralling fuel costs are having on individuals and households, and also on almost every small business. Added to the pressures created by a tight labour market, which inevitably pushes up the cost of attracting and retaining skilled staff in particular, the high cost of fuel has had a dramatic effect on business competitiveness. There is a case for saying that high fuel costs are likely to be with us for some time; there is even an argument that they present an opportunity—or at least a stimulus—for businesses to innovate. However, the short-term difficulties are serious; they should not, and cannot, be underestimated.

It is therefore not surprising that the small business bonus scheme has been welcomed. As pointed out by the Federation of Small Businesses—the principal architect of the scheme—the scheme has provided

"much needed breathing space during a difficult economic period."

It follows on, of course, from the rate reduction introduced by Nicol Stephen under the previous Executive—a scheme estimated to save Scottish businesses around £180 million a year.

As with the earlier reduction, the bonus scheme will enable small businesses to take decisions that best suit their specific circumstances and from which they will derive most benefit. There may well be common approaches, but—as Derek Brownlee said—the decisions will be individual decisions. I have no difficulty with that: Government starts to second-guess those sorts of business decisions at its own and the economy's peril.

However, the Government must have an accurate picture of the impact of its policy interventions on the economy. The Cabinet Secretary for Finance and Sustainable Growth has talked a great deal about his commitment to focusing on outcomes rather than inputs. I know

that Mr Swinney is deadly serious about that, because the theme was picked up by Alex Neil in the Finance Committee yesterday—and echoed by Derek Brownlee. In a round-table discussion on improving the budget process, Mr Neil expressed frustration at what he said was a fixation with throughputs. He demanded that greater attention be paid to measuring impacts and outcomes. He was right. That is why I believe in an assessment of the impact not only of the bonus scheme that this Government has introduced but of the rate reduction introduced by the previous Executive towards the end of the previous session of Parliament. The Liberal Democrat amendment calls for such an assessment.

Derek Brownlee: I accept the logic behind Mr McArthur's argument. Do the Liberal Democrats think that that logic should also apply to other Government interventions to assist the economy—for example, the expenditure on Scottish Enterprise and Highlands and Islands Enterprise?

Liam McArthur: I would not disagree with that point, but it does not seem to reinforce the point that Derek Brownlee has just made in his speech. Good governance and sound policy making require a clearer evidence base. The Government talks incessantly about the paucity of the recent settlement from Westminster. Leaving aside the fact that ministers have received a record amount to spend and have received real-terms increases, there is little doubt that budgets are unlikely to increase at the same rate as earlier in the Parliament's history. It is therefore imperative, perhaps more than ever, that we ensure best value for investment made.

I am pleased that the minister has indicated his support for the Liberal Democrat amendment, and has accepted the need for as robust and independent an assessment as possible of the impact of rate reductions. I agree that the details of how such an assessment is to be made can be sorted out, but the commitment to the principle is important and very welcome.

Gavin Brown: Will the member give way?

Liam McArthur: I am sorry, but I must make progress.

I am astonished that, amid their self-congratulation, Mr Brownlee and his colleagues cannot bring themselves to support our amendment. It would be strange indeed if the Tories were not prepared to demand a level of scrutiny of Government policy that even Government ministers themselves are prepared to accept. What way is that to behave towards one's coalition partners?

Gavin Brown: Will the member give way?

Liam McArthur: No.

Our amendment also provides the basis on which to address the concerns that underlie the Labour amendment. Skills, energy efficiency and, of course, physical and electronic infrastructure are crucial to improving business competitiveness. Ministers need to be able to do more than simply assert that a rate reduction is the best use of their resources. An independent assessment would, I believe, enable this and future Governments to assert their case more confidently and convincingly.

Of course, the motion is rather self-congratulatory, despite the SNP's condemnation of such motions when in opposition; perhaps it is just a feature of government. If so, it is one with which SNP ministers have become effortlessly familiar over the past year.

Small businesses face serious and wide-ranging difficulties. For example, red tape continues to be cited as a drag on business competitiveness, particularly for smaller businesses with less capacity to manage the weight of regulatory and other requirements. A report from the Royal Institution of Chartered Surveyors in February highlighted the problem, suggesting that 52 per cent of Scots surveyed claimed that regulatory requirements had become more of a challenge to their business performance over the past year. It is therefore not surprising that figures released last week by the committee of Scottish clearing bankers showed a drop of more than 30 per cent in the number of businesses set up in the first quarter of 2008 compared with the same period last year.

Businesses are also concerned by this Government's swingeing cuts to enterprise network budgets, and by the transfer of business gateway services away from Scottish Enterprise to local authorities. In the HIE area, the situation is even worse, with no arrangement yet in place for delivering the service.

On skills, the Government fails to impress. We await details of how the £16 million skills agency will work. Meanwhile, its skills strategy was rejected by the Parliament in a vote in which, remarkably, the Tories summoned up the backbone to vote against their coalition partners.

The Liberal Democrats believe that the small business bonus scheme can help to safeguard the competitiveness of our small business sector. We agree that, as the Tory amendment says, steps must be taken to raise awareness of the scheme, but we know that if Government is to get the biggest bang for its buck, it must have a clearer idea of what impact this and previous rate reductions are having on small businesses.

I move amendment S3M-2102.3, to insert at end:

"and calls on the Scottish Government to commission an independent assessment in 2010 of the impact and effectiveness of the current and previous administrations' business rate reduction measures."

15:40

Roseanna Cunningham (Perth) (SNP): I have looked forward to the debate for some time, and not just because I, too, can declare as an interest the fact that my constituency office is saving money, which will support the employment of another person—yes, another new job is being created.

There is no doubt in my mind that in a few years the small business bonus scheme will be seen to have had a hugely positive effect on towns, villages and local shopping areas around Scotland—the benefits are already visible in my constituency—and I am sure that we will come back to it before 2011.

Business rates for small businesses have been slashed. I am sure that there is not a single MSP who will not be able to point to small businesses in their areas that have experienced a major boost to their income and expenditure figures. I challenge members who are lukewarm about the policy—Labour members appear to be even more negative than that—to express their faint praise to those small businesses for whom it has been a lifeline. I would be happy to provide John Park with numerous examples of such businesses in my constituency, every one of which I am sure would be glad to speak to him about what a great boon they consider the small business bonus scheme to have been.

Is it enough? In truth, no amount of money will ever be enough—we know that. Arguments can always be made for the provision of more money, and I expect that more than one of us have received letters and e-mails from businesses that do not qualify for the scheme, in which they express their disappointment at being left out. However, we must start somewhere, and it does seem right that we have started with very small businesses.

I have to pinch myself when I hear what some members say because, make no mistake, we are not talking about huge businesses. The businesses in question are tiny; most likely, they involve one self-employed person, who perhaps has one or two employees, who will probably be family members. When we support such businesses—that seems a very grand word to use for some of them—we are supporting families and keeping people away from the dole queue. Just as important, we are contributing to the survival of some of our smallest and most marginal communities. How on earth can any of that be wrong?

The removal of one big bill from the annual expenditures of such microbusinesses shows that this Government means business when it says that it wants to foster a can-do atmosphere in Scotland. For once, business leaders are in agreement about a Government policy. The FSB—the voice of small businesses—has been unequivocal in its support and has made helpful suggestions about how the policy can be made even more effective. I commend to the minister the various points that it has made about the dissemination of information and the possibility of retrospective claims; the minister has already conceded an independent assessment.

These are very difficult times for businesses of any kind. Fuel costs are rising, so prices are rising, too. Households are beginning to cut back on discretionary spending. I am in no doubt about the fact that the scheme's existence this year will have kept open some businesses that would otherwise have had to shut their doors. The cost to society of such business closures is far greater than the immediate effect might suggest. Job losses, even on a small scale, add up across the country. Business closures mean loss of family income and the possibility of debt and worse. Preventing that represents a major contribution to the health of Scotland. Small businesses in England and Wales have made it clear that they would give their eye teeth for the same scheme to be applied in their countries.

More than 5,000 businesses in Perth and Kinross have a rateable value of less than £8,000. In 2009-10 alone, they will save, on average, £1,360. Another 900 or so businesses will save an average of between £1,340 and £1,870. That is a lot of money in just one area of Scotland. Someone said that it almost does not matter what that money is spent on, because it will be spent in the community in some way, shape or form. It is not just figures on paper: it is real people behind real counters with real shop fronts on real high streets. It is not just high streets, though; down the side streets of Perth members will meet new shop owners who will openly tell them what a difference the scheme has made to their first-year projections. I can tell the Lib Dems that one shop owner is married to a former Lib Dem official who is equally effusive about the policy.

It is not just shops; it is also the tradesmen who can stay on in their premises, or move into premises out of their vans or take on extra help when they need it. Even in the current climate, new businesses are opening in small towns such as Crieff and Auchterarder and are already making a difference to them. I have no doubt that a factor in their calculations was the removal of the huge rates burden that they would otherwise have had to bear.

Existing businesses that have benefited in the same towns might otherwise have struggled to cope with the current situation. In my home town of Crieff, I see with my own eyes the change in the shopping streets as small business after small business opens its doors. Let the doomsayers croak on; the truth is that I could introduce them to any number of people who would tell them how welcome and important the scheme is and what it says about a Government that is determined to encourage business with all the tools at its disposal. Would that we had the tools that would allow us to make a difference to much bigger businesses.

15:46

John Park (Mid Scotland and Fife) (Lab): I have been consistent on this issue since entering Parliament last year and I made my views known in one of my first speeches. Reductions in business rates should be targeted to ensure the maximum economic impact—what I would describe as the high road to success. I said that directly to a number of small businesses back in May last year. The current scheme was quite far down the agenda in terms of the direct support that they were looking for from Government. Undoubtedly, the businesses that I have spoken to in the past year are more concerned with finding skilled labour and seeing public infrastructure improvements.

I do not blame the FSB or other business organisations that are trying to reduce fixed costs for campaigning for the cuts in business rates—that is what they are there to do. In truth, this Government, organisations such as the FSB and my good friends the Tories cannot guarantee that even the very best businesses will invest savings from the cuts back into their operations. There is no guarantee that the savings will not go straight into, for example, a fleet of bigger cars, better holidays and settled mortgages.

Roseanna Cunningham: Just exactly what size of business does the member think that he is talking about when he talks about fleets of cars? Most of the businesses benefiting from the scheme are tiny—one person, or two people at most.

John Park: That is why we want to give those businesses more investment and ensure that the public infrastructure is there to support their businesses, rather than just give tax cuts to businesses that do not need them. There are businesses that need tax cuts, but equally there are businesses that do not. That is why a universal cut will not work.

I would like a serious year-on-year analysis of how the savings are invested back into

businesses—Liam McArthur spoke eloquently about that. We must have evidence to ensure that the policy brings the most effective use of our resources. That is why I was pleased to see that the amendment in Liam McArthur's name calls on the Scottish Government to commission an independent assessment of the impact and effectiveness of the scheme and previous business rate reduction measures

We face a challenging global situation, but that means that there is even more reason to target Government investment rather than provide strings-free universal tax cuts. Despite not knowing the impact that the cuts will have, the Scottish National Party has told us how well it is administering the scheme. We must target support where it is needed most.

Would it not make more sense to provide greater proactive support to start-ups or companies investing in areas in which there are major economic challenges in energy efficiency and skills, for example? In terms of taxation, the UK ranks sixth out of 178 countries on the World Bank's ease of doing business index—we need to spike the myth that high taxation is rendering Scottish businesses uncompetitive. I am sure that no one in the chamber, no matter their political objectives, would want to see Scotland or any other part of the UK slip into recession to make a political point.

The scheme is not about economic growth; it is a question of ideology and wider support for supply side economics in the Government's leadership. Frankly, that is a more worrying trait. The First Minister asserted in the *Wall Street Journal* last year that he has been a long-term advocate of supply side economics. In simple terms, supply side economics involves believing that tax cuts pay for themselves and more. The First Minister is proud of his American-modelled council of economic advisers, but even the chair of George W Bush's similar advisory group, Edward Lazear, states:

"I certainly would not claim that tax cuts pay for themselves."

I hope that some of the SNP back benchers will stand up to the right-wing economic proposals that are being peddled within their party. I assure SNP members that no social democratic Government in the world right now believes that cutting tax is the key to economic performance.

Labour members know that taxation has little to do with the economic and social success of the so-called arc of prosperity countries. The availability of skills, the quality of the workplace environment, public services, infrastructure, security and stability are the key factors. Just this morning, I met people from a small business—

Gibson Training and Care in Leven, Fife. Although it will save about £2,000 in rates, it is faced with a £100,000 cut in funding for the provision of adult apprenticeships. There is not much relief for that company or for the three staff that it has had to lay off because of the SNP Government's spending priorities. That has happened because the SNP has prioritised tax cutting ahead of workforce development. We need honesty in the debate. If the Government is cutting business taxes, it must be clear that, invariably, that means less money for public projects and that the private and other sectors that gain from such projects will have a smaller pool from which to pull money.

I will quote Stephen Boyd of the Scottish Trades Union Congress, who is a former colleague of mine. He will probably hate me for this, but he is far more qualified than I am to talk about such matters. In a recent STUC report called "Supply-Side Scotland?—Taxation, Fairness and the Scottish Economy", he said:

"Tax cuts, business or personal, will eventually have to be paid for by spending cuts. Politicians owe it to the Scottish people to be clear on this point."

That is where the SNP Government falls down, because spending cuts are the consequence of tax cuts. That flip-side of the equation appears, conveniently, to have slipped the SNP's mind.

15:51

Alasdair Allan (Western Isles) (SNP): As other members have done, I declare an interest in as much as my office pays rates.

Whatever our arguments today, there can, I hope, be no disagreement about the importance of small business to Scotland. In my constituency, with perhaps a dozen exceptions, every single business is a small one. Under the SNP Government's proposals, business rates relief for small businesses will be between 20 and 80 per cent this year and between 25 and 100 per cent next year. That means that, from 2009, 120,000 businesses will pay no rates and 30,000 will pay between 25 and 50 per cent. Because of the increase in the small business rebate, small businesses will save up to £2,400 in the next financial year and, from 2009, the figure will go up to £3,100. In my constituency of the Western Isles alone, almost 1,900 businesses will benefit from the Scottish Government's small business bonus, according to an answer to a parliamentary question from the Cabinet Secretary for Finance and Sustainable Growth on 10 December last year.

I am afraid to report to Labour members that that is simply unalloyed good news for anybody who is struggling to maintain a small business or seeking to grow one. The fact that it is good news possibly

explains why the Labour amendment is so sour and grudging in tone, even by the standards of Labour amendments, which I am sure will not go unrecorded among Scotland's small businesses. That is why, alas, against my every consensual instinct, I have the unhappy but necessary task of deriding the Labour amendment. The amendment dare not say outright that it opposes the benefits that the Government intends to bring to Scotland's small businesses. The amendment would simply change the wording of the motion so that the existence of such benefits would be merely noted, rather than welcomed. Whenever the sun shines, I sometimes have the feeling that Labour members can bring themselves only to note the good weather, rather than welcome it, lest a nice day ever be credited to the SNP.

David Whitton (Strathkelvin and Bearsden) (Lab): Just as the sun shines, I stand up. Does Mr Allan think that it is an economic benefit to the Western Isles that the minister turned down the Lewis wind farm application and thus gave up the prospect of 400 new jobs in the member's constituency?

Alasdair Allan: That should win a prize for a non sequitur. The member should go to Ness or Barvas, offer those rather odd figures and see how long he survives socially.

As I said, the Labour amendment dare not say outright that it opposes the benefits. Curiously, it states that rates reductions employed by the previous Administration were a good thing, but those introduced by the present Administration are a bad thing. Labour will have to try a bit harder than that if it ever wants to be taken more seriously as a former party of Government. However, judging by Mr Park's example, there are some in Labour's ranks who oppose the measure on ideological grounds. Certainly, the comments about fleets of cars and the subliminal comparison between Alex Salmond and George W Bush are way off-beam.

Is the Parliament really going to entertain the idea that jobs are not a route out of poverty or that small businesses are not a way to achieve those jobs? Before Labour gets too carried away with its conspiracy theories, let it take a reality check, however brief. As Roseanna Cunningham said, we are not talking about McDonald's, Rupert Murdoch or even Bernie Ecclestone. The small business bonus scheme will provide much-needed relief from business rates for all small businesses with properties whose combined rateable value is £15,000 or less. As many other members have said, we are talking about a family-run grocer or a joiner with two apprentices; companies employing one or two people, many of whom might well be asking why the principle of progressive taxation should not be applied to businesses as well as to

individuals. The plea that business cuts do nothing to help the jobless would be a little more convincing if it did not come from a party that has this week failed so disastrously on its own child poverty targets.

Iain Gray claimed that the small business bonus scheme would not help economic growth because we are spending less in other areas. He said that, to achieve economic growth through the small business bonus,

"the Government is cutting in real terms spending on education, transport and enterprise".—[*Official Report*, 6 February 2008; c 5866.]

Yet, as the 2007 spending review demonstrates, there has been no reduction in spending on education. The budget for schools will rise by £4.7 million. In addition, rail services spending will rise by £50 million this year, and motorway and trunk road spending is up by close to £50 million. Further, among many other measures, the saltire prize was introduced to help enterprise. Are any of the Opposition parties saying that Scotland's small businesses should not benefit? If they are, they should be straightforward about it. The UK Government makes every effort to make the tax regime harder still for small businesses, not least through the punitive rural fuel tax—a subject for another day. By contrast the Scottish National Party Government recognises the need for small businesses to grow and flourish. The small business bonus scheme has been met with such a warm welcome from businesses, and from pretty much everyone except Labour Party members, because it has the potential to bring jobs to where they are most needed in Scotland.

15:57

Johann Lamont (Glasgow Pollok) (Lab): I, too, declare an interest as an unwilling beneficiary of the bonus scheme. I investigated whether it was possible to leave the money in the public purse, rather than keep it in my office, which was entirely reasonable, no matter how high the quality of the service presided over by my office.

I am concerned by the Government's approach to the small business bonus scheme, which is in sharp contrast to its approach to other areas of expenditure. I am not anti-business—I am in close contact with businesses in my community—but it is the job of Government to reward good business and not simply to give a blanket reward to all business.

John Swinney recently explained that the small business bonus scheme could help those businesses in Edinburgh that are suffering disruption as a consequence of the Edinburgh tram scheme. Of course, that proves my point. It would reward them in the same way that it

rewards absolutely every business. The Government asserts that it is prudent and that it seeks best value and efficiency. On the evidence, it does not apply any of those qualities to the scheme. That is in stark contrast to other areas. Only this morning, in the Local Government and Communities Committee, we heard housing associations' concerns about Government strategy. Housing associations say that they will be driven out into the private sector.

Gavin Brown: We heard earlier that, according to its 2007 manifesto, the Labour Party was going to double small business rates relief. Would that have been applied in a blanket way?

Johann Lamont: It is clear that any Government expenditure has to be targeted, justified and evaluated if that Government is to be prudent in its approach.

This morning, in the face of those concerns from housing associations, we were told by an official that we need to make money work harder and go further. Remarkably, that approach is not applied to the small business bonus scheme and we must ask why it is now being honoured in the breach. Gain is asserted without evidence. I cannot imagine any business saying that it does not want rates relief, but perhaps we could do other things to support businesses so that they thrive. The scheme involves no conditions, no driving up of standards and no reward for good practices; all businesses are rewarded the same. That lets down businesses that are connected and committed to communities, seek to employ local people, provide a safe environment for them to work in, offer good services and engage with the community.

I can understand that there is a debate about the merits of the SNP's approach as against other approaches. If we were to target support, how would we do it? If conditions were to be applied, which would they be? However, it is surely remarkable that the SNP claims that it will evaluate spending for which it has no baseline, for which there are no constraints on whether and how money is spent, and for which there are no targets or goals, simply a remarkable faith that all businesses everywhere will do the right thing. That faith does not apply to other critical operators in our communities and the Government needs to think about that again.

The reason why I find such laissez-faire largesse so remarkable is the context in which the choice was made. The Government has actively chosen to spend £305 million on the scheme over three years with no conditions, but a lot of crossing of fingers. At the same time, it is thirled to cuts in taxes and charges that, by 2010-11, will take £434 million out of the Scottish budget, which will have a cost for our capacity to deliver services. The

bonus scheme is without conditions, which is in stark contrast to our being reminded time and again of the tightness of the budget.

Yesterday, the Minister for Communities and Sport, Stewart Maxwell, said that child poverty is morally unacceptable and claimed that he had to fight poverty with one hand tied behind his back. It is easy to reduce every challenging policy issue to an opportunity to make a constitutional point, even if it is depressing. It is another example of government by alibi. We must assert that ministers should not simply tell us what they cannot do and what powers they would like but must be held accountable for what they do and how they use the powers that they have.

Government back benchers need to seek more justification for how the powers over business rates are being used and what that says about the Government's priorities. The fairer Scotland fund to tackle deprivation is being cut in real terms; projects to support communities in employment, child care, training and education—the ways in which our poorest people can get into work—are being cut; the Government is pressing down on community planning and local government budgets to improve efficiencies and best value with consequent and often invisible impact on the most vulnerable and claims that we cannot spend money everywhere. What a contrast it is that that experience in local communities, which goes far beyond tough love, is not matched by any rigour in addressing the needs of business; instead, we are expected to rely on blind faith.

I recognise that members who have expertise on the operation of business say that the scheme might work. It might, but we should apply the same test across the board. The scheme might be the Government's approach, but it is not a pain-free choice. The Government must answer the charge that the way in which it treats different parts of its budget is inconsistent and unfair. It is not good enough to say without any explanation that we need tax cuts and leave other people to live with the consequences. It is entirely reasonable to ask the Government and its back benchers to justify its choices and be honest about how it can evaluate the scheme in the way in which we expect other organisations that spend public money to justify their spending.

16:04

Gavin Brown (Lothians) (Con): I, too, declare an interest, in that I run a regional office that will, no doubt, also benefit from the small business bonus scheme.

In this speech, I will explain why the Scottish Conservatives are heavily in favour of the small business bonus; explain why I genuinely believe

that the approach that the Labour Party outlined in today's and previous debates is flawed; and focus on the implementation of the scheme, because any policy can be only as successful as its implementation.

The Scottish Conservatives have campaigned for a long time on small business rates relief, because we believed that it would be a universal shot in the arm for small and medium-sized businesses across Scotland. Up to 116,000 small businesses and 38,000 medium-sized businesses are already benefiting or will benefit in the very near future. So great was our belief in the policy that we fought tooth and nail during the spending review and budget process to ensure that the rates relief programme was accelerated to two years.

One of the big Conservative successes in this year's budget was to ensure that small businesses up to a rateable value of £8,000 would benefit, with an 80 per cent cut this year and a 100 per cent cut from April 2009. As we have heard a number of times during the debate, that means that a business's rates bill will decrease by thousands of pounds, with the acceleration alone being worth more than £1,000 this year for some businesses. In difficult trading times, that can mean the difference between profit and loss, or between success and failure—or, in extreme cases, between trading and not trading the following year. That is why we have supported the scheme and will continue to do so.

I have a degree of sympathy with some of the Labour Party's arguments—I even concur with some of them—but there are two main reasons why I think that Labour's approach is flawed. First, the promise was made as a no-strings-attached cut in both our and the SNP's manifestos. It would be utterly wrong to promise a no-strings cut but then to add in a couple of strings, just to get through some sort of process and buy in a couple of favours.

It is a fundamental truth that businesses can spend their money far more efficiently and effectively than can politicians of any party, including my own. Businesses can be far more innovative and have a far greater interest in running their affairs successfully, not just for the following month or year, but for the long term.

We have heard examples of what businesses have done so far. Some of them want to take on new staff, for example one full-time or a couple of part-time staff. Some of them want to refurbish their premises, while some want to buy additional stock. We heard about one business that wants to put extra money into supporting a community initiative that it has already supported for quite some time. None of those examples comes within the training, research and development or energy-

efficiency straitjackets that the Labour Party wants to place on such businesses. There are hundreds, if not thousands, of other examples in which businesses have invested money extremely wisely without the need for Government to say how that money ought to be spent.

Iain Gray (East Lothian) (Lab): I am genuinely puzzled by that. Like Mr Brown, we very much hope that many businesses will benefit from rates relief, perhaps to help them to take on another member of staff. Surely, however, they will not be able to do that wholly through the benefit if its average size is £1,040 a year. How does that allow the employment of one full-time or two part-time members of staff?

Gavin Brown: The benefit amounts to considerably more than £1,000 for some businesses; it can be several thousand pounds over the course of a year, which might help a firm to take on a part-time person. As Mr Gray well knows, a refurbishment requires more than a one-year programme. Somebody might refurbish their shop over a five-year or 10-year period. When we arrive at the cumulative total, the sum will have allowed them to refurbish their shop. In the case of a community initiative, I suspect that the community that benefits is grateful for any money coming from the business.

Our starting principle on implementation is that no entitled business should miss out on a hard-fought-for concession. We have heard anecdotally that take-up is good, but I hope that the minister will listen to and take on board three points. First, it is critical for retrospective effect to apply to businesses that apply this week, next week or over the next couple of months. The scheme should apply from 1 April. Most councils to whose representatives we have spoken seem to agree with that principle, but one or two are still saying over the phone that cases will be considered individually. We argue that every business deserves to get the benefit from 1 April.

Secondly, we want there to be a continued proactive approach. National Government and many local authorities have been proactive in sending out the forms to councils. I heard that West Lothian Council and Angus Council even sent out reminder letters to companies that had not yet got back to them. We hope that such a proactive approach continues.

Thirdly, we hope that the Government will at least consider automatic application. There are potential dangers in that, but I am advised that several councils, including Glasgow City Council and East Renfrewshire Council, have applied automatically the small business bonus to companies that already had rates relief. If automatic application can be done in one council, there ought to be scope for it in other councils. It

could get rid of bureaucracy and would perhaps ensure that every business that was entitled to the relief would get it. That is worth fighting for.

16:10

David Whitton (Strathkelvin and Bearsden) (Lab): I welcome the opportunity to take part in this debate on the impact of the small business bonus scheme. I speak in support of the amendment in the name of my colleague Elaine Murray.

I declare an interest in that since being elected as an MSP last year I, unlike my predecessor, have opened a constituency office, which will allow me to allocate more resources to highlight the shortcomings of the SNP locally and nationally. I am not sure whether Mr Brownlee would agree that that was a good way to spend the money.

The small business bonus scheme was implemented only in April. Three months later, we are taking up parliamentary time to debate its impact. In my opinion, it is far too early to have a serious look at the effect that the scheme is having on small business. Even Mr Swinney, the Cabinet Secretary for Finance and Sustainable Growth, seems to agree with me, given that in an answer to a parliamentary question last month, he said that evaluation would happen only after 2009-10, after the scheme had been implemented fully. At the risk of having Mr Mather call me negative yet again, I suggest that he finds himself debating the scheme this afternoon either because he does not have enough work to do, or because he does not have another learned tome to read.

Jim Mather: Does the member acknowledge that having this debate gives us a great opportunity to advertise the scheme to businesses and encourage them to follow the FSB line of investing for further growth, and to send out the message that this Parliament is united about extolling vibrancy and growth throughout Scotland and the Scottish small business community?

David Whitton: Another way of doing that would be simply to take out a full-page advert in the *Kirkintilloch Herald* and other local papers, but I will leave that to the minister to decide.

Having spoken to my local chamber of commerce about the scheme, it became clear to me that, although many small businesses welcome the rebate—we have heard that from all speakers this afternoon—they are not blinkered by the short-term opportunistic policies of the current Administration. Many small businesses are suffering from what I would call the Peter and Paul effect: whatever Peter gives away in the shape of a small business bonus scheme, Paul takes back in the shape of increased water rate charges. These business people know that we cannot spend money that we do not have.

Roseanna Cunningham said that it almost does not matter what the money is spent on, but I disagree. Alasdair Allan talked about a joiner with two apprentices. Unlike the minister, I do not believe that spending £315 million on the scheme over the next three years is the most effective way of stimulating local economies, nor should it be left to the businesses to decide how best to spend their windfall.

As others have said, Mr Mather is fond of eulogising about outcomes and measurement, but we have none of that in the small business bonus scheme. Gavin Brown has just said that the Government cannot insist on what the outcomes should be, because it made an open promise. I disagree; I believe that the money could have been better spent targeting local areas to achieve longer-term growth, assist businesses to provide training, regenerate town centres or fund energy-efficient practices.

Gavin Brown: Under the Labour amendment, some of the ways of spending the windfall that I suggested, including recruiting new members of staff, carrying out refurbishment, buying stock and supporting community initiatives, would not be allowed. What is wrong with spending the money in the ways that I have just outlined?

David Whitton: What we are saying—at least, what I am saying—is that the money should have been more targeted. It should have been given only in return for certain commitments, such as to take on an apprentice—much like the joiner in the example that Alasdair Allan gave.

Regeneration of town centres is badly needed in Strathkelvin and Bearsden. This year, East Dunbartonshire Council proposed to spend £100,000 on town-centre regeneration in Kirkintilloch. A further £100,000 was to be invested in neighbouring Milngavie. Both areas would benefit from the extra funding of that redevelopment, yet the eight SNP councillors voted against spending money on town-centre regeneration.

A proposal has been made to classify central Kirkintilloch as a conservation area. The Forth and Clyde canal runs through the town's centre and the historic Antonine wall is close. If the town centre were given conservation area status, that would boost civic pride, protect local heritage and go some way towards promoting tourism, all of which would help small local businesses to thrive. That is exactly the type of initiative on which the small business bonus scheme should insist through incentives.

During the election campaign last year, Labour pledged to reinvigorate Scotland's town centres by creating new partnerships between public agencies and small businesses with powers and

resources to act. We committed to a town-centre turnaround fund to fulfil that function, but the Government has shied away from all that.

The Government is required to take a more interventionist role in town-centre regeneration, but instead we have a blunt and inefficient scheme that in no way leads to better business practices. The Government's economic strategy includes the ideological aspiration to make Scotland greener and identifies learning, skills and wellbeing as a strategic priority, yet the small business bonus scheme puts in place no incentives to encourage small companies to provide extra training for their staff or to take on modern apprentices, although such long-term investments would make a difference to a small local business's success. Just a year ago, Mr Mather said:

"We are determined to give Scotland a competitive edge, creating new vocational opportunities for young people."

I am glad that he nods his head at that. Given that, why not tie rates relief to the provision of training places?

Labour members believe that the money could have been better spent. Unfortunately, the small business bonus scheme lacks incentives to invest the money in the small business. That is an opportunity lost. It is time that the Government took a closer look at what ministers have said in press releases and introduced policies that reflect those intentions. As the scheme provides no incentive for training, using renewable energy or town-centre regeneration, it is evident that the political will has been lost or never existed.

The scheme was introduced on 1 April and the debate, three months later, takes place too soon to assess the scheme's impact. We do not oppose assisting small businesses through rates relief, but the Government must ensure that the £315 million for the scheme is spent effectively to stimulate local economic development and to prioritise training, regeneration and energy efficiency. The small business bonus scheme achieves none of that.

16:17

Aileen Campbell (South of Scotland) (SNP): As we have heard, small businesses form the backbone of Scotland's economy. They employ over half the country's workforce and account for the vast majority of private sector enterprises. They are of increasing importance to modern Scotland not only because they are a source of employment and enterprise, but because of the flexibility and range of services that they can offer in our changing society. That is why the Scottish Government's small business bonus scheme could not have come at a more opportune time

and why I welcome the opportunity to debate its positive impact throughout the country.

I recently surveyed small businesses in the South of Scotland—in South Lanarkshire and Ayrshire. The results of that survey were overwhelmingly positive and I will draw on them in my speech.

As the lifeblood of Scotland's economy, small businesses do much more than simply provide jobs. They often provide services that do not exist anywhere else and make them accessible to the people who need them most. In rural areas, small local shops and businesses bring goods and resources to small communities in which large chains have no interest. A successful small business—the UK's champion chippy in Biggar springs to mind—can act as a magnet for an area, which brings business to other small shops and outlets in the vicinity.

Small businesses have an incentive to invest in their staff and communities. Developing and retaining skilled employees helps to build a personal touch and a level of service that larger organisations with a higher turnover and remote management find more difficult to achieve. The response of one local shop in Biggar to my survey was:

"we are a rural newsagent and work long hours—this relief will ensure we can keep all our staff".

With the limited powers of devolution, it was right for the Government to seek a way to encourage our small businesses, to promote diversity on the high street and to boost small businesses' ability to reinvest in the community. A health care firm in Lanark that responded to my survey called the small business bonus "a very attractive saving".

Some Opposition members have taken great delight in criticising the Scottish Government's policy to help small businesses proactively, but allowing businesses to channel profits into higher wages, staff training or new outlets hardly strikes me as the wrong thing to do. It is right, and it smacks of common sense, to help high street shops to stand up to the out-of-town retail chains; it is sensible to help a family firm to find the confidence to plan for the future; and it is certainly not right wing to encourage local artists and artisans to try something new and different that might benefit the whole community.

If we want to see policies that harm small businesses, we need look no further than the Westminster Government, which presides over the moral outrage of poverty indicators that are rising almost as fast as City bonus rates. That Government is content to let immigrant office cleaners pay more tax than their non-dom employers, and it has doubled the income tax rate

for the poorest earners in our society. New Labour is in thrall to big business, and it appears to neither understand nor care about the need to invest in and support the dynamic small enterprises that drive Scotland's economy.

The SNP's brand of progressive social democracy and acting in the national interest chimes well with mainstream opinion in Scotland. That opinion is keen and receptive to attempts to kick-start our economy and rejuvenate our high streets, which in some towns, as Roseanna Cunningham mentioned, are scarred by shutters and closed shops. Members should compare that with new Labour's economics, which have left 17 per cent of Scotland's population living in poverty. If supporting and growing our small businesses can even begin to help to improve wellbeing and other poverty indicators, it should be welcomed across the chamber.

There is clear evidence that the small business bonus scheme has been warmly welcomed and is having a major impact. In my region, almost 5,000 small businesses in South Lanarkshire, and 3,000 in North Ayrshire, will have their business rates abolished next year. A total of around 6,400 and 3,700 businesses respectively will benefit from some form of reduction in rates under the scheme. My survey shows that many businesses are feeling an immediate impact, with nearly all indicating that they will apply for the refund under the scheme. Perhaps Johann Lamont, who I see is not here, should take note that businesses need to apply for that. If she does not want to apply for her business bonus relief, she should donate it to someone who would like it.

I highlight to the Scottish Government that around a quarter of respondents to my survey in both council areas had yet to receive information from their local authority about the scheme—I notice that the Conservative amendment makes the point about awareness raising. I am pleased to hear that the Government has taken note of that.

The final word must go to an artist in New Lanark, who responded to my survey and was absolutely delighted to have her rates reduced from £66 to £26 a month. I am sure that Opposition members will be pleased to hear this quotation:

"This is of great benefit to me as I only took over my studio in August and have incurred many set-up expenses. Please pass on my sincere thanks to the blessed Alex Salmond and tell him that if he would like to commission a painting, I will gladly donate one (to his wonderful Party!)"

I am happy to pass on the thanks of small businesses throughout the South of Scotland to the blessed Alex Salmond and the blessed Jim Mather, and to the Scottish Government. They have shown confidence in our local enterprises, which will be repaid with more and better

opportunities for communities throughout the country. There is a growing sense that if that is what can be achieved under devolution, how much more could be done with normal powers of independence?

16:23

Tavish Scott (Shetland) (LD): I am tempted to say, after hearing about Aileen Campbell's survey, "Bring back the historic concordat, all is forgiven."

In fairness, I was wrong about the debate. I thought that we would be in for a lot of self-congratulatory speeches from SNP and Conservative members, but instead we have had a debate about tax and spend. It is a shame that John Park has left the chamber, because I was going to say some nice things about his analysis—perhaps I will leave those until later.

I, too, recall—through gritted teeth—the delight of the intricacies of payroll and pay as you earn, and of completing VAT returns. Certainly this ex-businessman—a very small businessman—recognises the merit in what the Government is doing. The Liberal Democrats strongly appreciate and welcome the minister's commitment to support what our amendment calls for. We believe—this was one of the interesting aspects of some of the Labour speeches—that the minister and his colleagues have made much of the importance of judging policy and refining policy outcomes in the past 12 months. We hope, therefore, that he will accept the amendment that Liam McArthur spoke to.

Mr Brownlee queried whether there would be any benefit in independent assessment. Surely the need for such assessment is illustrated by the return of the work at the Fraser of Allander institute, which will begin later this summer. That has been welcomed, I see, by the various economists who comment on such aspects of the Scottish economy. I would have thought that that would interest Mr Brownlee and his colleagues, not least because, last month, the Office for National Statistics chopped by more than 2,000 the estimates of the number of people who are employed in Scotland's financial sector. The commentator Bill Jamieson, whom Mr Brownlee and some of his colleagues mention regularly, wrote:

"The quality of economic statistics, the clarity of their presentation and their timeliness all need to be radically improved."

I hope that the Tories will consider our amendment to be a helpful contribution to that improvement, as we look forward to full implementation of the measures in the coming years.

I was grateful, too, for Mr Mather's mention of BIDs. I absolutely agree with what he said on that.

All that I can say is that I am glad that Mr Mather has won the argument and put Mr Ewing firmly in his box. I am sure that Mr Mather will remember that, when the previous Administration introduced BIDs a couple of years ago, Mr Ewing said:

"This is outrageous and I challenge ... Jack McConnell and Nicol Stephen, the enterprise minister, to say why they are bringing forward a tax on small businesses."

I agree with Mr Mather and I am pleased that he won that debate in his own party.

The motion, particularly the part that states

"businesses themselves are best placed to decide how to use the reductions",

reeks of a heavy dose of Thatcherism, which is presumably why so many friends and colleagues on the right are so appreciative of it and so many friends and colleagues on the left are wholly against it. I thought that John Park's analysis—with its trickle-down economics, supply-side economics and Reaganomics—was not far from the truth.

I commend Mr Mather's utter clarity on the point. He was clear about the position that he and his colleagues take on what he described—I hope that I quote him correctly—as a "major tax cut". It is clear to all of us that those who argue that tax cutting is the right way forward have won the debate in the present minority Government. I suspect that the debate reflected that, particularly in the speeches from the Government's back benches, although we did not hear the speeches from some of Mr Mather's colleagues that we might have expected to hear on an issue of such interest. Perhaps we will hear them one day, although many of us are not betting on hearing them soon.

I take Roseanna Cunningham's point that small businesses welcome the move, and particularly very small businesses—I think that that was her particular point. Yes, they welcome it, but every small business to which I have spoken in the past few weeks is more concerned about fuel and energy prices than anything else. That is not to diminish the argument, but it is important that Government recognises that the bottom-line issues for businesses of all sizes are fuel prices and energy prices. Indeed, in the column that I quoted, Bill Jamieson wrote:

"Scotland is facing an economic slowdown whose extent, severity and duration has been downplayed and underestimated by an administration in serious danger of losing touch with reality."

Those are not my comments but the comments of the independent *Scotsman* deputy editor, Bill Jamieson.

I am sure that the minister will want to reflect on the views of observers and the many statistics that

have been quoted today. For example, the Ernst & Young ITEM club group of economists has warned that Scotland will take a bigger-than-expected hit from rising oil prices. That demonstrably affects and will impact on every business throughout Scotland.

It is important that the minister reflects on the other side of the debate. Many of us have argued that the tightness of the public sector finances at present will impact on the sustainability of any policy position that the Government takes, be it on small business rates or others. On oil production, the Mackay Consultants report that was published the other day states:

"There is little doubt that the revenues will fall over the next few years because of the continuing declines"

in UK continental shelf production.

"The key factor, however, will be the level of world oil prices. If they fall back to more sustainable levels ... then the government's revenues in the future will be much smaller, possibly about £3billion per year".

Clearly, the report refers to the UK Government, but as ministers say good things about the small business scheme, it is important that they reflect on the overall budgetary position and the tightness of the period into which we are about to extend.

Small businesses are the cornerstone of Scotland's economic potential but, as the minister commented, the national and international economic perspective is biting. How the Government responds to the challenges will be a test. Some challenges have already arrived—fuel and energy costs are the important issues for small businesses today—and some will emerge in the future.

The potential tightening of the public sector finances will try any minister's patience, and we can only judge what will happen in the coming years. Business needs certainty during this period of international uncertainty—many of us have concerns about that. As I well know, there is more to a small business account than just business rates.

16:30

Alex Johnstone (North East Scotland) (Con):

Who would have thought in the dull, dark days of 1997 that the first part of the United Kingdom to be freed from the dead hand of Labour control would be Scotland? Who would have thought that the first great measure to prove that change would be a tax cut, proposed by the SNP and accelerated by the Conservatives' willingness to support it in the budget negotiations? However, there it is: that unholy alliance, so often referred to, was what actually delivered the positive change. Indeed, I hope to develop the argument that the change was not only positive but essential.

Many of our town centres across Scotland are full of small businesses that pay rates. Many are dependent on retail, and many provide services, but most suffer competition—unfair competition, in my view—with larger businesses that have greater advantages. How many small shopkeepers in our towns have complained to us over the years that while they pay rates and have parking restrictions on their doorstep, the Tescos, Asdas and whoever else on the outskirts of the town pay less in rates per square metre of floor area and can provide free parking on their doorstep, giving them huge advantages?

It is good that we have taken action to relieve the burden on small businesses, particularly at a time when so many other burdens are increasing. We have heard about the fuel costs and some of the stealth taxes. More recently, we have heard about threats to remove post offices from small shops, which could threaten their viability in many ways. We also have a series of laws—perhaps justified—to restrict the sales of alcohol and tobacco, which again may undermine the viability of some smaller businesses. For those reasons, it is good that we decided to use the Parliament's powers to cut the tax burden on some of the most vulnerable businesses.

That is what happened: we used the powers of the Parliament to cut tax. So many people who talk about the Parliament's tax-raising powers and seek to debate their future find themselves coming up against the argument that they are tax-raising powers that will be used only to raise taxes. That is why so many people are afraid of them. However, the Scottish Parliament has the power to reduce taxes, and only now, nine years after its establishment, do we have a clear example of how the power can be used to benefit businesses and local economies.

Elaine Murray gave a clear explanation of what the Labour Party thinks about taxation and expenditure. It believes that, as with individuals, taxing businesses and choosing how to spend the money is the right way to go, and it seeks to attach strings to any money that it gives back. Elaine Murray simply confirmed the interventionist and centralising tendency that the Labour Party has always demonstrated.

There are many other things that we could do. For example, we could push forward with the Conservatives' proposal for an eco-bonus scheme, which would encourage small businesses, as well as individuals in their own homes, to develop energy efficiency and microrenewable technology. However, we must consider seriously what we think taxation is for. Although it is about raising money to provide public services, simply raising more and more money will ultimately kill the goose that lays the

golden egg. By reducing the burden on small businesses at such an opportune time, we have increased the opportunity for investment and, more important in the current context, we have helped to save some businesses that might not have survived otherwise.

Therefore, on this occasion, it is important that we Conservatives do not consider ourselves to be anything other than the people who accelerated the policy and the advantages that it brings. We are proud of that, and although the Liberal Democrats have proposed that there should be all sorts of investigations to see whether the scheme is working, we take a simpler position and believe that the scheme is fundamentally a good thing. That is an absolute; it is beyond question.

We have also heard some interesting concepts from the Government's back benches today. There is a certain irony in much of what I have said because although today we are observing the minority SNP Government behaving in its centre-right mode, on other days it behaves in its centre-left mode. Today, we have seen some members who traditionally give rather left-of-centre speeches in the unusual situation of having to justify their position. For example, Aileen Campbell tried very hard to argue that this is not a right-wing policy. For the life of me, I cannot understand how it could be anything else.

The Parliament has a tradition of Governments lodging self-congratulatory motions. The Labour and Liberal Democrat coalition developed that into an art form, and the minority SNP Government has sought to develop it still further. Today, the Conservatives are not hesitant in giving our view that the policy was ours from the start, that the minority Government developed it, that it only got it through with the support of the Conservatives, and that the benefit to small businesses was a result of our pressure. We might not like self-congratulatory motions, but we are delighted to have lodged a self-congratulatory amendment.

16:38

Iain Gray (East Lothian) (Lab): I start by dealing with the red herring that it was entirely predictable that a number of members would indulge in, which is that the failure of Labour members to break out the bunting, hold street parties, or call for statues of Mr Swinney in our town centres in celebration of rates reductions for small businesses somehow demonstrates that we are against them. Nothing could be further from the truth. As Elaine Murray pointed out, we reduced business rates in 2000, 2003, 2006 and 2007, and our manifesto for last year's election promised a doubling of the small business rate relief scheme. Over the piece, we delivered more in rate relief to small businesses than we ever

promised, unlike the SNP, which has delivered rather less than its manifesto promised, even with the acceleration that was introduced at the time of the budget.

Roseanna Cunningham: Is the member now speaking for the Labour Party in its centre-right mode?

Iain Gray: No.

The difference is that all those reductions took place in the context of increasing investment in schools and housing, in the national health service in relation to which the growth outstripped that in the rest of the UK and, crucially, in skills budgets and apprentice opportunities. None of those is true today. The idea that we are somehow opposed to reducing the rates burden on small businesses is rubbish.

It is right and proper to assess the measures against the Government's wider programme. As David Whittton said, from the word go we have said that the scheme is a missed opportunity. The relief—or some of it at least—could have been used to incentivise desirable outcomes.

The Government is keen on outcomes—it tells us that it will be measured not by inputs but by outcomes; outcomes, not inputs, are what matter. However, today's motion asks us to celebrate an input. Of course, such an input has many potentially virtuous outcomes, which members such as Roseanna Cunningham have described. As several members have mentioned, the FSB briefing states that businesses report that they have used this year's SBB to make larger one-off investments, for example in double glazing, refurbishment, waste disposal and so on. All of those are good outcomes, and I do not doubt that other examples could be found of businesses investing in staff training, upgrading their information technology or other equipment or even feeling secure enough to recruit an extra member of staff. Our point is simply that such a scheme could have aimed to provide particular benefit to those businesses that wish to make investments in people, in innovation or in energy efficiency. Those are desirable outcomes for a variety of reasons: not only are they good for the individual business, but they are good for our communities and wider society—and they could have been incentivised or rewarded.

I have some sympathy with the desire to avoid bureaucracy, which was given as one argument against the use of such targeting, but the small business bonus scheme is already an application scheme. Given that some form filling is required in any case, incentivising or rewarding businesses as I suggest need not have led to a significant increase in bureaucracy and none of the knock-on local benefits on which many members

elaborated—Roseanna Cunningham did so quite eloquently—would be lost. Improving energy efficiency or taking on new staff would still bring benefits to the local economy, because additional local work would be provided either directly or through the supply chain.

In today's debate, we have seen the Tories again tripping the light fantastic with the SNP in a faint reprise of their budget tango. The SNP motion coyly fails to mention the acceleration of the business rate relief scheme so that—oh, what a surprise—the Tories' self-congratulatory amendment can complete the picture, like matching his-and-hers towels. In fact, their actions this afternoon have had a little bit of the air of a couple reaffirming their vows. No doubt that gives the smug marrieds a warm fluffy feeling, but it leaves the rest of us somewhat underwhelmed and wondering why we have been dragged out again. At least the SNP has kept its word to the Tories on the small business bonus scheme; the same cannot be said of its promises on police numbers.

We very much support the second half of the Tory amendment, which calls on the Government to ensure that businesses are informed of the scheme's existence so that they receive the benefit to which they are entitled. Of course that is essential and important. The first part of the Tory amendment refers to the acceleration of the scheme's implementation. In one sense, that is fine, because there is no doubt that, at the time of the budget, the SNP was ready to break yet another manifesto promise by phasing in the increase in rates relief, contrary to what it had promised. However, in the context of a budget in which resources for housing, higher education and enterprise support were cut, in which local authorities were not provided with the resources necessary to avoid school cuts and in which growth in health service spending was set to lag behind that in the rest of the UK for the first time since devolution, we found it hard to see business rate relief as a top priority for any additional resources. We did not support that during the budget, nor will we support it today.

For the avoidance of doubt, I repeat that we have not argued, either then or today, against the small business bonus scheme per se. All taxation decisions are decisions about balance and priorities. Even the Tories recognise that they faced a choice. Mr Johnstone owned up to the fact that other things could be done, but he was not at all clear on the point at which it would be better to support other measures to help small businesses instead of business rates relief. He simply implied that other things could be done. For example, the Tories could support the town centre renewal fund, which was proposed in a similar form in their

manifesto, or the use of the extra resources to abolish water rates for pensioners.

A number of members have spoken about the importance of our town centres and the help that the small business bonus scheme will provide to businesses there. There is no doubt that that is true—representing East Lothian, I know that as well as any other member. However, our town centres also need other kinds of help. I can think of town centres in my constituency that are blighted by empty and derelict properties that the owners have no interest in improving or maintaining. A town centre turnaround fund would allow local trusts to do something about that problem—to buy the properties, if necessary, to refurbish them and to turn them over to community use. Our town centre businesses need life in their high streets, to give them the footfall that they need. The lesson of the successful business improvement districts—Bathgate is an especially successful example—is that they are even willing to pay a little for that. Businesses recognise that public realm improvements are needed and sometimes do not mind paying for them, especially if they have a say in what those improvements are.

We see the Lib Dem amendment as eminently sensible, and I am glad that the SNP has indicated that it will accept it. The SNP is much more interested in outcomes than in inputs, so the amendment makes sense. The output that the small business bonus scheme is supposed to deliver is economic growth. It may help in that respect, but the evidence is questionable, to say the least. When advising the Finance Committee, Professor David Bell made it clear that it is not self-evident—as Mr Brownlee said—that cuts in small business rates will give us the economic growth that we seek. The trouble with the relationship between the small business bonus scheme and the Government's economic strategy is that the scheme seems to be the only club in the bag. Even when the First Minister spoke to businesses in corporate America, he gave the small business rate relief scheme as an example of why they should come to Scotland. I do not argue—nor does our amendment, as Alasdair Allan tried to claim—that small business rate relief cannot support economic growth, but rather that it cannot do so alone. More support for our economy is needed.

Our amendment does not oppose the business rate cuts but calls for a realistic, considered approach that places this economic measure in the context of the wider economic picture. That is simply good sense.

16:48

Jim Mather: This has been a genuinely useful debate that has broadcast the potential of the small business bonus scheme far and wide. I hope that it will be picked up and reported on fully and properly by the media.

I congratulate members on the general thrust of the amendments that have been lodged. This debate marks the start of the end of the zero-sum-game mentality in Scotland, although there were some exceptions. Johann Lamont and John Park did not seem to understand that tax and competitiveness are essential to retaining skills, attracting new talent and creating and retaining wealth in Scotland. David Whitton's conditional approach would stifle ingenuity and prevent money from staying in Scotland. However, Scotland and the Parliament are moving away from a mindset that does not understand economics and drivers of growth. We now understand the concept of pro-enterprise policies generating positive effects for all and working in harmony with a social democratic agenda; we see that Scotland, too, can have the virtuous circle of accumulating growth, benefit for all, more people in work, more tax revenues and more investment over time, with Scotland controlling more and more of its accounts.

We reject the Labour amendment. We agree that many factors contribute to economic growth, but it is not credible to argue that Government knows how to target funding at a very local level. Bureaucracy and grants are an issue; the increased red tape would not be helpful. The proposed approach fails to trust businesses to use their ingenuity and fails to recognise that the Government is already spending on energy efficiency, training and town centre regeneration. The small business bonus will enable businesses to spend directly and incrementally on energy efficiency, training and town centre regeneration in their own right.

Iain Gray: I am puzzled by the point that the minister is making about town centre funding for tackling matters such as energy efficiency. I am not aware of that funding. Perhaps he could elaborate on what he said.

Jim Mather: The member fails to understand what I am saying. I am talking about the Scottish community and householder renewables initiative and other systems that exist to encourage more investment in renewable energy.

In essence, we are hearing the same old interventionist mantra from Labour members. Johann Lamont commented that she is an unwilling recipient of the small business bonus. I am told that if a ratepayer does not wish to receive

the relief, they need only inform the council, which will readily fix the problem.

Elaine Murray reminded us of the removal of the uniform business rate. Justifying that on the basis of lower rateable values in Scotland fails to take into account the fact that the lower rateable values occurred by virtue of low growth in Scotland over many years.

We welcome and support the Tory amendment, which reflects the current situation and the positive response from business organisations. Its call for

"local authorities and business organisations to work together to ensure that eligible businesses are aware of and benefit from the reductions"

is well placed. Indeed, that is the reason for today's debate. We should recognise that some local authorities have automatically applied the measure. My council—Argyll and Bute Council—and Glasgow City Council have done so. Those role models exist and are active. I welcome the combined effect that can be produced. Taking on the idea of local government and business working more closely together is exciting. In my constituency, I am working with the council and Highlands and Islands Enterprise on a range of local sectors. Work has already been done on aquaculture, forestry, and food and drink; we will now work on farming, fishing, retail, culture and the arts, and transport. Essentially, we are looking to create much more vibrancy in those sectors.

On the basis of what I have heard, we will have to abstain on the Liberal Democrat amendment. It is consistent with our outcome orientation—I promise that that consistency will be honoured—but we always planned to evaluate the small business bonus scheme after it had been fully implemented, in 2009-10. All our evaluations, whether commissioned externally or performed in-house, are independent. It is expected that some aspects of the evaluation of the scheme, such as surveys of small businesses, will be externally commissioned; they are likely to be carried out by independent social researchers from the academic world or the private sector. We would be willing to collaborate with business organisations; indeed, I understand that the FSB is keen to step up to the plate.

We recognise the complexity of the economy and the many causes and effects in play, but we also think that seeking to measure the results of the scheme will bring about many benefits. Doing so will reinforce the advice from the FSB and others to invest and build businesses' viability and robustness. It will be a signal to businesses to do the right thing now, and it will reinforce the climate of growth and the willingness to learn from the many imaginative steps that many businesses will take to endure, grow, adapt, innovate, execute work better and remove inhibitors to growth.

The key fact is that there will be an enormous impact. I think that there will be a dramatic chain reaction, and that populations will be retained in our villages, towns and down-at-heel parts of our cities, and that there will be access to closer services for our citizens and support for the elderly and those without cars in particular. I think that money will be retained—that the local pound will be retained in the local area and more businesses will be able to interact and work with one another. Indeed, once we have activated all the industry sectors in Argyll and Bute, the plan is to bring them together to find out how they can do more with one another.

I will ask for the Presiding Officer's forbearance, and tell the chamber that, at a food and drink event that we ran last week, one bright young individual sat and listened patiently to food and drink producers from across Argyll and Bute, and then stood up and announced that he was a local, independent distributor. Not only did he offer the producers a facility for getting their produce to market at lower cost and for achieving lower prices, he described a case study of what he had done for a venison supplier, thus proving his point eloquently. At the event, the small business bonus scheme went down exceedingly well, as people began to realise that not only could they use that distributor but they could have their shops in towns and villages across Argyll and Bute and get their produce to market at retail prices.

The bonus scheme is exciting. It is creating a sense of purpose among our business community. There will be a culture change that will let our businesses step up to the challenge. Ingenuity will be released. Local authorities will also come into play, with a sense of ownership and purpose because they will be interacting with more businesses in their area—vibrant and confident businesses.

The regeneration of town centres is now pretty much a given, and that will have an enormous effect. At a recent members' business debate, business improvement districts had all-party support. The money now being released will make people's involvement much more viable. Scotland can now put away the inertia of the past as a bad memory; we can now look forward to variety, vibrancy and balance in our high streets. Small towns will be on a more level playing field with larger towns and cities. Town centres will be safer, cleaner and more attractive, and they will have more amenities. Fewer shops will be empty, and the negative effect that empty shops have on confidence will be washed away.

I am encouraging small businesses to get out over the summer and go and see what is happening in other towns. Good ideas can cross-pollinate and be applied elsewhere. *[Interruption.]*

The Presiding Officer: Order. Excuse me, minister. If members wish to talk to one another, would they do so outside the chamber?

Jim Mather: I expect the town centre conference on 19 November to be a real energy swap shop. That idea ties in well with what we hear from other sources. For example, Richard Florida has been talking about regenerating our towns and cities through what he calls "technology, talent and tolerance". We are also beginning to see the link between amenities in our towns and cities and the retention of the talent that can drive the economy. Bright young people in the creative industries that generate real wealth—in software, life sciences, banking and finance—are looking for amenities in their towns and cities. They want the creation of new areas that are more welcoming, giving our cities the vibrancy that allows people to drive things forward, and creating a lower entry cost for businesses.

John Park missed a key point. He did not realise that many businesses that will benefit from the bonus scheme do not yet exist. However, they will step forward. We will release the ingenuity and growth that have been the hallmark of many self-employed people and of many people who have struggled to get the wherewithal to get things started.

We are entering a very interesting phase. Members have talked about the many empty premises in our high streets, but those high streets will be recolonised. They will become a source of growth. The growth might not be all about retail, but it will certainly develop employment, both directly and indirectly.

Down in Campbeltown recently, we heard from Ernesto Sirolli—a gentleman who believes that we can create new businesses by involving experienced grey heads; by encouraging young people at an early stage; by ensuring that 25 per cent of the money that funds a business comes with a sense of obligation from friends, family or the community; and by ensuring that no business tries to do too much. A business should not produce, sell and administer, although it could do two of those three things. Resources should be brought in to help with that. Ernesto Sirolli pointed out that Longrow, a Campbeltown street that has had a tough time of late, could be totally recolonised.

The bonus scheme will be a key component in the future of Scotland's growth. Scotland can now back an agenda of long-term growth. We can control our own financial affairs. The scheme is but the start, but it is an important start. I commend the motion to Parliament.

Business Motions

16:59

The Presiding Officer (Alex Fergusson): The next item of business is consideration of business motion S3M-2110, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Wednesday 18 June 2008

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by First Minister's Statement: Ministerial Code

followed by Stage 1 Debate: Creative Scotland Bill

followed by Financial Resolution: Creative Scotland Bill

followed by Legislative Consent Motion: Energy Bill – UK Legislation

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 19 June 2008

9.15 am Parliamentary Bureau Motions

followed by Ministerial Statement: Financial Outturn 2007-08

followed by Scottish Government Debate: Youth Justice

11.40 am General Question Time

12 noon First Minister's Question Time

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

2.55 pm Ministerial Statement: Ministerial Task Force on Health Inequalities Report

followed by Stage 1 Debate: Scottish Register of Tartans Bill

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 25 June 2008

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 26 June 2008

9.15 am

Parliamentary Bureau Motions

followed by

Rural Affairs and Environment
Committee Debate: 2nd Report
2008, Flooding and Flood
Management

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 Parliamentary Pension
Scheme Committee Debate: 1st
Report 2008, Scottish Parliamentary
Pension Scheme

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by
Crawford.]

Members' Business—[*Bruce*

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S3M-2111, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a timetable for stage 1 of the Offences (Aggravation By Prejudice) (Scotland) Bill.

Motion moved,

That the Parliament agrees that consideration of the Offences (Aggravated by Prejudice) (Scotland) Bill at Stage 1 be completed by 3 April 2009.—[*Bruce Crawford.*]

Motion agreed to.

Parliamentary Bureau Motions

17:00

The Presiding Officer (Alex Fergusson): The next item of business is consideration of three Parliamentary Bureau motions. I ask Bruce Crawford to move motion S3M-2112, on the designation of the lead committee for consideration of the Offences (Aggravation By Prejudice) (Scotland) Bill at stage 1.

Motion moved,

That the Parliament agrees that the Justice Committee be designated as the lead committee, and that the Equal Opportunities Committee be designated as secondary committee, in consideration of the Offences (Aggravated by Prejudice) (Scotland) Bill at Stage 1.—[Bruce Crawford.]

The Presiding Officer: I ask Bruce Crawford to move motion S3M-2113, on the designation of the lead committee for consideration of the Disabled Persons' Parking Places (Scotland) Bill at stage 1.

Motion moved,

That the Parliament agrees that the Local Government and Communities Committee be designated as the lead committee in consideration of the Disabled Persons' Parking Places (Scotland) Bill at Stage 1.—[Bruce Crawford.]

The Presiding Officer: I ask Bruce Crawford to move motion S3M-2114, on the approval of a Scottish statutory instrument.

Motion moved,

That the Parliament agrees that the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2008 be approved.—[Bruce Crawford.]

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

Decision Time

17:01

The Presiding Officer (Alex Fergusson): The first question is, that amendment S3M-2102.1, in the name of Elaine Murray, which seeks to amend motion S3M-2102, in the name of Jim Mather, on the small business bonus scheme, 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)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Foulkes, George (Lothians) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McConnell, Jack (Motherwell and Wishaw) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Murray, Elaine (Dumfries) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Stewart, David (Highlands and Islands) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 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)
 Brown, Robert (Glasgow) (LD)
 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)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Finnie, Ross (West of Scotland) (LD)
 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)
 Hume, Jim (South of Scotland) (LD)
 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)
 McArthur, Liam (Orkney) (LD)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McInnes, Alison (North East Scotland) (LD)
 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)
 Mitchell, Margaret (Central Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Neil, Alex (Central Scotland) (SNP)
 O'Donnell, Hugh (Central Scotland) (LD)
 Paterson, Gil (West of Scotland) (SNP)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Robison, Shona (Dundee East) (SNP)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Russell, Michael (South of Scotland) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Smith, Margaret (Edinburgh West) (LD)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 Swinney, John (North Tayside) (SNP)
 Thompson, Dave (Highlands and Islands) (SNP)
 Tolson, Jim (Dunfermline West) (LD)
 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)

The Presiding Officer: The result of the division is: For 39, Against 78, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S3M-2102.2, in the name of Derek Brownlee, which seeks to amend motion S3M-2102, in the name of Jim Mather, on the small business bonus scheme, 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)
 Brown, Robert (Glasgow) (LD)
 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)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Finnie, Ross (West of Scotland) (LD)
 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)
 Hume, Jim (South of Scotland) (LD)
 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)
 McArthur, Liam (Orkney) (LD)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McInnes, Alison (North East Scotland) (LD)
 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)
 Mitchell, Margaret (Central Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Neil, Alex (Central Scotland) (SNP)
 O'Donnell, Hugh (Central Scotland) (LD)
 Paterson, Gil (West of Scotland) (SNP)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)

Robison, Shona (Dundee East) (SNP)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Russell, Michael (South of Scotland) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Smith, Margaret (Edinburgh West) (LD)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 Swinney, John (North Tayside) (SNP)
 Thompson, Dave (Highlands and Islands) (SNP)
 Tolson, Jim (Dunfermline West) (LD)
 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

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)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Foulkes, George (Lothians) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McConnell, Jack (Motherwell and Wishaw) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Murray, Elaine (Dumfries) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Stewart, David (Highlands and Islands) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Whitton, David (Strathkelvin and Bearsden) (Lab)

The Presiding Officer: The result of the division is: For 78, Against 0, Abstentions 39.

Amendment agreed to.

The Presiding Officer: The third question is, that amendment S3M-2102.3, in the name of Liam

McArthur, which seeks to amend motion S3M-2102, in the name of Jim Mather, on the small business bonus scheme, as amended, 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)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (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)
 Glen, Marlyn (North East Scotland) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Hume, Jim (South of Scotland) (LD)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (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)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Elaine (Dumfries) (Lab)
 O'Donnell, Hugh (Central Scotland) (LD)
 Park, John (Mid Scotland and Fife) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 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)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Whitton, David (Strathkelvin and Bearsden) (Lab)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Brocklebank, Ted (Mid Scotland and Fife) (Con)

Brown, Gavin (Lothians) (Con)
 Brownlee, Derek (South of Scotland) (Con)
 Carlaw, Jackson (West of Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West of Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 Lamont, John (Roxburgh and Berwickshire) (Con)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)

ABSTENTIONS

Adam, Brian (Aberdeen North) (SNP)
 Ahmad, Bashir (Glasgow) (SNP)
 Allan, Alasdair (Western Isles) (SNP)
 Brown, Keith (Ochil) (SNP)
 Campbell, Aileen (South of Scotland) (SNP)
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)
 Constance, Angela (Livingston) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Don, Nigel (North East Scotland) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 FitzPatrick, Joe (Dundee West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 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)
 Kidd, Bill (Glasgow) (SNP)
 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)
 McKee, Ian (Lothians) (SNP)
 McKelvie, Christina (Central Scotland) (SNP)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McMillan, Stuart (West of Scotland) (SNP)
 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)
 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)

The Presiding Officer: The result of the division is: For 55, Against 16, Abstentions 46.

Amendment agreed to.

The Presiding Officer: The fourth question is, that motion S3M-2102, in the name of Jim Mather, on the small business bonus scheme, 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)
 Brown, Robert (Glasgow) (LD)
 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)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Finnie, Ross (West of Scotland) (LD)
 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)
 Hume, Jim (South of Scotland) (LD)
 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)
 McArthur, Liam (Orkney) (LD)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McInnes, Alison (North East Scotland) (LD)
 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)
 Mitchell, Margaret (Central Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Neil, Alex (Central Scotland) (SNP)
 O'Donnell, Hugh (Central Scotland) (LD)
 Paterson, Gil (West of Scotland) (SNP)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Robison, Shona (Dundee East) (SNP)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Russell, Michael (South of Scotland) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Smith, Margaret (Edinburgh West) (LD)
 Somerville, Shirley-Anne (Lothians) (SNP)

Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 Swinney, John (North Tayside) (SNP)
 Thompson, Dave (Highlands and Islands) (SNP)
 Tolson, Jim (Dunfermline West) (LD)
 Watt, Maureen (North East Scotland) (SNP)
 Welsh, Andrew (Angus) (SNP)
 White, Sandra (Glasgow) (SNP)
 Whitton, David (Strathkelvin and Bearsden) (Lab)
 Wilson, Bill (West of Scotland) (SNP)
 Wilson, John (Central Scotland) (SNP)

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)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Margaret (Glasgow Baillieston) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Foulkes, George (Lothians) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McConnell, Jack (Motherwell and Wishaw) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Murray, Elaine (Dumfries) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Stewart, David (Highlands and Islands) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)

The Presiding Officer: The result of the division is: For 79, Against 0, Abstentions 38.

Motion, as amended, agreed to.

Resolved,

That the Parliament welcomes the introduction, on 1 April 2008, of the Small Business Bonus Scheme; notes that businesses have reacted positively to the scheme; believes that businesses themselves are best placed to decide how to use the reductions in business rates resulting from the scheme to invest in their own success and to deliver new opportunities, new employment and new ventures throughout Scotland; welcomes the acceleration of the business rate reductions announced during the Parliamentary budget process; calls on the Scottish

Government, local authorities and business organisations to work together to ensure that eligible businesses are aware of and benefit from the reductions, and calls on the Scottish Government to commission an independent assessment in 2010 of the impact and effectiveness of the current and previous administrations' business rate reduction measures.

The Presiding Officer: The fifth question is, that motion S3M-2112, in the name of Bruce Crawford, on the designation of the lead committee for the Offences (Aggravated by Prejudice) (Scotland) Bill, be agreed to.

Motion agreed to.

That the Parliament agrees that the Justice Committee be designated as the lead committee, and that the Equal Opportunities Committee be designated as secondary committee, in consideration of the Offences (Aggravated by Prejudice) (Scotland) Bill at Stage 1.

The Presiding Officer: The sixth question is, that motion S3M-2113, in the name of Bruce Crawford, on the designation of the lead committee for the Disabled Persons' Parking Places (Scotland) Bill, be agreed to.

Motion agreed to.

That the Parliament agrees that the Local Government and Communities Committee be designated as the lead committee in consideration of the Disabled Persons' Parking Places (Scotland) Bill at Stage 1.

The Presiding Officer: The seventh question is, that motion S3M-2114, in the name of Bruce Crawford, on the approval of a Scottish statutory instrument, be agreed to.

Motion agreed to.

That the Parliament agrees that the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2008 be approved.

Michael McMahon (Hamilton North and Bellshill) (Lab): On a point of order, Presiding Officer. I apologise for not giving you prior notice of this point of order, but the matter was brought to my attention during the votes this afternoon. Although we understand that members occasionally have business outside Parliament that requires them not to be here to take part in votes, the First Minister is not here today because he has chosen to take up his role as an MP at Westminster. I ask you to reflect on the fact that the First Minister, who should be accountable to this place, has chosen not to be here because he would prefer to take up another of his three jobs and go to Westminster rather than participate in the business that he was elected to be here for. That is an entirely different matter from a member being away from here on business that relates to the Scottish Parliament.

The Presiding Officer: The member has made his point, but I think that he is fully aware that it is not a point of order for me to consider.

Excess Packaging

The Deputy Presiding Officer (Alasdair Morgan): The final item of business is a members' business debate on motion S3M-1787, in the name of Jim Hume, on tackling excess packaging. The debate will be concluded without any question being put.

Motion debated,

That the Parliament welcomes the innovation and success of the state-of-the-art Eco Deco waste treatment plant near Dumfries which is the first facility of its kind in Scotland; notes that by using advanced technology the plant can process up to 65,000 tonnes of waste a year, recovering resources from waste and eliminating the need for several kerbside boxes and bags as well as wheeled bins; regrets that the UK's levels of waste production are increasing exponentially, with approximately one million tonnes of packaging waste produced in Scotland each year; notes that, although packaging regulations are largely reserved to Westminster, waste management including waste minimisation and recycling are devolved to Scotland, and therefore believes that tackling excess packaging should be a central objective of the forthcoming supermarket summit and that decisive action should be taken to reduce excess packaging through all available levers, including working with product designers and manufacturers in Scotland to encourage sustainable design and sustainable products, developing improved packaging guidelines for adoption by retailers and their suppliers, introducing further Producer Responsibility initiatives and installing ambitious recovery obligations in the producer responsibility regulations for packaging, and developing improved systems for consumers to complain to retailers and Trading Standards officers about excess packaging, and that waste points should be provided in supermarkets where customers can deposit unwanted packaging.

17:09

Jim Hume (South of Scotland) (LD): I am grateful to be speaking for the Liberal Democrats in my second members' business debate. I have no doubt that the fact that we have too much packaging resonates with all members who are here and with others, including constituents, environmental groups, neighbours, friends and family members. We are all consumers and we come across excess packaging daily. A trip to the supermarket results in the accumulation of seemingly endless amounts of card, foil and plastic, much of which is disposed of as soon as we get home.

The United Kingdom Waste and Resources Action Programme says that families in the UK spend about £470 on packaging each year, which is one sixth of their food budget. To put the issue into context, the UK dumps 5 million tonnes of packaging each year, of which Scotland's share is 1 million tonnes. A recent survey by my Liberal Democrat member of Parliament colleague Jo Swinson found that Easter eggs take up as little as 9 per cent of the volume of their packaging.

The UK Government's regulations on excess packaging are not working to best effect. Much needs to be done to consider how to toughen the law so that retailers take seriously their role in reducing excess packaging. At present, the commitments that companies have made to reduce packaging are voluntary. We must monitor properly the progress that they make to ensure that those commitments are met, but we also need binding packaging reduction targets for producers and retailers, to replace the current voluntary commitments. I hope that the minister will be able to advise us on that.

We must empower consumers and give them greater choice over the amount of excess packaging that they buy, while ensuring that extra costs for producers are not simply passed on to shoppers. My colleague Mike Pringle is no stranger to the issue, given all his work on the Environmental Levy on Plastic Bags (Scotland) Bill.

I have just completed my own survey on excess packaging, in which an overwhelming 95 per cent of respondents said that too much packaging is attached to the goods that we buy. Crucially, 85 per cent of respondents felt that retailers could help to tackle the problem and 90 per cent felt that we as consumers can also help. Further, 95 per cent felt that any packaging should at the very least be biodegradable, although that does not address the need to reduce packaging and prevent waste in the first place. More work needs to be done with manufacturers to ensure that, when packaging cannot be reduced further, whatever packaging remains can be left to degrade safely.

Sadly, in the survey, only 4 per cent of respondents said that we are doing enough as a nation to recycle, only 4 per cent said that we use our waste efficiently and only 19 per cent felt that there are enough facilities to allow them to recycle. The good news is that 71 per cent said that they would like to recycle more. We have an opportunity to do something positive to fill the gap between what people want to happen and what is happening and available.

The UK Government's waste strategy fails to address the need for constructive changes to be made to its current ineffective Packaging (Essential Requirements) Regulations 2003. Trading standards departments should be provided with adequate resources to tackle producers of excessive packaging effectively. The UK Government has also failed to meet the UK-wide targets for packaging reduction that were set by the European Union. My colleagues in London are working hard to secure improvements. In Scotland, I hope that the Scottish Government realises that it must make tackling excess

packaging a priority in its new waste strategy, not least to meet the EU's waste management directive targets, which may hit strongly in 2013. After all, there is no doubt that prevention is better than cure.

We must make recycling easier for consumers. Let large supermarkets provide waste points in stores where customers can deposit unwanted packaging. We have seen people protest by taking off packaging in the middle of supermarkets and leaving it for the stores to deal with. I do not condone that, but I am sure that there is an opportunity for supermarkets to take the lead and show corporate responsibility. There are early signs that some of them are slowly awakening to that. What a worthwhile advert it would be for any business if it offered to take back any waste packaging from its products.

The supermarket summit is looming. I am sure that many issues need to be discussed at it, including local food and fair trade for producers, but excess packaging must be on the agenda, as it affects everyone. However, supermarkets cannot take all the blame, although they are in a powerful position to demand that their suppliers work into their products a more sustainable approach. Product designers and manufacturers may then realise that they have an opportunity to sell their products to a market that appreciates that less packaging is better and to gain a unique selling point, such as the one that the growing organic sector has found and exploited well.

Some local authorities are providing recycling facilities, but that is not happening across the board. People need to have recycling facilities available to them. Let us make it easier for people to recycle.

Work to build the Ecodeco plant, which is mentioned in the motion and is an intelligent transfer station in Dumfries, started at the end of January 2005. I believe that Michael Russell has visited the plant, as have I. It is now fully operational and processes up to 65,000 tonnes of waste a year from the west of the region, although it could do more. It works on a simple idea: it dries out the waste, sucks out glass, stones and metals for recycling and recovers a fuel. The small amount of waste that cannot be dealt with in that process is then sent to landfill, but that constitutes only 9 per cent of the original mass. The beauty of that type of treatment facility is the fact that people do not have to sort out their kerbside waste. Although that does not educate people in the habit of recycling, it is perhaps an answer for households in areas where recycling facilities are poor or non-existent.

I hope that the Scottish Government will introduce binding packaging reduction targets for producers and retailers in order to reduce

significantly the amount of waste that is produced. I look to the minister for assurances that that will happen and that all the foregoing points will be addressed in the forthcoming supermarket summit. I hope that the Scottish Government will put excess packaging right up there as a top priority in its waste strategy, and I look forward to hearing from the minister about what positive actions it will take. Let us stop wasting time; it is time to stop waste.

17:16

David Stewart (Highlands and Islands) (Lab):

I thank Jim Hume for this excellent debate. The state-of-the-art Ecodeco waste treatment plant near Dumfries is an exemplar of best practice and puts in context the key mantra "reduce, reuse and recycle". Tackling waste and excess packaging is not some obscure policy backwater; it is very much at the heart of the debate about climate change and emissions reduction strategy.

As members will be aware, during the previous session, the Environment and Rural Development Committee carried out a detailed study of our national waste strategy. As the committee said at the time, the challenge is to compete with other EU member states in terms of best practice. For example, Austria recycles three quarters of the municipal solid waste that it produces.

In Scotland, although the figures vary, the average home produces around a tonne of rubbish each year, which historically has ended up as landfill. However, as Jim Hume pointed out, EU legislation has rightly moved member states away from that poor environmental practice. The EU landfill directive targets are set at reducing annual biodegradable municipal waste to 75 per cent of what was produced in 1995. As we have heard, the aim is to reduce that even further, to 35 per cent of that amount by 2020.

The Ecodeco plant has contributed to Dumfries and Galloway Council trebling the amount of waste that is being diverted from landfill. In my region, the third sector has operated services for Highland Council in areas as diverse as community composting schemes and furniture reuse projects.

As Friends of the Earth has said, the big picture is that we have, worldwide, a relentless cycle of three killer problems—problems that exist not just in industrial nations but in developing nations. First, we have a major problem with overproduction, which uses up valuable natural resources and leads to deforestation, especially of our rainforests, which is a major contributor to climate change. Secondly, we have bad practice in the excessive use of fossil fuels in the production process, which leads to climate change, and in the

terrible industrial practice of planned obsolescence. I am sure that we have all appreciated that when we have prematurely had to replace products that should have had a much longer life cycle. The third problem is excessive disposal. Believe it or not, the average person in the UK throws away their body weight in waste in three months. Much of that could be reprocessed instead of being sent to incineration or landfill. As I am sure we will hear when the minister sums up the debate, the Scottish Government has proposed a move towards zero waste and is consulting on a series of new targets, such as reducing landfill from municipal solid waste to 5 per cent by 2025.

One of the key issues is how we incentivise householders and businesses to recycle more. Members will be aware that my colleague Sarah Boyack has suggested cuts in council tax for householders who recycle more. There is also a strong argument for greater enforcement by the Scottish Environment Protection Agency and the Scottish Government on the basis of the polluter-pays principle. Perhaps the minister could confirm in his closing speech whether local authorities that exceed their landfill limits will be fined or allowed to trade allowances, as currently happens in England.

It is ironic and disturbing that, while countries such as Ethiopia are reporting widespread starvation, one third of Scottish food purchases are thrown out. We need to change consumers' and supermarkets' behaviour. We need to cut excessive packaging and have tougher producer responsibilities. We need to stop talking the talk and start walking the walk.

17:20

Christine Grahame (South of Scotland) (SNP): I congratulate Jim Hume on his motion and, possibly, the record for the longest motion lodged for a members' business debate. There is a certain irony in that when we are talking about excess packaging.

The motion allows me to have a mini rant against packaging, wrapping and boxes, as I have done before. When I spoke in a similar debate several years ago, my ire fell on the ubiquitous tray of baking potatoes: four potatoes in a box, on blue card, sealed to resist nuclear attack. They still exist, and tens of thousands will be lying just beneath the earth's surface as I speak, although I am pleased to record that loose baking potatoes can now be purchased at most supermarkets.

Packaging, which is wasteful of materials in production and wasteful of the planet in disposal, is a marketing tool. It is easy to lift and, like the BOGOF—buy-one-get-one-free—offers, means

that the purchaser buys more than they require. To put it another way, by the time the purchaser reaches the last vine tomato it is withering, or by the time they reach the last strawberry it is mouldy. It is that or eat the lot quickly for the sake of it, which is certainly wasteful.

Then there is portion size. Many people live in single households now, but members should try to find raspberries that are not prepackaged in such a way that a single person is condemned to eat them for breakfast, dinner and tea.

Not only does packaging challenge our intelligence with problems such as how to open a box of cat biscuits without spilling the contents on the floor or on top of some rather surprised cats—opening a tin of sardines with a key was a doddle by comparison—it challenges our strength. When I recently tried to open the packaging of a garden furniture set, I would have looked to a casual onlooker as if I were trialling for the Commonwealth games. When brains and brawn fail, there is always desperation and the wild wielding of knives and serious scissors.

All in all, unless it is around a peripatetic museum Ming vase, crystal chandeliers or eggs—but not of the Easter variety—packaging gets in the way and is wasteful.

I am for recycling bins—ugly though they are—at the street's end or in the supermarket car park, if only to remind us of how much we throw away as we empty newspapers, card, clothes and cardboard into their cavernous depths. However, they also make it too easy for us to give up on the fight to get rid of excess packaging in the first place or, worse, to think that we are seriously into the green game. The next time that we buy carrots, cauliflowers, apples and bananas, we should try keeping them loose. We will watch them rattle down the conveyor belt and, if the person at the checkout can resist putting them into those wee white bags before we place them in the canvas bags that we have religiously taken with us, we will—believe me—feel like pioneers.

17:23

Nanette Milne (North East Scotland) (Con): I, too, congratulate Jim Hume on securing the debate. It is important that we discuss how to reduce the unsustainably high levels of waste, including waste packaging, that we still produce in Scotland.

I agree 100 per cent with the thrust of the motion but have not signed it because I have minor concerns about one or two of the specific points in it. Although there is no doubt that waste is still increasing, we have a responsibility not to exaggerate, and to describe the increase in waste levels as exponential is just a little bit excessive.

However, we undoubtedly need to tackle the waste problem, and the Scottish Conservatives are fully behind the Government's zero-waste target.

Packaging contributes significantly to waste. Food, drink, toys and household equipment all come with various amounts of packaging. Sometimes it can be easily removed and disposed of, but some of it is bulky and requires considerable ingenuity to unwrap, let alone get rid of—as Christine Grahame has just described so vividly.

There is a growing awareness that something needs to be done about packaging. I found the statistics provided in the Scottish Retail Consortium's briefing for the debate, which I am sure other members have read, reasonably encouraging. Public demand is beginning to drive commercial activity on packaging, and a number of supermarkets, including Asda, are starting to drive home the message by charging for plastic bags or encouraging the recycling or reuse of those that we already have. I was shamed into taking my old bags to Asda just last week, as I had forgotten the week before and was challenged on it.

I feel that the voluntary approach to reducing waste packaging is the way forward, as is demonstrated by the support of many retailers for voluntary company and sector initiatives through WRAP, which aims to reduce the amount of food and packaging waste. I have a second slight quibble with Jim Hume's motion: although I would be very keen for waste points to be provided in supermarkets, I think that doing so should be voluntary and that they should be provided on the initiative of the supermarkets.

The appalling scale of food wastage in Scottish households has recently been highlighted and must be tackled. It borders on the criminal that 40 per cent of the food that is put into the supply chain is wasted, lost or thrown out unused, with one third of the food that we buy being discarded as waste.

Plastic packaging still causes major problems on our beaches, where there is more plastic litter than ever before. I have taken part in the past two annual litter picks at Forvie sands, near Ellon in Aberdeenshire, and have been appalled at the amount of litter that we have gathered—there have been bags and bags of it. It has included plastic bags, cans, cartons, tissues and fuel containers—all sorts of rubbish, much of it plastic, discarded by irresponsible people onshore or at sea. Not only is it extremely unsightly, but it poses a major threat to coastal wildlife, with many seabirds and mammals killed each year by ingesting it. Back in April, we said:

"it is high time that we had a national strategy to tackle beach rubbish".

I reiterate that call today, and I would like to hear the minister's reaction to that.

We also need to consider what else can be done to encourage individual responsibility for litter disposal, as the eco-schools programme does for children. Anyone who has visited an eco-school cannot fail to be impressed by the responsible attitude of the pupils, who have learned about the local environment and understand why they should not drop litter. Perhaps their parents and grandparents need to follow their example.

Waste, including waste packaging, is a serious problem. I am glad that a number of bodies are considering ways of redesigning and reducing packaging and that many larger retailers are beginning to respond to customer demand for that. There is a long way to go but, as public awareness increases, and particularly as the cost of food continues to rise, there might eventually be a reduction in the amount of discarded food and packaging. It is incumbent on us to lead the way and to support any initiatives that will contribute to that.

17:28

Jim Tolson (Dunfermline West) (LD): First, I ask for your indulgence, Presiding Officer, as I express my thanks to 17-year-old Lizzie Milne, who has been helping in my office this week on work experience, and who did much of the research for this speech. I also congratulate Jim Hume on securing his second members' business debate. That gives a score of Jim Hume 2, Jim Tolson 0, which I will have to fix quite soon.

I have discovered that an average Scottish household produces 1.1 tonnes of waste. Worryingly for me, the figure is higher in Fife, at 1.34 tonnes. Waste has been increasing by about 1.5 to 2 per cent per year throughout Scotland. We cannot carry on at that rate. As a society, we are consuming natural resources at an unsustainable level.

"Reduce, reuse and recycle" is a phrase that most of us have become more and more aware of over the past few years. All three Rs will decrease the amount of waste that goes into landfill. As Jim Hume mentioned, excess packaging is the bane of our lives. Packaging costs money and pushes up the cost of goods to the consumer. Some producers and suppliers will argue that packaging is there to protect the goods and that consumers want it, but reducing packaging and ensuring that any packaging that is used is recyclable should be the aim. There is no reason why that is not achievable.

Some supermarkets are now starting to reduce packaging, with one removing much of the plastic packaging from electrical items and others increasing the amount of degradable, biodegradable and compostable packaging. That is just the start of the process.

Scotland has made significant efforts in recent years to increase recycling and composting rates, which have now reached about 25 per cent. Fife Council is now recycling more waste than any other Scottish local authority—some 95,500 tonnes of waste have been diverted from landfill in the past year.

In 2008, Fife Council became the first local authority in Scotland to adopt a zero-waste strategy; it has set itself the ambitious target of sending zero waste to landfill by 2020. Keep Scotland Beautiful has ranked Fife Council's environmental services as the best in the local environmental section for quality and innovation for their recycling season ticket scheme. The season ticket encourages small businesses to recycle as much waste as possible by charging them an annual fee for a ticket, which allows them easy access to recycling centres throughout the area. I thank Elaine Devine and her team for leading on the winning bid. Perth and Kinross Council and other local authorities are interested in implementing the scheme, too.

Recycling centres and kerbside collection schemes are improving and increasing in number, but we cannot be complacent. We have to encourage people to recycle as a matter of course. Kerbside collections are more popular than recycling centres, but it is not always possible to have such collections in all areas.

Recycling and composting are better than disposal options such as landfill and incineration, but it is far better not to produce the waste in the first place. We need to reduce waste by making products using fewer natural resources. There is no magic wand that will solve the waste problem. Waste prevention requires changes, both small and large, from manufacturers, retailers, consumers, communities and local authorities.

Reducing the use of plastic bags will be a big step in the right direction. About 1 billion bags are given out each year in Scotland and it takes about 20 years for a bag to biodegrade. Ireland has reduced plastic bag use by some 90 per cent since it introduced a tax. Now, some stores are starting to charge for bags, as Nanette Milne outlined. I hope that that will reduce considerably the number of bags that are used.

It is clear from the debate that there is great concern among all members of the Parliament about excess packaging and recycling. I am glad that Fife Council has led the way. I can only hope

that, for the benefit of the rest of Scotland, other local authorities will now follow Fife Council's example.

17:32

Elaine Murray (Dumfries) (Lab): I congratulate Jim Hume on his motion. I will address predominantly the first few phrases of the motion, because others have expounded articulately on the complex issues around excess packaging. Before I embark on that, I refer briefly to the issue of people throwing out so much food. I wonder whether that problem is exacerbated by the use of unrealistic sell-by and use-by dates on many food products. Raspberries, to which Christine Grahame referred, often have a two-day use-by date on them, which people take seriously. It is unfortunate that people sometimes think that such foods are going to poison them if they eat them after the two days. When we bought fruit loose, we would have eaten it unless it looked dodgy.

The Ecodeco plant in my constituency, which was opened officially at the end of last year—the minister was present at the ceremony—is a public-private partnership/private finance initiative project run by Shanks and Dumfries and Galloway Council, which will operate for the next 25 years. I mention that it is a PPP/PFI project only in passing, because in other discussions we have heard that the non-profit-distributing model is one model that is considered not to work quite so well for waste disposal projects. I am sure that we will all look carefully at the functioning of the project.

The main difference in the method of dealing with waste that the plant uses is that the waste is separated not at the kerbside but after collection, when it is dried and sorted and combustible materials are removed and converted into fuel. That has caused some discontent among householders; I have heard quite a number of complaints about the lack of recycling facilities on the doorstep. I do not think that Dumfries and Galloway Council has managed to get across the message that a different approach to recycling is being taken, whereby the waste is sorted after it is put into the bin, rather than before it is collected.

According to Councillor Leaver, who asked Dumfries and Galloway Council about fuel pellets earlier this week, the pellets that the plant produces are being exported to Yorkshire, where they are being used as part of the energy mix for a cement works. However, I understand that companies in Dumfries and Galloway are interested in purchasing the fuel, which would complete the cycle and demonstrate the usefulness of the approach that is being taken.

The former council tip next door at Locharmoss has been capped and restored. The methane gas

that the decomposition of its contents produces is being extracted, converted into electricity and exported to the grid. That process is estimated to be able to produce enough power for about 700 homes and, according to a press release, will cut annual CO₂ emissions by about 20,000 tonnes, which provides an environmental benefit that is equivalent to planting 30,000 mature trees. I am slightly cynical about those figures and I would like to see the calculation, because the gas is still burned, which produces CO₂.

That is not all that is being done in Dumfries and Galloway. I will mention a few other community activities. There are three community can recycling projects—in Annan, Dumfries and Stranraer. A community composting project is under development in Langholm, in partnership with the Buccleuch Estates. We have four community furniture reuse projects and numerous charity shops that resell clothes and bric-à-brac.

I learned an interesting fact when I worked with Help the Aged during volunteers week this year. I have always worried about what happened to unsold clothes, but I learned that clothes that are unsold or unsuitable for sale are taken to national recycling projects, where all textiles are recycled. None of that goes to landfill, which I find reassuring.

17:36

The Minister for Environment (Michael Russell): I congratulate Mr Hume on securing his second members' business debate. I also replied to his first members' business debate, almost a year ago, on local food. If Mr Tolson aspires to the same record, perhaps another minister could mark him.

First, I congratulate Dumfries and Galloway Council on its recent improved waste management performance, which is the hub of the motion. In 2006, Dumfries and Galloway Council landfilled 82,417 tonnes of waste and had a recycling and composting rate of 19 per cent. In 2007, the council landfilled 70,190 tonnes of waste and had a recycling and composting rate of 29.9 per cent. It is clear that the situation is improving.

However, Elaine Murray was right to draw attention to issues that arise from the establishment of the Ecodeco plant, which involves a remarkable piece of large-scale machinery. One issue is that the plant requires a substantial throughput of material, which means that the incentive to reduce the amount of waste is comparatively limited. That is a downside of a PPP project, but I will not make that point too loudly in response to what Elaine Murray said.

Nonetheless, Dumfries and Galloway Council has moved forward substantially as a result of the

building of the plant. The technology, which is originally Italian, is remarkable. The plant's opening in December was important for the council and the community and I was pleased to attend with the local member, Elaine Murray.

Dumfries and Galloway is doing well, but everybody can do better. Nobody can rest on their laurels. Indeed, one of our waste officials was in Dumfries and Galloway this week to discuss the next steps on recycling and sustainable waste management.

Scotland's overall performance on waste and recycling used to be dreadful, but it has improved considerably. As for whether it is dreadful, we are moving towards respectability on the European targets, although we are not there yet.

Mr Hume is right to record that waste production is increasing. From 2001 to 2006, municipal waste in Scotland grew by about 1.5 per cent a year. We have the challenging target of stopping the growth in municipal waste by 2010. Some tentative signs show that waste growth is slowing, but the target remains challenging for every local authority.

We must take action on packaging as part of the process, but we should start by accepting that the issue is not as straightforward as we feel that it is. Some packaging is required to ensure that goods reach consumers in a fit state, and sensible packaging can prevent food waste. Food makes up nearly 20 per cent of the average household bin, and I agree with Elaine Murray that oversensitivity to use-by dates can be part of the problem.

The packaging industry acknowledges that overpackaging is a bad thing. It is working hard to reduce packaging within the existing legislative framework—it is important to note that framework. The EU packaging directive operates and the Packaging (Essential Requirements) Regulations 2003 (SI 2003/1941) govern the composition and characteristics of packaging. Those are the mechanisms by which we can currently deal with the matter, but we need to move forward. The Producer Obligations (Packaging Waste) Regulations 2007 (SI 2007/871) were made on a UK basis. We would like to move forward with those and with particular Scottish schemes that can make a difference. Mr Hume's estimate of the amount of packaging waste in Scotland is broadly accurate; the motion estimates that it is 1 million tonnes, although it is probably around 900,000 tonnes. However, around 600,000 tonnes could be recovered each year in Scotland if we move forward in the regulatory way that we anticipate.

There is a lot of voluntary work on packaging. The waste and resources action programme—WRAP—which is funded by the Scottish Government and the Department for Environment,

Food and Rural Affairs, is working with retailers and their supply chains to reduce packaging. They are working specifically on the issue of Easter eggs, among other things. The work is designed to implement an agreement known as the Courtauld commitment, which aims to design out packaging waste growth by 2008; to deliver absolute reductions in packaging waste by 2010; and to identify ways of tackling food waste. Work on that is also being carried out in Scotland by Waste Aware Scotland. Other work includes an innovation fund; the dissemination of material on international best practice; encouraging companies to move to best-in-class and lightweight packaging; and the provision of technical advice.

A large number of issues have been raised during the debate, and I will touch on one or two of those in closing. Binding packaging reduction targets could be a way forward. There will be a consultation on the waste legislation shortly, which Mr Hume mentioned in his opening speech. I hope that he will submit his views, which we will consider carefully. Mr Stewart raised the issue of fining by local authorities. We are reviewing the landfill allowance scheme with the Convention of Scottish Local Authorities in line with the concordat, and that issue will be addressed in those discussions.

Mr Stewart also raised the issue of incentives for households. I am struck by the constant growth in that area, particularly in composting. When I was at the Gardening Scotland show two weeks ago, the single small stand that had last year encouraged people to take up composting and to use the reduced-cost composting bins that the Scottish Government supported was this year a three-part stand, with a variety of new products on show. More and more people want to take part in composting and recycling. Indeed, over 80 per cent of people are already doing some recycling. We have to encourage them to do more. Christine Grahame was right to draw attention to the buy-one-get-one-free incentives—or the BOGOF incentives, as she expressed it. That is a key point. The growth in the number of single person households does not match the growth in consumerism. We have to resist that growth, because it is leading to substantial waste. I welcome Nanette Milne's commitment to our zero-waste target. I am sure that her party will echo that. If we all gather round the zero-waste target, we will make progress.

It is good to see the initiatives that a variety of organisations are making along those lines. We should pay tribute to those commercial organisations that realise the problems. For example, I draw members' attention to Tesco's plans. It aims to reduce the amount of packaging on both branded and Tesco own-label products by

25 per cent by 2010. It hopes to have own-label packaging labelled according to whether it can be reused, recycled or composted by the end of this year. It aims to reduce the proportion of waste from its own operations and to increase its own recycling from 71 per cent to 80 per cent, and to double consumer recycling at sites where there are automated recycling units.

That company is doing lots of things, and we encourage all companies to do that, as it is important that they take part. A variety of other issues has been raised in the debate, which we will listen to. Jim Tolson mentioned the issue of a season ticket for small businesses, which already exists in Fife—we want that to be rolled out throughout the country. We will consult further on our zero-waste target—for example, the zero-waste think tank will examine packaging at its next meeting on 23 June.

As we roll our policy forward, we want to hear good ideas. Many were expressed in the debate and others will come from elsewhere. We will listen to them. We plan to consult on possible provisions on waste in our climate change bill, and the consultation will cover packaging.

Some members mentioned things that do not work. Although I am sympathetic to Jim Hume's suggestion that there should be a trial of waste points for excess packaging in stores, a trial that Asda undertook tended to show that consumers want to take the packaging home. Sometimes they need to do so because it shows cooking instructions or other information. The shop might not be the place where packaging should go—

Christine Grahame: Will the minister take an intervention?

Michael Russell: No. I am in my final minute and I would like to finish. Given the way in which the Presiding Officer is looking at me, I think that I am over my final minute.

Some things do not work, but we should try lots of things and see what does work. Good ideas are welcome.

All of us are against sin and against excess packaging. It is one of those things that nobody wants to encourage. There is a need for some packaging, and we need to recognise what packaging is good, but if we reduce the amount of packaging, increase the amount of recycling and use a variety of approaches, of which the Ecodeco plant is only one, we will all contribute to the aim of a greener Scotland, and also the aim of a wealthier Scotland, because packaging is usually waste.

Meeting closed at 17:46.

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