

MEETING OF THE PARLIAMENT

Thursday 18 September 2008

Session 3

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Scottish Parliament

Thursday 18 September 2008

[THE PRESIDING OFFICER *opened the meeting at 09:15*]

Less Favoured Areas

The Presiding Officer (Alex Fergusson): Good morning. The first item of business is a debate on motion S3M-2553, in the name of Richard Lochhead, on hill farms and less favoured areas.

09:15

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): Anyone attending last night's parliamentary event to mark Scottish food fortnight and Scotland's farmers markets will have been reminded of the valuable role that farmers and crofters in Scotland play. I am delighted that today we have the opportunity to debate agriculture in our less favoured areas.

The debate is timely, for two main reasons. First, today the Scottish Government is launching a consultation document on the future of less favoured areas. The consultation follows a great deal of work by the less favoured area support scheme stakeholder group on future options for that vital support. I look forward to working with the organisations that are represented on the group, such as NFU Scotland, the National Sheep Association, the National Beef Association in Scotland, the Scottish Beef Cattle Association, the Scottish Crofting Foundation and Scottish Environment LINK, on the future shape of less favoured area support.

Secondly, the debate is timely because of the various powerful reports on the topic that have been produced recently. They include reports by the Scottish Agricultural College and the Royal Society of Edinburgh, as well as the "Manifesto for the Hills" published by NFU Scotland. The reports draw attention to the serious challenges that livestock businesses in our less favoured areas face.

Over the past quarter of a century, sheep numbers have declined by 8 per cent. That figure hides some wide fluctuations—from a flock of about 8.2 million in 1982, to a high in 1992 of nearly 10 million, to around 7.5 million in 2007. Recent declines have been high, with regional variations. I will say more about the reasons for that later. For cattle, the long-term perspective has been more stable, with the total number of beef cattle staying around 1 million since 1982.

The Government shares the concerns that people in the industry and elsewhere have expressed about the scale and speed of the change that is taking place in Scotland's hills and more remote areas. Livestock farming is vital for the future economic, environmental and social welfare of Scotland's hills. No one should pretend that there is an easy answer to the current challenges. Today I commit the Scottish Government to addressing those difficult issues and offer Parliament the opportunity to debate an important Scottish sector.

The benefits of having livestock farming in the hills and in our remote communities are clear and were set out well in the recent reports to which I have referred. There are economic, environmental, and social and cultural benefits. Farming helps to maintain our economy, produces food and maintains employment in related sectors, both upstream and downstream. The total income from farming in Scotland in 2007 was £627 million. The total value of cattle and sheep production in 2007 was £538 million, which illustrates the livestock sector's importance in the overall picture. There is also great economic benefit from tourism, which depends on the landscapes that farmers and crofters manage.

Livestock are important for the environment of our rural areas. Livestock production means grazing, and grazing helps to deliver biodiversity in the hill and island areas of Scotland. A balance between overgrazing and undergrazing delivers a mosaic of habitats that support important species such as corncrakes, curlews and hen harriers.

In social and cultural terms, livestock farming is vital to maintaining viable populations in remote areas. It plays a key role in supporting flourishing local communities in areas of low population density and must sit at the heart of a rural development policy that offers opportunities and support to everyone who lives in rural Scotland. *[Interruption.]*

Alasdair Allan (Western Isles) (SNP): The cabinet secretary mentioned the importance of maintaining a population that is engaged in agriculture in our remoter areas. Does he recognise that there is an enormous potential disincentive to that, in the form of the requirement to identify livestock electronically? Many crofters tell me that that would be the final straw. *[Interruption.]*

The Presiding Officer: Talking of electronics, I ask all members to ensure that their electronic equipment is turned off, because there is some interference.

Richard Lochhead: Alasdair Allan makes an important point. The issue that he raises is a serious concern for the industry and for all parties

that are represented in the Parliament. I commit the Scottish Government to fighting for a system that is practical in Scotland and which does not have the disadvantages to which he refers.

Agriculture brings a wide range of public benefits, so it is right and proper that public authorities should support it through public funds. I make it clear that the Government is committed to continuing to support farming and crofting in less favoured areas, in recognition of those important public benefits. We cannot leave the issue to market forces; if we did so, we would lose populations and the public benefits that I have described. The Parliament wants to see active industries in our more remote areas.

We are all alarmed by the reported decline in livestock numbers and ask ourselves why that is happening. The situation is complex. As the SAC report points out, changes in the number of livestock in the hills are not new. The long-term trend is for the number of farms to reduce, with the size of farms increasing in all sectors. In Europe, sheep production has fallen by 20 per cent in 15 years; China is the only country in the world where the sheep population is increasing.

Less favoured areas are particularly vulnerable because they are affected by the challenges of climate, soil, slope and remoteness from suppliers and markets. We are all aware that recent increases in input costs have hit the sector hard. In the past year, the costs of the main inputs have risen strongly. Feed costs have increased by up to 80 per cent, fertiliser prices have increased by up to 80 per cent and red diesel prices have increased by 40 per cent. Sheep production is a low-input sector in terms of feed, fertiliser and fuel costs, so we would expect it to fare relatively better than beef production. However, although the broad prospects for Scottish sheep producers are positive, margins for hill sheep enterprises continue to be tight.

The good news is that demand for food is rising both globally and here in Scotland, with beef sales up by 7 per cent and lamb sales up by 8.2 per cent last year. There are reports from the autumn sales of strong demand and good prices. Early suckled calf sales have been characterised by strong demand recently, with prices well up on the year. The marts are even reporting record prices for cast cows. Those trends are testimony to the quality of the Scottish product, the work of the processors and, on the promotional side, the work of Quality Meat Scotland. This month I had the honour of launching Quality Meat Scotland's festival of Scotch lamb, which will help to promote that fantastic product. Future viability is not only about getting the support right but about producing for the market.

One crucial reason for the declines in livestock numbers is the reaction to the 2003 common agricultural policy reforms, the centrepiece of which was decoupling. Decoupling has the merit of freeing farmers and crofters to take production decisions that are based on the market. It was always expected that that would lead to a decline, rather than an increase, in livestock numbers, to reflect the fact that, in a logical response to the flawed European Union policies of the past, some producers had expanded to more than the sensible carrying capacity of the land.

Today I do not want to pre-empt decisions on implementing the CAP health check, but I commit the Government to ensuring that Scotland retains the freedom to take decisions on the future of schemes such as the beef calf scheme. The Government is already investing heavily in LFAs. Out of single farm payments of about £380 million a year in Scotland, more than £240 million goes to farmers and crofters in less favoured areas. Twenty thousand holdings benefit from the single farm payment, and 12,500 farmers and crofters also receive a slice of the less favoured area support scheme, which is worth £61 million a year. The Scottish beef calf scheme is worth £18 million a year. The rural development programme is worth £1.6 billion between now and 2013. Livestock farming continues to receive a range of other Government support, including support for research and development and emergency support. The Government helps the industry with research at the Moredun Research Institute and the SAC that costs about £11 million annually.

What about future support measures? I start with single farm payments. There is a growing consensus that the current single farm payment model has a limited shelf life. The move from an historical basis for payments to some other basis—perhaps flat rates differentiated by region—is inevitable, but it represents a huge step for Scottish farmers and crofters. As many have pointed out, moving to an area-based system will at least allow payment to be linked to the land rather than to the farmer—sometimes, to farmers who do not actually farm. However, the Government will ensure that Scotland is not forced via the health check to change its system at someone else's pace. We must have the freedom to plan any transition so that the timescales meet Scotland's needs.

The current LFASS needs to be reviewed because it was designed as an interim scheme, to last until the end of 2009. Today I am launching a consultation document that the Government has prepared, in full and open collaboration with stakeholders. The consultation period will last until 19 December. I do not wish to pre-empt the outcome, but serious concerns have already been expressed about the lack of a link between LFASS

payments and active farming—farming with the outcomes that the public want, such as food production. As the Royal Society of Edinburgh highlights in its report, that involves difficult and complex issues, and our work with the LFASS stakeholder group has made apparent those difficulties and challenges. Our consultation paper reflects that.

However, I undertake to find an effective and transparent scheme for the future that will deliver the public benefits that we all want. People who express concerns at the moment generally do not advocate a return to old-style headage payments, but they raise an important issue about the conditions under which support payments are granted. Our consultation provides an opportunity to investigate how we can establish a link between payments and active farming that generates public benefits.

I turn my attention to the amendments to our motion, starting with the Labour Party amendment. We cannot support it. Given that the Scottish rural development programme was largely designed by the previous Administration, I am surprised that it is now being criticised heavily. It is being suggested that somehow the SRDP is not transparent, not effective and not delivering. The SRDP has been up and running for only a few months. Perhaps there are teething problems, but the suggestion that the programme is not transparent and not effective is wide of the mark. We simply cannot support the Labour Party's misleading and inaccurate amendment.

We accept the Conservative party's amendment, which highlights the future priorities for our agricultural sector in Scotland, which are different from those that are being promoted in Europe and elsewhere by the United Kingdom Government. It is unacceptable for the UK Government to call for an end to subsidies and support for Scotland's less favoured areas, when the market will not deliver the public benefits that we want. There is a need for continuing support, given that 85 per cent of land in Scotland has less favoured area status, whereas the opposite is the case in the rest of the UK.

It is clear to me, having visited many Council of Ministers meetings in Brussels and Luxembourg, that the UK is not speaking for Scotland on the issue. *[Interruption.]* As we debate less favoured areas in Scotland today, I hope that we all agree that they require continuing support for many years to come to deliver public benefits.

I must reject the Liberal Democrat amendment. It is contradictory, asking us to make advance or emergency LFASS payments

"before the end of October, without compromising the delivery of single farm payments"

in December. I am afraid that that is not possible. It is a serious issue, and I have investigated it thoroughly. I have written to the NFUS, laying out the reasons why we are unable to do that. We must meet European Union conditions and ensure that all the checks are in place before we make LFASS payments. Crucially, the LFAs will benefit from about £230 million to £240 million under the single farm payment in December. *[Interruption.]* To hold up that huge amount of cash in order to deliver the £61 million earlier would not benefit Scotland's farmers.

Liam McArthur (Orkney) (LD): Will the cabinet secretary take an intervention?

Richard Lochhead: I think that I am running out of time, but I will certainly return to the matter later.

The Presiding Officer: There is time to take an intervention if you wish to.

Richard Lochhead: Okay.

Liam McArthur: The cabinet secretary sets out the problems that he envisages with LFASS payments. Perhaps he can inform the Parliament how quickly LFASS payments can be made, if they cannot be made by the end of October.

Richard Lochhead: I am happy to do so: the current timetable is January. The member wrote to me recently, calling for the payments to be made by the end of the year—as opposed to

"before the end of October",

as his amendment says. I assure him that we will work flat out to ensure that the payments start to go out before the end of the year, once the single farm payments are out. We will fight as hard as we can to bring the date forward, but we simply cannot deliver that in October, as the amendment asks.

This debate is part of a process to achieve a situation in which we have a contract with Scotland's farmers and crofters, covering the public benefits that they will deliver in meeting our national outcomes and in benefiting the people of Scotland and our rural economy. In return, we recognise that they require continuing support.

Let no one think that there are easy, off-the-shelf answers to all the challenges that we will be discussing. However, the Government is committed to working with the Parliament, all the parties and the industry in our rural communities to find the best possible solutions to protect a valuable sector that forms part of the backbone of our rural economy in Scotland.

I move,

That the Parliament recognises the valuable contribution made by farmers on Scotland's hills and other remote areas to food production, environmental management and our rural economy; notes the publication of the Scottish

Agricultural College's report, *Farming's Retreat from the Hills*, funded by the Scottish Government, and the Royal Society of Edinburgh's report on its Inquiry into Scotland's Hills and Islands as well as other recent publications highlighting the challenges and opportunities facing the sector, and welcomes the publication on 18 September 2008 of the Scottish Government's consultation on the Less Favoured Area Support Scheme and its commitment to work in partnership with stakeholders to consider the range of relevant economic, social and environmental issues with the aim of securing a sustainable future for agriculture on our hills and in our more remote communities.

The Presiding Officer: I ask members again to check their electronic appliances, please. We are still getting sound interference. Having them set to silent is not enough; they need to be turned off.

09:29

Sarah Boyack (Edinburgh Central) (Lab): I am delighted to speak to our amendment. I was most interested that, in rejecting it, the cabinet secretary did not address all of it. I will speak first about our proposal to amend the motion from

"welcomes the publication on 18 September 2008 of the Scottish Government's consultation on the Less Favoured Area Support Scheme"

to "notes the publication" of that consultation.

We are not prepared to welcome the consultation document that the cabinet secretary spoke about before we have had time to digest it and to ascertain whether it is going in the right direction. It might not be the cabinet secretary's fault—I know how these things happen—but we received the document as we were lodging our amendment for the debate. I do not think that that is good enough. With a statement, we would at least have had the courtesy of having an hour to cast our eyes over it before formulating a detailed approach.

I will return later to the SRDP. We believe that there is an urgent need to fix the problems that have emerged over the summer, which are of the cabinet secretary's making, not that of the previous Scottish Government.

We heard not a word from the cabinet secretary on our suggestion that a significant percentage of food should be required to be sourced locally, nor on our reference to fairly traded products. I will return to both those points in detail.

We reserve our position on the Liberal Democrat amendment. We very much support the objectives that it is attempting to achieve. We will wait to hear what the Minister for Environment has to say. We have been here before, with a request for urgent action followed by a longer-term framework. I checked my e-mail this morning and my briefing note from the Scottish Government arrived at 11.57 last night. I was not at my computer to check my e-mails that late; I will read the briefing

note during the debate. From what the cabinet secretary said, I did not hear much to reassure me, and I will listen carefully to Mike Russell, who I understand will sum up the debate.

We in the Scottish Labour Party believe that proper support is needed for our farming and crofting communities to enable them to survive a really tough economic climate. The decisions on how support should be allocated must be taken on the basis of the public good, and the process must be transparent and fair, not only for regions within Scotland but in relation to the wider global economy.

We do not believe that it should be left to market forces to sort out the right levels of food production; getting the intervention right is the challenge, and it is not straightforward, as the cabinet secretary has said. We in Labour believe that there is a role for proper regulation to ensure fair competition and a level playing field for high-quality environmental outcomes. If we do not deliver high-quality environmental outcomes at the start, the state—we as taxpayers—will have to clean up the environment later, and we do not think that that is the way to go.

We believe that there is a role for the payment of subsidies to people who are engaged in active land management or farming—but not simply because they once owned their farm, and without any consideration of what they do now. Every farmer who has spoken to me on the matter is frustrated and angry about the fact that people who went out of business some time ago are still receiving money despite not carrying out one jot of farming. That has to be sorted.

I agree with the cabinet secretary that a series of interesting and useful reports and analysis has been provided over the past few weeks. That analysis of what has been happening over the past two years on our hills and in the communities that rely on active farming and crofting for a key part of their economic activity presents us with a good backdrop to the debate. The NFUS response to those reports has also been published, and Scottish Environment LINK has produced a paper, "Beyond the CAP".

This discussion should be centre stage in the Parliament, as it goes to the heart of the existence of so many communities. We believe that if we are to have vibrant rural communities in our hills and rural areas, we need a joined-up approach. Active land management, farming and crofting are crucial, but we need to integrate those with other areas of policy. That comes out loud and clear from the RSE's report. We agree with the society that we need a land use strategy. However, as an ex-planner, I point out that it is not enough to have a joined-up land use strategy; key policy direction to inform that strategy is also required.

If consideration of climate change must come first, that will drive issues around having more forestry—Mike Russell will perhaps wish to address that at the end of the debate. We need more forestry, but we also need to retain hill farms. That must be a national directive on that point.

The current situation is very difficult for farmers. Fuel prices have been all over the place—it has been very difficult to predict them from week to week, never mind from year to year. It has also been difficult to predict what return people will get from planting crops or rearing cattle when prices and the money that producers get from market are so volatile. Almost the only thing that people know this year is that the prices that they will get next year will be completely different. Some people will get higher prices; others will get lower prices. We need to have some intervention and to focus on the lack of certainty over the prices that people get from retailers and processors.

Labour believes that we need alternative markets for our local industries through the retailing industry. That is why the second part of our amendment is so crucial. We need an approach to public procurement of food that creates a fair and stable market for local producers. I am disappointed that we did not hear one word from the cabinet secretary on that issue, which is crucial for hill farms as well as for the rest of the agriculture industry in Scotland.

The issue is not just better prices for farmers but lower prices for consumers—that is another issue to which the cabinet secretary did not refer. We want nutritious, sustainably produced food and a level playing field for our farmers, so that they are not undercut by producers of poor-quality products who do not respect the local environment or who pay exploitative wages.

We understand that there are challenges. I suspect that members of all parties could talk about why this is a difficult time. However, the issue is what comes next, which is where our analysis departs from that of the cabinet secretary. It is clear to us that our approach in future should be underpinned by an acknowledgement of the need for viable rural communities. We need to support farming activity in a way that supports economic and social viability in communities and relies on an integrated approach to economic development. That is why, on my first reading of the consultation document that was published today, I am concerned that it suggests that support for farming and agricultural activity should take no account of the wider social implications of funding. The two issues must be tied together.

We have no problem in principle with changing the LFASS and we understand the EU's determination to ensure that money for less favoured areas—a huge proportion of the EU

budget—goes to those areas and not to areas that do not need financial support. However, not one Labour member will support the Scottish National Party member's motion that suggests that the Scottish Government's approach to EU funding and CAP reform is constructive while the UK Government's approach is completely wrong.

For the same reason, we cannot support the Tory amendment, which displays no understanding of the fundamental inequality and waste of money that are at the heart of the CAP and which make the system in such urgent need of reform. The underfunding of LFAs in Scotland and the CAP regime go back to negotiations and deals that were struck years ago—indeed, as far back as the previous Tory Government. We need no lectures from colleagues on the Tory benches.

I talked to Gavin McCrone, one of the authors of the RSE report, on the day the report was published. It was clear that none of us understands the rationale for why Ireland and Austria receive so much more support than we do.

Richard Lochhead: Will the member give way?

Sarah Boyack: No, thank you.

The starting point in the next round of talks must be what makes the best sense if we are to get the best deal for Scotland. The UK Government makes clear criticisms of the CAP with which we can identify. It is not as much about what happens in this country as it is about what happens throughout Europe. We need to ensure that the financial burden on our taxpayers falls on European taxpayers too. It is not right or fair that our taxpayers must contribute to a system that does not put enough into agri-environment and hill farming in Scotland while supporting other European countries.

As I made clear, there is a strong role for public financial support for our hill farmers and agricultural communities, but support must be provided on the basis of public benefit.

Richard Lochhead: Is the member aware that Scotland receives such a poor share of European funding for its rural communities because successive Labour Governments—and their predecessors—failed to fight for Scotland's rural communities? As a result, a lesser allocation of European funding goes to Scotland. That is why Ireland and Austria enjoy much greater benefits from European funding than Scotland does.

Sarah Boyack: I do not accept for a minute that our current Labour Government has failed to fight for Scotland's rural communities. For the past eight years members have endured lectures from Richard Lochhead about what does not happen at UK level, but he is cabinet secretary now and his job is to work constructively with the UK

Government. We have heard a lot of bluster, but Scottish hill farmers are going out of business on his watch. His job is not to lecture other people but to put in place the structures and support that will keep farms in business. The debate is about the long term and the short term. I would have a bit more respect for the cabinet secretary if he had offered more support for the Liberal Democrat amendment and for the comments in the Labour amendment about sustainable procurement.

We are happy to support the overall thrust of the Scottish Government's motion, but we want to ensure that the cabinet secretary does what he can do now. All members remember the promises that the SNP made before the election. We know how long it took the cabinet secretary to deal with foot-and-mouth disease. Pig farmers had to wait for a package of support. Farming communities who read the SNP manifesto and thought that they would do well are still waiting for a properly funded new entrants scheme for farmers. The SNP changed the SRDP, which is not the same document as the one that we left for the new Administration to consider. The approach is more restrictive, it requires people to apply on-line, and it lacks transparency. The cabinet secretary is the only member who does not get it; farmers are coming to the rest of us to say, "It's not working and it's not fair."

The cabinet secretary could take action now. We do not need a lecture about the UK Government, which is going into bat to ensure that our taxpayers, farmers and producing communities get a good deal. The cabinet secretary's job is to stand up for Scotland, say what is particular about our mountainous regimes and crofting communities and tell the story about why Scottish farmers need support as part of wider public policy. His job is to secure local procurement. We need answers from the cabinet secretary, not the stale arguments that we have heard from him during the past eight years. He is in charge now and things are happening on his watch. We do not want him just to criticise others; we want him to act.

I move amendment S3M-2553.2, to leave out from "and welcomes" to end and insert:

"notes the publication on 18 September 2008 of the Scottish Government's consultation on the Less Favoured Area Support Scheme; calls on the Scottish Government to simplify and streamline the Rural Development Programme (RDP) application process and to clarify the decision-making process to ensure transparency, effectiveness and fairness in the distribution of RDP allocations; further calls on the Scottish Government to set targets for public sector food procurement that would deliver a significant percentage of locally sourced and fairly traded produce, and encourages stakeholders to work in partnership to consider the range of relevant economic, social and environmental issues with the aim of securing a sustainable

future for agriculture on our hills and in our remote communities."

09:41

John Scott (Ayr) (Con): I declare an interest. I am a farmer and food producer. I am also a member of NFU Scotland and I served as hill farming convener for that organisation from 1993 to 1999.

I thank the cabinet secretary for the advance copy of the consultation document. However, it would have been helpful if the document had been made available earlier, as Sarah Boyack said.

I ask members to consider the following statistics. Self-sufficiency in UK food production has fallen from 78 per cent in 1995 to 57 per cent in 2006. Global food prices have risen by 83 per cent during the past three years, and the annual food price inflation rate is between 12 and 25 per cent—probably averaging at about 20 per cent. However, our livestock farmers cannot make a living, as the Scottish Conservatives' food security task force noted in its recent report.

In addition, the recent SAC report, "Farming's Retreat from the Hills", notes that the Scottish national sheep flock has fallen by 2.3 million animals since 1998 and that cattle numbers have fallen by 12 per cent since 1998, because of a lack of profitability in the industry. According to the report, the net margin per ewe in LFA breeding stocks is a loss of £25.85 per ewe and the net margin per suckler cow is a loss of £284 per cow. Such a situation is unsustainable.

The figures tell us not only that we have lost a significant part of our food producing capability in Scotland but that we are in danger of losing a great deal more, because livestock farmers who want to continue to farm cannot do so while making such losses. If further proof is needed that the situation is desperate, members should consider Scottish agriculture's collective borrowing from the banks, which is approaching £1.4 billion—that represents individual farmers' overdrafts.

The Royal Society of Edinburgh noted in its excellent report that average net farm income for sheep farmers in our less favoured areas has fallen from £9,800 in 2003-04 to an estimated £1,500 in 2006-07. The figures include subsidies that farmers receive.

If farming is to continue at all in Scotland, the continuation of support is vital, because the marketplace is simply not providing a sufficient return to ensure the continuation of farming as we know it. That is why our amendment condemns the Labour Government's policy of ending direct support to our farmers after 2013, as is noted in the SAC report. I have no issue with Labour's

front-bench team in Scotland; my issue is in particular with the Department for Environment, Food and Rural Affairs and the UK Government. It is extraordinary that DEFRA and the UK Treasury could have come to a view apparently without consulting the devolved Administrations in Scotland, Wales and Northern Ireland. The situation demonstrates how completely out of touch the current UK Government is on matters that concern farming and food security.

In addition, the RSE report noted that rural development funding in Scotland is, as Sarah Boyack mentioned, among the lowest in Europe at £7 per hectare. In Ireland, it is £54 per hectare per year; in Finland, it is £94 per hectare per year; and in Austria, it is £122 per hectare per year. Even if it was the Conservatives who did not negotiate hard enough for that funding, we have had 10 years of a Labour Government to retrieve the situation; yet, that has not happened. Our farmers are farming at a competitive disadvantage with farmers in the rest of Europe and our UK Government wants to make the situation worse by withdrawing direct support as well. That is why the Scottish Conservatives' food security task force recommends that every encouragement be given to Scottish, UK and EU farmers to increase production, whereas the Government at Westminster is still doing all that it can to discourage food production in the UK.

We all know, sadly, how out of touch the UK Government is with rural life and food production. Until recently, that could be swept under the carpet. However, the loss of our food-producing capability in the UK in the past 10 years has now become an issue of national security, especially in the current financial climate—indeed, it is a scandal of our times. In Scotland, we are seeing the manifestation of the effects of that policy.

To address the issues in Scotland, the Government must consider reopening and reprioritising the current Scottish rural development programme, if that is possible, to encourage food production once more. We also need to ensure that active farming is part of any new LFAS scheme. The Scottish Government must remove the barriers to farming and food production, and it must introduce proposals to reduce the burden of red tape and legislation that weighs heavily on our farmers. The report from Scotland's environmental and rural services initiative cannot come soon enough, and we expect action to follow.

Liam McArthur: The member has set out a number of areas in which he thinks that the Government can take action, and Liberal Democrat members would agree with some of them. However, none of them is expressed in his

amendment. Why is he so coy about pressing the Government to take what action it can?

John Scott: I am just coming to that.

Liam McArthur: Does the member agree that that is a valid point?

John Scott: There is a valid point in what Liam McArthur says. I will come to that, if I may continue.

An integrated land use policy must be introduced that will, once again, save our best land for food production. The double tagging of sheep and pesticide regulations are all part of the picture that is driving people out of business right across the agricultural spectrum in Scotland. An adequately funded new entrants scheme must be introduced, and LFASS payments must be made as early as possible this year. I know that the payments were made in February and March last year and that new EU requirements and checks mean that the payments cannot be made before January 2009. Nevertheless, I urge the minister to re-examine those requirements, to see whether a way can be found legitimately to bring forward this year's LFASS payments.

We must not forget that our dairy industry is struggling to make ends meet; that our unsupported pig producers are still losing money; that our soft fruit growers are leaving fruit to rot in the fields; and that our grain and potato producers are struggling with flooded fields and prices that have fallen to loss-making levels, given the costs of fertiliser and fuel.

The LFASS consultation is welcome. As LFAs account for 85 per cent of our land in Scotland, all the foregoing industry situations and statistics must be taken into account in the review. Given the vital role that LFASS payments play in sustaining—albeit inadequately—our farmers and crofters, they must be not only maintained, but enhanced. If that means a reprioritising of existing Scottish, UK and EU budgets, so be it. In the meantime, it is vital that politicians of all parties realise and address the current crisis that is faced by our farmers. I urge members to support the amendment in my name.

I move amendment S3M-2553.1, to insert at end:

"notes the burden of increased costs for hill farmers and crofters, notably fertilisers, fuel and transport, coupled with the ongoing challenges of farming on some of the most disadvantaged land in Europe, and therefore agrees with the Royal Society of Edinburgh's report in condemning the UK Government's policy of ending direct support for Scottish producers after 2013."

09:49

Liam McArthur (Orkney) (LD): I am delighted to speak in my first debate in my new role as the Liberal Democrats' environment and rural affairs spokesman. I welcome the new Labour team to their positions and am grateful to the cabinet secretary for the advance copy of his consultation document on the LFASS. I appear to have two copies of the document—I hope that I have not deprived another member of one.

I—like John Scott and Sarah Boyack—have not yet had an opportunity to consider the detail of the document. However, on the back of the publication in recent days of the SAC and RSE reports, I agree that this morning's debate is timely. Looking ahead, I hope that the cabinet secretary will agree to work with business managers to ensure that a debate is scheduled towards the end of the consultation period so that a more considered view can be taken about what possible changes to the LFASS might be made better to meet the needs of Scotland's farmers and crofters.

I appreciate that it is not yet clear whether new European regulations will come into effect from 2010. Nevertheless, the LFASS stakeholder group is right to say that consideration of what improvements could be made in terms of a second interim scheme is time well spent at this stage. Already, proposals have been made on development of the beef calf scheme. Like the cabinet secretary, I am aware of widespread concerns that the limited resources that the Government has at its disposal should be more effectively targeted at compensating those who are actively farming. Changes to land management options to improve take-up and even a recalibration of funds within the SRDP have been suggested. I know that the cabinet secretary and his officials will want to consider all those ideas in more detail—I think they also merit further discussion in the chamber, in due course.

Before turning to the amendment in my name, I will deal briefly with the amendments that have been lodged by the Labour and Tory parties. Sarah Boyack's amendment seems to retain the core elements of the Government's motion, on which there will be broad political agreement. However, her amendment introduces some helpful proposals, not least that of streamlining the application process. The cabinet secretary will recall representations that I made on that and the related problems of penalties and appeals even before I took on my current brief. I believe that more can be done in that area and that we may be able to draw on the experience of other member states. The Labour amendment also makes sensible suggestions in relation to public sector food procurement, before returning to the partnership approach that is also reflected in Mr

Lochhead's motion. On that basis, although we may disagree heartily with Labour on the detail of future reforms, we can support the Labour amendment.

Likewise, in a spirit of consensus, I have no difficulty with what the Tory amendment says. The UK Government's apparent determination to end direct support to producers after 2013 strikes me as being an act of blinkered industrial vandalism.

However, it is what the Tory addendum does not say that I find most surprising. It would be rash of me to burn my bridges with Mr Scott so early in my new role; nonetheless, I cannot but think that his addendum could as easily have been crafted by the little elves who are beavering away in the SNP resource centre. What has happened to the chest-beating bravura of Alex Johnstone and Ted Brocklebank, who in the days before the clandestine SNP-Tory coalition, demanded that ministers do things? Motions were lodged by those stout defenders of Scotland's farming industry, demanding that urgent action be taken. No doubt, they, too, were critical of what the UK Labour Government was or was not doing to safeguard the future of the sector. However, they focused on the job in hand in this Parliament—that of holding Scottish ministers to account. Not so the Tory addendum today—although John Scott set out several areas in which he will seek to press the Government—which seems to gloss over such niceties of the devolution settlement.

Moreover, although it is absolutely the case that ending pillar 1 support would deal a mortal blow to Scotland's farmers and crofters, the effect would not be confined to Scotland. The wording of the Tory amendment bears all the hallmarks of a nationalist rather than a unionist agenda.

I recognise and respect the concerns that the Government has in relation to the Liberal Democrat amendment; however, I do not believe that they represent an insurmountable obstacle to achieving what my amendment seeks to achieve. Legend has it that a member has not enjoyed the full chamber experience until Mike Russell has taken them to task in a winding-up speech. Although I am disappointed to note that I will be deprived of my baptism by bombast, I will nevertheless attempt to head the cabinet secretary off at the pass.

As all the speakers so far in the debate have rightly argued—and as was laid bare in the SAC and RSE reports—the decline in livestock farming is cause for serious concern. The economic, social and environmental impacts of the reduction in livestock numbers on our hills and islands should not be underestimated. Of course, the longer-term solution to the problem will be more complex and will involve fairly difficult choices, but the real and immediate problems that are created by the

spiralling costs of feed, fuel and fertiliser demand a more immediate response from the Government. I believe that steps can be taken to ease cash-flow difficulties for many of our most vulnerable farmers and crofters. At a time when we are hearing accounts of farmers selling breeding stock to pay bills, it is surely no exaggeration to say that we face a crisis and that urgent action is needed.

I appreciate that undertaking the work that is required to make LFASS payments—in advance, if not in full—by the end of October will create real pressures within the Government. Nevertheless, as we saw last year with the emergency ewe compensation payments, a scheme can be set up from scratch and payments can be made in remarkably short order. For all the imperfections of that welcome scheme, it was achieved without the database that exists already in relation to the LFASS. I do not accept—and nor does the NFUS—that a commitment to make LFASS payments by the end of October risks compromising disbursement of the more valuable single farm payment in December.

Richard Lochhead: I share many of the member's views about the need to support farmers in less favoured areas at the present time. However, he will recognise that there is a clear distinction between the emergency support that was delivered to our sheep farmers last year during the foot-and-mouth disease outbreak, and LFASS payments this year, because the LFASS is a European scheme and the payments to our sheep farmers came out of Scotland's money, which meant that we were able to dictate the conditions under which that money was paid. There is a completely separate database for that payment and completely separate legal conditions apply to it. Will he at least accept that we are not comparing like with like?

Liam McArthur: There are certainly differences. There were also differences between the LFASS and the advance payments that the cabinet secretary's predecessor, Ross Finnie, was able to make a couple of years ago.

To say that there is a threat to disbursement of the single farm payment in December will not be seen as credible by farmers and crofters across Scotland, but will be seen as betraying a lack of political will. It flies in the face of undertakings that were made by the First Minister to the industry in meetings last year.

I fully accept that dealing with the situation will take a Herculean effort on the part of the cabinet secretary and his officials, and that there might even be some slippage beyond the end of October. However, the target is achievable and is in the current circumstances precisely the sort of objective that the Government should be setting

itself. The Government should do nothing less and Parliament should demand nothing less.

Looking further ahead, as our amendment suggests, the Government must take steps to ensure that the problems do not recur and that payments are paid within the calendar year. Again, I know that ministers have discussed that with industry representatives on numerous occasions, but it would be helpful if, when he winds up, the cabinet secretary could provide details on how a more manageable cash flow can be ensured in the future.

This is a timely debate. I welcome the fact that consultation is taking place and I look forward to more detailed debate in the coming months. However, I urge the Government—which never tires of lecturing us about how it is ambitious for Scotland—to show a bit more ambition about what can be achieved in the short term to address the serious problems facing our farmers and crofters.

I move amendment S3M-2553.3, to insert at end:

“notes with concern that the decline in livestock farming activity undermines food security efforts and is likely to impact negatively on the delivery of environmental benefits, and calls on the Scottish Government to take urgent action to alleviate the short-term cash flow problems faced by many Scottish farmers by ensuring that the Less Favoured Area Support Scheme payments for 2008 are issued before the end of October, without compromising the delivery of single farm payments, and taking steps to ensure that future payments are issued within the same calendar year.”

09:57

Roseanna Cunningham (Perth) (SNP): I noted that Liam McArthur has two copies of the consultation document and I listened with some amusement to the complaints from the Opposition about how late they got the document. At least they got it yesterday afternoon; those of us on the Government benches saw it for the first time only after the debate started this morning. I am, therefore, not going to listen too closely to the complaints of the Opposition members—they were lucky, and at least they were able to get the document into their speech.

Some members of our Parliament—although not those who are present this morning—and other people labour under the mistaken belief that everyone who lives in the country lives in a sort of rural idyll and that all farmers are rich farmers. We will all have heard that sort of sentiment. I know that members present here this morning know better, which is why I sometimes wish that debates such as today's could also be attended by MSPs who harbour suspicions that folk from rural Scotland are kidding on when they say they have problems. Today, we are debating an issue that

involves severe disadvantage for many people in Scotland and for Scotland as a whole.

Although the debate is about the hill livestock farmers who are especially hard pressed, the entire farming sector is under particular pressures just now and it is not an easy time for any farmer. However, some fundamental issues need to be addressed before we delve too much into the detail of the debate, which is in danger of becoming focused entirely on the LFASS.

We must focus clearly on where the land use priorities lie. The Rural Affairs and Environment Committee has already completed an inquiry into flooding and flood management, we are part of the way through another on affordable rural housing, and we are soon to start another on aspects of food policy. Every member on that committee has been struck by the extent to which land use is an issue in each of those policy areas. In some cases, those areas compete with one another.

In the early conference that we held in Aviemore on rural housing, we heard clearly that, after world war two, the planning system was set up with the explicit intention of keeping land in food production. That, of course, was a direct consequence of the huge food supply problems that were experienced by the population from 1939 to 1945, when reliance on food imports had to be abandoned. In the context of making land available for housing, that in-built planning bias was seen as being an obstacle to be overcome.

While that was being discussed, the committee was already taking evidence on flooding that indicated that we might end up paying farmers to allow controlled flooding on some of their fields, and that we should probably restrict some house-building sites to ensure that we are not building on flood plains.

Meanwhile, we need to bear in mind the laudable aim of increasing the amount of forestry land from 17 per cent to 25 per cent. What is that land currently being used for? What must we stop doing with it if we are to start growing trees on it? Of course, if we take land out of food production in order to build houses, provide flood protection measures or grow trees, we might confront food security issues and food security has, in the past year, risen much higher on the political agenda. Perhaps the post-war planners had it right after all.

First and foremost, there is an urgent need for a clear and coherent land use strategy that sets out our priorities—I know that the Government has already committed itself to that. However, we must accept that not everything can be a priority: if everything is a priority, then nothing is a priority. Some important decisions will have to be made relatively soon about where the focus has to be.

What is particularly striking about hill farmers is the extent to which they are vital to the good management of rural Scotland. I am not sure that it is widely understood that farming activity is often central to environmental benefit, as it produces that benefit without making a big deal out of it. We have all received a briefing from RSPB Scotland that spells that out. It also makes important points about the way in which the LFASS is paid out, and says that not enough goes to the extremely disadvantaged areas. That needs to be considered further.

Richard Lochhead has dealt with some of the specific issues around the LFASS. The reality of Scottish farming, with 85 per cent of the land falling within the less favoured area designation—although some of those areas are more less favoured than others, if I may be allowed to use a slightly awkward grammatical construction—means that continued support is vital. It is disturbing that the implications of an end to subsidies in 2013 do not appear to have occurred to the UK Government—I say that to try to be fair to the UK Government, because the alternative, which I would hate to think about, is that they have occurred to it, but it just does not care. I would prefer to assume that it had not noticed what it was doing.

I hope that the Scottish Government maintains the pressure on this issue. However, I say to Sarah Boyack that places such as Ireland and Austria have an enormous benefit that Scotland does not have when they are negotiating their positions in Europe: they are independent and get to negotiate directly on behalf of their people and their farming industries.

It is difficult to see how farming can continue in Scotland's marginal areas unless there is public subsidy. However, we have to be clear about what the priority for that subsidy is. Are we to pay farmers for producing food, first and foremost, or are farmers to be seen as small businesspeople who might or might not occasionally produce foodstuffs, but for whom that is not necessarily the main return for subsidy? I believe that it must be the former. Hugely competing demands are made of farmers, and all farmers in Scotland have to be clear about the principal reason for their existence. If we acknowledge that it is food production, we have to subsidise it as such, and the other benefits must be seen as being additional, rather than core.

10:03

Peter Peacock (Highlands and Islands) (Lab): As others have mentioned, there have been a number of important reports in recent months. We have had reports from the Scottish Agricultural College and the Royal Society of Edinburgh; the

NFUS's "Manifesto for the Hills", which rightly identifies the problems but, perhaps, does not come up with all the right answers; Scottish Environment LINK's report; the Shucksmith report on crofting; and the Organisation for Economic Co-operation and Development report on rural Scotland. All have something to say about farming in the less favoured areas and they raise important issues and record important facts about the current state of agriculture in those areas and about wider rural issues. However, the RSE report is perhaps the most comprehensive, far-reaching and challenging in terms of how we can develop public policy.

All the reports set out current and clear challenges. Those include cost pressures—for example, the rising costs of fuel and fertiliser—and changes in farming and crofting practice, which are driven by changes in agricultural payments and cause difficulties for people who are trying to make a living, or supplement their living, as is the case for a number of crofters. Such difficulties are partly market driven, but they are also driven by the support systems that are in place.

Another challenge is the reduction in stock numbers, particularly of sheep and cattle, that many members have mentioned. That has a knock-on effect on grazing and cropping practice, which in turn has an effect on other species. If there are fewer sheep, there will be fewer fallen sheep, which has implications for the ability of raptors to feed in the countryside. There are also knock-on effects on biodiversity, as changing habitat practices are, for example, potentially harmful to bird numbers. If there are fewer sheep, there will be more ticks—a subject that is dear to John Scott's heart—which can affect ground-nesting birds as well as humans, as we use the countryside increasingly in the future. There are also effects on the landscape.

Many hill farms might go out of business, as Liam McArthur said, which will result in population loss and questions about the viability of public services, which in turn will have an impact on tourism infrastructure. Reduced production in less favoured areas would—as Roseanna Cunningham and John Scott mentioned—have implications for food security, as well as local food policy, which in turn also feeds back into tourism. There is a series of interconnections between different areas of public policy, and it is a huge amount to wrestle with.

This debate appears on the surface to be about inputs to subsidise farmers, but it is much more profound than that. Because of the interconnections that involve other areas of public policy, it covers a much wider range of issues. There is a danger in thinking about the issues in a narrow way as being all about subsidies for

farmers and the cost for the taxpayer, when in fact the implications run across every dimension of our rural communities.

The RSE report performs a great service in giving an overview and connecting a wide range of issues. The report states:

"The overall objective is" —

or should be—

"a sustainable future for the Hills and Islands with vibrant and viable human communities; an integrated diversity of land uses; well managed natural systems and landscapes that also contribute to amelioration of climate change; development of other economic opportunities such as tourism, renewable energy and food; supported by appropriate financial mechanisms and services."

That encapsulates, in a cogent way that uses very few words, the rationale for continuing to produce public goods with public support in the countryside. We need to consider stating, as the RSE suggests, the retention of

"vibrant and viable human communities"

as an explicit purpose in our public policy.

Aileen Campbell (South of Scotland) (SNP):

Peter Peacock is correct that the RSE report's recommendations are wide ranging. Does he condemn the UK Government's decision to continue with the network change programme for post offices, as the RSE report says that rural post offices closures "should be halted"?

Peter Peacock: I have been fighting in my area for the extension of postal services through the outreach services that are funded by the UK Government as part of the current change policy. I will go on to talk about the UK Government, but I want to stick to the theme that I have been developing.

We need to use the public policy instruments that we have at our disposal to support the goal of population retention. That can be done in part through food production, and by paying closer attention to food security and local food. It also involves biodiversity action, habitat protection and enhancement, maintaining the landscape value, and developing tourism and recreation. I could go on—we need to support and develop a range of public policy instruments.

We need to take that Scottish perspective into the discussions about CAP reform post-2013, and into our domestic policy thinking as we develop rural policy in the future. I am in no doubt—I make this clear to John Scott—that we will continue well into the future to need a mix of payments that are made directly to farmers, crofters and other land managers, and that we will also need wider rural development incentives if we are to retain those

"vibrant and viable human communities".

I am surprised at the naivety of some members' comments about the UK position. I have, given my advancing years, watched European negotiations over many years, and I know that at the beginning of those processes, Governments stake out their starting points. We are seeing a starting point from the UK Government rather than an end point, and I do not believe for a millisecond that the UK Government believes that that will be the end point. I have made clear my position on what the end point ought to be.

We should not hide behind debates about future European negotiations—which will take four or five years to be concluded—or view them as an obstacle to what we can do now with the Government's current powers. While noting the consultation, we must also note the point that Liam McArthur made about improving cash flow to farmers in the short term, and we should consider the issues on which Shucksmith made recommendations; for example, on housing support for crofters. Necessary and urgent changes to the SRDP are required: one crofter described the scheme to me as an

"impossible to access, pie in the sky and possibly bankruptcy inducing elaborate SRDP."

The minister needs to acknowledge that change is needed.

We must also acknowledge the need to make changes to procurement policy, as Sarah Boyack suggested. We need to drive harder on job relocation to rural areas and to find solutions to funding local abattoirs in order to help with local food production. We need to stick to the commitments that the Government made before the election about the new entrants scheme. I could go on, as there are many more things on which the Government could act now. I urge it to do what it can and to participate in the debate about Europe—rather than hiding behind it—in the way in which I suggested.

10:11

Dave Thompson (Highlands and Islands) (SNP): A crofter friend of mine who lives on Skye recently told me a sad story. He was getting ready for his annual trip to the Royal Highland show when his two sons called him to come and sit down in the kitchen because they had something important to say. They told him not to buy any animals at the show, because they would not be there to help him look after them. They said that they had no intention of staying on the croft and working as slaves for no income. Although their words saddened him, they came as no surprise. In recent years, he has seen the decline in crofting accelerate to the point at which he now believes that his generation of crofters will be the last. His vision of the future for areas such as the one in

which he has worked all his life is bleak: land without livestock or proper management, and dwindling, ageing and poor communities with few young people, schools or other services.

My friend is not alone in believing that our fragile hill and island areas have reached crisis point as the agricultural activities that have traditionally sustained and nurtured them become increasingly less viable. A recent headline in *The Scotsman* read, "Highland clearances, pt 2—sheep's turn to be ousted from hills". The story highlighted the dramatic drop in sheep numbers in some of our most vulnerable areas—up to 60 per cent in some parts—and warned that an exodus of people will follow.

The problems facing those areas have also recently been brought sharply into focus—as members have stated—by the RSE report, NFU Scotland's manifesto and other documents. From all that, it is clear that in London, where decisions are made that impact directly on the survival of our crofters and hill farmers, their activities are undervalued and there is little understanding of the problems that they face. The decline of hill farming and crofting is so much more than—to use George Bush's terminology in relation to American banking—an agricultural adjustment. For the areas that it affects—there are few parts of Scotland that it does not affect—there are serious social, economic and environmental implications.

There is no doubt that our fragile areas need support, and not just the kind of lifeline support that barely enables them to cling on. Without proper readily accessible support, they will cease to exist. We need to keep people on the land, and those people—as Alan Macrae of Assynt pointed out at last week's meeting of the cross-party group on crofting—need to be able to make a decent living. The UK Government has let us down on that front by failing to fight hard enough to secure the level of European support that we need.

One section of the RSE report starkly sets out just how badly the UK Government has let us down. The report's comparison of rural development funding between selected European Union states shows that between 2007 and 2013—I will repeat what has already been said, because it is worth repeating—Scotland's share is £7.4 per hectare of utilised agricultural area per year. That is the lowest share by a long way, out of the 14 countries that were considered.

In Ireland, for example, the less favoured areas are provided with around £178 million in support compared with the £61 million that is spent on the LFASS in Scotland. Irish agri-environment schemes provide a further £250 million, compared with some £52 million in Scotland. In addition, Ireland provides €50 million to assist early retirement. Even so, compared with what is spent

in other countries, Irish support arrangements are not particularly generous.

An increase in the EU allocation is vital if we are to tackle our farming and crofting problems. If there is to be any hope of levelling the EU playing field and allowing our crofters and farmers to compete on level terms, it does not lie in the UK Government's proposal to end support in the 2013 CAP review, but Sarah Boyack thinks that it is nothing to do with the UK Government. Apparently, Westminster can do no wrong.

Sarah Boyack: Will the member take an intervention? That is not what I said.

Dave Thompson: In a minute.

I ask Peter Peacock: how do we influence the UK Government if we do not challenge it now? It has set out its position—an end point of zero—at the beginning of negotiations. That is absolutely crazy.

Sarah Boyack: I will draw an analogy with fishing. For eight years, the cabinet secretary lectured the UK Government. The first thing that he did when he got into power was welcome the first set of negotiations. This is about constructive working and putting forward one's case positively.

Dave Thompson: It is a pity that the UK Government did not consult the Scottish Government when it was making its recommendations to do away with support under the CAP. Where was the reciprocal working with the Scottish Government? Sarah Boyack cannot have it both ways.

In an era of growing global concern about food security and increasing transport costs—financial and environmental—it is a national disgrace that we are watching an industry that is capable of providing high-quality fresh local produce wither and die. I fully endorse the calls of the Scottish Crofting Foundation and others for support for local produce and local slaughtering facilities to avoid food miles.

I was interested to note that the menu of a Michelin-starred restaurant not far from Parliament is currently offering roast rump of Perthshire lamb with belly confit, kidney and peas à la française at £29 a head. It would suggest that either the value of the main ingredient increases dramatically during the 40-odd mile journey from farm to plate or that the peas are transported individually from Paris. Perhaps that high price in restaurants is why, as a chart in the RSE report reveals, each Scottish household now eats only 18g of lamb and mutton a week compared with 51g in England and 103g in Wales.

10:17

Elaine Murray (Dumfries) (Lab): As other members have said, the reports by the Scottish Agricultural College and the Royal Society of Edinburgh are welcome and timely contributions to this important debate—a debate that is not just about the future of the less favoured area support scheme, or indeed about the common agricultural policy, but, importantly, about how rural policy should be developed.

As others have said, the reports elucidate the scale of the problem on Scotland's hills. The decline in livestock numbers, particularly sheep, has social, economic and environmental consequences. In Dumfries and Galloway, sheep numbers declined by between a quarter and a third from 1999 to 2007. At first, one might think that that was due to the consequences of the foot-and-mouth epidemic in 2001, but similar reductions have occurred in areas that did not lose stock during the outbreak. The Highlands, the Western Isles and areas in the north-west have witnessed greater reductions—up to 60 per cent—in the same period, so there is more to it than that.

The decline in livestock numbers appears to have accelerated with the introduction of the single farm payment, which has tended to favour lowland farms over hill farms. Too high a stocking density causes problems for the environment, but if the pendulum swings too far in the opposite direction, the landscape and biodiversity are adversely affected.

As noted by the Labour amendment, the consultation document that is published today focuses on the second interim LFASS, for the period 2010 to 2013. We reserve our welcome for the consultation document, though, pending further examination of the consequences of the proposals that it contains. It seems a little premature for the Government to ask members to welcome a document that they have had little chance to read. That was reinforced by Roseanna Cunningham, who said that she had not even had the chance to read the document before she formed her speech. Other than that, we have no difficulty with the Government's motion. What we seek with our amendment is to add constructively to its content.

The Government needs to recognise and address the criticism of the bureaucracy and lack of transparency of current schemes, such as the rural development programme. The RSE report notes, for example, on agri-environmental objectives,

“that there are so many options under the four axes that the targeting of resources to achieve specific environmental outcomes is likely to be very difficult ... the bureaucracy of the schemes at both application and assistance stages has

been extremely burdensome and discouraging to potential applicants."

I have heard similar concerns expressed by farmers in my constituency, who say that the application process is too difficult and time consuming, and that larger farm businesses, which can afford to employ specialist consultants, have more chance of success, which disadvantages small hill farmers. Alasdair Allan made the same point in his intervention on the problems for crofters with electronic submission. For that reason, Labour has included in its amendment a call for the application process to be streamlined and for clarification on how decisions are made on applications to reassure applicants that there is a level playing field.

The single farm payment, as a pillar 1 agricultural support mechanism, is attached to the land and reflects the cost to the land manager of delivering public benefit. I agree with the RSE that the Government needs to begin to plan for changes to the SFP in 2013. In doing so, public benefit needs to be defined and recognised as being broadly based rather than purely agricultural. The land is a resource that fulfils a multiplicity of functions and delivers a range of public benefits. Importantly, those include food supply and food security, but they also include biodiversity, a quality landscape, carbon sequestration, the provision of a quality water supply and support for viable communities.

Gavin McCrone argues in his report that, at present, land managers are not fully reimbursed for the provision of all those public benefits. He defines that as "market failure", and argues that there therefore needs to be an integrated approach to land use policy that recognises its multifunctionality and the fact that, sometimes, the different ways in which land can be used are in competition. Land use policy must take advantage of the synergies between the different uses, and at the same time seek to resolve any conflicts.

John Scott: Further to Roseanna Cunningham's point, does the member agree that the first public benefit of land use now is—or should be—food production?

Elaine Murray: Food production is an extremely important land benefit, but the way in which land use tackles issues such as climate change will be increasingly important.

The other strand of the Labour amendment calls for an increase in the proportion of local produce and fairly traded foodstuffs that are purchased by the public sector. In our amendment, we have sought not to be prescriptive but to recognise that there is growing public demand for local produce and fairly traded produce, and that there are

moral, economic and environmental reasons for developing policy in that area.

Other important issues are not mentioned in the motion or any of the amendments, for example the need to develop a network of local abattoirs. I know that John Scott has a meeting about that later today. As the Scottish Council for Voluntary Organisations points out in its briefing, we must not forget the need to support rural communities and the facilities that they require, such as village halls.

I turn to the other amendments. I am sympathetic to the Liberal Democrat amendment, which calls on the Government to bring forward the LFASS payments to assist farmers with cash-flow problems, although I will listen to what the Government says are the problems with that. However, the Tory amendment is opportunistic and fails to recognise the important and thoughtful content of the RSE report by concentrating on a criticism—albeit a valid criticism—of the UK Government on page 68. The criticism has to a certain extent been misrepresented, because, as I understand it, the UK Government is saying that we could end pillar 1 support—SFP support—and transfer it to pillar 2 support, which is support for less favoured areas. I do not agree. I think that we must continue to have two forms of support. However, the Tories have been politically opportunistic in mentioning only that criticism and failing to mention any of the 66 recommendations. They seriously misrepresent the report and seek to politicise its important content—content that should contribute to a sensible and balanced discussion on the future of rural policy. For that reason, the Tory amendment deserves to be rejected.

10:25

Rob Gibson (Highlands and Islands) (SNP): This debate highlights the reasons why decisions on Scotland's hill farming communities and islands should not be made by a remote and increasingly irrelevant Government in London. If London will not stand up for Scotland's hill farms and less favoured areas, we urgently need more powers in this Parliament and Government.

The reports indicate that there is a lack of institutional structures in hill areas and islands to help decisions to be made more quickly. I come from an area with mixed farming and crofting, and it is obvious that the way in which decisions are taken and plans are made is not responsive to the area's needs. Under the heading "Refocusing Institutional Structures", paragraph 21 of the RSE report states:

"a more locally-based approach is necessary. Public bodies that deliver policy seem to have become more rather than less centralised. This needs to change in

recognition of the diversity and variety in Scotland's Hills and Islands, with both decision making and delivery devolved as far as possible to regionally-based structures."

The upland communities of the Borders ought to have a focal point where decisions can be made about necessary support structures. The island councils are a good example of where more of that kind of support is provided. However, such support is lacking on the mainland, where many council structures—which ought to be part of economic development, and now are—are too large and cannot focus on rural areas. In Highland, large numbers of people live in Inverness. It might be a market for produce, but it also represents a centralised approach and a big drain on cash and thinking. We have to find ways of changing that.

The Crofters Commission claims to be working flat out, but regulations are not being applied. They will have to be applied in order to make crofting work again, and they will have to be decentralised to more local areas. I disagree with those who say that we should leave the Crofters Commission as it is: we need elected local bodies that will take a hands-on approach to making bureaucracy work for crofting communities. That will be a vital part of the shift towards more local decision making.

The RSE has opened up a whole new debate on refocusing the institutional approach, but we do not have time to consider that debate today.

Many members have mentioned rural development and halting the decline in population. It may be that the LFASS is a headage payment, but it is a headage payment not for cattle and sheep but for people in small farms and crofts. There must be support for the least favoured areas and the island areas. Some of those areas are very productive in terms of food, and many of them provide opportunities for viable human communities. The areas of the Highlands where crofting was first set up, and the communities where it exists today, are the only parts of the Highlands where there are still basic populations on which to build. We must be able to support them.

If we consider the LFASS in that spirit, we will have to consider the European debate and find allies in Europe who think in the same way. Our friends in Ireland do, and the French are far closer to the Scottish position than to the British position. I am deeply concerned that people are asking this Government—in a gimmicky way and for a quick headline—to get civil servants to work even faster. The Vince Cables of this world are saying that there is a scandal out there called the common agricultural policy, and the Labour Prime Minister and his chancellor are saying that we have to dismantle the CAP, but other people in Europe want to maintain a European system of agriculture

with support for the least favoured areas and for food production, and those people have far more in common with us than with the British Government or the Liberals.

Liam McArthur: I thank Rob Gibson for taking an intervention, despite his slightly belligerent attitude. Will he confirm that he is completely at odds with farming industry representatives who believe that LFASS payments can be brought forward without putting the December single farm payment at risk? That is exactly what the Scottish Government should be doing, rather than casting around to blame absolutely everybody else.

Rob Gibson: Mr McArthur has made that point before. I am sure that the civil servants will work flat out to deliver. The bulk of the money that is paid to farmers is in the single farm payment, and it is important to the less favoured areas that we keep the balance in mind.

We must acknowledge the confidence that the farming and crofting community has had in this Government. In August, *The Scottish Farmer* said:

"In contrast to the Government at Westminster, the SNP Administration at Holyrood has demonstrated that, indeed, it has the well-being of rural Scotland as one of its principal tenets. The whole of Scottish farming has had cause to be glad of its support."

That statement shows that we have a different set of circumstances in Scotland. People are asking the Government to be more efficient, but they are not saying that a disaster is waiting to happen because of what the Scottish Government has done. We would like to have more power over the cost of fertiliser and fuel, but we do not. Farming, and the viable communities that we are talking about, rely on much more than just some simple tweaking of when the single farm payment is paid.

We should put things in perspective and recognise who our friends are and who the problems are. The motion—without amendment, except for the Conservative amendment, because it recognises who is not one of our friends—should be supported.

10:32

Jamie McGrigor (Highlands and Islands) (Con): I refer members to my agricultural interests in the register of members' interests.

I warmly welcome today's important debate, and not just because of the publication of the RSE, SAC and NFUS reports—all the buses have turned up at once, but thank God they have finally arrived. I welcome the debate because of the severe problems that the sheep farming sector is facing in Scotland and because of the Scottish Government's imminent review of the LFASS.

I recently spent a very useful day in Argyll with sheep farmers and representatives of the National Sheep Association from both England and Scotland, and I also had a meeting with the Argyll section of the NFUS about the LFASS payments, so I am glad to have the opportunity to speak in this debate to highlight the problems that exist and challenge ministers to respond.

As John Scott has said, the economic statistics in the SAC report are stark. Hill-breeding flock ewes are losing farmers approximately £26 each, and in suckler cow herds farmers are losing around £280 per cow. Figures such as those are simply not sustainable in any business anywhere, and it is no surprise that Scotland's national sheep flock reduced by 2.3 million to around 7.5 million between 1998 and 2007, which is a 23 per cent reduction. However, the overall figure masks even steeper reductions in parts of my region of the Highlands and Islands, where there have been catastrophic reductions of up to 60 per cent. Sadly, my farming and crofting contacts have suggested to me that the reduction may even have accelerated in the past year because of horrific rises in fuel, feed and fertiliser prices.

The impact that the decline in numbers is having on direct employment levels in the sector is enormous. In turn, that is hitting rural jobs and the sustainability of already hard-pressed rural communities. Critical mass is being lost in many ways in many areas, and the sheep farmers who are left are finding it almost impossible to get enough people to gather the sheep and manage the hill flocks. Unless real help is forthcoming now, sheep farming will simply disappear from many Highland areas.

Liam McArthur: Will the member take an intervention?

Jamie McGrigor: Hang on a minute.

The loss of sheep is also changing the nature of Scotland's renowned biodiversity and landscape. Policy makers must bear that important consideration in mind. Hill farmers and crofters are the true rural stewards and guardians of many of the iconic and scenic parts of the Scottish Highlands and Islands, so they have a very important role in tourism.

I commend the NFUS for its realistic and positive approach to some of the solutions that need to be considered. On marketing, although I commend Quality Meat Scotland and others' for their many efforts, we need the Scottish population to eat a bit more lamb and mutton. No one has adequately explained why the Scots eat only 18g of lamb and mutton per week, compared with the English, who eat 51g, and the Welsh, who eat 103g.

On genetics, I make no apology for once again urging ministers to confirm that they will support

the continuation in some form of the bull hire scheme in the crofting counties. The need for quality bulls is even more urgent as we face the continued reduction of stock numbers. We must have quality, and that is the way to have it. I ask the minister to respond to that point. I have already had a members' business debate on the matter, and I do not want to have another one.

The NFUS, the SAC and the RSE all make important and welcome suggestions on the two key CAP levers that support our hill farming sector—the LFASS and the SFP. I am interested to hear what the minister thinks about clearer cross-compliance within the SFP. Would clearer grazing cross-compliance work in Scotland? Hill grazings should perhaps be grazed at least every five years. The Scottish Conservatives support the continuation of the Scottish beef calf scheme, and we are interested to hear whether ministers believe that the scheme's rules can be changed to allow calves from dairy herds that have been sired by beef bulls to be eligible. That might stop them being shot.

As I said in the CAP health check debate in May, I would like ministers to consider what imaginative new measures they can introduce under article 69 to support the retention of sheep in our more marginal areas.

Liam McArthur: Will the member take an intervention?

Jamie McGrigor: In a moment.

We should bear it in mind that, since the 1950s, sheep and cattle numbers have been dictated by Government policy. The present crisis is down to Government policy. The RSE report notes the UK Government's position and says that its effect will be dire. Surely Labour's policy is now redundant. Scotland receives less pillar 2 funding than any other country in the EU. Although the reason for that appalling anomaly might be the fact that allocations are based on historical payment levels, it is inexcusable that the UK Government has failed to negotiate to resolve the situation.

Liam McArthur: Will the member take an intervention?

Jamie McGrigor: Yes.

Liam McArthur: Persistence pays off. I am grateful to the member for giving way.

The member set out a number of areas in which he thinks that the Government should be taking action, and he talked about the immediacy of the cash-flow problems that farmers are facing. I readily agree with his point about the shortcomings of the UK Government, but why does John Scott's amendment make no reference to the steps that the Government can take?

Jamie McGrigor: There is no doubt that John Scott and the Conservative party have done more for farmers and crofters than any other party in the Parliament.

Ensuring that we secure the best possible LFASS system is crucial to the survival of what are left of our hill farms and crofts. Will ministers consider reintroducing the incentive for active farming that the NFUS seeks? Do ministers agree that the introduction of environmental options under the LFASS might support livestock numbers while also delivering tangible environmental benefits? How can the particular needs of our crofters and hill farmers in the remotest parts of the country be more fully recognised?

I do not think that the Scottish rural development programme is the answer. Many people pay their so-called voluntary modulation—if people have to pay it, it is compulsory, so I prefer to call it a compulsory clawback tax—but they still cannot get on to the SRDP and they probably have no hope of doing so. What will ministers do about that?

I fully agree with the RSE that the overall objective must be

“a sustainable future for the Hills and Islands with vibrant and viable human communities”.

To achieve that, we need to support our hill farming sector far more effectively than we have done. I look to ministers to deliver for the sector. I assure them that they will have my support if they put in place support mechanisms that stem the flow of livestock from our hills and give hill farmers the confidence to carry on in the hope of better times ahead.

An Argyll sheep farmer whom I know told me recently that he made more money in two evenings by selling lamb stovies at the Connect music festival in Inveraray than he had made in a whole year from his lambs. Did he make too much money from selling stovies or does he not make enough from selling his lambs?

10:40

John Farquhar Munro (Ross, Skye and Inverness West) (LD): When I chaired last week's meeting of the cross-party group on crofting, I was braced for an animated discussion about the Shucksmith proposals on crofting reform. Surprisingly, although Shucksmith was debated, the discussion quickly moved on to the Scottish Agricultural College and Royal Society of Edinburgh reports on the current state of agriculture, about which we have heard much this morning.

After successive years of poor prices and overregulation, and this year's vast increases in fuel and fertiliser prices, the mood among farmers

and crofters is one of gloom and depression. This year, farm and croft incomes in all sectors are so low that many people do not want to carry on. It is vital that the Government ensures that more financial support finds its way into the pockets of farmers and crofters in the Highlands. Like the global capital markets, farming has fared badly recently. However, it is unsurprising that our EU partners have fared far better when we consider that, for example, agriculture in Ireland receives four times as much funding as agriculture in Scotland, and agriculture in Austria receives 10 times as much. Those examples were mentioned earlier this morning.

One way to channel money into the Highlands is through the less favoured area support scheme. We heard various suggestions about how that might be achieved. We have always believed that the distribution of the LFASS does not truly reflect the level of adversity, both geographic and climatic, that we face in the Highlands. The different categories of environment are not reflected in the LFASS payment, and I suggest that another classification should be introduced. The Government can call it what it likes, but there should be a classification for mountainous areas. Reality probably dictates that the Government will not deviate from the previous position and risk upsetting people such as our farmers in the Borders, but the Highlands and Islands need funding from a subsidy system that reflects their needs.

The perennial problem of where to get that money was raised during last week's meeting of the cross-party group on crofting, and a solution was suggested and debated at some length. If we want to keep the Scottish Highlands in the form that is promoted by VisitScotland, perhaps we should consider taking money from tourism and putting it back into agriculture. That is a controversial suggestion, but it was debated by the cross-party group.

Another method of increasing farm incomes is to reduce the dreaded modulation to an absolute minimum. I am not against money for environmental schemes, but modulation takes from farmers' pockets money that they need to determine their own priorities and to survive. It is important that we address that point seriously.

The Government has the power to aid farming enormously. I suggest that one way of doing that is to wipe out the layers of red tape that are stifling agriculture. The Government should ease the regulations that govern home kill and its sale, and relax the regulations on fallen stock and the dreaded double tagging of sheep. Double tagging causes a lot of concern. It is the most ridiculous suggestion that our farmers and crofters have heard for a long time, and it is almost impossible

to comply with the regulations. If our suggestions were incorporated, local markets would be stimulated and costs reduced enormously.

We have heard this morning about the bull hire scheme, which my colleague Jamie McGrigor has raised on many occasions in Parliament. We need from the Government today a firm commitment to retain that scheme. That would send a signal that the Government is committed to crofters and crofting. In recent years, the availability of bulls has been limited, and they undoubtedly are of declining quality. This year, for instance, my community was able to source a bull through a private source only in the middle of July, which means that our calves will arrive later and be smaller as we come to the back end of the season. Consequently, we will receive lower prices.

Although I welcome Gavin McCrone's Royal Society of Edinburgh report, I must mention that a constituent of mine contacted my office the same morning that Professor McCrone was on the radio advocating the benefits of the reintroduction of the sea eagle. My constituent was angry that he lost a third of his lambs this year to sea eagle predation. One cannot tell him that sea eagles are a benefit. Later this month, I will attend a meeting in the village of Poolewe with local crofters who are concerned about losses due to sea eagle predation and other predators. Although I have no doubt that eagles benefit tourism, they are certainly of no benefit to crofters and farmers.

The Government might balk at the idea of spending more on agriculture, but now it really needs to. Government policy has always determined the pattern of land use. People need to live in the countryside and the land needs to be used and stocked properly. I hope that it always will be. It is much cheaper for the Government to help agriculture to be profitable than to pay for people who cannot live and find work in the country.

10:48

Aileen Campbell (South of Scotland) (SNP):

Like many in the chamber, such as John Scott and my South of Scotland colleague Jim Hume, I have an interest in agriculture: my grandfather was a shepherd and my father was a tenant hill farmer. Unfortunately, my father might be one of the statistics that the RSE and NFUS highlighted, as he retreated from the hills and gave up the farm. Sadly, the farmhouse is now a holiday home because, realistically, that is more profitable than my family holding the tenancy, and the fields have been amalgamated and enlarged, meaning that the traditional, small, family hill farm is no more. No doubt a similar story can be told elsewhere in

the country. That is a pity given that we all agree that sustaining smaller, family hill farms is vital.

As the cabinet secretary and others said, today's debate is timely. It happens against the backdrop of the SAC and RSE reports and during Scottish food fortnight, which celebrates Scotland's food. Many in the chamber will have enjoyed sampling last night the fruits of Scotland's larder and the delicacies that came straight from the farm gate to the plate. Such food is internationally renowned. One stall described its produce as "well-hung and tender"; it was also nutritious, fresh, healthy, local food.

As Roseanna Cunningham said, we should not forget that farmers are essentially food producers—they want to produce food and make a decent and fair living. The Government's motion recognises the importance of Scottish hill livestock farmers to food production but, as others recognised, that vocation is under threat because of drastically falling prices. The Blackface Sheep Breeders Association said recently that falling prices are a serious concern for the industry and argued that the hill sheep sector has not made a reasonable profit for at least 12 years. Indeed, the association claims that the industry has suffered losses and that the impact of the falling price of lamb is exacerbated by the rising cost of fuel and feed. That will mean that more sheep will come off the hills, with dire repercussions for the rest of rural Scotland.

It is all very well for us to extol the virtues of Scotland's larder and ask, "Wha's like us?" when it comes to the quality of our food. No one in the chamber would dare to criticise the quality of Scotland's produce. We need to be aware, however, that those who produce what we cook in our kitchens deserve to make a living. No one can afford to work at a loss. There are serious reports about the problems that banks and insurers are facing during the credit crunch, but farmers have been affected by the dreadful, wet summer that we have just had. Lambs are lighter and the cost of feed has further increased. As Dan Buglass put it, cash flow is well and truly "sunk in the mud".

What will happen if Scotland's hill farmers retreat? The NFUS's briefing recognised that it is not just the hill farmers who would be affected by such a retreat. They are part of a complex web that helps to support abattoirs—wherever they are left—butchers, agricultural merchants, marts and farmers markets. We found it delightful to have a farmers market in the Parliament last night; just think how sad it would be if it and others like it were not to continue. A retreat from the hills would also affect tourism. The NFUS noted that tourism and recreational activity are highly dependent on open and grazed farming systems. If no animals graze, the systems will deteriorate and become

less attractive to any visitor. Moreover, seeing sheep on the hills and watching new lambs are big attractions that will also be lost.

The debate cannot be allowed to descend into doom and gloom. We have to try to solve the imminent problems faced by Scotland's hill farmers. It will not be easy. I spoke to a farmer at the farmers market last night who told me that the problems are complex and will not easily be fixed. The answer should not be about political point scoring, but requires much consideration. I have to admit that, given the UK Government's inadequacy in serving Scotland's hill farmers, it is hard not to be political. Nevertheless, we have to work together to ensure that solutions are found.

Becoming more market orientated and diversifying have been offered as part of a list of solutions that have worked to increase the profitability and viability of some farms. A woman I spoke to last night told me that her farm, albeit not a hill farm, had to diversify by packaging its beef smartly and making its product unique. They attracted London restaurants and those farmers are experiencing something of a renaissance. Furthermore, a farmer in the south of Scotland who produces Lanark and Dunsyre blue cheeses began production because his hill farm was becoming less and less profitable. Diversification cannot be the only answer, however, and that is why I am glad that the SNP Government has stood by farming communities since its election in 2007 and has a genuine understanding of the issues affecting hill farmers. It would be easy to think that I was saying that as a patsy, but I heard it at nearly every agricultural show that I went to this summer.

Jim McLaren wrote in *The Scotsman*, in response to McCrone's findings, that all those who have an interest in farming should be pulled together to find a solution and to take action. He also said that a clear signal must be sent to those who eke out a living in remote parts that active livestock farming is wanted and valued. It is clear from the Government's motion that hill farming is valued. Richard Lochhead said that the Government wants to work in partnership with all interested parties as part of its LFASS consultation. I hope that that marks the start of genuine action. I have faith that the cabinet secretary will consider issues raised as part of the consultation and I hope that hill farming can become a more sustainable industry with people working the land no longer simply eking out a living, but instead being rewarded fairly for the crucial part that they play in our rural communities.

10:54

Claire Baker (Mid Scotland and Fife) (Lab): Although located in some of the most outstanding

areas of Scotland, rural communities, especially the hill and island communities, are disadvantaged in their daily lives in many ways compared with the rest of the country. Living in a more remote part of the world is more expensive than living in an urban area; fuel and food prices and the general cost of living are higher in Scotland's Highlands and Islands than in our cities.

At the same time, our rural communities benefit the rest of the country. Tourism, as one of our largest industries, relies on rural communities and often on farmers to keep and manage the land that provides the scenery and views that attract so many visitors to Scotland from the rest of the UK and the world.

Equally, some of our most dynamic voluntary organisations in more remote communities often have to live a more collaborative existence than those in urban or city areas.

It is not just in the Highlands and Islands, however, where there are rural communities and economies and the increased cost of living and the marginalisation that go with that. In my region of Mid Scotland and Fife, many rural communities require help and investment in order to sustain jobs and their way of life. We must ensure that in changing the LFASS we do not take funding away from areas that need it.

The LFASS has been a useful support to our rural communities in that it has provided funding to keep agriculture going and has thus kept whole communities going. Recently, however, as others have said, we have seen a decline in the number of livestock on our hills and there has been concern about how we can keep whole areas sustainable for the long term. Furthermore, with the current global economic conditions affecting countries throughout the world, the cost of farming in our most rural areas has increased significantly, as Aileen Campbell has just outlined.

It is therefore fortunate timing that we now have the opportunity to look ahead to 2010 to 2013 and shape a second interim LFASS. The EU has intimated that it plans to bring forward new regulations in this area in 2014 and it remains to be seen whether those will refocus the LFA funding. The EU could go a number of ways on that and until we have a definite plan and timetable, we should focus on what Scotland needs and how that can be delivered through the current criteria.

Over the years, the LFASS has moved from focusing on rural depopulation to looking at how farming can be continued in marginal areas. Now land management is a key aim, which contributes to maintaining the countryside and promoting sustainable farming systems and sustainable rural economies.

I read with great interest the useful submissions from the NFUS, the RSPB and the SCVO. All are pushing for change, although not necessarily in the same direction. The NFUS outlines the steep decrease in livestock numbers in Scotland, pointing out that the fastest decrease has been in the most remote areas. It wishes to see funding focused on active farming in the most remote and physically disadvantaged areas, with additional payments to encourage environmental benefits from farming activity. The SCVO also argues for better targeting of the LFASS at genuinely disadvantaged areas, but it argues that farming cannot be seen in isolation from rural communities. It argues that LFA funding should be given to achieve tangible and agreed public good for rural communities, whether economic, social or environmental—and not necessarily delivered through traditional agricultural activities.

It is clear that the stakeholders of rural communities are keen to contribute to a debate on their future. The challenges that we face in helping rural communities in Scotland, which are struggling at this time, merit a wider debate.

The RSE report, which was published earlier this month, suggests that there needs to be a new debate on what is the right level of support for subsidies for farming and rural activities. That is important for gaining public confidence. I hope that the Scottish National Party will take this opportunity to conduct such a review.

As has already been said, the SNP's SRDP is open to the criticism of being overly bureaucratic and lacking in transparency. I hope that the Government will bring forward changes to improve that. I also caution that SRDP funding for village halls and other community facilities should not be threatened by calls to switch funding solely to farming support.

The SNP needs to invest more wisely in improving the long-term sustainability of rural agriculture and economies. More support for local abattoirs, which has already been suggested, could reduce costs for farmers, decrease environmental impacts and boost local economies.

We know that support for farming has a beneficial effect on tourism and local food provision. However, the Government is in danger of going in the wrong direction and increasing the centralisation of decision making on environmental, economic and tourism matters.

Looking at the LFASS gives us an opportunity to consider how we can get the greatest impact from LFA funds until 2013. Money cannot be spent on propping up unsustainable production. Instead, investment must be made where it will leave a legacy of sustainable rural economies that benefit not only livestock production but rural communities

and economies, the environment, the voluntary sector and tourism industries in Scotland.

I hope that the minister will consider those points in looking ahead to a further interim scheme.

10:59

Bill Wilson (West of Scotland) (SNP): That there has been a substantial decline in the stocking levels on hill farms is clear. We have heard the statistics, which I will not rehearse. It is equally clear that such a decline cannot be allowed to continue, or, to be more precise, that there is upon us an imperative to redress the decline.

That our rural communities are fragile hardly needs repeating. The loss of livestock and farming activity will, no less than a stone thrown into the pool, set the ripples to every nook and cranny of the pond. Butchers, meat processors, vets, local markets and others will all be affected by the decline in farming.

Just as the social life of rural communities is fragile, so too is the environment. In the past, we have been concerned with the effects of overgrazing, but undergrazing can, likewise, be detrimental to our environment. It hardly needs stating that grazing exerts a powerful effect on plant communities. Low-growing species can thrive while tall-growing competitors are kept in check. Loss of grazing pressure can allow the process of ecological succession to proceed. The new communities, free from grazing pressure, are often less species rich than those that they have replaced.

In times when we debate food security, and in the face of rising food prices, upland grazing puts land to productive use, whereas otherwise it might be unproductive.

There is a wide range of reasons why we have seen a decline in farming in upland areas. Rising fuel costs place pressure on all members of our society, especially those living a marginal existence, which is a fair description of the income and subsistence of many of our hill farmers.

It has been suggested that the LFASS is not well targeted. There is evidence to suggest that the bulk of support might not be going into the areas that most need it.

Questions have been raised about Scotland's share of the CAP budget. It is notable that no other small nation does as badly as Scotland. Most small independent nations do considerably better. Is CAP one more example of the union penalty—a union handicap?

Not so long ago, fruit farmers in Argentina were destroying their fruit. They argued that it was

better to destroy the fruit than to accept the prices offered by the supermarket chain Walmart. In Scotland, concern has been repeatedly expressed about the prices that supermarkets offer our farmers. The free market does not exist to be fair or just; it exists to make profit. The powerful make more profit and the poor and less powerful can go to the wall. It is clear that we need regulation of supermarket profiteering. In an independent country, that might be an option, but we are not an independent country. Regulation is the business of that staunchly Thatcherite Government of Gordon Brown and new Labour. Given that it will not protect people from the massive profiteering of the energy companies, it is unlikely to protect farmers from the monopoly power of supermarkets.

What action might be taken to reverse this trend and to ensure that hill farming in Scotland survives with all its environmental, social and economic benefits? There can be no doubt that independence is the ideal first step. It is clear that we cannot rely on the UK Government to protect Scottish farmers. Scottish farmers need the support of an independent Government that does not neglect Scottish farming but which has the interests of Scottish farming and the Scottish environment at its very core.

What actions can we take now? The UK Government could ensure a more level playing field for hill farmers—and I do not mean that it should flatten our mountains. We could introduce a fuel regulator to smooth out changes in fuel prices—a UK action, but will the UK act?

We need to ensure that the interests of Scottish farmers are vigorously pursued in future CAP negotiations. Scotland cannot continue to lag behind Finland, Sweden, Belgium and other small independent nations in ensuring its fair share of CAP funding. Again, that will require UK action, but will the UK act to remove Scotland's handicap?

It is clear that there needs to be a re-examination of the LFASS. Is it targeted correctly in regional terms and in how the payments are calculated? Farmers should receive payment in relation to their farming activity. Payments must be linked to environmental conditions. It is reasonable for the taxpayer to expect an environmental return on their money.

We must also consider the international ramifications of any subsidies. We should not sacrifice poor farmers in developing countries purely to boost the income of farmers here, but if farmers here are fulfilling the role of environmental stewards by maintaining biodiversity, for example, as well as producing the high-quality food that Scotland produces, helping them is certainly justified.

There can be no doubt that our hill farmers have a cultural, economic and environmental role in Scotland. Equally, there can be no doubt that Scottish farmers are paying the price of the union penalty. Around 85 per cent of Scotland is defined as a less favoured area, but we receive a very low proportion of CAP spending. If the UK Government has its way—perhaps we will get none at all. We have a livestock decline of up to 60 per cent in some areas in Scotland, but so many powers, such as those to introduce a fuel regulator and to regulate the market, are reserved—another union penalty.

We have seen the UK Government playing games with Scottish farmers. One minute it promises funding and then when it decides not to have an election, when Mr Brown dithers and loses his nerve, the funding is suddenly withdrawn—another union penalty.

During the 2007 foot-and-mouth outbreak, the UK Government took months to determine the compensation package. When it did so, the amount was a minuscule £12.5 million—another union penalty.

I will end with a quotation from *The Scottish Farmer*. We have heard it already, but it bears repeating. It said:

“In contrast to the government at Westminster, the SNP administration at Holyrood has demonstrated that ... it has the well-being of rural Scotland as one of its principal tenets. The whole of Scottish farming has had cause to be glad of its support.”

The Deputy Presiding Officer (Alasdair Morgan): We move to the winding-up speeches. Time is on our side, so Jim Hume has seven minutes or so.

11:05

Jim Hume (South of Scotland) (LD): I welcome the chance to sum up. The debate is on a subject that is close to my heart and I declare an interest as a past hill farmer in the Borders and a past director of NFU Scotland.

Agriculture faces not only threats but opportunities. The quality of our products is top in the world—I am glad that the cabinet secretary acknowledged that—which brings economic benefits to our rural communities. Agriculture affects Scotland's biodiversity and rural communities rely directly and indirectly on agriculture. That is the so-called multiplier effect, of which Peter Peacock made good mention in relation to tourism. Rural abattoirs are also included. I correct Elaine Murray in her absence—I will host the rural abattoirs event tonight, at which I hope to see all the members who are here. After all, it is a cutting-edge subject.

Members: Oh dear.

Jim Hume: I apologise for that—it was unintentional.

Tying in economic activity on the ground has a crucial role to play in providing a viable future for hill farms up and down the country, especially because—as we all know—between 83 and 85 per cent of Scotland is designated as disadvantaged or severely disadvantaged, as Roseanna Cunningham said. The vast majority of the south of Scotland is less favoured. Dramatic changes have occurred in the landscape there because stock has been removed from the hills—that does not affect only the Highlands and Islands, which are talked about often. Five out of seven of my neighbouring hill farmers have taken all their stock off the hills. Aileen Campbell talked about her relevant family experience.

Corroboration is provided by unbiased and respected sources, which all recognise the importance of the LFASS. The Royal Society of Edinburgh, the Scottish Agricultural College, the crofting inquiry report and the NFUS's "Manifesto for the Hills" conclude categorically that sheep and cattle numbers on Scottish hills are in decline, as just about every member has said. Since 1998—in 10 years—23 to 25 per cent of the sheep flock has disappeared and 11 to 12 per cent of the beef breeding herd has disappeared. The trend is clear and alarming—Peter Peacock and the cabinet secretary referred to it. Those stock reductions will mean that fewer people work in rural communities. Rob Gibson talked about that, but the rest of his speech blamed everything on everybody else, which was unhelpful. The "It wisnae me" attitude wears rather thin. It was also disappointing to hear Bill Wilson back up Rob Gibson.

We need grazing on the hills, or no wild mountain thyme will grow in our blooming heather—the RSPB would back that. People who are working—who are economically active—are needed in remote areas to maintain and enhance the biodiversity for which our hills and islands are famous. I have often said and will continue to say that in the chamber.

The most serious threat to flocks and herds this year, apart from the weather—which is a reserved matter for a much higher power—has been from the three Fs: food, fuel and fertiliser. If we could blame the weather, we could see a correlation—the weather turned bad last May and has never improved, except perhaps in Orkney and Shetland, where Liberal Democrats are in power.

Food, fuel and fertiliser prices are all linked to oil prices, which the cabinet secretary mentioned. Banks have also tightened their practices, so the credit crunch is having an extreme effect on farmers.

We have excellent food that is produced in an excellent environment by excellent people, so let us keep it that way. Other threats have been mentioned. John Farquhar Munro talked about electronic identification tags, which will of course be unworkable. Ross Finnie fought them off for many years, so I wish the cabinet secretary good luck in fighting them off, too.

We will support the Labour amendment. I have championed local food procurement since becoming an MSP and I still wait for the Government to act on it. It is felt that the rural development programme needs to be streamlined, so I agree with the Labour amendment on that.

However, I wish that Labour members' colleagues in Westminster were as concerned about rural Scotland and I hope that they will support the CAP after 2013. The Tories are right in their amendment to criticise the Westminster Labour Government. Alistair Darling's statement that he wanted to end the CAP in 2013 was at best unhelpful, whether or not it was a starting point, given that many organisations, such as the RSE, say that such support is important.

The Tories missed a chance to use their amendment to make the Scottish Government act, which is what the Parliament is about. After all, the Scottish Government has the devolved powers to act. However, we will support the Tory amendment, because we believe that the CAP will be needed in Scotland and in the UK long past 2013.

Bill Wilson: Jim Hume mentioned John Farquhar Munro's speech. Do the Liberal Democrats now oppose the reintroduction of sea eagles?

Jim Hume: I am not sure whether Bill Wilson referred to sea eagles or seagulls—I know that Elaine Murray has many problems with seagulls in Dumfries. I have made quite a few representations to the RSPB about sea eagles.

The Liberal Democrat amendment, which seeks early LFASS payments, is sensible. I join my colleague Liam McArthur in encouraging cross-party support for that measure, which has been long called for and which is within the Government's power. If the Government were serious about helping fragile farming areas, it would put resources into making LFASS payments by the end of October. That would have no effect on single farm payments in December, so the Government appears slightly unwilling.

We face not a retreat from the hills, but another clearances. If the Government does not act quickly, that is what will happen. I look to the cabinet secretary to show the Government's commitment to the Scottish livestock sector by confirming that it will bring forward LFASS

payments. He said that he cannot—or will not, perhaps—make the payments by the end of October. If that is so, I want him to commit to making the payments by December. Our quality environment needs its quality people producing quality food for a quality Scotland.

11:12

Nanette Milne (North East Scotland) (Con):

The motion is right to begin by recognising the valuable contribution that farmers in remote and upland areas make to the rural economy, the environment and food production. If farmers deserted those areas, they would soon become sterile and overgrown wilderness. Those areas would lose the biodiversity and beauty that attract many tourists and would lose the communities that have long contributed much to Scotland's culture and its reputation for top-class beef and lamb production.

It is interesting that this summer has produced four reports—from the SAC, NFU Scotland, the RSE and the Scottish Conservatives' food security task force—that all highlight the serious and significant challenges that face those who manage the land in remote and upland Scotland and which suggest solutions for sustaining the economy of those areas.

The challenges are big and are based on stark and dramatic figures, as we have heard from many speakers—a loss of 2.3 million animals to the sheep flock between 1998 and last year and a significant, though smaller, loss of beef cattle. Prices have certainly risen recently, but the rise has been offset by a parallel rise in fuel, feed and fertiliser costs, which make hill production uneconomic and dependent on the SFP and the LFASS. Even with that support, the decline in the sheep and cattle populations is expected to continue.

Food security is becoming a major concern and we increasingly realise the importance of home food production to reducing our carbon footprint to offset global warming, so it is unthinkable that we could condone the demise of hill farming. However, unless the threats to farming in less favoured areas are addressed, communities will gradually die and hill farm production will be wiped out. Those members who heard Professor Gavin McCrone's presentation last week on the RSE report could not fail to be convinced that the viability of agriculture in our hills and islands is a major concern and that hill farmers in Scotland are in need of urgent and substantial assistance.

Jim Hume: Will the Conservatives therefore be supporting the Liberal Democrats' amendment to push forward LFASS payments?

Nanette Milne: As John Scott clearly stated, we wish to see those payments brought forward as soon as practicably possible.

Despite varying opinions on how assistance should be delivered, there is general agreement that the LFASS should be retained and improved. We welcome the Government's consultation on the future of the scheme and look forward to studying the consultation document in detail. The consultation is timely, given the serious challenges that our hill farmers face. We welcome the Government's stated commitment to work in partnership with stakeholders across the range of issues that threaten the sustainability of agriculture in our hill areas and more remote communities.

At his presentation, Professor McCrone expressed a very real anger about the UK Labour Government's recommendation to end direct support for farming after 2013. Despite comments from Labour members this morning, it seems incredible that the proposal has been put to the EU without either an assessment of the implications for farming in various parts of the UK having been made or any discussion having been held with the various devolved Administrations. The Conservatives have always suspected that Labour has scant regard for farming and rural communities. The Labour Government recommendation shows that the party is as out of touch as ever.

We have a number of concerns on the CAP. Clearly, Scotland is losing out on pillar 2 funding for rural development—we have by far and away the lowest EU allocation. Professor McCrone stressed that it is inexcusable for the UK Government not to have negotiated to resolve that funding anomaly. In saying that, I am not recommending the independence that SNP members advance in the debate; I am saying that it is time that we had an effective UK Government.

We agree with Sarah Boyack's remarks that single farm payments should be allocated to those who are actively farming. The current system actively discourages new entrants.

The SRDP has also come in for criticism, not least for the bureaucratic burden that it places on many land managers who are deterred from applying because of the complexity and high cost of making applications. There is also the fact that the application procedure depends on someone having access to broadband technology, an issue that Jamie McGrigor and other Conservative members have highlighted in the Parliament on a number of occasions, so far without effect. Indeed, many stakeholders have raised the issue with us.

As a number of speakers have said, a coherent, strategic approach needs to be taken to rural issues. Recognition has to be given to the fact that

our primary producers are central to ensuring the long-term capacity and capability of our food supply. Alongside food security, other land use considerations such as alternative energy, biodiversity, forestry and housing need to be addressed in a fully integrated and balanced way. As Roseanna Cunningham pointed out, those areas must not be viewed in isolation. We need to look at introducing less restrictive planning policies that would allow new rural housing to be built to accommodate retiring farmers and new entrants. Current practice is undoubtedly a serious obstacle to the sustainable development of farming, not least in parts of rural Aberdeenshire.

Fuel costs and the necessity of upgrading key strategic roads such as the A9 and A96 need to be addressed. Instead of pursuing the current post office closure programme—again, negotiated under the Labour Government—we should be pursuing an expansion of the range of services that rural post offices offer. We need to retain rural schools and return to the regional focus on tourism that we saw in the day of area tourist boards—that would ensure benefits. All those issues need to be addressed.

I commend to those who have not yet read it the report of our food security task force. Its recommendations are based on consultation with a number of leading agricultural and conservation organisations and are aimed at safeguarding our farming industry. The report makes interesting reading.

Food security is becoming a global problem. It is vital for our future that we do all that we can to ensure a sustainable and thriving agricultural industry. We all want to secure the future of our rural communities; I hope that we will all work together to achieve it.

11:19

David Stewart (Highlands and Islands) (Lab):

The debate has been excellent and I welcome the Government's initiative in bringing it forward today. Liam McArthur is not in the chamber, but I congratulate him on his promotion to the Liberal Democrat front bench and wish him well in the future. Unfortunately, I will not share many more debates with him, given my free transfer to the whips office. I congratulate Jim Hume on hosting the rural abattoir event this evening—that said, I hope that his standard of jokes has improved by this evening.

Members across the political divide have argued that this is a cross-cutting and vitally important debate. Hill farming impacts on a series of issues, one of which is food security, a point that was well made by John Scott and Roseanna Cunningham. The issue of employment in our hill areas and

islands is also important, as is that of biodiversity, which Jamie McGrigor spoke about eloquently.

Sarah Boyack in particular flagged up the issue of climate change, and an issue that emerged as a theme of the debate is spending on the public good. Points were also made about the importance of high nature value and about the role of landscape and wildlife. Another important issue is our relationship with EU policy which, as members will probably expect, I will touch on later in my remarks.

As NFU Scotland said in its recent "Manifesto for the Hills", it is very important that we look at the future

"social, economic and environmental benefits"

that flow from the industry.

Many members, including Elaine Murray, John Scott and the cabinet secretary, mentioned the series of important reports that have helped to inform our debate this morning. Many members mentioned the Shucksmith report, the Scottish Agricultural College report "Farming's Retreat from the Hills", and NFU Scotland's "Manifesto for the Hills". However, the report that is crucial to the debate is the Royal Society of Edinburgh's report "The Future of Scotland's Hills and Islands". Given that most members mentioned it, I will spend some time running through its recommendations. I am sure that members across the chamber wish to congratulate Professor McCrone and his team on the sheer hard work that went into preparing that piece of work. If someone coming fresh to the debate asked for a briefing, my number 1 recommendation would be that they read the RSE report.

The report shares the same quality of clarity and rigorous analysis that is to be found in the Shucksmith report on crofting. I understand that the RSE report provoked controversy; nonetheless, it is well written and its conclusions are well researched. Surely there is widespread support for the proposition that there should be an explicit policy to promote rural community viability under which social, economic and environmental measures for rural areas could be co-ordinated. I believe that many members share such an aspiration, albeit that it will be difficult to achieve.

The report proposes a strategic land use policy framework and a land stewardship proofing test, both of which are important. My personal view is that there should be wider and tougher rural proofing of all policy decisions. I understand that both the previous and the current Governments have accepted that the language of mainstreaming should run through policy making. Rural proofing of all policy decisions is an important way to go.

There has, quite rightly, been much debate about the shape of the common agricultural policy post-2013. We heard contributions from Peter Peacock, John Scott and Rob Gibson on that point. Although the EU CAP health checks can be said to be minor, they represent a start.

We have to look at the bigger picture. As all members are aware, the CAP budget is currently 50 per cent of all EU spending. Of course, in setting the CAP for the next financial period of 2013 to 2019, the EU will have to comply with new external constraints. For example, it will have to comply with World Trade Organization obligations.

Those inside and outwith the chamber who have become prophets of doom in saying that the world will come to an end post-2013 either are being Machiavellian or have misunderstood the UK Government proposals. I quote from page 4 of the Department for Environment, Food and Rural Affairs document "A Vision for the Common Agricultural Policy":

"EU spending ... would be based on the current pillar 2".

As members will be aware, pillar 2 funding includes expenditure on rural development regulation, agri-environment schemes, farm adaptation, forestry, less favoured area support, marketing of agricultural produce, training and development.

Many members, including John Scott, have touched on the historical reasons for the underfunding. I looked into that and found that it goes back to the dim and distant past of the Fontainebleau arrangement. For the anoraks who have not followed that, I will explain that it was one good piece of work by the Tory Government—there may have been more—which ensured that Britain received a fair degree of rebate from the EU, which we still enjoy today. The idea that underfunding suddenly started last week is a myth.

John Scott: Will the member give way?

David Stewart: I thought that that might encourage Mr Scott to intervene.

John Scott: If the member is so sad about the Conservative position, why has his Government done nothing in the past 10 years to retrieve the situation for the UK and Scotland's farmers?

David Stewart: One reason for our historical underfunding is Fontainebleau. The rebate is actually good for the UK, and we have to look at the bigger picture. However, the argument that the UK Government has been sitting on its hands is a complete joke. Let me give members an example. The current objective 1 programme for the Highlands and Islands happened only because of direct intervention by Chancellor Schröder of Germany and Tony Blair. That has brought in

£240 million of new funds and it would not have happened without UK Government intervention.

Future retargeting of funds has to be based on the provision of public good. It is crucial that we keep funding within land management. Integration is key. We have to bring together the environmental and agriculture policies of the EU. Food security and a good-quality environment are not mutually exclusive.

Aileen Campbell spoke eloquently about the plight of farmers from her own family, and many members have mentioned the vital role that new entrants have in the industry. As the McCrone report said, young farmers form part of the life-blood of the industry and provide innovation and flair. However, the report expresses the worry—which the cabinet secretary may want to answer—that single farm payments are not tied to the land so that new entrants either buying land or taking tenancies have no automatic right to them. That is inequitable. Does the cabinet secretary share the RSE's view that single farm payments should be open to all entrants?

In conclusion, I believe that this is an important and timely debate on the day on which the consultation is published. Sarah Boyack ran through the Labour amendment, which is a strong one. It calls for simplification and streamlining of the rural development programme application process, and it calls on the Scottish Government to set targets for public sector food procurement that would deliver a significant increase in locally sourced and fairly traded produce. I would be interested in the cabinet secretary's views on that.

John Scott: Will the member clarify what he means by setting targets? That is something in the Labour amendment that we certainly object to.

David Stewart: We envisage the public sector, which has an important role in procurement, sourcing local food so that there is a benefit to hill farmers and other farmers throughout Scotland. I see it as another source of income for farmers in Scotland.

The Labour amendment also considers the big picture for the industry: the economic, social and environmental factors that are crucial ingredients in securing a sustainable agriculture business for our hill farmers and communities in the future. We will also support the Liberal Democrat amendment.

The Deputy Presiding Officer: I call Richard Lochhead, who has until 11.40.

11:29

Richard Lochhead: I will speak slowly and carefully, then.

This has been a very good debate. I welcome the consensus among all parties on many of the key issues for the future of Scotland's hill farming and remote communities.

Let me welcome Sarah Boyack on her reappointment as the Labour Party's spokesperson on rural affairs and the environment. She is clearly seen as a big asset for her party. My slight criticism would be that, because she is always so negative when she speaks, she is sometimes an even bigger asset for the Scottish Government. I welcome Liam McArthur as the Liberal Democrat spokesperson. I look forward to working with him in the months and years ahead. I also welcome Elaine Murray and others who have participated in the debate with eloquent contributions.

Many members, including Peter Peacock, have recognised that the markets alone cannot deliver if we want the benefits that accrue from our hill farmers, uplands and remote communities to continue. For that reason, there is a strong case for on-going support from public funds for those communities to ensure that we get those benefits.

It is a question of ensuring not only that the appropriate support is delivered to hill farmers and others but that we do all that we can to encourage our producers to produce for the market. I took note of Jamie McGrigor's contribution. I am not sure whether he was speaking in all seriousness when he told us about the farmer who had sold lamb stovies at the Connect festival in Argyll. However, the fact that that was such a successful exercise for the farmer shows us that farmers can produce for the market.

Jamie McGrigor: I am glad that the minister mentioned that. I have never tasted more delicious lamb stovies in my life, and I wish more people tasted them. I commend the efforts of Argyll food producers in setting up a tent at the Connect festival, which brought together a lot of Argyll foods. It was a successful part of the festival, and I thank the minister for mentioning it.

Richard Lochhead: It is a pleasure. Last night, we had the farmers market in Parliament, which is also about selling directly to the consumer. I hope that all producers in Scotland will have the opportunity to take advantage of that. Indeed, the Scottish Government is seconding an official to promote the farmers market initiative.

We must recognise that, although Governments and the EU can and should intervene, the fate and success of many farming enterprises in Scotland are in the hands of the farmers and crofters

themselves. We cannot escape from that. The decisions that they take—for example, on the genetics of the livestock or breeding stock that they choose for the hills of Scotland—are crucial to their success as businesses.

We want the businesses to be successful in our rural areas, primarily because we want to attract new entrants into the industry. We must send out a positive message, and we want the businesses to make a profit. Many members have painted a picture of doom and gloom, but we must also paint a positive picture of life in rural Scotland and working in the hills, in the crofting counties and elsewhere. Otherwise, young people will not be attracted into farming and the lifestyle. Aileen Campbell and David Stewart both referred to the need to be positive as well as to address the serious challenges.

We also all agree on the benefits that accrue to the Scottish public from the activities on our hills and in our remote communities: producing food, tackling climate change, looking after our landscape, which has benefits for tourism and so on, and maintaining the population in rural areas. Many members referred to the need for integrated policies to achieve that—a theme picked up by the Royal Society of Edinburgh in its report.

Roseanna Cunningham and Elaine Murray focused on land use. The Royal Society of Edinburgh and members have raised the issue, and a few weeks ago the Scottish Government announced our first steps to develop a land use framework policy for Scotland. We are bringing together 70 experts at the end of the month to kick that off. We all agree that it is a pertinent debate for this part of the 21st century. We have to get it right in considering the competing demands on Scotland's land.

Sarah Boyack and John Scott mentioned food policy. We need an integrated food and drink policy for Scotland, and we are developing that with cross-party support. I am delighted that the Rural Affairs and Environment Committee is also taking up the theme. The issues of food security and self-sufficiency in the 21st century are crucial.

Sarah Boyack: The cabinet secretary is not enthusiastic about the suggestion that there should be any targets or objectives for the delivery of local food procurement. Will he tell us how much local food procurement will be delivered through his new contracts process?

Richard Lochhead: I was just about to refer to the Labour Party amendment and local food procurement.

As part of our food policy, we have established a working group led by Robin Gourlay, who is admired by many for his success with East Ayrshire Council. I do not want to pre-empt his

work. Setting targets might not be the right way to go because they would be artificial and they could put local authorities or other parts of the public sector into illegality because of European procurement rules. I am not keen on that part of Labour's amendment.

Nor am I keen on the reference in the amendment to the SRDP. The Labour Party says that the SRDP is not transparent or fair, but it was the previous Labour Administration that set the programme's objectives, structure, measures and delivery mechanisms and which involved the stakeholders but took the final decisions. It is therefore a bit rich for Labour to come to the chamber and say that the SRDP is not transparent or fair. We will therefore reject the amendment.

Elaine Murray: Will the minister take an intervention?

Richard Lochhead: I am sorry, but I have to move on.

The issue of rural development funding in Scotland has been raised by a lot of members. We have to look at the bigger picture and the historical reasons, as some members have said. The RSE says that it believes that

"hill and island agriculture in Scotland and in similar parts of the UK and the EU, with their comparative disadvantage, cannot survive without public support for agriculture and land management. We are astonished that such a proposal has been put forward to the EU without assessing the implications for farming in the different parts of the UK".

That is the RSE's position, and I am sure that it is the position of many members. We have to look at the historical lessons that the Labour Party, in particular, is very keen for us to learn. Allocations to member states are still based largely on the system that was used in the 2000 to 2006 EU budget, which was, in turn, based on national spending on rural development in the 1990s. The Governments in Ireland, Austria and elsewhere spent heavily on their rural communities, but the UK Government chose not to.

The allocation for 2007 to 2013 was finalised in—wait for it—2005, under the UK's presidency of the EU. So, in 2005, the UK Government had the opportunity to gain a larger share for Scotland but failed to do so. The bigger picture and the historical lesson from this debate are that rural Scotland is not a priority for UK Governments.

I have priorities for getting a better deal for Scotland, and I will put Scotland's case as much as I can in relation to the CAP health check and other issues in the months ahead. The DEFRA vision that the UK Government has proposed is not Scotland's vision. As today's debate has illustrated, we must have continuing support for Scotland's upland areas and more remote

communities. I will continue to communicate that message to the European Commission as well.

While attending the Council of Ministers, I have been astonished at how the Irish, the Austrians, the French and numerous other states express policy that is much closer to Scotland's position than the policy that is being expressed by the UK Government. We all have to accept the reality that the UK Government does not always speak for Scotland in these important negotiations. Scotland is different. Eighty-five per cent of our land has LFA status, which is the opposite of the situation south of the border. We have to keep reminding the UK Government of that important fact.

I will continue to address the issues that have been raised in the debate, such as the pesticide regulations and the impact of inappropriate sheep-tagging regulations on the sheep sector and the hill farms.

John Scott: One of the issues that have been raised by the debate is immediacy and the need for an early LFASS payment. However, before we decide whether to support the Liberal Democrat amendment and make that the will of Parliament, will the minister explain whether, within the confines of the legislation, it is physically possible to make the LFASS payment in October or November, and if not, why not?

Richard Lochhead: I confirm to the member that, under current EU regulations, it is not possible to deliver the LFASS payment within the timescale that is proposed in the Liberal Democrat amendment. We have to carry out eligibility checks before we pay, but we have not done that yet. The timescale is to complete those in December and make the payments thereafter.

I ask the parties to put themselves in the shoes of crofters and hill farmers in Scotland. If we jeopardised the timetable for the payment of single farm payments, which we would do if we went down the road of making the LFASS payments early, LFASS recipients would lose about £240 million of the overall single farm payment, which is due four weeks after the date by which the Liberal Democrats want to make the LFASS payments. For the sake of four weeks, I ask members to reject the Liberal Democrat amendment because we cannot deliver it, it would be illegal and it would jeopardise a much bigger benefit for LFASS recipients and other farmers in Scotland, such as the arable farmers who currently have cash flow problems and are telling me that they do not want their December payments to be delayed. I ask all parties and those who think that we can deliver LFASS payments in October to live in the real world.

Scotland's biggest assets are our land and, of course, our people. If we can ensure that people

are living on our hills and in our more remote areas, using the land to give us all the public benefits of tackling climate change, delivering food, looking after biodiversity and being the engine of our rural economy, that is the way forward and that is what we should all be aiming for. I look forward to working with all parties and stakeholders to ensure that, where we can have influence, as we can over LFASS payments, which we can adjust—that is what the consultation is about—we exercise that influence, and to ensure that rural Scotland has a vibrant future of delivering benefits to the whole nation.

Question Time

SCOTTISH EXECUTIVE

General Questions

11:40

Fuel Bills (Fife)

1. Tricia Marwick (Central Fife) (SNP): To ask the Scottish Government what impact the rise in energy costs will have on fuel bills in Fife. (S3O-4245)

The Minister for Communities and Sport (Stewart Maxwell): We are concerned about the steep rise in fuel bills in Fife and elsewhere in Scotland during the past year. Using information from the Scottish house condition survey, Scottish households were estimated to have spent approximately £1,096 a year on domestic energy in April 2007. Assuming that household behaviour remains unchanged, the increase in domestic energy prices that has been observed during the past 18 months is estimated to have increased median annual household expenditure on domestic energy to £1,300 by September 2008. We expect that that trend will be repeated across Scotland, with some areas—particularly rural areas that are off the gas grid—feeling the effects of high fuel prices even more strongly.

Tricia Marwick: The minister is also aware that 31,000 households in Fife are already fuel poor, and that a further 13,000 households will become fuel poor as a result of the recent 42 per cent hike in energy prices. Does the minister agree that the response of the United Kingdom Government to my constituents, who will have to choose between heating and eating this winter, is woefully inadequate?

Stewart Maxwell: We welcome the UK Government's initiative, as far as it goes. However, the package of measures that was announced could have gone much further and could have been much bolder in reducing the number of people who are suffering fuel poverty.

Like other members, I am sure, I am particularly disappointed that very little new UK Government money has been put into the schemes that have been announced. In fact, there are no Barnett consequential for Scotland as a result of the announcement. I am particularly concerned that there is nothing in the measures that will have an immediate impact on fuel bills this winter. The UK Government had the opportunity to impact on the amount of money that individual fuel-poor households will have to pay during the coming winter. It decided to ignore that opportunity and

instead to force the energy suppliers to supply extra carbon emissions reduction target money. That is welcome, but it would have been better if the UK Government had helped directly with fuel bills this winter.

Claire Baker (Mid Scotland and Fife) (Lab): The Scottish National Party is contributing to the difficulties that are facing many pensioners in the coming winter. The SNP decision to means test the central heating programme means that pensioners in my region are being denied the support that was available to them under the Labour Government, and they are facing a very cold winter. Will the Government look again at that decision, particularly in the context of rising energy costs, and ensure that Fife pensioners have a heating system that they can turn on this winter?

Stewart Maxwell: Of course, Claire Baker would say that, wouldn't she?

We are prioritising the three groups who are most at risk of fuel poverty during the coming winter: those who have never had central heating installed; those who have no working heating and are aged over 80; and those who are on the guaranteed element of pension credit. As the May announcement made clear, this is a temporary measure to allow space for the Scottish fuel poverty forum to make recommendations, and for us to implement them. It is not good enough to attack the Government in that way when the Labour Party has no proposals whatsoever for tackling the fuel poverty problem in Scotland. It is not fair, right or reasonable that people who are fuel poor are queuing behind people who are not. That is unacceptable, and we have dealt with it. The fuel poverty forum will make recommendations, which we look forward to implementing in order to tackle fuel poverty in Scotland, not to provide a replacement central heating system.

On the central heating programme in Fife, Claire Baker implied that pensioners in Fife are somehow getting a worse deal now than they were in the past. The fact is that last year, in 2007-08, which was the first year of the SNP Government, the number of central heating installations in Fife was more than 50 per cent higher than the average for the previous three years. This Government has provided free central heating for pensioners in Fife on a much greater scale than Claire Baker's Administration ever did.

British Energy (Meetings)

2. Jackson Carlaw (West of Scotland) (Con): To ask the Scottish Executive when it next plans to meet representatives of British Energy. (S30-4190)

The Minister for Enterprise, Energy and Tourism (Jim Mather): The First Minister is currently arranging a meeting with Bill Coley, who is the chief executive of British Energy. British Energy is important for employment and jobs in Scotland and, although we disagree on the issue of new nuclear stations, the Scottish Government maintains good relations with the company.

Jackson Carlaw: Is the minister aware of the unprecedented recent passing, with cross-party support, by members of North Ayrshire Council of a motion in support of British Energy that recognised the importance of Hunterston not just to Scotland's energy needs but, as a leading employer of talented staff with exceptional skills and expertise, to the Ayrshire economy?

Given that nuclear meets 26 per cent of our daily electricity usage needs and that Scotland's future energy mix will demand, in addition to whatever benefits accrue from hydro and renewables, a nuclear component, will the minister separate the arguments about nuclear weapons and those about nuclear power, which have been luridly twinned, cast aside his blinkers and enter into meaningful discussions with British Energy about a future nuclear component?

Jim Mather: I feel that I should congratulate the member on his hyperbole.

The issue is serious and we are treating it with the utmost seriousness. Our engagement with the energy industry is total. Hunterston could have its life extended until 2021 and, as today's *Energy Ecosse* makes clear, Scotland is leading the way on carbon capture and storage and other technologies. I encourage the member to read that publication and to enjoy some of its optimism about the potential that exists for us to boost Scotland's balance of payments through a new energy mix that allows us to export energy, technology, intellectual property rights and skills, to benefit from carbon trading and to win overseas investment that will be the making of this country.

Kenneth Gibson (Cunninghame North) (SNP): I am sure that the minister agrees that the majority of people who are worried about nuclear power are concerned about the creation and disposal of nuclear waste. Labour's 2007 manifesto said:

"Scottish Labour will work to resolve how nuclear waste can be managed and disposed of safely."

I know that Labour's manifesto has apparently been torn up this week—

The Presiding Officer (Alex Fergusson): A question, please.

Kenneth Gibson: Are we any closer to the safe disposal of nuclear waste?

Jim Mather: It is clear that that remains an outstanding problem. The issue is not just the cost of managing the waste, but the decommissioning costs, the running and maintenance costs, and the build costs. The decommissioning costs, which amount to many billions of pounds, are subject to constant inflation. We wish to avoid those costs falling on future generations. As I said, we want to create a climate in which we can make energy the key element of Scotland's economic recovery and resurgence by playing to the huge comparative advantage that we have in all the technologies that are available to us.

Summary Justice Reforms (Glasgow Bar Association)

3. Bob Doris (Glasgow) (SNP): To ask the Scottish Executive what discussions it has had with the Glasgow Bar Association about the new summary justice reforms. (S3O-4238)

The Cabinet Secretary for Justice (Kenny MacAskill): I met representatives of the Glasgow Bar Association on 5 May this year to discuss its position on the summary justice reforms. The association was also represented when I met deans of local faculties on 26 March, and at earlier meetings with officials to develop the proposed reforms of summary criminal legal assistance. Officials regularly meet colleagues from the Law Society of Scotland, the Crown Office and the Scottish Legal Aid Board to monitor the impact of those reforms, and I will meet members of that group in December to discuss its initial thoughts.

Bob Doris: The Glasgow Bar Association's opinions on summary justice reform, which have unfortunately strayed into the press, have been quite a sensitive issue. Are those opinions similar to those of other bar associations throughout Scotland?

Kenny MacAskill: The Glasgow Bar Association is a valued member of the legal family. It is fair to say that its views on legal aid, in particular, are not necessarily similar to those that have been expressed by representatives of the criminal law committee of the Law Society of Scotland, which are not as extreme, even if they express some trepidation.

The Government acknowledges that the city of Glasgow faces particular pressures: Glasgow sheriff court is the busiest in Europe. Although the Glasgow Bar Association is a valued organisation, it must recognise that the summary justice reforms are about making Glasgow and Scotland as a whole safer. Although some difficulties have been experienced, the reforms represent the direction of travel to which the Government is committed, which was supported by the Parliament.

Post Office Network Change Programme

4. Aileen Campbell (South of Scotland) (SNP): To ask the Scottish Government what steps it is taking to monitor the impact of the Post Office network change programme. (S3O-4234)

The Minister for Enterprise, Energy and Tourism (Jim Mather): Scottish Government ministers and officials maintain regular contact with the Royal Mail Group. Recently, that has involved constructive dialogue with Postcomm and the Royal Mail Group on the network change programme and other matters. Such open-ended engagement will continue.

Aileen Campbell: Surveys that I have conducted among affected towns and communities in the south of Scotland show that there is overwhelming opposition to the closures. Does the minister agree that the present round of closures must be the last? What steps will he take to communicate that message to the UK Government and Post Office Ltd?

Jim Mather: I certainly hope that it is the last round of closures. Neither the UK Government nor the Post Office has done anything to suggest that further closures are in the offing, but I cannot give a guarantee on that. We are communicating to the UK Government and Post Office Ltd the concerns and opposition to their action that have been expressed here in Scotland.

It is worth noting that, through the lead role that they play in community planning partnerships, councils have added considerable value to the debate about the role and possible future evolution of post offices. Their ability to bring detailed knowledge to bear means that we in Scotland can examine carefully the impact that the proposed closures would have on the lives of people and their communities. It is not just a question of looking narrowly at financial and statistical exercises that are based solely on maps.

Gavin Brown (Lothians) (Con): Last year, the Government told the Parliament that it was willing to explore ways in which its local agencies could work with the Post Office to retain lifeline services for communities. How many of the post offices that were threatened with closure have been saved as a result of that exploration?

Jim Mather: We must play a mature game to get the best possible results. We have made our submission to the independent review of the UK postal services market. We maintain a dialogue with the National Federation of SubPostmasters and, as I have said, with Postcomm and the Royal Mail Group. The plan is that, as the review crystallises, we will engage constructively to ensure that we manage the situation, with a view to obtaining the best possible ideas and options and the most fruitful engagement with other

players, which will help to consolidate the position across Scotland.

Scottish Enterprise and Highlands and Islands Enterprise

5. Dave Thompson (Highlands and Islands) (SNP): To ask the Scottish Government what progress has been made in reforming the structures and operation of Scottish Enterprise and Highlands and Islands Enterprise. (S3O-4253)

The Minister for Enterprise, Energy and Tourism (Jim Mather): The implementation of the reforms to Scottish Enterprise and Highlands and Islands Enterprise is largely complete. Both organisations are now focused on delivering their published business plans.

Dave Thompson: Will the minister provide clear guidance for the ill-informed and unhelpful rumour mongers who suggest that Highlands and Islands Enterprise is to be merged with Scottish Enterprise? Will he confirm that the unique role that HIE plays in developing and strengthening communities in the vast and diverse area that the organisation serves is set to continue?

Jim Mather: I categorically deflate that misinformation and myth. With its strong emphasis on strengthening communities, HIE is specifically configured to provide a unique service in the Highlands. I do not see that changing. Anyone who has any doubts about that would be well advised to visit HIE and experience for themselves the esprit de corps and sense of focus that now exist in that organisation.

Peter Peacock (Highlands and Islands) (Lab): Does the minister accept that the capacity of HIE has been significantly reduced as a result of the restructuring? Negative impacts are being reported across the Highlands and Islands by community and voluntary organisations, particularly with regard to strengthening communities expenditure. Will he agree to restore HIE's budget in that field until he has carried out a full appraisal of the impacts that the budget changes might bring about?

Jim Mather: I encourage the member to do what I am doing: get out more. He should talk to people on the ground—in particular, to members of communities and the third sector and to HIE and council staff. We have entered a positive new era that involves a reformed enterprise network, single outcome agreements and the brokering of cohesion between councils, the third sector and HIE. To help the member in his duties as a regional MSP, I am more than prepared to run an open book with him on what we are doing in Argyll and Bute and elsewhere in the Highlands and Islands to assist that process.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): It is clear that HIE is subject to budget cuts and loss of local autonomy. I fear the impact of that as Dounreay is decommissioned and people worry about future employment. Will the minister undertake to keep the closest possible eye on the situation? Will he liaise with his UK counterparts? If, as I fear, HIE's problems impact on the work that we are doing to secure a bright economic future for the area, will he consider financial intervention?

Jim Mather: I recognise the member's concerns, but they do not withstand scrutiny. I am keeping the closest possible eye on the situation. *[Interruption.]*

The Presiding Officer: Order. There is too much noise in the chamber. Please keep it down.

Jim Mather: I encourage the member to look at economic development as a complete system, in which the Government, local government, HIE and the third sector work in harness to achieve the best possible results. I offer to run an open book with the member on what we are doing and to provide him with further details of the session that we ran in late August in Wick in his constituency.

House Building Firms (Economic Downturn)

6. Jim Tolson (Dunfermline West) (LD): To ask the Scottish Executive what discussions it has had with house building firms affected by the economic downturn. (S3O-4271)

The Minister for Communities and Sport (Stewart Maxwell): Scottish Government ministers and officials have had regular discussions with Homes for Scotland throughout the summer, including at meetings of the housing supply task force. In addition, representatives of a number of house builders attended the stakeholder event that the Minister for Enterprise, Energy and Tourism and I hosted on 28 August.

Jim Tolson: Maintaining the skills base in the house building industry in the next few years is a real issue. Although I welcome the Government's plans to bring forward £100 million for affordable housing, they will cause a real problem in future years, when there is the potential for a skills gap—after the extra spending next year, there will be a sudden drop of £150 million the following year, which will create a vacuum in funding for house building firms in Scotland. Given that the Scottish Government recognises the importance of the affordable house building programme, will it commit itself to providing additional funding of at least £50 million to fill the vacuum that it has created by bringing forward £100 million for affordable housing?

Stewart Maxwell: That is a difficult question to answer; I am not sure whether the £50 million to

which the member refers is affected by the £800 million of cuts that the Liberal Democrats have proposed.

The housing supply task force has had a variety of discussions on current skills levels in the construction industry and those that are necessary to increase housing supply in the future. A sub-committee of the task force is examining the issue. I agree with Jim Tolson that the necessary skilled staff must be in place when the house building industry turns around and gets the opportunity to build more houses again, but I point out to him that earlier this year the Cabinet Secretary for Education and Lifelong Learning announced an increase of 1,000—500 young people and 500 adults—in the number of modern apprenticeships in construction and engineering. That announcement was warmly welcomed.

St Andrews Community Hospital and Health Centre

7. Ted Brocklebank (Mid Scotland and Fife) (Con): To ask the Scottish Executive whether it can confirm that the new £27 million community hospital and health centre in St Andrews will not have accident and emergency provision. (S30-4180)

The Deputy First Minister and Cabinet Secretary for Health and Wellbeing (Nicola Sturgeon): The new St Andrews community hospital and health centre will contain a minor injuries service and primary care emergency services.

Ted Brocklebank: Is it not incredible that the new health centre that has been set up to serve the whole of north-east Fife will not have full accident and emergency provision? There are 40,000 potential patients in the area, including 8,000 students at the University of St Andrews, many of whom are involved in sports that can lead to broken limbs and other such injuries. Does it make sense that they should still have to travel to Dundee or Kirkcaldy for treatment when state-of-the-art treatment is supposed to be available in St Andrews?

Nicola Sturgeon: The new community hospital and health centre in St Andrews will provide state-of-the-art facilities to enable a range of services to be provided to the community. There has never been accident and emergency provision in St Andrews. The new facility is designed to protect and build on existing services, and will ensure that the community receives a much-enhanced service. As the member knows, the Government has a proud record of protecting existing accident and emergency services that previous Governments had placed under threat.

First Minister's Question Time

11:59

The Presiding Officer (Alex Fergusson): In light of the takeover by Lloyds TSB of HBOS, and having discussed the matter with all business managers, I intend to allow some leeway in the timing of First Minister's questions today. In addition, it is the intention of the Parliamentary Bureau to schedule a ministerial statement and debate on the matter next Wednesday.

We now move to First Minister's questions, starting with question 1, from Iain Gray. *[Applause.]*

Engagements

1. Iain Gray (East Lothian) (Lab): To ask the First Minister what engagements he has planned for the rest of the day. (S3F-1008)

The First Minister (Alex Salmond): I welcome Iain Gray to his place.

This morning, as many members will know, I was in Rosyth announcing the resumption of Scotland's ferry service from Rosyth to Zeebrugge. The announcement about the restoration of the route today is particularly important when there is potentially grave economic news on other fronts.

A number of meetings have concerned the HBOS takeover by Lloyds TSB. Members will wish to know that I have arranged calls with both of the financial sector unions concerned. I have spoken with both banks and parties concerned today, as I did yesterday. For the information of members, I have called an emergency meeting of the Financial Services Advisory Board for next Tuesday. The board represents a wide range of interests in the financial sector, including the unions, universities and many other interested parties. The entire Parliament will greet yesterday's news with the seriousness that it deserves.

Iain Gray: I thank the First Minister for his kind words of welcome. Indeed I will cherish them in the sure and certain knowledge that such words will probably be few and far between in the weeks ahead. I also welcome the news from Rosyth.

The First Minister is right—this is a bad day. We are in the midst of a global financial crisis and the past 24 hours have demonstrated that Scotland is far from immune. There are three key aspects to the HBOS-Lloyds merger that I wish to explore with the First Minister: the implications for employees, the implications for customers and the implications for the economy.

This morning, I met trade union representatives of the workforce. Tens of thousands of jobs are under threat. Many people in the workforce are shareholders too, and they are worried not just about their jobs but about their savings and pensions.

I am pleased to hear that the First Minister has arranged calls with the trade unions involved, and indeed with the two banks. I ask that, in making those calls, he uses his offices to ask the new Lloyds-Halifax bank to meet the trade unions as a matter of urgency. That has not happened yet. It must happen today. Will the First Minister make it happen?

The First Minister: I can certainly ask for that to happen. HBOS, whose practices I know well, had what the Scottish Trades Union Congress described as a model agreement with the trade unions. I hope and expect that Lloyds TSB will follow suit. I will certainly urge the bank to meet its unions as soon as possible. I will make that point in the calls that I make to the unions this afternoon. I am grateful to Iain Gray for raising the matter and for understanding the seriousness of the situation that we face.

There are two aspects to the matter. First, we might ask whether it had to happen: was it inevitable that a 300-year-old institution, with all that it means to the Scottish economy, should be laid low in such a manner? I do not believe that it had to happen; I believe that HBOS was a soundly based institution. Only yesterday, the Financial Services Authority described it in those terms. It has been laid low by the actions of speculators in the money markets, and action must be taken against that, not just looking back at what has happened to HBOS, but considering the possibility of other financial institutions being targeted unless restraints are made on short selling.

Short selling is when people enter into selling shares to which they have absolutely no title whatever and do so with the aim of making a speculative profit over other people's misery. I note that Russia has outlawed short selling and I understand that American authorities have suspended short selling today. I urge—and I hope that all members will urge—our financial authorities to follow suit, lest other financial institutions come under the cosh in the way that HBOS has done during the past three days.

The second aspect is the substantial risk to jobs in Scotland. Some of the headlines that we have seen today have been exaggerated. Many of the jobs that we have in the financial sector, in the two institutions in Scotland, are extremely soundly based—they are based on retail banks and highly profitable areas of the financial sector. For example, Scottish Widows is a substantial part of the Lloyds TSB operation. However, we have

7,000 employees in Lloyds TSB and 17,000 employees in HBOS in Scotland, so it is understandable that many employees will be concerned about their future employment prospects. Therefore, what those employees will expect, and get, from the Government—and what I know they will get from all members—is that this Parliament and Government will strain every sinew and fight to the last iota to protect and retain as many as possible of those jobs and decision-making functions in the Scottish economy.

Iain Gray: I very much welcome the First Minister's assurances and I have every sympathy with his anger at speculation and short selling. Frankly, anyone who is today celebrating a profit from what has happened should go to the fire.

We must be honest. There is more. HBOS was highly exposed to the mortgage market and there is a liquidity crisis, which is global. The First Minister has said a great deal during the past 24 hours about the crisis that faces the banking sector but, a year ago, in his role as chair of the Financial Services Advisory Board, he noted that the recent liquidity problem was

"a good example of the type of issue which FiSAB should be discussing"

and instructed that the matter be a standing item for discussion at all future FiSAB meetings. I think that FiSAB has met twice since then. What further discussions have taken place and what action has the First Minister taken?

The First Minister: FiSAB considered a paper produced by Martin Gilbert of Aberdeen Asset Management in which he made a range of recommendations about how Scotland should respond to the financial difficulties and how we should inform the financial authorities in the United Kingdom and offer our opinion on such matters—indeed, that was done. There has been a standing item, as we have discussed Martin Gilbert's paper.

Nobody would rightly claim to have anticipated the speed of the events that have overtaken HBOS. I mentioned the statement that the Financial Services Authority released on its website yesterday morning. It reads:

"We are satisfied that HBOS is a well-capitalised bank that continues to fund its business in a satisfactory way."

We are not talking about a deficient financial model or an investment bank with insecure assets; we are talking about a highly capitalised bank with excellent ratios, which has been laid low by successive waves of speculation.

I welcome Iain Gray's support. Something has to be done—intervention has to be made—to put the hems on short selling in the financial sector in particular and perhaps more broadly, because if that does not happen a succession of financial

institutions will come under the same sort of pressure that HBOS has experienced. That must not be allowed to happen; people must not be allowed to profit from billions at the expense of tens, or perhaps hundreds, of thousands of jobs across the banking sector.

Iain Gray: I agree that the regulatory regime with regard to short selling should be reviewed. Indeed, as the First Minister knows, the FSA was given additional powers when new rules on short selling were introduced in June, and new powers will be legislated for in the autumn. What other regulatory changes does the First Minister propose?

The First Minister: There are aspects of transparency that the FSA and the Bank of England have been working on and that similar financial authorities worldwide have been working on.

I point out again that, in this case as in the cases of several other institutions that have come under pressure, we are not dealing with deficient financial sector models. The UK banking sector as a whole relies on wholesale money—we are a net importer of wholesale money. We are dealing with institutions that are well capitalised, well funded and well founded, but which are coming under waves of speculative pressure. That is why action must be taken and why I am delighted that action has been taken in other financial sectors this very day. I urge the financial authorities in this country to take such action, and I understand that there is general agreement in the Parliament on that. Those authorities should not look back on what has happened and say, “We told you so,” but look forward and try to protect other institutions.

We know that the thousands of jobs in the financial sector are important for Scotland, but let us not underestimate the consequences for the rest of the economy. Only yesterday, according to the International Labour Organisation measurement, unemployment in Scotland reached a serious low—the lowest figure on record. Nevertheless, the rest of the economy will follow a financial sector that is in turmoil. What is happening is important for the thousands of people who have jobs in the financial sector—they will be understandably concerned today—but it is also important for the fabric not just of the Scottish economy, but of the mixed economies throughout the western world.

Iain Gray: The First Minister is absolutely correct to talk of the importance of the financial services sector to Scotland and its wider economy. Earlier this week, on television, he talked about the importance of confidence in the success of the financial services sector. He was right to do so. I therefore welcome his announcement that FiSAB will meet next week to consider these matters, but

I believe that the circumstances are such that, to ensure that we are doing everything possible to sustain confidence and protect jobs, savings and mortgages, the discussion should be widened a little. We propose an urgent summit that involves all parties—trade unions, business leaders and the industry—to examine whether we are doing all that we can. Will the First Minister take such action, so that we can all play our part in this crucial matter?

The First Minister: It is exactly because I agree with doing that that I have called the emergency meeting of FiSAB. Iain Gray will be aware of the breadth of the membership of FiSAB, which represents a wide range of institutions across the financial sector, including the unions and the universities. That is why we have FiSAB. It is an important institution and innovation at any time; it is particularly important at a time such as this. If broader discussions need to take place to mobilise forces in Scottish society to retain every possible job and headquarters function, the Government—with, I hope, the support of the entire Parliament—will engage in exactly that.

Prime Minister (Meetings)

2. Annabel Goldie (West of Scotland) (Con):

To ask the First Minister when he will next meet the Prime Minister. (S3F-1009)

The question obviously has particular poignancy, given recent events.

I, too, welcome Iain Gray to his new position.

The First Minister (Alex Salmond): I spoke to the Prime Minister this morning at 7 o'clock—his reputation for early rising is well validated. There are no immediate plans for a meeting, but I am sure that the Prime Minister, and the chancellor, will be in regular contact, given the recent events and circumstances.

Annabel Goldie: The shock waves reverberating through the financial world have today reached into virtually every home in Scotland. There are Bank of Scotland employees, savers, borrowers and small shareholders throughout the country. I want to make it absolutely clear that it is totally unacceptable to spread malicious rumours in markets and to benefit from short selling. No one takes pleasure in people making money out of the misery of others.

In Scotland, we must deal with the circumstances as they now are, and we are all in the same boat. Does the First Minister agree that the Parliament should send out the clearest possible message that we will do everything that we can to argue the cause for Scottish banking jobs and for the pre-eminent status of the Scottish financial sector?

The First Minister: I welcome Annabel Goldie's comments. I spoke to Victor Blank, the chairman of Lloyds TSB, some half an hour ago and I am delighted to say that he has agreed to hold a full-scale meeting with the Scottish Government. The details of the merger proposals are not fully worked out, but we will take that opportunity to press substantially on exactly the areas that Annabel Goldie has identified. I am grateful for her approach to the matter.

Annabel Goldie: Over the centuries, Scotland has always shown a remarkable facility for creating opportunity out of adversity, and surely one of the best ways in which this Parliament can reflect that spirit is by urging this new bank to embrace the expertise, reputation and status of the jewel that is our Scottish financial sector. Given those attributes, does the First Minister agree that there is no reason why Scotland could not be the headquarters base for a bank of this significance?

The First Minister: There is no reason whatsoever. That is the proposition that we will put to Lloyds TSB. However, we would be unwise to believe that that will not be a difficult argument—not to pursue, because it will be soundly based, but given the current location of Lloyds TSB's headquarters and the nature of the takeover. We will put that argument with great vigour and determination, because it has to be put. I hope—and believe, because Victor Blank told me so today—that no final decisions have been made on any matters. However, we have had some indications today of press interpretation of the nature of the takeover.

It is important that we understand that, even in difficult financial circumstances, HBOS was a bank that was making substantial profits. Lloyds TSB Scotland is one of the outstanding successes of the Lloyds TSB group, in terms of its market share and performance over the past year. One obvious cause for confidence in this difficult situation is that the employees in those institutions are working for profitable units that are working well and which, in difficult economic times, have recorded a sound and improved financial performance. Therefore, as we argue and lobby for the Scottish interest, as a Parliament, we will be doing so in the knowledge that those employees have demonstrated, by their expertise and performance, that even in difficult financial times they can do the job.

Cabinet (Meetings)

3. Tavish Scott (Shetland) (LD): To ask the First Minister what issues will be discussed at the next meeting of the Cabinet. (S3F-1010)

I, too, welcome Iain Gray to his new position.

The First Minister (Alex Salmond): The next meeting of Cabinet will discuss issues of importance to the people of Scotland.

Tavish Scott: Following today's confirmation of the merger between HBOS and Lloyds TSB, Scotland is worried about other financial institutions as well. Does the First Minister accept that Scottish customers and businesses are deeply concerned about the future of banks that are not based in Scotland? How is the First Minister reflecting the cross-border, international issues that the situation exposes?

The First Minister: I am delighted that the response of the Labour and Conservative parties and other members shows that there is agreement in this Parliament that action should be urged to restrict outright vandalism—it is not speculation—in the financial sector. I believe that Mr Scott's counterpart, the United Kingdom leader of the Liberal Democrats, and Vince Cable said something similar this morning.

That response is absolutely necessary. This situation can no longer be seriously argued to be a case of deficient financial models, or of underperforming financial institutions coming under pressure. This is a case of financial institutions being targeted, for any reason, by waves of speculative pressure and brought down. I hope that what seems to be the unanimous view of this Parliament will have the effect of ensuring that the action that has been taken by other financial authorities, or something similar to that action, will be taken by the UK authorities in short order.

Tavish Scott: I accept the First Minister's description of deficient financial models. Does he accept that city speculators are holding a loaded gun against the taxpayer because they know that the Government will step in? We need to put a stop to a policy that privatises profits and nationalises losses. Tens of thousands of people who work for banks in Scotland, and millions who use them, fear for their future. Rich kids in bright shirts in London, New York and Tokyo are making money at our expense. Scotland loses its bank, people lose their branches, and the country is worse off. How will the First Minister work to get a joint approach to protect banks today and in the months ahead? I will work with him, for where else, indeed, does this end?

The First Minister: A joint approach is emerging in our discussions, and I am sure that the views of the Parliament and the parties within it will be well noted.

If we had had this debate even a few months ago, I suspect that members might have had reservations about increased intervention in the financial markets. However, everyone now

recognises, regardless of their previous point of view, that these are not market functions: we are seeing a deliberate distortion of the marketplace that is designed to wreak as much damage and volatility as possible to make a quick buck for some people.

People who do that deserve the censure of this Parliament and of all Parliaments, but even more than that, they deserve intervention to ensure that their practices cannot continue. I welcome that recognition not because we are looking back at what has happened to one of Scotland's most famous institutions—the oldest established of our clearing banks, which was founded in 1695—and at how it has been laid low in such circumstances, but because we all recognise that unless that collective action on intervention is taken, our institutions will be in the firing line.

I welcome the fact that we, as a Parliament, have a joint and several recognition of why those things are important, and I hope that our voice is heard as people try to address internationally this type of financial instability.

The Presiding Officer: Much of the leeway to which I referred earlier appears to have been used up, but I am keen to bring in other members. Bearing in mind that there is to be a debate next week on the issue, I ask that members keep questions and answers as brief as possible.

Alex Neil (Central Scotland) (SNP): In the light of the First Minister's reply to Annabel Goldie regarding the headquarters of the new merged company, will he ensure, in his discussions with the chairman of the new company, that the commitments that were made at the time of the previous merger in respect of headquarters functions for HBOS on the Mound are maintained during this merger, and that the headquarters operations that are currently functioning on the Mound are at least maintained, if not expanded?

The First Minister: In this morning's statement, and in terms of the information that is available, Lloyds TSB confirmed its intent to have a headquarters on the Mound for the Scottish bank, and therefore to continue the issue of Scottish notes. It also said that it would focus—that was the word that it used—on the importance of employment in Scotland. I reiterated those points to Victor Blank when I spoke to him about an hour ago.

The obligations and undertakings that were made in relation to the merger of the Halifax and Bank of Scotland are important, and are points that need to be stressed. We should also remember that obligations and undertakings were made at the time of the privatisation of the Trustee Savings Bank and its takeover by Lloyds. That is why, for example, the registered office of the

Lloyds TSB group has a Scottish nameplate, although it has a limited headquarters presence.

We will marshal all those points in argument. Pointing to the combination of the excellent financial performance of the employees and staff in Scotland and the commitments and obligations that have been made previously will provide a powerful argument as we seek to advance the Scottish case.

Andy Kerr (East Kilbride) (Lab): Like other members, I warmly welcome Iain Gray to his new role as leader of our party.

The wider business community in Scotland—to which the First Minister referred—that borrows money to invest in and grow its businesses here will be very concerned by these tumultuous events. Will the First Minister make strong representations at his upcoming meeting with Lloyds TSB to ensure that HBOS's corporate business function, which is important to that wider business community, remains in Scotland?

The First Minister: Yes, of course. That corporate function has been one of the substantial success stories of the Scottish financial sector. The position of HBOS, in terms of perception, was weakened largely because of its share of the mortgage market and the value of assets in that market. The corporate side of HBOS's business has been a shining light of performance, and that will be one of the important arguments that we will marshal.

Andy Kerr is correct to point to the substantial impact on the wider economy. The liquidity problems may fall immediately on a bank in terms of maintaining its position, but those problems quickly move to the wider economy, not just in the housing market but in the corporate market, as firms seek facilities for expansion. His points are well made and will be well put.

Derek Brownlee (South of Scotland) (Con): No one would blame the Scottish Government for the consequences of the events of this week, but what will the First Minister and the Scottish Government do to ensure that we do not lose sight of the longer-term interests of the financial services sector in Scotland as we deal with fundamentally different issues from what we might have expected even a year ago?

The First Minister: One of the great advantages of such close co-ordination between the financial sector and Government in Scotland, through the Financial Services Advisory Board, is that it gives us a forum to discuss such issues regularly. We have promoted substantially the Scottish financial sector and, with new companies moving into the sector, there have been substantial gains. Even in tough financial times, if we can demonstrate enhanced efficiency, financial

performance and a competitive position, we can attract to Scotland worldwide companies that are looking for locations that reflect a better cost model than the City of London has sometimes reflected. There have been some notable successes in difficult financial circumstances. The member has my assurance that, working with the institutions in FiSAB, we will continue to promote the Scottish financial sector and, indeed, redouble our efforts in these difficult times.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): The repercussions of the shock of the past 48 hours will have serious consequences for many small and medium-sized businesses over the coming 48 months. The operating plan of Scottish Enterprise no longer proactively supports companies that primarily serve local markets or indeed small businesses. The First Minister said eloquently today that the global impact on the Scottish economy often has a profound local impact. Will he work with the Liberal Democrats to ensure that Scottish Enterprise's operating plan in the year ahead is reviewed in the context of recent events to ensure that small and medium-sized companies can be supported by our economic development agency?

The First Minister: Yes. That sector is indeed supported. One of the greatest boons for that sector has been the small business bonus, which has operated well since its inception in the early part of this year.

Iain Gray said that recent events demonstrate that Scotland is not immune from global financial problems. The events of the past three days demonstrate fully that we are not immune; no one should believe that we are. Scotland's excellent economic performance under the circumstances of the past year is underlined by yesterday's unemployment figures from the International Labour Organisation; the retail sales figures; the substantial performance of many of our export companies—exports are important to the Scottish economy; and the performance of the small business sector in difficult times. I agree with the member, but he should not underrate the importance to small businesses of a diminution or complete elimination of the burden of their rates bills since last April.

Margo MacDonald (Lothians) (Ind): I welcome the Parliamentary Bureau's decision to have an emergency debate on Wednesday, but I regret that we will not meet in the Parliament tomorrow. Thousands of people in Scotland are most concerned, not just about their jobs but about housing—a topic that was introduced by the First Minister. As a matter of urgency, I ask the First Minister to call the City of Edinburgh Council and other authorities that have an interest in housing to discuss many people's fears that they may be

unable to pay their mortgages and stay in their homes.

The First Minister: We will take the necessary action. The focus is on maintaining jobs. No one should understate the risk in relation to rationalisation, duplication and key head office functions. However, the Parliament has, rightly, been united on two issues. First, it has identified one of the immediate causes of financial instability and united to urge that a restriction be placed on the activities of short-selling speculators. Secondly, it has not accepted the inevitability of massive job losses but has argued the case—with commitment and confidence—for retaining as many high-quality jobs and headquarters functions as possible in Scotland. When it comes to advancing the case for the city of Edinburgh or the whole of Scotland, nobody does it with more commitment and confidence than Margo MacDonald.

Patrick Harvie (Glasgow) (Green): I echo the welcome to Iain Gray in his new role.

The First Minister and the three other party leaders from whom we have heard variously blame speculators, short sellers, spivs and those who should just go to the fire. However, is the root cause of the problem not the culture of deregulated, buccaneer capitalism that all those political parties have supported, celebrated and even courted? Does the First Minister accept that the irresponsible game of financial Jenga has to end? Scotland's economic future can be based only on traditional Scottish values of self-reliance, sustainability, thrift and—dare I even say it?—prudence.

The First Minister: If I used the word "prudence", I would perhaps be borrowing it from the Prime Minister.

I agree to this extent. There are financial institutions across the world that could have done with a bit more emphasis on risk management and prudence in recent times. However, the problem that the Parliament has identified, and which has now been widely commented on by a variety of analysts, is real—George Soros, famously one of the great speculators in currencies of our time, made approximately the same point a couple of nights ago. If we have reached the point where George Soros has identified economic speculation as vandalism and as being deeply destructive in financial markets, I think that there is an overwhelming call for action. The action might not go as far as Patrick Harvie wants it to go across the range of institutions, but a substantial intervention in the financial markets would be welcomed by people not just in this country but worldwide, as we unite to say that people's jobs and livelihoods should not be jeopardised or

sacrificed by people whose only intention is to make billions out of other people's misery.

The Presiding Officer: I will take a final question on this issue, from Sarah Boyack.

Sarah Boyack (Edinburgh Central) (Lab): I welcome the First Minister's commitment to work to secure the HBOS headquarters, which is in my constituency, and to secure jobs in Edinburgh and the wider Scottish economy.

Will the First Minister join me in acknowledging the good work that HBOS carries out outwith its core banking functions? That work is not insignificant. Will he acknowledge that the HBOS Foundation has invested massive amounts in cultural and community organisations in Edinburgh and across Scotland? Consideration of that must be part of the work that is done to secure the HBOS HQ in Edinburgh.

The First Minister: I join Sarah Boyack in acknowledging that work, and I acknowledge the work of the Lloyds TSB Foundation, which does excellent and similar work across a range of activities. Both companies, in deploying those activities in Scotland, have in many ways been a model of social responsibility and social enterprise, so Sarah Boyack's point is very well made indeed.

We have excellent, powerful and high-performing financial institutions in Scotland. Our task in meeting this substantial challenge will be to minimise the job losses that will come from duplication—banks are cheek by jowl with each other in the high streets. As important, our task will be to maximise the points of decision-making and head office functions that exist in the Scottish economy. Many of the issues of which Sarah Boyack speaks go hand in hand with decision-making and head office functions, and she is right to draw attention to them. I acknowledge their importance, and they will certainly be part of our representations.

The Presiding Officer: I will take a further supplementary question, on a different issue, from Bill Butler.

Bill Butler (Glasgow Anniesland) (Lab): I am sure that the First Minister and the whole chamber will wish to join me in condemning a recent spate of deeply troubling sectarian incidents—namely, a physical assault on the Celtic coach Neil Lennon; a series of vile attacks on the Rangers player Nacho Novo on the internet; and the singing of the so-called famine song at the recent old firm game. Given those wholly unacceptable manifestations of bigotry, will the First Minister give a commitment to the chamber that his Government will bring to the Parliament in early course a national, anti-sectarianism strategy that is comprehensive and coherent and which builds on the previous

Executive's national action plan on tackling sectarianism, which enjoyed support from all sections of Scottish society?

The First Minister: Yes, I can give that commitment, because it will give us an opportunity to focus attention on—and to have more widely understood—the range of anti-sectarian activities that are promoted by the Government and supported by a variety of interest groups throughout Scottish society.

The Parliament has just united in a substantial fashion in meeting and facing an economic challenge to Scotland. I hope that we will continue to unite in a substantial fashion to meet the challenge of tackling the evil of sectarianism, which is one of the great social challenges that Scotland faces.

Domestic Energy Efficiency

4. Tricia Marwick (Central Fife) (SNP): To ask the First Minister what action the Scottish Government is taking to ensure that Scotland receives a full share of spending by the energy supply companies on improving domestic energy efficiency. (S3F-1018)

The First Minister (Alex Salmond): As Tricia Marwick knows, we have been concerned that Scotland has not been receiving its fair share of the benefits of the carbon emissions reduction target—CERT—initiative. I mentioned to the Parliament last week that our analysis of the initial scheme between 2002 and 2005 showed that there was a shortfall of rather more than 20 per cent even on a population basis, despite the fact that fuel poverty in Scotland is some three times higher than elsewhere in the United Kingdom for climatic and other reasons.

That is why the Government is taking a proactive approach and has established a steering group to discuss with the energy companies ways of increasing spend from the renewed budget for CERT. The Minister for Communities and Sport held the first meeting of the group last Monday, 8 September, and we announced in the past few days that the six main energy companies have agreed in principle to work with us to ensure that Scotland gets its fair share of CERT, and specifically to provide a package of insulation measures to help fuel-poor households.

We will publish a full CERT strategy soon, which will include the action that we will take in response to the recommendations from the fuel poverty forum.

Tricia Marwick: Does the First Minister agree that the UK Government's response to the energy crisis is not sufficient and that financial support for the 44,000 households in Fife that have been plunged into fuel poverty is a necessity? Does he

agree that the concerns that were expressed to him last weekend by the people of Glenrothes, Leslie and Cardenden should also be heard at first hand by the Prime Minister? Will the First Minister encourage Gordon Brown to come to Glenrothes and explain why he is denying people the vital financial assistance that they will need this winter?

The First Minister: I did not mention that to the Prime Minister this morning, although I mentioned the Rosyth ferry to him. I am sure that there will be a vigorous debate on the matter in Fife in the coming weeks.

I agree with Tricia Marwick. Action on energy costs and prices is one area that is destabilising the economy as well as households throughout the country. However, that should not and will not preclude the argument and debate that we will have about the importance of ensuring that the CERT funding comes in proper measure to Scotland, which has not happened in the past. There are serious issues involved in that, but we must overcome them. I welcome our energy companies' commitment to that objective.

Sewage Pollution (Beaches)

5. Lewis Macdonald (Aberdeen Central) (Lab): To ask the First Minister how many enforcement actions the Scottish Environment Protection Agency has taken resulting from sewage pollution of beaches since May 2007. (S3F-1021)

The First Minister (Alex Salmond): SEPA takes enforcement action where there is actual or potential pollution of beaches or bathing waters. There have been a few such occasions both this summer and last summer. There have been 10 enforcement notices, two reports to the procurator fiscal and one prosecution. SEPA has reported that, where enforcement notices were issued against Scottish Water in respect of bathing waters this summer, remedial action was promptly taken.

Lewis Macdonald: I am pleased to hear that. The First Minister will be aware of the wide range of leisure uses of Aberdeen beach, from windsurfing to dog walking. I suspect that he shares my view that bathing water quality at Aberdeen beach is important to tourists and local people alike, even during a wet summer such as the one that we had this year.

Will the First Minister ensure that Scottish Government agencies continue to make every effort to enable a return to the excellent grading that Aberdeen beach achieved two years ago? Does he agree that such efforts should include, if necessary and where appropriate, further enforcement action by SEPA to prevent sewage pollution in future?

The First Minister: Yes.

Class Sizes

6. Murdo Fraser (Mid Scotland and Fife) (Con): To ask the First Minister whether, in light of recent court rulings, the Scottish Government will introduce legislation to enforce a class size limit of 18 in primaries 1 to 3. (S3F-1011)

The First Minister (Alex Salmond): As the member knows, we are considering carefully the terms of recent court judgments on placing requests. We have the agreement of the Convention of Scottish Local Authorities in the historic concordat for local government to make year-on-year progress in reducing class sizes in early years education.

Murdo Fraser: I have difficulty in understanding the First Minister's reticence on the matter. The SNP manifesto was clear where it said:

"We will reduce class sizes in Primary 1, 2 and 3 to eighteen pupils or less".

The decision of the Court of Session on Friday makes it clear that without a change in the law, the policy will always be open to legal challenge. If the First Minister will not give a commitment to legislate, we must ask whether he is really serious about delivering the policy or whether it is another broken promise.

The First Minister: The commitment that we have given in the concordat is very important. It moves us forward in a co-operative way as opposed to, for example, the relationship that the Conservative Party had with local government in Scotland. We are reviewing carefully the court's decision and the terms of the recent court judgment stand. The member should be in absolutely no doubt about our seriousness in such matters or our intention to see that the agreement in the concordat moves forward. He should also be in no doubt that people in local government regard the class size policy as a key priority and that many councils throughout Scotland are moving substantially in the policy direction.

When Murdo Fraser's party left government in 1997, class sizes in primaries 1, 2 and 3 in Scotland were 25, 26 and 27. Does he still think that that is acceptable or is his commitment on the issue somewhat recent and newfound?

The Presiding Officer: Members who would have liked to ask a supplementary will be most welcome in the chamber this afternoon when we have further questions on education. That concludes First Minister's question time; thank you for your forbearance.

12:41

Meeting suspended until 14:15.

14:15

On resuming—

Question Time

SCOTTISH EXECUTIVE

Education and Lifelong Learning

Primary Class Sizes

1. Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): To ask the Scottish Executive how many of the 3,599 targets, outcomes and indicators contained in the 32 local authority single outcome agreements commit to delivering class sizes in primaries 1, 2 and 3 to a maximum of 18 by 2011. (S3O-4266)

The Cabinet Secretary for Education and Lifelong Learning (Fiona Hyslop): Under the terms of the concordat, local government has undertaken to make year-on-year progress on class size reduction in primary 1 to primary 3. Therefore, it was unnecessary for local authorities to include references to class size reduction in primary 1 to primary 3 in their single outcome agreements.

Jeremy Purvis: On 25 June, Rob Gibson asked the cabinet secretary:

“Do you agree that the concordat's single outcome agreements will be a more accurate measure of progress than we have had in the past?”—[*Official Report, Education, Lifelong Learning and Culture Committee*, 25 June 2008; c 1285.]

She answered: “They will”. However, there is no published objective or independent system of verifying whether the Government's policy is being delivered. For the Government simply to state now that there was never any intention that the single outcome agreements would mention it is outrageous. Not one of the 3,599 outcomes, indicators and targets is about class sizes. The Government is letting down Scotland's parents significantly. Will the cabinet secretary ensure that next year's single outcome agreements have at least some published indicators that demonstrate whether the policy is being implemented?

Fiona Hyslop: I can certainly make representations that that is the Liberal Democrats' view when I meet representatives of the Convention of Scottish Local Authorities this afternoon. However, there are 14 commitments in the concordat with local government, many of which are not mentioned in the single outcome agreements. The freezing of council tax rates, the small business bonus scheme, free school meals, allowances for kinship carers and carers support through extra respite weeks are all commitments that have been agreed by local government in the

historic concordat, although none of those is in the single outcome agreements. The agreement is with local government; it will deliver and we trust it to do so.

Murdo Fraser (Mid Scotland and Fife) (Con):

At First Minister's questions, I referred to Friday's Court of Session judgment, which rides a coach and horses through the Scottish National Party's class size policy. Does the cabinet secretary accept that, without legislation being put in place to protect them, councils could face legal challenge from parents even if they wanted to implement the policy and had the money to do so? Does she accept that, if she is serious about the policy, the Government must legislate?

Fiona Hyslop: I refer Murdo Fraser to the First Minister's reply, in which he said that we are reviewing the judgment in the East Lothian case. I point out that the 12 per cent of classes that are already smaller than 18 are not operating illegally.

Yes, we need resources to reduce class sizes. Indeed, the concordat refers to maintaining 53,000 teachers in our education system, which would allow headroom to make progress. However, Murdo Fraser is right to identify placing requests as an issue—the case that the Court of Session recently considered was not about the SNP's commitment with local government to class sizes of 18, but about the previous Administration's proposals for class sizes of 25 in primary 1. We will reflect on whether there is a requirement for legislation, but it is not a prerequisite to deliver on class sizes.

Murdo Fraser might consider the Conservatives' position. If they take the position that there should be no class size limits whatever and that headteachers should have discretion, that would make it difficult to protect parents when they make placing requests. Parents would have difficulty making such requests without class size legislation unless there was another test for access to a school: passing an examination. That may be the system south of the border, but it is certainly not the system in Scotland. Murdo Fraser should tread carefully before asking for legislation that would put the Conservatives' policies in jeopardy.

Probationary Teachers

2. Nanette Milne (North East Scotland) (Con):

To ask the Scottish Executive whether it supports the teaching of pupils in primary 1 to P3 by probationary teachers. (S3O-4176)

The Minister for Schools and Skills (Maureen Watt): Yes.

Nanette Milne: I thank the minister for her brief response. I recently met a group of Aberdeenshire parents whose children have been taught by

probationary teachers in primaries 1 and 2. Those parents are concerned that their children are being taught by probationers year on year. Is there a limit on the number of probationary teachers who are allocated to the same class year on year? Will the minister undertake to investigate the situation to guarantee that primary schoolchildren who are taught by probationary teachers year on year are not, in fact, being disadvantaged?

Maureen Watt: I thank Nanette Milne for her supplementary question. Every year, 6,000 teachers are due to retire, so we obviously need the probationary teachers. A teaching qualification in primary education prepares teachers to teach equally well any child between the ages of three and 12, and all teaching qualifications are designed so that successful students achieve the same standard for initial teacher education, so there is no reason why a new teacher should not be just as able as a more experienced teacher to motivate and inspire children in P1 to P3. In addition, it is up to headteachers to assign teachers to classes as they deem appropriate.

Nigel Don (North East Scotland) (SNP): What steps is the Government taking to improve recruitment of teachers into rural areas, where there are occasionally difficulties in getting the required number of staff?

Maureen Watt: I thank Nigel Don for his question. I am aware that some authorities have difficulty in recruiting teachers to some areas, which is why we asked the Scottish Further and Higher Education Funding Council to allocate more teacher training places to the Crichton and Aberdeen teacher training institutions so that we can ensure that perhaps more teachers go into training locally and are therefore likely to take up posts in their own area.

Pupil Support (English as an Additional Language)

3. Patrick Harvie (Glasgow) (Green): To ask the Scottish Executive what action it is taking to support school pupils who have English as an additional language. (S3O-4228)

The Minister for Children and Early Years (Adam Ingram): As the member will be aware, the Scottish Government is investing record levels of funding in local government: £34.9 billion over the period 2008 to 2011. Education authorities have the flexibility to allocate the resources available to them to meet their local needs and priorities. That, of course, includes providing for pupils for whom English is an additional language.

In addition, we continue to encourage schools and colleges to work in partnership to meet the needs of learners. As part of our adult English for speakers of other languages strategy for Scotland,

the Scottish Government and the Scottish Further and Higher Education Funding Council have recently allocated £2.7 million of additional funding to community learning and development partnerships and colleges, along with advice encouraging them to

“develop ESOL for families and actively link with schools”

as one of the key priorities.

Patrick Harvie: I thank the minister for that. I acknowledge and welcome the work that he speaks of, and I support the move towards local flexibility in local government finance. However, certain duties have been imposed on local authorities by Parliament, the current Government and previous Governments, which increase the need for support for pupils for whom English is an additional language. There are also global trends that affect—month to month, let alone year to year—the level of need and the number of languages that a particular school or local authority may deal with. Is there a need to look in the longer term at how we can make resources available nationally for changing needs in changing circumstances?

Adam Ingram: Patrick Harvie is correct that we have laid duties on local government in this regard through the Education (Additional Support for Learning) (Scotland) Act 2004. He may be aware of what is happening in Glasgow: Glasgow City Council undertook a review of provision of teaching of English as an additional language and found that it did not meet the needs of children. Glasgow will not provide extra staff, but it will ensure that staff are deployed more efficiently by identifying the areas, schools and communities that need additional support, and it will direct resources towards them. Glasgow will increase, too, the training of such people. Additional training of teachers through continuing professional development programmes is being devised so that appropriate staff in every school can deal with the issue. We welcome the Glasgow action and would point it out to other local authorities.

Hugh O'Donnell (Central Scotland) (LD): Does the minister agree that the number of teachers with additional language skills who come to Scotland as part of the fresh talent initiative should be monitored by either the Government or the General Teaching Council for Scotland, in order to assist in appropriate placement of such teachers? It appears—based on written answers from the minister—that neither the Government nor the GTC currently monitors teachers with additional language skills who come into the country through fresh talent.

Adam Ingram: I am certainly interested in taking up that suggestion. My colleague the Minister for Europe, External Affairs and Culture will certainly undertake to take that up.

Karen Whitefield (Airdrie and Shotts) (Lab): I note with interest the minister's comments on the additional funding that has been provided by the Scottish funding council. Will the minister supply further detail on how that money will be spread across local authorities in Scotland?

It is vital that we support families with young children attending school, and for whom English is not their first language, but I am also keen to know what support the minister believes local authorities should provide to ensure that children attending nursery are not left isolated and alone when so many other children do not speak their language.

Adam Ingram: That was quite a number of questions. I certainly undertake to write to Karen Whitefield to provide detail on the whole range of what is happening.

Particularly with the ESOL funding and in the provision of support for speakers of other languages, it is very important that what we do is joined up. We can provide additional language education and training for children entering school, but sometimes that can leave families on the outside, as it were, looking in. We want to marry that up so that people coming in can engage with the education system, and so that parents can ensure that their children receive the best possible education. That is the purpose of what we are trying to do, but I will write to the member on the detail.

School Building Programme (Highland Council)

4. John Farquhar Munro (Ross, Skye and Inverness West) (LD): To ask the Scottish Executive when the Cabinet Secretary for Education and Lifelong Learning last met Highland Council to discuss its school building programme. (S3O-4263)

The Cabinet Secretary for Education and Lifelong Learning (Fiona Hyslop): I last met Highland Council in Inverness on 5 August. During that meeting, I had constructive discussions on a wide range of issues, including the school estate.

John Farquhar Munro: I am sure that part of those discussions involved the Highland Council's single outcome agreement. What discussions have been held on school building so that, both in the area that I represent and elsewhere in Scotland, councils can be properly supported to continue projects of school building and refurbishment?

Fiona Hyslop: We discussed issues regarding the current provision of school buildings and we reflected on the fact that an additional £115 million of capital has been allocated to local government each year for the next few years to help to support continuing education and school estates provision.

I am pleased to see that Highland Council is using its share of the resources to invest £88 million over the next four years to provide improvements in the school estate.

Our discussion also reflected on the need to look further. In my answer to a parliamentary question last week, I announced the establishment of a working group on a school estates strategy that will report in the spring next year. That strategy will look to the longer term and will reflect the recommendations of the Audit Scotland report "Improving the school estate". I think that Highland Council and many other councils will welcome that as a step forward.

Rhoda Grant (Highlands and Islands) (Lab): In my constituency, many schools such as Wick high school are in desperate need of replacement. When does the cabinet secretary expect the first school in the Highlands to be built through the Scottish Futures Trust?

Fiona Hyslop: It is up to Highland Council to determine and decide on its own school building priorities. Only last week, I responded to a question from Jamie Stone on the situation with Wick high school. The fact is that the issue must be considered in the light of the longer-term agenda for school estate management. That said, I understand the concerns that have been expressed by parents and pupils about the condition of many of the schools, and we—and, indeed, the Audit Scotland report on school estates—acknowledge that we are only halfway towards our aim of restoring school buildings and ensuring that they are fit for purpose.

I look forward to engaging this afternoon not only with Highland Council but with the Convention of Scottish Local Authorities on how we will take forward the school estates project and continue the school building programme. I am very pleased that under this Administration 250 schools will be either built or under construction. We should certainly mark the benefit of that to 100,000 pupils.

School Buildings (Renewal)

5. Michael McMahon (Hamilton North and Bellshill) (Lab): To ask the Scottish Government what progress is being made on renewing school buildings. (S3O-4214)

The Minister for Schools and Skills (Maureen Watt): The school building programme continues apace, with the Government and authorities putting £2 billion between them into schools infrastructure.

Since May 2007, seven school projects comprising 45 schools have reached financial close and a further four are in the pipeline. Combined, the projects have a capital value of £1

billion and are financially supported by decisions of this Scottish National Party Government.

In order to secure investment in schools and other infrastructure we are, under the current local government settlement, providing local authorities with almost £3 billion of capital resources over three years, which represents an increase of £115 million for this and the next two years. Our infrastructure investment plan shows that, over the next five years, £1 billion will be invested in large-scale schools projects alone. As the Cabinet Secretary for Education and Lifelong Learning has just said, we expect during the life of the Parliament to deliver 250 schools, which will benefit 100,000 pupils.

We will also consider the future of the school estate through the development of a new school estate strategy and the Scottish Futures Trust.

Michael McMahon: I thank the minister for her very detailed response. However, I must point out that, like the Government's previous responses and claims, it causes confusion about the exact number of schools that this Government has been entirely responsible for building. Therefore, in an effort to remove any doubt, I ask the minister to tell us the number of schools that this Government is entirely responsible for initiating, starting, beginning, commencing or instigating—call it what you will—and which were not already being built under capital programmes in local authorities and had not been negotiated by the previous Government. When can we expect one of these schools to be built?

Maureen Watt: I remind the member that local authorities commission and build schools. Anything that has been produced, planned, built or completed since May 2007 has been paid for by this Government.

Joe FitzPatrick (Dundee West) (SNP): Michael McMahon asked about the number of schools that had been entirely paid for by the current Government. Of course, the Opposition forgets that the schools that were brought up under the previous Administration are not yet paid for.

The Presiding Officer (Alex Fergusson): Can we have a question please, Mr FitzPatrick.

Joe FitzPatrick: What percentage of local authority budgets are committed to paying for the private finance initiative school renewal projects that were approved by the previous Administration?

Maureen Watt: The full cost of repaying the 19 public-private partnership projects that reached financial close and were approved by the previous Administration up to May 2007 will be £107 million per annum. The previous Administration left only a budget of £100 million for the schools PPP

projects. As a result, even for the projects that that Administration had approved, there was a funding shortfall that this Government has had to make good.

Rhona Brankin (Midlothian) (Lab): Will the minister confirm that Midlothian Council has asked twice for a meeting to discuss the shocking condition of Lasswade high school in my constituency? Will she also confirm that during the school holidays the Cabinet Secretary for Education and Lifelong Learning made a clandestine visit to the school about which the parents, teachers, pupils and local politicians were not informed and to which they were not invited? Why does the minister think the cabinet secretary is running scared of the community?

Maureen Watt: The cabinet secretary did visit schools in Midlothian during the summer—she is, after all, a Lothian regional member. I, too, have visited schools in Midlothian and have had recent correspondence on various issues with Midlothian councillors.

Minimum Income Guarantee (Students)

6. Alison McInnes (North East Scotland) (LD): To ask the Scottish Executive what consideration it has given to the introduction of a minimum income guarantee for students. (S30-4262)

The Cabinet Secretary for Education and Lifelong Learning (Fiona Hyslop): During the stage 3 debate on the Graduate Endowment Abolition (Scotland) Bill, I made a clear commitment to Parliament that the minimum income guarantee that the National Union of Students has proposed will be considered as part of the wider consultation on student support to be launched later this year.

Alison McInnes: Given the relentless rise in food, energy and travel costs, student support is an even more pressing issue. However, the Scottish National Party has an unfortunate track record of letting students down. We have not forgotten the "Dump the Debt" posters that were plastered all over campuses before the election.

On page 58 of its draft budget document, which was published this week, the Government says that it will commit

"£30.0m for a phased transition from student loans to grants, starting with part-time students".

Will the cabinet secretary instead consider using that money and work with us to introduce a minimum income guarantee that will benefit students throughout Scotland?

Fiona Hyslop: I thought that the member might have welcomed the fact that we will consult on the minimum income guarantee proposal as part of the wider consultation on student support.

The transition from loans to grants is being funded separately. Some £38 million has already been allocated to tackle that, and 20,000 part-time students can already benefit from it. The consultation that will take place later this year is on the £30 million that was referred to. As I have said, I made a commitment on considering the minimum income guarantee proposal as part of the wider consultation.

We have delivered for students. The abolition of the graduate endowment fee, which was a tax of more than £2,000 on education, has been warmly welcomed by students in Scotland.

Europe, External Affairs and Culture

Lewis Chessmen

1. Hugh O'Donnell (Central Scotland) (LD): To ask the Scottish Executive what further discussions it has had with relevant bodies regarding the Lewis chessmen. (S3O-4264)

The Minister for Europe, External Affairs and Culture (Linda Fabiani): The Scottish Government thinks that it is unacceptable that only 11 of the Lewis chessmen are based in Scotland while the other 82 remain in London. We believe that our chessmen should be held in the country in which they were discovered.

I discussed the chessmen when I visited the British Museum in January this year, but have been disappointed by its apparent lack of responsiveness to continuing that dialogue. However, I have managed to secure a meeting with the director of the British Museum on Monday, 6 October. I hope that our discussion will be constructive.

I am sure that the member will be interested to know that there have been positive operational discussions between the British Museum and the National Museums of Scotland about potential future exhibitions of the chessmen in Scotland and future collaboration on research. The National Museums of Scotland is also considering activities involving the chessmen for the year of homecoming in 2009.

Hugh O'Donnell: I thank the minister for her comprehensive and detailed response.

Does the position on the Lewis chessmen that has been outlined reflect the Scottish Government's general policy on repatriating artefacts? Does the minister have a list of items that are held in Scottish collections that she proposes to return to their original homes? Does she support the return of the Elgin marbles to the people of Greece?

Linda Fabiani: Every case should be considered on its own merits. The case for the

Lewis chessmen is particularly strong, and there is no reason whatsoever why, under the current United Kingdom settlement, the British Museum should not return the chessmen to the national museum of Scotland. Of course, come independence, how such things are dealt with will change.

Alasdair Allan (Western Isles) (SNP): A dh'fhaighneachd do Riaghaltas na h-Alba dè na planaichean a tha aige airson leigeil le taisbeanadh-siubhail de na fir-tàileisg Leòdhais a dhol air adhart ann an Leòdhas, am measg àitean eile.

To ask the Scottish Government what plans it has to allow the exhibition of the Lewis chessmen on the Isle of Lewis, among other places.

Linda Fabiani: That is, of course, an operational matter for the National Museums of Scotland. There is on-going constructive dialogue with the national museum of Scotland and museums throughout our nation on how we can use our collections to best advantage. I have no doubt whatsoever that agreement will be reached between the national museum of Scotland and Lewis so that Lewis's legacy can be properly displayed through the homecoming season.

Ted Brocklebank (Mid Scotland and Fife) (Con): Does the minister accept that it would be more accurate to describe those iconic figures as the Norwegian, rather than the Lewis, chessmen, given that they were carved in Norway by Norwegian craftsmen and apparently ended up on the west coast of Lewis by accident? Does she agree that if they are removed from the British Museum, they should be returned to their country of origin—Norway?

Linda Fabiani: Research is on-going on that and not every expert agrees with Mr Brocklebank's contention. However, the chessmen certainly marched out of the sea and landed at Uig, and that is where they should be.

Paintings (National Collections)

2. Rob Gibson (Highlands and Islands) (SNP): To ask the Scottish Government what steps are being taken to secure paintings on loan to the National Galleries of Scotland for permanent display in the national collections. (S3O-4241)

The Minister for Europe, External Affairs and Culture (Linda Fabiani): Objects that are on loan to the national collections are subject to specific loan agreements between the owners and the national collections. Although that is an operational matter for the national collections, the Scottish Government provides annual funding for the collections' acquisition programme and considers requests for additional funding for major acquisitions.

Rob Gibson: I thank the minister for that reasoned answer. Although the national collections are governed by strict rules that were established long before devolution, they have nevertheless made appeals to the Government and the public when on-loan artworks have been threatened with removal from public display. Will the minister review the national collections' relationship with the Scottish Government and make it fit for the display and maintenance of our public art collections in all their undiminished splendour? As a nation that aspires to independence, can we not have a modern structure and organisation for museums that allows us to retain works of art in Scotland?

Linda Fabiani: The member is right that many major artworks and artefacts have been saved for the nation in recent years, including Botticelli's Virgin, Titian's Venus, the John Murray archive and the Kelvingrove Spitfire. We must always ensure that we retain the arm's-length relationship with our galleries and museums, but I see no reason why we cannot enter into dialogue on the issue, to provide clarity for the people who are obviously concerned about it.

Creative Scotland (Costs)

3. David Stewart (Highlands and Islands) (Lab): To ask the Scottish Executive when it will publish the latest estimates it has received of the costs of establishing creative Scotland. (S3O-4225)

The Minister for Europe, External Affairs and Culture (Linda Fabiani): I am considering a paper from the joint board of the Scottish Arts Council and Scottish Screen on potential transition costs. The costs of establishing creative Scotland will be made public when they are submitted to the Parliament through the proposed public services reform bill's financial memorandum.

David Stewart: The minister will be well aware of the important role of film location work in the Highlands and Islands, particularly given the background of "Monarch of the Glen" and "Highlander" to the Harry Potter films, and of the substantial spin-offs that the work creates through film tourism and the boost to the local economy. Will she give an assurance that not one brass farthing will be taken away from film location and promotion budgets to pay for creative Scotland's setting-up costs?

Linda Fabiani: Creative Scotland will be the coming together of the Scottish Arts Council and Scottish Screen, which is Scotland's film agency. The joint board is discussing all those issues. Right at the forefront of its intention is to give maximum benefit to artists and creators in Scotland. I have faith that that is what the joint board will do.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I ask the minister to answer the specific question that was asked. Will the set-up costs for creative Scotland be deducted from the operational grant funds that are available to artistic and creative bodies?

Linda Fabiani: As was reported to the Education, Lifelong Learning and Culture Committee when the issue was discussed previously, the Scottish Arts Council and Scottish Screen have set aside about £1 million from their combined grant-in-aid towards the costs of transition. We have said that, if the costs are greater, the Government will look at that.

Creative Scotland (Recruitment)

4. Bill Aitken (Glasgow) (Con): To ask the Scottish Executive whether it anticipates difficulties with starting the recruitment process for the new board and chief executive of creative Scotland in advance of the parliamentary process. (S3O-4185)

The Minister for Europe, External Affairs and Culture (Linda Fabiani): No, I foresee no difficulties. I will identify a new chair for the company shortly and, when it is established and the chair and board of directors are in place, I will of course ask them to discuss with me their plans for the appointment of a chief executive.

Bill Aitken: The minister will be painfully aware of the history of the matter. The bill fell at stage 1 because she was unable to satisfy the Parliament about the validity of the financial memorandum. Does she agree that it would be extremely difficult for candidates to judge whether they wish to be considered for jobs on the new body when they do not know what funding powers creative Scotland will have?

Linda Fabiani: Two committees of the Parliament agreed to the bill coming before Parliament, and although the general principles of the bill were agreed to, the financial memorandum was not. I am aware of that, but I am also aware of what I see as confusion among the Opposition parties.

Karen Whitefield (Airdrie and Shotts) (Lab): No. It was the minister who was confused.

Linda Fabiani: I do not think so—the member should look at the record.

There is a precedent, which is why I do not foresee the problems that Bill Aitken foresees. The previous Administration set up Bòrd na Gàidhlig as a company limited by guarantee. In December 2002, it appointed a chair, and in January 2003 it established the company. It did not introduce the Gaelic Language (Scotland) Bill until 2004.

Malcolm Chisholm (Edinburgh North and Leith) (Lab): The Government maintained absolute silence on the issue in the statement on the legislative programme and in the long document on the legislative programme. Will the minister tell us why she is reintroducing presumably all the sections of the Creative Scotland Bill in a public services reform bill rather than reintroducing the Creative Scotland Bill? Is it not the case that, even without changing standing orders, which may well have been possible, she could have proceeded to the stage 1 debate on the Creative Scotland Bill in December? Given the route she has chosen, goodness knows when Parliament will have the opportunity to discuss the matter again. It would be helpful if she would enlighten us on that final point.

Linda Fabiani: It was obvious that the parliamentary programme was full. The previous Administration started talking about the issue as far back as 2004, with its Cultural Commission. We owed it to the sector to act quickly, and that is what we have done. The issue will come before Parliament in the public services reform bill to be introduced at the beginning of next year.

Iain Smith (North East Fife) (LD): Given the all-party support for the principle of setting up creative Scotland, does the minister agree that it would have been better if she had discussed the way forward for creating creative Scotland with all the parties in the Parliament rather than going behind the Parliament's back by the route that she has chosen?

Linda Fabiani: I did not see the Liberals jumping up and down when their partners in coalition did the same thing with Bòrd na Gàidhlig.

Artists (Support)

6. Derek Brownlee (South of Scotland) (Con): To ask the Scottish Executive what additional Government support is planned for artists during the remainder of this session of the Parliament. (S3O-4183)

The Minister for Europe, External Affairs and Culture (Linda Fabiani): We have increased our budget for culture by 14 per cent in cash terms over three years, from £238 million in 2007-08 to £272 million. That is an extra £34 million for cultural activity, including artists. It includes £6 million over three years to deliver our manifesto commitment to the Edinburgh festival expo fund, which promotes Scottish productions and talent, and £1.8 million for culture through cashback for communities, which comes from the proceeds of crime. We will shortly make a further announcement on cashback for communities.

Derek Brownlee: I am sure that the Government has, if nothing else, provided a rich

vein of activities for artists to draw on. One thing that it does not seem to be intent on doing is delivering on its commitment to introduce a limited tax exemption for artists. If it is right in principle to introduce such a tax exemption for income tax, would it not also be right in principle to do so for local income tax?

Linda Fabiani: Our manifesto included pledges to broaden the range of funding options available to artists and a grant scheme equivalent to a tax exemption. We are now working with the creative Scotland transition team to develop firm proposals. The innovation fund of £5 million, which I announced in June, will be available in creative Scotland's first two years to support new ideas.

In his budget response to the United Kingdom Chancellor of the Exchequer in May this year, John Swinney, the Cabinet Secretary for Finance and Sustainable Growth, asked for the Scottish Parliament to be passed additional competence so that we can, through the income tax system, achieve a limited exemption for artists resident and working in Scotland.

Ian McKee (Lothians) (SNP): Does the minister agree that with full financial powers a Scottish Government would be better able to offer a scheme of tax relief to support Scottish artists? In the absence of those powers, will she ensure that all young artists and art businesses secure the small business bonus to which they are entitled?

Linda Fabiani: I have no doubt that if the Scottish Government had full financial powers, we would be able to offer greater support to our artistic community. However, that does not alter the Scottish Government's view that support for young artists and arts businesses is an extremely important aspect of funding. I have asked the creative Scotland transition team to include such support in its broader examination of future funding models for the sector.

World Heritage Status (Edinburgh)

7. Robin Harper (Lothians) (Green): To ask the Scottish Executive whether it has given consideration to the consequences of the possible withdrawal of Edinburgh's world heritage status. (S3O-4229)

The Minister for Europe, External Affairs and Culture (Linda Fabiani): We believe that the management of all the world heritage sites in Scotland complies with the requirements of the world heritage convention. We will, nevertheless, consider carefully any comments that the United Nations Educational, Scientific and Cultural Organization makes following the forthcoming mission.

Robin Harper: This is all to do with the letter from the Cockburn Association regarding the

planning applications for the Caltongate development in Edinburgh and their possible consequences. I believe that ministers are considering—not at this very moment, but presently—whether to call in the applications. I am glad that they are giving the matter that consideration. Does the minister see any merit in meeting representatives of the world heritage organisation and UNESCO while the situation continues?

Linda Fabiani: As Mr Harper says, the applications are currently before ministers for consideration, so it would be inappropriate for me to comment on the merits or details of the proposals or to meet anyone who has a particular locus in the matter.

Aileen Campbell (South of Scotland) (SNP): My region in the South of Scotland boasts the world heritage site of New Lanark, which the minister knows well and visited last year. Does she agree that we should be proud of our world heritage sites? How much importance does she place on, and what role does she see for, sites such as the one at New Lanark in the year of homecoming next year?

Linda Fabiani: We should be very proud of our world heritage sites, such as those in Orkney, New Lanark and Edinburgh's old and new towns. They have a great role to play in the year of homecoming next year. The Antonine wall is the most recent site to gain world heritage site status, and many people in the Parliament and in local authorities worked very hard to secure that status. We should celebrate those sites, and I can think of no better time to celebrate them in than the year of homecoming.

Malcolm Chisholm (Edinburgh North and Leith) (Lab): Given that the largest part of the Edinburgh world heritage site is in my constituency and that its status as such is highly valued, will the minister do everything possible—including meeting UNESCO representatives—to protect Edinburgh as a world heritage site? Will she also consider calling in any planning applications that threaten the site's status?

Linda Fabiani: Ministers and the City of Edinburgh Council invited UNESCO to arrange the mission and visit here. Historic Scotland, on behalf of ministers, will take the lead and work closely with all key stakeholders.

It is worth saying that monitoring missions are routine for UNESCO when there is a question about possible threats to a world heritage site. They are aimed at helping the management of the site. Bath also has a mission this year, and Liverpool and London have recently been visited by UNESCO and experts from the International Council on Monuments and Sites.

Planning applications must be determined by taking account of all the relevant issues, including, where appropriate, any potential impact on a world heritage site. We are always aware of those issues because, as I said, our world heritage sites are precious to us and we wish to both celebrate and maintain them.

Traditional Arts

8. Cathy Peattie (Falkirk East) (Lab): To ask the Scottish Executive what discussions have taken place or are planned between the Scottish Arts Council and the Scottish Traditions of Dance Trust and other traditional arts organisations. (S3O-4222)

The Minister for Europe, External Affairs and Culture (Linda Fabiani): The Scottish Arts Council has informed me that it held a number of discussions earlier this year with traditional and other arts organisations that have been affected by the council's flexible funding decisions, including informal discussions with the Scottish Traditions of Dance Trust in May. I met some of those organisations earlier this month.

I understand from the Scottish Arts Council that it plans to write next week to all organisations that were affected by the flexible funding decisions and to meet them after the next board meeting on 25 September. I also understand that the SAC met the traditional music forum to begin to explore the wider strategic questions around the support and development of the traditional music sector in Scotland.

Cathy Peattie: That is welcome. How will the minister ensure that the strategic issues review deals with the real funding issues in relation to the traditional arts, dance and the Scots language? How will she monitor the situation?

Linda Fabiani: The Government is committed to the retention and promotion of our traditional arts and languages in Scotland. That is one reason why I commissioned the first ever audit of Scots language provision. We should get the results next month.

Arts development managers at the Scottish Arts Council have drafted for submission to the joint board meeting on 25 September a paper that reports on all the outstanding strategic issues following the fallout from the flexible funding decisions and offers possible solutions to the strategic issues.

In previous years, the Scottish Arts Council budget contained ring-fenced funding for the traditional arts. That stopped in 2006, when funding for the sector was mainstreamed. I have undertaken to consider the matter and to work with the Scottish Arts Council and creative Scotland to ensure that we protect our traditional arts. It

should not be taken from my exchange with Cathy Peattie today that no traditional arts are funded in Scotland. That is not the case. Some organisations were disappointed by the flexible funding decisions, but the Scottish Arts Council has undertaken to meet them and discuss the matter further.

We have a vibrant traditional arts scene in Scotland and we want to maintain, enhance and promote it. I am sure that members of all parties in the Parliament will work together to do that.

Tourism

The Deputy Presiding Officer (Alasdair Morgan): The next item of business is a debate on motion S3M-2543, in the name of Iain Smith, on behalf of the Economy, Energy and Tourism Committee, on the committee's sixth report in 2008, "Growing Pains - can we achieve a 50% growth in tourist revenue by 2015?"

14:58

Iain Smith (North East Fife) (LD): I find myself in a strange situation, because one of my first duties as the new convener of the Economy, Energy and Tourism Committee is to move a motion on a committee report even though I was not a party to drawing it up. However, I will do my best.

I begin by paying tribute to my predecessor as convener, Tavish Scott, for his work on the committee, and particularly for the work that he did to pull together its good, valuable and important report on tourism. I thank Professor John Lennon of the Moffat centre for travel and tourism for the help that he gave the committee as its adviser, and I also thank the clerk to the committee, Stephen Imrie, and his team, and all the members of the committee for their hard work.

Tourism is vital to the Scottish economy. The industry is worth about £4 billion a year. It employs nearly 220,000 people in Scotland, which represents about 9 per cent of all people in employment. In some areas, such as the Highlands and Islands and rural Perthshire, the proportion of working people who are employed in tourism is as high as one in eight. Tourism is one of the six priority industries for growth that the enterprise agencies have identified. It is a critical sector whose growth is central to meeting the Scottish Government's gross domestic product target.

The committee's report is the culmination of a 10-month inquiry. I understand that the inquiry was often arduous, involving as it did fact-finding visits to Iceland, Austria and the north-east and north-west of England. I thank committee members for undertaking that hard work. The central question for the committee was whether it is possible to meet the aspiration to increase tourism revenues by 50 per cent by 2015. That ambition was established by the previous Liberal Democrat-Labour Administration and adopted by the predecessor SNP Government.

The Minister for Enterprise, Energy and Tourism (Jim Mather): Successor.

Iain Smith: Successor, rather. My clerk made a slight error there.

When the target was set in 2004-5, it did not seem unreasonable. However, one must now look at our current situation: falling overseas visitor numbers; exchange rate challenges; the washout summer; the recent closure of airlines such as Zoom and XL; and the turmoil in the financial markets and the threat that that poses to all sectors of the economy. It is going to be a tough time for tourism, but it is not all doom and gloom.

The committee recognised that our nation is blessed with an exceptional tourism product and that, compared with some nations, Scotland has an identity and brand that is second to none. Consider my constituency of North East Fife, where we have some of the finest tourism products anywhere in the world, not just the infamous Old Course golf course but our fantastic coastline and many fine historical buildings.

The committee identified a significant number of challenges that lie ahead if the industry is to meet the target and grow. Central to those challenges are the four key areas on which our report focuses: investment in the product; skills, training and education; transport and connectivity; and relations between the public and private sectors. I will talk a little about each area in turn.

We are all aware that although we have many excellent tourist attractions and accommodation providers, unfortunately the days of, "You'll have had your tea," and, "The chef's away home," are still with us in some places. We all know of places where we or visitors have tried to get a meal and been told, "No, it's after 8 o'clock; you're too late." The committee was clear that we simply must drive up investment and quality standards in the sector. The investment must be driven by the industry, which must share in the ambition of increasing tourism revenue by 50 per cent. Without the industry realising that it must invest in facilities and staff, we will never realise our shared aims.

The public sector has a role to play, too. I welcome the Minister for Enterprise, Energy and Tourism's agreement to our recommendation that VisitScotland and our enterprise agencies should produce a national tourism investment plan, which should identify gaps in our products, such as the lack of five-star accommodation and the poor use of our coastal resources, and be used as a marketing tool by bodies such as Scottish Development International to tout those investment opportunities throughout Scotland, the United Kingdom and the world.

Investor confidence is critical to the success of the investment plan. There is no point in encouraging investment if, for example, the investor gets bogged down in planning. The committee was well disposed towards the model that is used by Glasgow City Council to identify

investment opportunities so that they can pre-clear all the possible planning and regulatory issues by getting all the key bodies on board at the outset, and then aggressively market the investment opportunities worldwide. That is what we want to see at national level, which means that we need there to be joined-up thinking and working between VisitScotland, the enterprise agencies, regulatory bodies and key local authorities on the national tourism investment plan. In that regard, we welcome the Scottish Government's commitment to examine the Austrian and Swiss models of a tourism bank to help small and medium-sized enterprises to invest in our businesses. We remain open to helping the minister with contacts to make that plan a reality.

Skills, training and education are perhaps the most crucial areas that we need to examine. Perhaps the most damning evidence of all that was presented to the committee was from Shirley Spear of the Three Chimneys restaurant on Skye, which is one of Scotland's finest award-winning establishments. Shirley told us that despite her reputation, the awards that her business has received and the endless contact with colleges and universities, she has never been approached with an offer of the pick of the best graduates from hotel and hospitality schools. That is not good enough. We also heard from People 1st, the sector skills council for the hospitality industry, of the 400 or so different courses throughout the UK in 40 different establishments.

Our report notes:

"former qualifications under SCOTVEC and more recently SVQ have seen reductions in practical training. This in turn has led to much criticism of qualified students' practical ability and competence. In response some celebrated chefs such as Andrew Fairley at Gleneagles, (Scotland's only 2 Michelin Star Restaurant) insist on the former City and Guilds qualification as an essential for entry into his operation. At a UK level, Gordon Ramsay has indicated that he will set up a private training school under the auspices of his restaurant and pub chain, such is his level of frustration and disenchantment with the capabilities of students emerging from UK colleges."

It is clear to the committee that we continue to churn out people from our schools, colleges and universities with qualifications and skills that, by and large, are not the ones that the industry wants. The damning statistic is that only one in three graduates of hotel and tourism courses go to work in the industry. The Modul hotel school in Vienna, which the committee visited, has three applicants for every place and 75 to 80 per cent of its graduates join the hotel and hospitality trade.

I welcome the minister's agreement in principle to our recommendations and caution him not to rely on the sector skills council alone to give him the industry view. It is better to go and ask the real industry in, for example, the Three Chimneys,

Gleneagles, the St Andrews Bay hotel, the Old Course hotel in St Andrews and the Balmoral. We should ask the big players in our industry what they need.

I welcome the minister's agreement to convene a meeting of the key public sector bodies to take that forward, which is a useful first step. However, as the committee concludes, we want the Government to organise

"a review group consisting of leading industry specialists (e.g. hoteliers, restaurateurs etc) and chaired by one such figure. The review group should also involve government officials, VisitScotland, the Scottish Funding Council and Skills Development Scotland Ltd. This review group should make recommendations to the Minister on the type and number of education, skills and training courses for the future. A starting principle for such a review is a wholesale rationalisation into a model that suits Scottish needs and has industry buy-in."

Will the minister give a commitment today that, following the meeting of all the public agencies, he will move towards such an industry-led review to reprioritise and declutter the skills and training sector?

Transport and connectivity are vital to the tourism industry. If people cannot get to the tourism product, there will not be many tourists. Until such time as it had a rethink, VisitScotland's own website noted the challenges that are faced by visitors to Scotland who want to get out of the central belt by rail or road. As the constituency member for Argyll and Bute, the minister must know better than most just how hard it is to encourage a visitor on a short or weekend break—the key growth markets—to get out of Edinburgh and Glasgow to see all parts of Scotland.

A travel industry rule of thumb is that if short-break travellers cannot reach a place within 3 to 4 hours of their home, they probably will not go. Just imagine how a Spaniard, German or Italian feels when they have spent a few hours on a flight to Edinburgh or Glasgow and then face the same again on a train to get to Inverness or the rural Highlands and Islands.

We simply must do better in relation to the visitor experience. I welcome the minister's agreement to most of the recommendations, but I am disappointed that he failed to agree to the recommendation on common ticketing. We all know of examples from our holidays of places where we can buy one ticket that lets us into all sorts of visitor attractions and lets us use all forms of public transport in the area. I am sorry that the minister did not agree to a summit to bring all relevant parties together to see what could be done nationwide to build on the one or two examples of good practice at local level.

I want to say a personal word on transport. I remain disappointed that the Government

abandoned the Edinburgh airport rail link project, which would have been a great boon to the tourism industries north of the Forth, including Fife. It is disappointing that that flagship policy was abandoned by the present Government. That is a personal comment; it is not a point that the committee made.

I will conclude by talking about the relationship between the public sector and the private sector. I do not agree with the recent report by the Royal Society of Edinburgh that called for VisitScotland to be shut down, but I agree with its finding that VisitScotland must do more to engage with local industry and local partnerships to market all parts of Scotland. We do not need to return to the days of area tourist boards, but VisitScotland must not allow itself to become too centralised.

I, like the committee, welcome the growth of destination management organisations such as Destination Loch Ness, and city marketing bodies such as that in Glasgow. Perhaps in time, with ministerial support, they will appear in other cities in Scotland, such as Edinburgh. I want VisitScotland to embrace and support those area or region-based attempts to increase the quality of what Scotland can offer.

Finally, I welcome the fact that the minister has agreed with the vast majority of the committee's recommendations—he agreed with 20, agreed in part with two and disagreed with only four—but, like the committee, I want to see delivery on the ground. We give the minister notice that at key points in the coming year, we will be looking for progress notes, and we will hold him, the accountable officers in VisitScotland and the enterprise agencies, and the key industry players, such as the Scottish Tourism Forum, to account for delivering on the recommendations that were agreed to.

I move,

That the Parliament notes the conclusions and recommendations contained in the Economy, Energy and Tourism Committee's 6th Report, 2008 (Session 3): *Growing Pains - can we achieve a 50% growth in tourist revenue by 2015?* (SP Paper 141).

15:09

The Minister for Schools and Skills (Maureen Watt): I put on record again the Government's welcome for the Economy, Energy and Tourism Committee's identification of tourism as an important industry for Scotland. That supports the Government's thinking, as set out in our economic strategy, that tourism is a key sector for sustainable economic growth.

In holding its inquiry, the committee increased attention on the main tourism issues and on how the industry can work to achieve the shared

ambition of a 50 per cent growth in revenues. The Government was impressed by the inquiry's depth and by the professional way in which it was conducted. We welcome the input from representatives of the industry and the public sector, and the work of the committee, its clerks and its advisers in drawing that together.

As members know, the Government's response to the committee's report was published last week. I am sure that many members have studied it, but I will reaffirm its main points. It is pleasing that much of the committee's report was positive about tourism and that the Government agreed with the vast majority of recommendations. I am sure that that is a sign that tourism in Scotland is in generally good shape and that all parties are working well together. I contrast that with the recent equivalent committee report on tourism at Westminster, which contained significant criticism of the United Kingdom Government and its tourism policies.

We agreed that the Economy, Energy and Tourism Committee correctly identified the key issues in its report. We were pleased that the committee concluded that the 50 per cent growth ambition should be retained. That target, which was established after much discussion and was adopted by the industry, is a useful focus for partnership working throughout the industry and between the private and public sectors. However, it would be unrealistic to ignore the prevailing economic circumstances, which differ from those when the ambition was adopted. Many in the industry have questioned the wisdom of having the target when they feel that tourism must run hard to stand still or survive.

Achieving the ambition should be a longer-term plan, even though it is clear that short-term growth might be unfeasible in the current climate. It is worth noting that VisitScotland has already upweighted its marketing of Scotland in UK markets by bringing forward some £1.5 million of marketing spend. Many members might recently have seen television adverts encouraging everyone to visit Scotland and its different parts.

The work on homecoming Scotland 2009 will help to boost tourism. There is no doubt that we can make 2009 a special year for Scots and for those who love Scotland. The programme of events is growing and the word is spreading. We expect to show the world that we can throw a great party, and we expect many visitors to come to join in. The year will also provide an opportunity to show the world what Scotland is made of.

We agree that it is important for the public sector agencies that support tourism to face in the same direction and work together closely. We will consider whether further alignment is necessary,

in the first instance through more effective joint working.

I will not repeat everything that the Government said in its response, but I will talk about the skills issues, which Iain Smith correctly identified are important. The committee expressed concern about the volume and relevance of the qualifications that are on offer to the hospitality industry in Scotland. Our skills strategy makes it clear that the skills that individuals learn must be the skills that employers want. Providers of qualifications need to engage employers properly in the development and design of qualifications at all levels, but some qualifications have not benefited from such engagement.

It is unfortunate that some evidence to the committee on qualifications was inaccurate. The committee was told that more than 4,000 qualifications are on offer to the tourism industry, but that figure was later revised to 400. That is still incorrect—the figure is likely to be closer to 100, if we are talking about Scottish Qualifications Authority qualifications and higher education courses.

People 1st's sector qualifications strategy acknowledges that much more progress has been made in Scotland than in England on rationalising qualifications in the industry. It states that the completion rate for apprenticeships in the sector is considerably higher in Scotland than in the rest of the UK and that it intends to learn from the Scottish system to improve the performance of apprenticeships in other countries.

Employers are in a strong position to influence SQA provision, given that the agency now involves sector skills councils in the design, development and validation of its qualifications.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): Will the Government find an opportunity to revisit its decision to reduce the number of apprenticeships in the hospitality and tourism sector, which it is doing to focus purely on the construction sector? At the very time when the committee report recommends an extension of apprenticeships and skills, there will instead be a net reduction in the number of hospitality and tourism sector apprenticeships. What is the Government response to what the committee said?

Maureen Watt: Skills Development Scotland, the Scottish Further and Higher Education Funding Council, the SQA and People 1st are working together to consider that. The member may also have noted that level 2 apprenticeships are being introduced in the hospitality and tourism sector.

John Park (Mid Scotland and Fife) (Lab): Will the minister give way?

Maureen Watt: I must make progress.

Of course, the qualifications that are on offer matter little if young people choose not to enter the industry in the first place. The committee acknowledged the real and perceived barriers to people choosing to enter and remain in the hospitality and tourism sector. Fundamentally, that is something that employers in the industry need to address by making the industry attractive to young people. For example, they can offer successful work experience and industry placements, and treat school pupils who have weekend and evening jobs as potential long-term recruits to the industry.

There are good examples of schools, colleges and universities working closely with the hospitality industry. For example, not far from here, the HBOS museum on the Mound is working in partnership with the Royal high school on an excellence in education through business links programme. Such partnerships help young people to become more aware of the tourism industry. The Giuliano's on the Shore restaurant has worked with Pilrig Park school to help all first to third-year secondary students to design and make their own pizza—a fun challenge from a real employer and one that relates to the world of work. We need more such examples.

Young people in Scotland are positive about their country. Such experiences with employers build on that confidence and often translate into young people entering an industry that they had not previously considered. However, such examples are the exception rather than the norm. More employers need to engage with schools, colleges and universities to bring industry relevance into the education setting.

The committee concluded that Scotland should establish a small number of dedicated hotel schools along the lines of those in Switzerland. Leading figures in the industry are developing a proposal for such a centre of excellence. I welcome this excellent example of an employer-led and industry-funded initiative to tackle our skills needs.

North Highland College, in partnership with other colleges and the UHI Millennium Institute, is in the process of establishing a hotel training school in Dornoch to provide the half a million people in northern Scotland with access to university-level courses. The proposed centre for hospitality and tourism will be a training facility that will be run as a fully operational hotel, occupying the refurbished Burghfield house hotel. The college will lead a new degree programme in tourism and hospitality management and offer skills-based qualifications in areas such as front of house. Good work is being done in colleges.

I repeat that the Government places importance on supporting the tourism industry in achieving the shared ambition for growth. We welcome the committee's report and its general support for the policies that are already being followed. I look forward to hearing members' views on this important issue.

15:19

Lewis Macdonald (Aberdeen Central) (Lab): It gives me pleasure to welcome the committee's new convener to his first debate. I also welcome Maureen Watt who has, I think, just spoken in her first debate on tourism, as John Park will do later. On this occasion, only the Conservative party is out of step.

The inquiry was thorough and resulted in a wide-ranging report. As we have heard, there was general agreement that those who make a living in the tourism sector should continue, where possible, to take the lead in adding value to Scotland's fantastic natural and cultural assets, and that the Government and its agencies should continue to work with the sector on the shared objective of future revenue growth.

There was general, if not unanimous, agreement that the structures of VisitScotland are about right and that the agency is fit for the purpose of marketing Scotland at home and abroad. It is a pity, therefore, that this week's draft Scottish budget confirms that VisitScotland's budget will be £1 million less next year than this year. If it is the right agency to do the job, it needs to be properly resourced by Government, especially when growth will be particularly difficult to achieve.

On the role of Government agencies, our report notes at paragraph 267

"the potential loss of local expertise in tourism in terms of local business involvement in the enterprise networks."

The jury is still out on whether the much-reduced enterprise networks and Skills Development Scotland will be able to continue the effective support for tourism businesses that was praised by a number of witnesses to the inquiry. The committee has agreed to examine the enterprise aspects next summer and has made some specific and radical proposals on skills, which have been referred to already.

Another area of concern was connectivity, both electronic and physical. I am pleased to learn that visitScotland.com has entered into discussions on how it might change its approach in line with the committee's recommendations. We may hear more about that shortly. If the Rosyth to Zeebrugge ferry gets back to business soon enough to protect its market share and survive, that will be good news. However, as Iain Smith

said, it is not the only direct link to Scotland to be put in peril in recent months.

That is the context in which the report states at paragraph 210:

“Almost all of the witnesses heard by the Committee were supportive of the Air Route Development Fund (ARDF) model and called for a replacement initiative.”

We called on ministers to consider

“establishing destination marketing initiatives, targeting customers on potential new flights into Scotland”

in a way that

“would involve clear branding and marketing and air route development.”

I am happy to acknowledge that some of that is now happening. VisitScotland and easyJet are spending £1 million on attracting visitors from London. However, at a time of such weakened global economic confidence, it is important that Scotland's devolved Government is seen to back such initiatives. That is why clearly branding marketing initiatives as Government backed is important.

We called on ministers to organise an urgent summit of transport providers and tourism operators to innovate further on joint ticketing arrangements for visitors. Like Iain Smith, I am disappointed that ministers have not yet jumped at that suggestion. They acknowledge that there is good practice from which to learn but, instead of bringing industry together to see how that good practice can be rolled out, they propose only to discuss it among different bits of the Government machine. I hope that that discussion will lead to such action as the committee suggests.

I hope that ministers will also respond to our call at paragraph 274 for the international passenger survey to

“record all the relevant international visitors to Scotland through all major ports of entry, specifically including Aberdeen airport.”

The failure to do so currently means that Scandinavian visitors in particular are undercounted when VisitScotland is planning future marketing campaigns. Although the statistics are collected on a United Kingdom-wide basis, there are implications for devolved Government agencies, therefore I hope that ministers will have something to say on the recommendation.

Ministers are more directly responsible for some of Scotland's transport providers and tourism operators. The committee drew attention to ways in which public enterprises such as CalMac Ferries and public agencies such as Historic Scotland might improve the visitor experience. I am sorry that ministers did not respond

enthusiastically to those suggestions. It is easy to say that Government should get out of its silos and work across portfolios to achieve sustainable economic growth, but it is harder actually to do it. Ministers need to give a lead and support practical suggestions for better joint working, which is all that the proposed reviews are intended to achieve. I hope that ministers will also respond positively to the suggestion that they consider all funding options to enhance the programme of homecoming Scotland 2009.

We heard a lot during the inquiry about investment decisions. Scotland needs more quality hotels across the whole price range, particularly outside Glasgow and Edinburgh. There are some models of good practice where tourism projects have benefited from being fast-tracked by planning authorities. I hope that ministers will support measures to spread that best practice as well as back the national tourism investment plan.

The conclusions of the report are cautiously optimistic about Scotland's potential for meeting its targets on growing tourism revenues in the next few years. The report recognises the roles of both the industry and the Government and its agencies. I hope that ministers will go beyond those areas in which they have met the committee's recommendations and consider seriously those areas in which they have not, and will think again about the resources that those recommendations will require.

15:25

Gavin Brown (Lothians) (Con): I start by putting on record my thanks to the committee clerks who did an excellent job and helped committee members all the way through the inquiry. I would even go as far as joining Iain Smith in saying that Tavish Scott did a good job with the report and in convening the committee. He would not have enjoyed the debate if he had heard Iain Smith promise £500 million for the Edinburgh airport rail link and Jeremy Purvis promise more apprenticeships. His tax plans have been well and truly torpedoed and we are just 20 minutes into the debate.

The Scottish Conservatives are hugely impressed by the Scottish tourism industry. We are passionate about the potential for tourism and optimistic about what it can achieve in future if the right conditions are put in place. However, we have to be realistic about the results that we have seen since 2005.

I will focus on Scottish tourists within Scotland, because their numbers have dropped dramatically in the past two years. I will also pick up on three of the key issues in the report: the skills agenda, investment in planning, and visitscotland.com.

Before I go on to the reality, I have two quick points to make. I acknowledge and am pleased that everyone on the committee thinks that tourist information centres are important to Scottish tourism. That has universal support. There are 106 centres today, and we specifically asked if there would be 106 in 2015. My understanding of what we heard from VisitScotland and the minister is that those tourist information centres are safe and they will play an important part in the future.

I also highlight the fact that everyone on the committee thought that the bed tax as proposed for Edinburgh is a bad idea and should, quite literally, be put to bed as soon as possible. I hope that the Liberal Democrat members will follow Tavish Scott's lead on that and say to their City of Edinburgh Council councillors that it is a terrible idea. I hope that the Scottish National Party members will do the same with the SNP councillors in Edinburgh. It is a bad idea for Edinburgh and, if it was replicated throughout Scotland, it would be bad for Scottish tourism.

The reality is that Scottish tourism is marginally down since 2005, when the target was set. Back then, the figure was £4.2 billion. The most recent figure for 2007 is £4.179 billion, so there has been a small decline. However, if our target is a 50 per cent real-terms increase by 2015, we have some distance to go, and the starting point has to be for the Government to acknowledge where we are. I gently point out that the minister told the committee that tourism was marginally up on 2005, but the latest figures look as if that is not correct.

Brian Adam (Aberdeen North) (SNP): One of the key points that came out of the committee inquiry is that achieving the target has to be industry-led. The target is one for the industry. It is up to the private sector to deliver it; it is not something that the Government has to deliver. Does the member agree with me?

Gavin Brown: Of course I agree with that, but my point is that when the Government has access to the figures, it has to be clear to the committee and to others what they say. We were told that tourism was marginally up, but when the figures were published it was marginally down, which is quite significant.

We want more people to holiday in Scotland. However, the number of Scottish tourists within Scotland stands out as a figure that has been down since the abolition of the area tourist boards. The two issues might be connected. Revenue from tourism is down from £900 million to £800 million. At the same time, figures for revenue from tourists from Wales and Northern Ireland in Scotland have gone up to about £50 million to £60 million. We cannot just blame the credit crunch for the decrease; there is some other reason, and the

abolition of the area tourist boards might have played a part. We are not calling for them to be brought back—no one is doing that—but we are calling for VisitScotland to do a little bit more in areas of the country where it is currently not doing things.

Jeremy Purvis: Will the member give way?

Gavin Brown: Not at this time.

We heard such calls being made particularly when we visited the north-east to take evidence.

Investment in planning is a serious issue that took up a lot of the committee's time. Far more effective systems need to operate on the ground. Glasgow City Council's system, which involves a 12-point fast-track plan, appears to work well, and seems actively to try to ensure that developments happen. That contrasts with the evidence that we took from a former City of Edinburgh Council planner, who said that consideration of a development proposal could not be completed in 12 weeks. Across the table, his Glasgow counterpart said that that had been done in Glasgow only a few months previously.

On skills, I was interested in the minister's comment that there were only 100 different tourism-related courses. We were told by experts that there were 3,000 or 4,000 such courses. The Government did not challenge that information in its written response to the committee. I would be interested to hear—after the debate, if not during it—where the figure of 100 came from. I would be surprised if businesses were as confused about the situation as that figure suggests—I would be astonished if it turned out to be correct.

We hope that changes will be made to visitscotland.com, because only 1,000 of its 8,000 residential offerings can be booked through the site. It would be much better if the site were an information portal that passed customers directly on to the tourism providers.

We are optimistic about the situation for tourism, as long as the correct actions are taken.

15:31

Liam McArthur (Orkney) (LD): Like other speakers, I congratulate the committee on its excellent report. It might be career limiting were I not to mention the key role that the committee's former convener, Tavish Scott, played in the inquiry and the production of the report.

As the report makes clear, the extremely stretching 50 per cent target for tourism growth, which was set by the previous Executive and adopted by the current Administration, is the subject of a genuinely lively debate about its achievability. I believe that when targets are

appropriate, they should be ambitious, but it is inevitable that questions will arise about the extent to which such targets are realistic.

However, the Scottish Government and the enterprise agencies have, quite rightly, identified tourism as one of the six priority industries and one that is well placed to enjoy considerable growth. Achievement of the growth target will require collaborative effort on the part of the public, private and voluntary sectors. It will also rely on Scotland playing to its strengths and each section of the market and part of the country realising its full potential. That last point is crucial. In turn, that will require a constant and ruthless focus on improving the quality of the tourist experience through investment in facilities, infrastructure, including transport, and the skills of the people who work in the sector.

Ultimately, the success that we all wish to see will be possible only if we place greater trust, in the shape of responsibility and resources, in the hands of those who best understand each market. That is very much the conclusion of the report by the Royal Society of Edinburgh that was published last week, although I agree with Iain Smith that VisitScotland's abolition is neither sensible nor desirable.

In reference to our renewable energy resources, the Minister for Enterprise, Energy and Tourism likes to proclaim that Scotland has won the rollover jackpot in the lottery of life. Although that is not a phrase that I would use, I agree with the sentiment, and that applies equally to our tourism potential. Continuing with Mr Mather's lottery theme, I would suggest that, as with marine renewables, Orkney provides more than its fair share of the winning numbers. According to the traveller's bible, the Lonely Planet guide, Orkney represents the

"glittering centrepiece in Scotland's treasure chest of attractions".

Even the weather, which is perhaps perceived to be Orkney's Achilles heel, has delivered of late. During a summer of almost biblical storms everywhere else in the country, Orkney and Shetland topped the sunshine charts. In fact, the only time that I recall it raining was the day that Christine Grahame paid us a visit. There is a moral in there somewhere.

However, there is mounting anger in Orkney about how and, crucially, where decisions about the marketing of the islands are being taken. That will not be news to the minister, as I have raised the issue with him many times in the Parliament and in correspondence. Sadly, the response has always been a mix of bland assurances and baffling management-speak.

The minister saw for himself the level of frustration when he was in Orkney last month. Businesses that are involved in the tourism industry are dissatisfied. Orkney Islands Council, which invests almost £200,000 in VisitScotland, remains unconvinced that it is receiving value for money. An urgent meeting has been set up with VisitScotland's chief executive officer to clear the air. Last month, Councillor Ian Johnstone, who is convener of the council's economic development committee, stated his expectations in the local press:

"If we don't get progress we will have to go back to the Minister, though it might be that we will get more autonomy for VisitOrkney from the meeting".

We shall see.

Even more worryingly, tourists themselves are highlighting shortcomings in the overly centralist approach that the Government has adopted. Earlier this summer, a regular visitor to Orkney from the United States wrote to me incandescent about what she considered a downgrading of the local tourism office. In her letter, she said:

"I am writing because of frustration with VisitScotland. If [my husband and I] had our way, VisitOrkney would leave the system".

She described how VisitScotland's failure to understand the local market and local businesses had left her husband with no option but to contact each individual self-catering provider. That reduction in the quality of the visitor experience is compounded by the loss of potential income to VisitOrkney.

Sadly, that lady's experience is not unique, but VisitOrkney is not at fault. The team has worked exceptionally hard alongside the local industry and the council to deliver year-on-year improvement. Barbara Foulkes, who heads up the Orkney office, commands tremendous respect and has done a great deal to enhance Orkney's profile. However, we now have the ludicrous situation in which the head of the local office has no line management responsibility for anyone in that office. I can think of no other organisation that would tolerate, much less consider introducing, such a system of management.

Meanwhile, control over crucial marketing spend is held centrally. Orkney is an acknowledged destination for which passing tourist trade is understandably a limited feature of the market, so the inability to direct a sizeable proportion of the marketing budget will inhibit its ability to attract visitors. The loss of management accountability and control over marketing also runs the serious risk of demoralising staff.

In the past, the minister has assured me that tourism offices would remain in the islands following the restructuring of VisitScotland, but it is

questionable whether, without more control and accountability, the Orkney office can provide more than a name-plate and a place for tourists to shelter should the rain—and Ms Grahame—return.

The previous Scottish Executive took steps to restructure VisitScotland. It was a difficult and sometimes painful process that some local communities felt went too far; VisitScotland felt that ministers had not gone far enough. However, the proposals were considered over many months by an advisory group that was made up of a wide range of experts who examined all the evidence. That is precisely the sort of forum in which the minister would have his flip charts out in a jiffy before one could ask, “So, Jim, what book have you been reading this week?”

By contrast, the present Government agreed to the demands of VisitScotland’s management without any prior consultation. We are all now left rueing that decision, which has served only to add to Scottish tourism’s growing pains.

15:37

Dave Thompson (Highlands and Islands) (SNP): I, too, welcome Iain Smith to his first debate as the committee’s convener. I thank the clerks, my fellow committee members, the previous convener and the previous deputy convener for their positive contributions throughout the inquiry.

There is no question about the importance of the tourism industry to the Scottish economy—the statistics have been bandied about already. We have been doing tourism for years, and the unique attractions of our rural and urban areas are rightly renowned within the United Kingdom and around the world. Over the years, our tourism industry has received significant amounts of public funding and undergone numerous relaunches, reorganisations and rebrandings. However, despite all our experience in the sector, standards of accommodation, catering and service still vary wildly. The best is excellent and rivals anything that is on offer in countries with which we compete; the worst can be truly dreadful.

That is hardly surprising when, as the committee’s report highlighted, there are numerous hospitality training courses in Scotland, many of which appear not to produce the skills that hotel and restaurant businesses require. Although I am sure that they all have the best intentions, the plethora of public sector bodies and initiatives seems to duplicate and confuse rather than improve matters.

The report contains many good recommendations. I look forward to swift progress on two that are particularly important to addressing the issues that face the tourism industry in

Scotland. First, I was delighted to learn from the Scottish Government’s response to the report that the industry, working with officials, has taken the lead in developing proposals for an industry-led and funded hotel school and that a business plan is expected to be ready soon for presentation to potential investors. However, I hope that we will have more than one hotel school.

During the committee’s fact-finding trip to Austria earlier this year, I had a first-hand insight into the hugely positive impact that hotel schools can have on skills levels and professionalism in the industry. I am convinced that the development of such schools along the high-quality lines of the Austrian model would be of real and lasting benefit to the Scottish industry. It would be a huge step forward towards bridging the skills gap that has bedevilled the industry for years.

The ideal location for one such centre of excellence would be the Highlands, where tourism is a particularly vital element of the economy. If there is to be only one centre, we must have it. In the proposed development of a new campus for the UHI Millennium Institute in Inverness there exists the ideal opportunity to develop that much-needed facility on the scale required, although there are a number of other options.

Secondly, raising skill levels and investment in the industry must be reflected in pay rates for tourism workers. According to a report by Futureskills Scotland, our hospitality, travel and tourism sector is characterised by part-time working, a younger workforce, high labour turnover and low pay. Most folk agree that low pay means that pay is less than two thirds of the median hourly earnings. In 2006, that equated to £6.50 an hour. Peter Kenway of the New Policy Institute think-tank estimates that no less than 75 per cent of Scottish hotel workers receive low pay. That hardly makes hospitality an attractive career choice. Efforts to grow the revenue of the industry must not be made at the expense of its workforce.

The demise of area tourist boards has seen the emergence of a growing number of private sector-led destination management organisations around Scotland. The first DMO was set up in the Cairngorms area in 2006 and many areas have since followed that lead. The fact that their arrival on the scene has evidently not been universally welcomed in the industry serves to highlight one of the long-standing and damaging problems within it. As a recent newspaper article put it:

“The effective retreat from top-down centralisation that the rise of DMOs represents points to a still-unresolved power struggle at the centre of Scotland’s tourism”.

If the industry is to grow in the way that it must, there can be no room for such turf wars. Partnership rather than power struggles between those who promote Scotland is the only

constructive way forward. I believe that the main promotion should be done at a Scottish level, while DMOs should concentrate on driving up standards.

Another basic question that we face if we are to grow Scotland's tourism industry is: how do we get people about? Perhaps that is not the most important issue in our cities, but it is certainly significant in the Highlands and Islands. I am a wee bit disappointed that the Government response does not refer to improvements to the transport links between the central belt, Aberdeen and Inverness.

In the area that is served by the Highlands and Islands transport partnership, there are 63 railway stations and 8,664 miles of roads. Unfortunately, getting off the train and on to the road is not always as straightforward as it should be. Difficulties in integrating train timetables with other transport types and a lack of interchange hubs for bus and rail services outwith the main centres present real obstacles to tourists using public transport.

Despite all the complex issues facing the Scottish tourism industry, I believe that it has the potential to achieve real and sustainable growth, despite the current economic crisis, and that it can reach the target of 50 per cent growth by 2015.

15:43

David Whitton (Strathkelvin and Bearsden)

(Lab): I, too, welcome the opportunity to speak in the debate, as I am still a member at the moment of the Economy, Energy and Tourism Committee, which produced the report that we are debating. I, too, associate myself with the remarks about the conduct of our previous convener, Tavish Scott, and our previous deputy convener, Brian Adam.

May I surprise the minister by warmly welcoming the Scottish Government's comments that it regarded our report as a thorough and professional piece of work? That is perhaps one of the few things on which I have agreed with Mr Mather recently.

Setting a target of 50 per cent growth in revenue by 2015 is ambitious, but there is nothing wrong with being ambitious, especially when we know that we have a good product to sell. I intend to focus my remarks on parts of the report where I think the message that tourism is everyone's business needs to be re-emphasised. I have already welcomed the Government's comments on the report, but it would be wrong to think that it agreed with everything that we said. At paragraph 52 of the report, we comment on the institutional reluctance to change things to help create a team Scotland approach by public bodies. We recommended that the Scottish Government

review the marketing and promotion strategies of Historic Scotland and instruct it to play a more active role in tourism promotion through its unique properties.

I am surprised that the Government does not agree with that recommendation. The Government says that Historic Scotland is active in various working groups and several DMOs, including those in Edinburgh, Stirling and the Borders. Its response states:

"All of this ... is in addition to the core Historic Scotland work of promoting and marketing its own portfolio of 345 sites, which in 2007/08 had their best year ever".

Minister, that is exactly the point that the committee was trying to make. Sites such as Edinburgh castle, Stirling castle and other top tourist attractions bring in visitors in record numbers, so it should be incumbent on them to help to sell other attractions in the neighbouring area. Staff who work in Historic Scotland attractions should be able to answer questions and make suggestions to visitors about other things that they could see and do in the neighbouring area.

My colleague Marilyn Livingstone will deal with the skills shortages that we heard so much about, but I want to comment on the committee's recommendation for the establishment of a small number of hotel schools similar to those in Austria and Switzerland. I was a bit surprised that Mr Thompson seems to think that Dornoch—where it seems that the school will be established—is not in the Highlands. With Mr Thompson and other committee members, I was fortunate enough to visit one of those schools in Vienna as part of an evidence-gathering session. Youngsters aged 14 can apply to attend that prestigious school, where they receive a fantastic training in all aspects of the hotel industry. Such schools do not just provide the next generation of managers—important though that is—but offer a real focus on cooking, waiting and bar work. Students at the school are regularly used to represent their country at international trade fairs across the world.

In the course of our evidence gathering, my colleague Lewis Macdonald and I visited the Macdonald hotel in Aviemore, where it is also hoped that a hotel school will be established. We also heard about proposals from the town centre hotel group in Edinburgh. I hope that the minister will consider all those proposals as they near the business plan stage.

I welcome the fact that the Government agrees with our recommendation to review the workings of the Austrian and Swiss tourism investment banks. As we have heard, such institutions have a clear role in providing the finance for investment in tourism infrastructure. For example, we were told

that a huge demand had arisen for artificial snow machines to combat the effects of climate change on the ski resorts. There has also been a big demand for spa facilities in hotels because nowadays people who stay in a hotel want to use its associated leisure facilities. Such investments were funded through the tourism investment bank. VisitScotland's idea that we should decide what kind of facilities we want and then find those who are willing to invest in such facilities would be all the more attractive if we had a financial vehicle to turn those ideas into reality.

Finally, I draw attention to the curious behaviour of Caledonian MacBrayne, which brings me back to the need for a team Scotland approach. During an evidence session, we heard of one small operator who was literally priced off Caledonian MacBrayne's ferry because it insisted on charging a commercial rate for his minibuses instead of a rate similar to that for a mobile home. He wrote to CalMac's chief executive but did not receive a reply. As a result, instead of too many tour buses taking people across to Mull, there is only one—that is all that he could afford. As a state-owned operator, CalMac should also be part of the team Scotland approach to tourism. Apart from that, it could probably do with some lessons in customer care. Will the minister reconsider the committee's request for CalMac to review the pricing structure for small coach operators? Instead of dismissing the idea out of hand, CalMac could at least meet the operator to discuss the problem to see whether an arrangement could be made that benefits both parties.

Having taken part in the inquiry, I certainly need no convincing about what a great country Scotland is to visit and what a tremendous impact the tourism industry has had. However, as with everything else, lessons can be learned and we can do better still. Can we grow our tourism revenue by 50 per cent by 2015? Yes, but we will need a concerted effort to do that. I look forward to seeing many more visitors to our country in the years to come.

15:49

Christopher Harvie (Mid Scotland and Fife) (SNP): I was glad that the Economy, Energy and Tourism Committee took up this important topic as I have been something of a tourism entrepreneur myself at Tübingen and Freudenstadt in the black forest, where I have run an international conference at a local hotel for the past 17 years—at a cost, I must say, of roughly half that of running a similar conference in Scotland.

In retrospect, I am less happy about our timing. In spring, we were preoccupied with cheap flights and promises of plush hotels and golf courses; from where we stand in September 2008, all that

activity reminds me of the Queen Mary in 1931, sitting on the stocks in Clydebank until things got better. We must remember that the slump in 1929 happened in a period before mass motoring, holidays with pay, holiday camps and youth hostels.

As a result, I have some scepticism about the 50 per cent target, which has been induced by something that I have been predicting for long enough and which has finally happened.

David Whitton: I am grateful to Christopher Harvie for giving way and for yet another lesson about what happens in Germany. We in the committee have found his history lessons very illuminating.

The member mentioned the 50 per cent target. Does he not recall being told during the inquiry that Glasgow and Edinburgh were predicting a 60 or 80 per cent increase in tourist revenue? Surely it is better to be optimistic rather than pessimistic.

Christopher Harvie: I will come back to that point in a moment.

The UK—and, indeed, world—economy has been hit by earthquake-like changes. The party is over. The situation must inevitably impact on our society in its leisure as well as at its work. However, we can foresee fewer ambitious trips to overseas tourist destinations, fewer low-cost airlines, fewer big cars and a shift towards developing our own resources for people in these islands. In that respect, there is some room for manoeuvre.

We have an embryonic alternative tourism market and, although I am not saying that it will be all too easy to activate it, I certainly think that doing so will be manageable. The strength of Scottish tourism, particularly for many tourists in the British islands and in Europe, lies in its small scale: its villages, its small towns, its islands and the outdoors. We need look only at the numerous guides that can be found in French or German bookshops. For example, in a shop in Tübingen, I found 17 guides to Scotland and only 14 guides to England. That is remarkable, given its proportion in population. The Irish have also done superbly well with the Germans through publications such as *irland journal* and by building up fan clubs for their country in German organisations, churches, schools and so on.

However, what are those tourists going to see? That is where I have my worries. Last week, I took the 60 bus from Melrose to Berwick. As we passed through Earlston, I saw that the post office had been closed and that one pub in three was up for sale; in Gordon, the only hotel was closed; in Greenlaw, one of the two hotels was closed and the magnificent town hall was derelict—although I hope that it is about to be restored—and in

Chirnside, a hotel was up for sale. At the Scottish Tourism Forum open meeting at Perth racecourse, people raised issues such as the smoking ban, increased licence fees and the growth of supermarkets. The situation cannot have been helped by the fact that the weather this summer was perhaps the worst for 40 years.

However, with the homecoming celebrations and the 250th anniversary of Burns in mind for 2009, I visited Ayrshire. Initially, I did not find the trip any more reassuring than my trip through the Borders. I counted eight empty shops as I crossed the New Brig into Ayr, which shows the mark of the supermarket. The Tam O' Shanter Inn closed for meals at 7 o'clock. There was vandalism and graffiti. However, as I travelled into the back country on the remarkably good bus services, I found a tremendous stand-by-your-bard spirit embedded in the community, which made one feel that these people should be given their head and have their ideas backed by Burns clubs, the National Trust for Scotland and Historic Scotland. Why, for example, can we not appoint a homecoming commissioner who can be the motivating force for the year and preach the message? We could isolate or even co-opt the neds and nuisances and get them to smarten up the place. If we used the buzz to generate interest, we could slip into the mix some preliminary education in tourism and a constructive statistical analysis of what happens.

Our criterion should be that of the Open University, founded 40 years ago: what will people be able to do at the end of homecoming and Burns 250 that they were not able to do before? By "people", I am talking about not only experts in tourism, but people in the community. This tremendous opportunity for popular education is somewhat in the style of that suggested by our great social innovator Patrick Geddes 100 years ago.

We need to get local and tabloid editors to elevate their eyes from soap, sex and crime, and partner local papers and communities in sponsoring fests. Let our first big fest be on the day that the ferry steams again from Zeebrugge, next to where Scotland had its medieval staple of trade, to Rosyth to connect us with the continent. We ought to celebrate and learn from the process of celebration.

15:55

Marilyn Livingstone (Kirkcaldy) (Lab): I am pleased to be able to contribute to the debate, and welcome the Scottish Government's remarks on the professionalism of the committee's work. I thank the clerking team, the committee adviser, fellow members of the committee—I should say

past and present members—and, of course, everybody who took time to give evidence to us.

The committee's sixth report clearly describes the importance of tourism to Scotland's economy and the crucial role that it plays in delivering sustainable economic growth throughout Scotland. According to VisitScotland, the most recent statistics show that Scottish tourism is worth just over £4.1 billion and that it employs more than 218,000 people. As such, it is and will continue to be critically important to the Scottish economy.

As members have heard, the committee's remit was to consider the feasibility of fulfilling the Scottish Government's ambition of increasing revenue from tourism by 50 per cent by 2015. We tried to identify the key challenges and suggest measures to overcome those challenges.

I turn to the Scottish Government's response to the committee's key recommendations and conclusions, and ask the minister for clarification and further information on the issues that I will raise in the time that is available to me.

First, I want to ask about the future relationship between the public sector and the private sector. What support and funding will be made available to areas such as Fife to develop public-private partnerships? In evidence to the committee, the Minister for Enterprise, Energy and Tourism said:

"New partnerships in places such as Fort William and Aviemore",

which is in the Highlands, "are positive", and that he favours a

"multitextured Scotland, in which different localities sell themselves in different ways and bring in others such as local golf clubs and local authorities—even local churches—to help them to achieve that end."

He also said:

"I favour destination management over destination marketing".—[*Official Report, Economy, Energy and Tourism Committee*, 28 May 2008; c 879, 886.]

However, he did not rule out local partnerships being involved in local marketing, provided that DMOs operate at a level below that at which VisitScotland operates.

I ask for clarification because VisitScotland's position is clear. It argues that there should be no change from the position that was set out in the Local Government (Scotland) Act 1973. That argument is in direct opposition to the minister's view, and is not shared by the Convention of Scottish Local Authorities and most of the local authorities that gave evidence to the committee; they, too, support a multitextured approach. We need clarification on that complex issue. I ask the minister to support local partnerships so that a multitextured policy can be followed and so that the evidence that we took that backs up such an

approach will be seen to have taken forward such an important policy.

I want to address the crucial issues of skills, education and training. I agree with Dave Thompson that we need to address the pay, working conditions and career structures of those who work in the tourism industry. As we have seen, we cannot continue to rely on migrant workers; we must make our industry attractive to everybody.

The report recommends that the Scottish Government reconsider the provision of adult modern apprenticeships in tourism, and says that it is vital to reinstate funding for them. The minister says that she agrees with that, but there is nothing in the Government's response to suggest that funding for adult modern apprenticeships will be restored. Will the minister give a firm commitment on ensuring that that vital funding will be restored and that those industry-led qualifications, which she says that she supports, will be available to adults in the hospitality sector who wish to progress to level 3 in tourism, and that they will not be discriminated against? I hope that the minister will follow up her support for industry-led qualifications.

Concern about the provision of quality skills and training in the sector was expressed again and again in committee evidence-taking sessions. Recommendation 246 in the report clearly outlines the concerns that we found and the way forward.

Given the importance of a highly skilled workforce to meeting the Government's targets and to the success of the industry, will the minister outline what steps will be taken, when he further investigates, to ensure that all key stakeholders, including Scotland's colleges, are involved in discussions on the future skills and education provision in the sector? Will he also ensure that the committee is kept up to date with progress? It is unclear what the further investigation that he mentioned in his response to the committee's report will be.

It is important that the minister clarifies the Government's position on the web-in-a-box tool. Will he provide free software and training to improve take-up, as has happened in other areas? Only 1,000 out of 8,000 tourism businesses have made use of the technology. The response to the report states that Scottish Enterprise is

"currently developing a new tool for businesses for gathering and utilising customer feedback."

No doubt that is needed, but surely we need to focus on the take-up of the web-in-a-box tool and training for that before we develop a new tool. As my colleague David Whitton said, we need a team Scotland approach.

As the committee convener and other members said, we must take a joined-up approach—we must all work together to achieve our goals of supporting and growing the sector, which is a key one. I hope that the minister will take on board the committee's recommendations and that the Government and its agencies are in the best possible position to work together to deliver Scotland's aspirations.

16:01

Murdo Fraser (Mid Scotland and Fife) (Con): I join other members in congratulating the Economy, Energy and Tourism Committee on its excellent report into our tourism industry. As we have heard from many members, tourism is Scotland's biggest industry, and that is certainly the case in the Mid Scotland and Fife region, which I represent. In parts of rural Angus, Perthshire and Stirlingshire, and in parts of Fife, tourism is by far the largest employer. If we are to have a strong economy in those areas, we must ensure growth in tourism.

The committee examined the previous Scottish Executive's target of growing tourism revenues by 50 per cent by 2015. The committee accepts that the target

"should not be an immense challenge",

but points out that progress towards meeting it has been slow and that there was a decrease in revenue in 2006 compared to the baseline year of 2005. Although there is evidence of an increase in 2007—we await the details of that—the anecdotal evidence that I have had this summer from tourism operatives in my area is far from encouraging. The combination of the credit crunch and poor weather has meant that many in the tourism industry in Perthshire, Angus, Fife and Stirlingshire have had a difficult year thus far and are not optimistic about the coming autumn season. It is all very well for Governments to set targets, but when the results are subject to so many external factors, one sometimes wonders whether there is much point. Nevertheless, targets can be useful in focusing minds in Government and its agencies.

It is interesting that the committee's report refers to criticism from all sorts of external organisations such as Scottish Chambers of Commerce, the Confederation of British Industry Scotland and various private sector operators about the lack, at Government and agency level, of a joined-up approach to the promotion of tourism throughout Scotland. We all know that VisitScotland has been through several changes in structure in recent years. The Conservatives were a lone voice in the Parliament in opposing the scrapping of the area tourist boards and the formation of the new centralised structure for VisitScotland. I well

remember arguing in the Parliament and in committee that the moves were going in the wrong direction. I remember the evidence that the then Enterprise and Culture Committee took from the sector, which was negative about the proposed changes. Nevertheless—I gently remind Liam McArthur of this, although he was not in the Parliament at the time—the then Labour-Liberal Scottish Executive, supported by the then SNP Opposition, went ahead with the changes. I believe that the evidence that we have today shows that the effect has not been positive. I hate to have to say, “I told you so,” but I told you so, and the facts have proved us right.

Jeremy Purvis: The member will recall that, in that revised structure, local VisitScotland offices had their own budgets, management, focus, priorities and accountability in their relationship with councils. From spring this year, those offices have been diluted into more generic areas, a move that the Conservatives supported—I told you so.

Murdo Fraser: The rot set in when Mr Purvis and his colleagues voted to scrap the area tourist boards. That is when we had proper local accountability. There is no point in Mr Purvis trying to pass the buck to anyone else.

In the past couple of weeks the Royal Society of Edinburgh has published its report on the future of Scotland's hills and islands. It was produced by a committee of inquiry chaired by the highly respected Professor Gavin McCrone. One of the most significant sections of the report deals with tourism and it is highly critical of the centralised structure of VisitScotland. The RSE argues for the introduction of regional tourism boards that would essentially replicate the previous structure. I recognise the RSE's concerns, which reflect many of the comments that I have received on the ground, but it is not yet time for another structural reform of VisitScotland, with all the pain, upheaval and expense that that would involve. Government has to learn that moving towards a centralised structure and having constant change in an organisation such as VisitScotland is simply not beneficial. The Conservative party believes strongly in local accountability and that the recent moves in VisitScotland have been in the wrong direction.

The best illustration of the difficulties that have been created comes when we consider the future of tourist information centres. Having local TICs is essential to the success of the tourism industry. They are the shopfront for VisitScotland and for the tourism industry more generally, and, even in this internet age, they are still well used by visitors. Often, the TIC is the first port of call for people coming to stay in an area or simply visiting on a day trip. Sadly, we know that—certainly in the

recent past—VisitScotland has not valued TICs highly and there is on-going concern about rationalisation programmes for the TICs. The TICs that I visited in Perthshire—in places such as Blairgowrie, Dunkeld, Aberfeldy and Pitlochry—have knowledgeable, well-trained, local staff who can provide advice, guidance and information to visitors that simply would not be available from a call centre or from the internet. That is why it is essential that we fight to retain those TICs. I am pleased that that is reflected in the committee's report.

If we are to have a successful and growing tourism sector, we need to ensure that the physical infrastructure is in place. The committee report refers to evidence that it received, calling for improvements to be made to various key trunk roads, notably the A82 and the A9. I have long campaigned for an upgrading of the A9 to dual carriageway status from Perth to Inverness. Improving connectivity between the Highlands and Islands and Perthshire and the rest of the UK would enhance the tourism industry and it is encouraging that the committee referred to that in its report. It is an excellent report. There is much to learn, and I hope that the Government pays heed to its conclusions.

16:07

Ian McKee (Lothians) (SNP): I draw members' attention to my entry in the register of members interests, in which I declare that I am a joint owner of a small self-catering establishment in the Highlands.

I add my congratulations to the Economy, Energy and Tourism Committee on producing such a stimulating report. I intend to cover two aspects in more detail. First, a huge variety of organisations and individuals are involved in tourism and are listed in the report. It has already been mentioned that we are discussing an industry that is worth more than £4.1 billion a year in revenue to Scotland and which employs almost one in 10 of our workers—truly a vital industry. Yet we have allowed the ramshackle edifice associated with it to develop unchecked. Organisations duplicate work, get under each other's feet and cause general confusion all round.

That guddle encompasses not only the marketing of tourism in Scotland, but the development of the industry. We urgently need to focus on the fact that a healthy and growing tourism industry is vital to Scotland, but it will not remain healthy unless we make radical changes and learn lessons from other countries. Inward investment is vital if our tourism industry is to prosper. We can learn a lesson from the Republic of Ireland here. Some years ago, I took part in an exercise by another large industry to determine

why the republic was attracting investment that it was thought should have come to the United Kingdom. The main conclusion was not what I had expected—that generous European Union funding was the bait—but that it was much easier to do business with Ireland. From the moment that a company showed interest in inward investment, it had to deal with only one organisation, and often only a single person in that organisation, and help was given with location, planning permission, manpower and all the other 1,001 obstacles that have to be overcome before a factory or business can be up and running. The Irish Government sees to it that delays in the process are kept to a minimum—if only that would happen here.

The other point concerns what we offer visitors to our country. We have some of the finest scenery in the world, but do we always give a warm welcome to those who come to see it? All too often, we seem to resent the visitors upon whom our economy depends. Stories of poor service, rudeness and not going the extra mile to help someone enjoy what we have to offer are, sadly, still around. I have seen visiting yachtsmen refused breakfast at a west coast hotel because they arrived five minutes after the advertised time. In the end, a local lady took them to her house to give them bacon and eggs. The proprietor of the hotel was technically in order, but is that the image that we want to project?

Warning bells should ring when we read reports like the one in *The Scotsman* earlier this year, which claimed that 40 per cent of visitors thought that Scotland was poor or very poor value for money and that nearly as many visitors said that they would not recommend our food. It is time to get our act together, before we lose out. Those in the service industries should appreciate that service does not mean servility; service given with efficiency and a smile is as important a job for their own and Scotland's future as working in any other industry. For our part, we must act to improve training for new entrants to the profession, as recommended in the committee's report. Training should be relevant and responsive to the needs of industry rather than to the needs of training establishments. I liked the suggestion that we should copy the examples of Austria and Switzerland in establishing hotel schools. I am glad to hear this afternoon that that seems to be happening.

We can also learn lessons from successful establishments. The Ritz-Carlton group of luxury hotels has seen sales increase at a rate of 12.7 per cent per annum, compared to an industry average of 1.8 per cent. How has it done that? By creating and reinforcing a customer-centred culture. It carefully selects and trains staff and empowers them as important members of the organisation. For example, individual members of

staff are authorised to resolve complaints on their own and they have a budget to enable them to do that. Valuing staff and giving them responsibility, continued training and retraining, and encouraging them to have pride in what they do works to provide a customer satisfaction rating that encourages visitors to return another year and to recommend the experience to their friends. Small hotels and guest houses cannot on their own provide the working milieu of a large luxury hotel, but our training programmes can incorporate some of those principles, so that people enter the tourism industry with a sense of pride and fulfilment and see it as offering a worthwhile career rather than a temporary job.

The coming months and years will be times of great financial uncertainty, but threats can turn into opportunities and more and more families in the United Kingdom might decide to holiday nearer home as a result of that uncertainty. Let us take all the actions necessary to make certain that when they do, they will have the holiday of a lifetime. Then we might meet our target of 50 per cent growth by 2015. I thank the committee again for an interesting and stimulating report.

16:13

Charlie Gordon (Glasgow Cathcart) (Lab): I congratulate the committee on the thoroughness of its inquiry and the coherence of its recommendations.

The committee's inquiry into and report on the target of growing Scotland's tourism revenues by 50 per cent by 2015, from their current level of around £4.2 billion, focuses on one of Scotland's greatest challenges and on one of Scotland's most significant industries. Given that, as we have heard, total current tourism revenues are stagnating, and in the light of the recent loss of some direct air links to key markets, the target of 50 per cent growth looks even more challenging.

Remarkably, Glasgow City Marketing Bureau, of which I was a founder member, has set my home city the incredibly ambitious target of 60 to 80 per cent revenue growth by 2015. Of all people, who am I to doubt the realism of Glasgow's amazing targets? After all, just last month, in what is generally regarded as a difficult economic climate, Glasgow's hotel occupancy rate was 86 per cent—a new high for August in the 10 years for which records have been kept. The marketing bureau attributes that record occupancy to the world pipe band championships that were held in the city that month and which alone attracted some 40,000 visitors.

As well as underscoring the significance of events as drivers for tourism, that example demonstrates the potential of online marketing

campaigns, involving as it did both existing platforms such as expedia.com and lastminute.com and investment in tailored software. Earlier in the month, Glasgow City Marketing Bureau had invested in new computer software to add an accommodation booking function to the home page of its main website, seeglasgow.com. It was an immediate success. The cost of that investment was £900. Developing the website in that way was not rocket science.

As one who tries, every summer, to book accommodation in Scotland on the internet, I cannot help but compare the user friendliness of seeglasgow.com with the frustrations of navigating visitScotland.com or with the unmaintained websites and unanswered e-mails of too many individual establishments. Worse still, too many establishments do not have internet access at all.

I have said before in the chamber—and I make no apology for saying it again—that Scotland is as strong a brand as Coca-Cola but it does not have the same distribution network. Previously, I have said that in the context of emphasising the synergy between direct transport links and tourism, but today I say it in the context of the synergy between broadband and tourism. If we are to meet our ambitious targets—and we should be ambitious for our country—we should ask ourselves whether it is reasonable to expect potential tourists from Japan, Canada or elsewhere to telephone around accommodation agencies. The growing reality is that they expect to be able to check availability and book accommodation online.

As Ian McKee said, other challenges to the industry have emerged since the committee's report was published. The credit crunch might boost the domestic tourism market, but the crisis in banking might constrain much-needed investment in infrastructure, such as the new five-star hotels that Glasgow needs if it is to improve its competitiveness. The committee heard about that in evidence. Today, the Parliament united in its response to the crisis in banking. We must be prepared to respond in like manner to any consequences that undermine the vital industry that is tourism.

16:18

Brian Adam (Aberdeen North) (SNP): As far as I am aware, today's debate is unique in the nine years of the Parliament in that the members who opened and will close the debate on behalf of the committee were not members of it when the inquiry took place and the report was written.

I add my voice to the general approval of the way in which Tavish Scott led the committee. Although his party has done him the significant honour of electing him to lead it, the rumour that

arose around the time of my resignation from the committee—the rumour of my imminent promotion—has not been fulfilled as yet. However, I put it on the record that I was removed at my own hand, as the chief whip of the party.

I will highlight some points from the committee's excellent report and the responses to it. The target is challenging, but it is not a Government target—it is an industry target. The Government supports the target and will do what it can to allow the industry to achieve it. The report refers throughout to a series of initiatives that will be led by industry. The hotel schools—and any other initiatives—will work only if the industry buys into them. That point is emphasised in paragraphs 36 and 37, early in the report. Paragraph 36 says:

“We agree that awareness of the ambition is still patchy and that there is a vast difference between a private company being aware of the target and actually being prepared to invest in its own business and its employees to achieve such revenue growth itself. It is important that both the public and private sectors work in partnership towards meeting the ambition.”

Lewis Macdonald: The member is right to say that the target is an industry target, but will he acknowledge that, when it was first published in “a tourism framework for change”, it was adopted by the Government at the time? I take it that nothing that he is saying takes away from this Government's commitment to achieving the target in partnership with industry.

Brian Adam: Absolutely. The Government endorses the industry's target and will do what it can to help the industry to achieve that target. Before the intervention, I was about to say that public sector involvement has to remove the barriers to achieving the target.

I wish to endorse VisitScotland's suggestion that a national tourism investment plan merits further consideration. If we are to achieve growth, we will have to identify opportunities. It will not necessarily be a case of someone sitting down at Victoria Quay—or wherever Mr Mather has his office nowadays—and looking at a map and saying, “This is where we're going to put the marina,” or any other type of development. However, there should be leadership along those lines. There should be an indication of where we want development, which should be linked with local plans. In my area, part of the new local plan makes provision for that type of planning. An area of the Banffshire coast has been identified as highly suitable for marina-type developments. That sort of approach is exactly what is required.

The committee took a lot of evidence in connection with detailed planning matters. Mr Gordon has rightly praised the successes of Glasgow. Glasgow planners and various people from the tourism industry came to the committee

and extolled the virtues of their fast-track approach. The evidence that the approach was as successful as that of other cities did not quite stack up, I felt, and I was not absolutely convinced that it was appropriate to have comparators with other cities, but it is clear that we must send out a message that Scotland is open for business. I do not think that making it difficult to get planning permission will encourage the kind of developments of five-star hotels that we need.

To take ownership of the target and drive it forwards the industry needs a body that will speak with authority on its behalf. The committee's evidence-taking sessions led me to conclude that such a body did not really exist. The national tourism forum is reputed to be that body, but I do not think that it is there yet. A national, industry-led approach to delivering the target could be developed if the Government encouraged the industry to speak with one voice

16:24

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I commend the members of the Economy, Energy and Tourism Committee for the depth of their review of recent developments in the industry and for their thorough assessment of the opportunities and threats that the sector might well experience in the coming months in trying to achieve the aim of 50 per cent growth.

I pay particular tribute to the members of the committee who were on the committee at the start as well as the end of the inquiry.

I had sympathy with the committee when I noted early in its report that it found that the witnesses had various ideas about what the 50 per cent target was. Some thought that the target was a 50 per cent increase in revenue and some thought that it was a 50 per cent increase in visitor numbers. Some believed that it was a Scottish Government target; some believed that it should be an industry target; and others believed that it was a joint target or an ambition. Some believed that it was easily achievable and others believed that it was impossible to achieve it. Given the evidence presented, it is a credit to the Parliament that the committee made a number of practical and constructive recommendations.

Any debate on tourism gives members the opportunity to promote their area. Christopher Harvie's interesting twist on that was to promote Tübingen. However, given his previous contribution to the promotion of Lockerbie, that was probably a wise move on his part.

I noted the convener's remarks on the need to ensure that Scotland's tourism industry is not just about Edinburgh or Glasgow. As a representative of the Scottish Borders, I would add that Scotland

should not be considered as just the Highlands, either.

There is a perennial debate about what is the right promotional approach for Scotland, such as whether to take the geographical approach or whether we should go for activity-based promotion of destinations, which seems to be developing. Activity-based promotion would give us significant advantages over many of our competitors. I represent what I am certain will be the world's foremost mountain biking venue, in the Tweed valley. It already has a world-class reputation, primarily because of the vision, drive and passion of the two operators of the Hub in Glentworth. As the committee acknowledged, it is often down to the individuals in the industry who are passionate about Scotland as well as about professionalism and quality. The Parliament and the Government must support that.

A former constituent of mine, Sir Walter Scott—

Murdo Fraser: A former constituent?

Jeremy Purvis: I suspect that he might have voted Conservative, which might encourage Murdo Fraser. However, Sir Walter Scott can perhaps take credit for almost inventing the visitor experience in Scotland; trains to the Highlands were full of visitors from England who wanted to see the scenes where his writings were set. There were the same number of visitors to Abbotsford—his home—in the 1840s as there have been in recent years. There were more American visitors to Abbotsford in the Borders in the 1840s than there were last year. That is a sign that our industry needs additional support, such as support for the Abbotsford Trust, to make it not only a world-class gem but a significant offering for our economy.

Gavin Brown tempted us to talk about tax cuts or tax increases. That is an important issue for hospitality and tourism businesses, given that the vast majority of them are small businesses, which will benefit from the Liberal Democrat 2 per cent reduction in income tax—Mr Brown is taking notes—which would come from our getting 2 per cent efficiencies from Scotland's £14 billion infrastructure plan, mutualising Scottish Water and scrapping new quangos such as Skills Development Scotland and the Scottish Futures Trust. I would like to think that Gavin Brown would support that approach, given that he has indicated that his Scottish Water policy would fund his own tax cut.

We heard Liam McArthur say that Orkney has become so sophisticated in its visitor experience that it can even turn on the taps for visitors who may be somewhat less welcome than others.

The frustration that we heard from Orkney about the slightly confused structure was touched on by

Dave Thompson and Murdo Fraser. I share those concerns. Since April this year, because of decisions taken by the Scottish Government, there is no longer a VisitScotland operation focusing exclusively on the Borders; it is now a generic south of Scotland offering. As with Scottish Enterprise, there is a reduced focus. With a separate quango in Skills Development Scotland, there are separate approaches for business start-ups and for skills. Any business start-up in the hospitality and tourism sector will now go to its local authority for start-up information. If its turnover growth is forecast to be more than £1 million—very few start-up hospitality businesses have that—it can go to Scottish Enterprise. For skills support or training, it will go separately to Skills Development Scotland. Those bodies have separate operating boundaries, separate budgets and separate operating plans. That is a mess. The casualty of that is skills, as Marilyn Livingstone said.

Between the academic years 2000-01 and 2005-06, college enrolments in hospitality, catering and food technology courses increased by 34 per cent. Under the previous Government, the record was good. If we are to meet our target for revenue growth, that pace of change must continue. Unfortunately, it has stalled. The Association of Scotland's Colleges has made constructive proposals for business bursaries, for example, to breathe new life into activity that has—regrettably—stalled in the past year.

I am pleased that the final word in the report gives notice that the committee will return to the subject one year on, to find out whether the Government has implemented its recommendations. We hope that the committee's membership will be the same at that time, but we need Government action to deliver on the recommendations that the committee has ably produced.

16:31

Alex Johnstone (North East Scotland) (Con):

I begin in the traditional way by thanking those who contributed to the report. The members who speak in such debates often take a singular interest in the subject, but occasionally—in contrast to what Lewis Macdonald suggested—a fresh-faced new contributor such as me arrives. I do not consider tourism to be one of my primary interests in parliamentary political activity but, having read the report and heard the debate, I have been well and timeously informed about the issues that face the tourism industry. For that reason, I thank the contributors to the report.

The Conservatives had a particular angle on the development of tourism in Scotland. We founded the area tourist boards in 1994, which established

the concept of local representation and an area forum on which tourism operators could focus. It is unfortunate that the previous Government—I can say that in this Parliament—was determined to centralise that structure. It has been suggested that we were complicit in that to an extent, but the system now lacks local representation. From speaking to many people around the north-east, I know that tourism businesses no longer feel that they have a handle on the industry. Whatever is done through Government or as a result of the committee's report, we must ensure that people at the grass roots of the industry feel that they are contributing. Much that the report says requires that of us in the long term.

In presenting the report, Iain Smith highlighted the fact that Scotland's tourism industry has much to sell. We all know that golf, whisky and genealogy provide ways to hang Scotland's tourism industry on the top pegs along with anything that the rest of the world has to offer. However, as he said, the report identified one or two areas in which work needs to be done.

Investment in the Scottish tourism industry is necessary but, as is right, it needs to be industry driven. Tourism will always be led by the private sector, and any industry that wishes to succeed must be industry led. That is why it is important that we stick to the committee's recommendation on that.

I did not realise how bad the skills situation is. Figures that Maureen Watt quoted in her opening speech make it clear that we still lack the structure to train people in the necessary skills to make our industry the world leader that it could be.

A range of transport issues is involved. Transport is as important to the tourism industry as it is to any other industry, if not more important. If tourists cannot spread out from the central belt into rural areas and other cities and up to the tops of our mountains, tourism will remain a regional industry. We cannot allow that to happen, particularly if we consider, as Murdo Fraser pointed out, that tourism is now the most important industry in our rural areas. Nowadays, tourism far exceeds traditional industries such as farming and fishing.

The minister highlighted the fact that next year is the year of homecoming. I have a question for the Government, which the minister who closes the debate may be able to answer today or, if not, in the weeks and months to come. The beginning of the year of homecoming is now only a little over three months away. Has any assessment been done of the likely increase in tourism levels in Scotland next year as a result of this promotion?

The year of homecoming is a great idea, which should succeed. However, if it fails, Scotland will

have failed a critical test that we must learn from very quickly, given that the next such opportunity may well be the 2014 Commonwealth games. If we get our international promotion for next year wrong, we may also go on to miss another significantly more important boat when the time comes for the games in 2014.

Gavin Brown pointed out that domestic tourism in Scotland is on the slide—only by a tiny margin perhaps, but it is dropping nonetheless. He also noted that tourism from other parts of the United Kingdom is rising. In these difficult economic times, we have to market Scotland to the very important UK domestic market—I would never suggest for one minute that we should turn that domestic market into a foreign market. Gavin Brown did not have time to point out that the £4.2 billion that we attribute to the tourism industry in Scotland is significantly down on the valuation of £5 billion that it had in the last year of Conservative government in the 1990s.

In response to David Whitton, I could repeat what I said in my speech last week on Caledonian MacBrayne: yes, we need a responsive ferry service, particularly in the Western Isles, and the way to get that is by letting the private sector in, because Caledonian MacBrayne is failing the tests. David Whitton pointed out another test that it has failed.

The target of 50 per cent growth is a huge ambition. If we are to achieve that, we will have to do everything we can for the industry. The Government must not take control but must offer the opportunities and encourage the private sector. Only by doing that will we achieve the 50 per cent growth target. Let us work together to ensure that that happens.

16:38

John Park (Mid Scotland and Fife) (Lab): I have enjoyed the debate, which is the first that I have seen from the front bench. The view is a little different down here, but I assure members that my focus and perspective will remain the same over the coming months—and I hope that my time down here turns into a wee bit longer than months.

I welcome Iain Smith in his new role as convener of the Economy, Energy and Tourism Committee. I pay tribute to the work that Tavish Scott and Brian Adam did in the past and to the work of Stephen Imrie and his clerking team. I congratulate the committee on the report. Over the past few days, I have read the report and the Government response with interest. Like Maureen Watt, I was impressed by the depth of the report.

I never fail to be impressed by the ways in which the committees of the Parliament engage with organisations that have an interest in the various

areas of their work. Having been on the other side, I know that people feel that they can play a part in influencing what happens in the committee and in the chamber. I commend the committee for taking time to speak to the many organisations with an interest in the sector.

As members said earlier, the target of 50 per cent growth in tourism revenue is ambitious. It is a case of aiming high, but there is buy-in from the private sector and the target is endorsed by the Scottish Government. A former colleague told me yesterday that if we managed to do something about the weather, we could reach the target overnight, never mind in seven or eight years' time.

I was interested in what Liam McArthur said about the weather in Orkney—it is a pity that he is no longer in the chamber. What he said explains why he looks so bronzed after the summer recess. It is good to hear that people in other parts of the country did not have to suffer the same rain and poor weather that we suffered.

Before moving on to the substance of the report, I want to refer to the Rosyth to Zeebrugge ferry, which Lewis Macdonald mentioned. It is important to put on record that we have had a major boost today. I welcome the First Minister's announcement. The link is vital to the tourism industry not just in Scotland but throughout the UK, and to our haulage and logistics companies that use Rosyth, which will underpin the growth of that service when it is re-established in the spring. The next challenge for the Government is to ensure that any users who have gone away return, so that the tourism industry can see the full benefit of the passenger services that flow from that.

Maureen Watt spoke about the special year that we will have next year—the year of homecoming. Reading the report, I was interested to see that Philip Riddle, the chief executive of VisitScotland, was concerned about the modest budget for that. The Government might want to reconsider that. I listened to some of the interesting points that Christopher Harvie made about the homecoming, and I agree that we need to ensure that there is some form of legacy from it. There must be something to leave behind for the years after 2009.

Brian Adam: I agree that we need a legacy, which is why the committee recommended that the issues be monitored. However, does the member accept that homecoming 2009 is to be followed by homecoming 2010 and so on? That is how it will work—it is almost a pilot programme for a long-term aim.

John Park: I agree. We have seen repeat visitors after major sporting and other events in

Scotland—I am sure that facts and figures back all that up.

Gavin Brown referred to the recent reduction in the number of Scottish tourists, which is concerning, although Alex Johnstone mentioned one of the unintended consequences of the global slowdown and credit crunch—and more people who live in Scotland and the rest of the UK will not take their holidays overseas in the next year or so, and they may look at Scotland as a viable alternative. The emphasis on marketing Scotland to the UK by all organisations in the sector will be important in the coming months.

David Whitton touched on a recommendation about the promotional strategy of Historic Scotland and mentioned Edinburgh and other areas. I think that promotion would have a greater impact outside the central belt, especially considering the hotels and facilities near some of our historic centres in Scotland.

I will speak briefly about skills and focus in particular on migrant labour. As I have said before, we must take every opportunity to stress the importance of ensuring that migrant workers are treated properly and have access to their rights at work. Scotland must be a good place not only to visit from overseas but to live and work in.

Iain Smith and Lewis Macdonald both spoke about the huge challenge in skills. I agree that the work needs to be employer led, but it also requires stimulation from Government. If the industry is telling us that there are key shortages in trained chefs, supervisors and managers, we need to examine that. I understand the emphasis on construction and engineering in adult apprenticeships, but I have been told that the Government needs to look more closely at a route for adults into hospitality. The current funding system might take away the opportunity for a whole generation of people.

I welcome the report. I have enjoyed today's debate, and I look forward to the Government's response and the minister's comments. I look forward to working with the industry and helping businesses to grow and meet the skills challenge that we will have in future. We have much to be proud of as a country, including sometimes the weather.

16:44

The Minister for Enterprise, Energy and Tourism (Jim Mather): I start by putting on record again the Government's appreciation of the work undertaken by the Economy, Energy and Tourism Committee in its inquiry. I add my welcome to the new convener, Iain Smith, and to John Park in his new role, and I thank Tavish Scott for his input into the tourism inquiry and the committee generally. He will have left a positive legacy.

The debate is part of that legacy. It has been workmanlike and collegiate yet challenging, recognising that everyone in Scotland has opinions on and expertise in tourism and that everyone is part of tourism. As David Whitton said, it is everyone's business. I very much buy the idea of team Scotland—I hope to develop that as we go through.

I intend to respond to at least some of the points raised, although probably not everything as it has been a rich debate. A rich vein of ideas runs through the report and the debate. I confirm that the points in the report will be given serious consideration and will inform my engagement with VisitScotland and the industry as we continue our open-ended engagement.

I am delighted that the report confirmed and broadcast the fact that tourism is vital to Scotland. As Maureen Watt said, it supports the Government's thinking as laid out in our economic strategy. Tourism is one of our key sectors. We are keen to reinforce that point and to learn from the report and what has been said today. It is therefore right for me to re-emphasise that.

I will divert quickly to the year of homecoming issue. In essence, the resources that are available are not just from the Government but from local government, Scottish Natural Heritage, Historic Scotland and the industry itself, which is also tooling up for it. We need more of a glass-half-full than a glass-half-empty attitude here. The goal is to continuously get the message out about Scotland, to increase awareness and to have homecoming as a perennial element in Scotland.

The industry could make a massive direct and indirect economic contribution to the country. The tourism industry is our shop window and the first connection that many people have with Scotland. Everyone in Scotland, including the industry, has an obligation to make a success of our wonderful attributes of heritage and history; evocativeness; arts and culture; stunning scenery; friendly, interesting and sometimes quirky people; lively events; iconic visitor attractions; and world-class food and drink—we have got it all.

David Whitton: VisitScotland has allocated some of its budget to attracting visitors from within the UK. During the committee's deliberations, VisitScotland described the £10 million budget for homecoming 2009 as a bit miserly. Given the current global problems, does the minister not think that it would be better for the Government to invest more money in getting visitors to Scotland? I say that as a glass-half-full guy.

Jim Mather: We are investing big money and we are bringing together all the players to ensure that that money has even greater effect. The key thing is that the appreciation of that and of

Scotland's attributes is very much to the fore in the mind of the sector, which is working hard. The tourism framework for change is a key example of the creation of healthy engagement between the Government, VisitScotland and other key players.

Next month, we will have the thistle awards. I would like those awards to become a showcase that will allow more and more people to see what is working and to see the models that can be replicated in their areas and be every bit as good as they are in their original areas. The beauty of it is that the committee knew that and got that message.

In holding the inquiry, the committee has increased attention on the issues, particularly on the key issue of generating 50 per cent growth in tourism revenue. The last time we debated the issue, we talked about collaboration to achieve that and said that, although the task and goal are for the industry, support from the Government and the public sector was required to make it happen, and it will happen.

In our earlier debate, there was an increasing awareness—and the committee's report fosters it—that, in pushing to achieve its goal, the industry has to be a bit more altruistic and offer an increasingly positive visitor experience, as many voices have said today, as well as improvements in terms and conditions and career opportunities for young people. Many voices have said that today as well. It is particularly true in a climate in which we are facing more challenges.

The Royal Society of Edinburgh's report underpins the committee's report. Indeed, when one distils the RSE report, it calls for more coherence, more focus on the consumer, greater alliances, more alignment between the industry and the public sector to benefit the target beneficiaries—that is the term that is used by the RSE—and more community-driven approaches. We buy into all that. The coherence is happening. The industry, Government, local government, communities, VisitScotland, the enterprise agencies, stakeholders and other passionate individuals—even deceased passionate individuals—are making a contribution to what we are doing. We are taking a multitextured approach.

I was also pleased that many members—Iain Smith, Murdo Fraser, Lewis Macdonald, Liam McArthur—suggested that further organisational change might be unhelpful at this time.

Jeremy Purvis: I was going to say that the SNP has twice tried, unsuccessfully, to kill me off at elections.

Does the minister understand that, for individuals, the structural environment is now more complex? Indeed, for very small businesses it is confused. People are appealing for the

Government to make the structure, from which primarily start-up and small businesses need support, more streamlined and understandable.

Jim Mather: I take the point. Although we were a bit ambivalent about the practicalities of joint ticketing, I am taken by the summit idea, which could move us towards what the member wants. My analysis is that some 44 categories of stakeholders are involved, including councils, coach companies, the Forestry Commission, Historic Scotland, the RSPB, Scottish Water and the unions. You get the picture—there are numerous players.

Given the richness of the report and of VisitScotland's focus, the report's merit is that, on careful analysis, it allows us to see with greater clarity where innovation is necessary, what needs to be improved, where investment is required, which inhibitors we could remove and, significantly, how we can break down the isolation and get more people working together closely.

Alex Johnstone: We are coming to the end of Scottish food fortnight. Although it is undoubtedly the case that Scottish food is the best to be found almost anywhere in the world, the committee was provided with information—some of it might have been anecdotal, but some of it was from surveys—to indicate that food quality in the Scottish tourism industry is poor. How do we bridge that gap?

The Deputy Presiding Officer (Trish Godman): You are in your final minute, minister.

Jim Mather: I recognise that—thank you, Presiding Officer.

We bridge that gap by bringing people together. We recently ran an event in the Corran halls in Oban, at which we brought together farmers, food producers, the retail trade, the wholesale trade and food distributors to start the debate about how to enhance the tourism experience through better food. Essentially, we need to augment the visitor experience and create a demand for food in the long term that will have a legacy beyond the visitor's holiday. To his credit, Peter Lederer is keen to embed food and drink, along with visitor attractions and culture and the arts, in the tourist experience. We can augment the product. Again, it is a question of breaking down the silos and getting people together.

I recognise the validity of the points that were made on skills and training. Movement is being made—Skills Development Scotland, which is a key player, is consulting on that. Members have come up with many good ideas; I wish that I had time to give them all due credit. Their efforts will not be wasted—all the information that has been provided will be sifted and utilised to frame our opinion and our activities as we move forward.

16:52

Rob Gibson (Highlands and Islands) (SNP):

As a new member of the committee who has taken over the deputy convenership from Brian Adam, I am duty bound to thank the members who were on the committee throughout the process and the clerks who supported them. Today we have achieved consensus, not only on the fact that tourism is important, but on the direction of travel, which most of us see clearly. As the report suggests, we will be able to come back in a year's time to analyse what progress has been made.

The committee published its tourism inquiry report on 11 July. It was the culmination of nine months' work, during which the committee was supported by its adviser, Professor John Lennon. To date, the report has been widely welcomed. Supportive comments have been made by VisitScotland's board, the Scottish Tourism Forum—which is, of course, the main trade association—media contacts, the tourism innovation group and others. The only note of dissent came from the City of Edinburgh Council, whose notion of a bed tax the committee rejected, as several members have mentioned.

There is support in the country for the idea of trying to grow the revenue from our tourism industry by 50 per cent in the target period. It has been suggested that we must open up new markets if we are to achieve that target. Over the summer, writers in the Sunday papers and the like suggested that camping was becoming more popular because of the credit crunch, but given the weather in much of south and central Scotland over recent months, to which many members have referred, camping does not sound like a hugely attractive option. Nevertheless it is a cheap one, and perhaps we should ensure that visitors from London and other parts of the south, where VisitScotland has always had a strong advertising presence, should be offered the joys of camping in the midgie-ridden north. We will leave that suggestion for a little.

Many other countries are not quite so heavily affected by the credit crunch. We will undoubtedly have to look to persuade people from countries in the far east—such as Japan—or Russia to come to Scotland. Those markets are growing and we will have to target them. They may have airlines that could fly here directly, as we have fewer to offer now.

Decluttering the landscape has been a major part of the debate. The Government agreed that VisitScotland had to work more closely with the enterprise agencies but not that Historic Scotland should ensure that it plays an active role in marketing Scotland. The Government also agreed to

“review the myriad of publicly-funded initiatives such as Pride & Passion, Hospitality Assured, Tourism Intelligence Scotland, Scot -Land of Food and Drink etc and declutter and streamline where necessary.”

I will take what some members said about Historic Scotland a little further. Many attractions throughout the country could provide a lot more information about what goes on in their areas—*[Interruption.]*

The Deputy Presiding Officer: I am sorry, Mr Gibson. Less noise please. *[Laughter.]*

Rob Gibson: Thank you, Presiding Officer. When I was a teacher, it was just as bad trying to keep order.

We can monitor the decluttering. I believe that, as we talk through the issues, we will find ways in which we can stop the overlap, but if we are going to try to align the agencies better, we must acknowledge the fact that, because the enterprise agencies will focus on the major issues and major tourism projects, we will be required to look at the smaller businesses that will be helped through the business gateway in councils. We must monitor how that arrangement works, because it is new.

With this rowdy bunch not paying me any attention even yet, I will talk about education, training and skills. *[Interruption.]* Some members need some education at the moment. I am glad that ministers welcome the idea of a hotel school, based on the experience of the committee members who went to Austria and saw the Swiss and Austrian models.

We should keep in mind the idea of tourism being the cream on the cake, not the cake itself. The trouble is that we have some communities in more rural areas that are hugely reliant on the cream. That is one reason why we must ensure that the hotel school at Burghfield house hotel in Dornoch—which the minister mentioned and is in the Highlands—gets a major boost. The project will be a fully operational training hotel that provides students with opportunities to complete Scottish vocational qualifications in hospitality services such as reception, bar and restaurant service, food preparation and housekeeping in the context of a real hotel that caters for fee-paying guests. It is a good example of getting the private sector and a college together and it could be a model for several other parts of the country.

We need to embed the opportunity for young people—and more mature ones—to find a career in the various parts of Scotland so that the industry is not regarded as being staffed by migrant workers. They are important of course, but our own people from various parts of the country ought to have careers.

There is not much time to deal with the many suggestions about technology and marketing or

events such as homecoming Scotland. The thrust of the debate on homecoming Scotland has been that the Government should hone more carefully the opportunities for local involvement in the plans for the event so that local groups can organise more events to fit into the major programme. As John Park suggested, if there is to be a legacy it will be the experience that they gain of getting a lot of support from visitors that time.

I have a huge job to do in this speech and I do not have enough time to do it, but members will have heard many of the arguments before anyway. The Scottish Government's response to the report was, in the main, very positive. It showed how it is possible for the Parliament and the Government to work collectively and collegiately on a matter of common interest.

The Minister for Enterprise, Energy and Tourism has agreed with almost all the committee's recommendations, mostly in full, which is very welcome. The key to delivery, however, is ensuring that the Scottish Government, VisitScotland, enterprise and skills bodies and the industry deliver on the recommended changes. Our Economy, Energy and Tourism Committee will monitor that as we go through this session.

Decision Time

17:00

The Presiding Officer (Alex Fergusson):

There are five questions to be put as a result of today's business. The first question is, that amendment S3M-2553.2, in the name of Sarah Boyack, which seeks to amend motion S3M-2553, in the name of Richard Lochhead, on hill farms and less favoured areas, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Foulkes, George (Lothians) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grant, Rhoda (Highlands and Islands) (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)
 Kerr, Andy (East Kilbride) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McArthur, Liam (Orkney) (LD)
 McCabe, Tom (Hamilton South) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (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)
 Oldfather, Irene (Cunninghame South) (Lab)
 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, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (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

Adam, Brian (Aberdeen North) (SNP)
 Ahmad, Bashir (Glasgow) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Allan, Alasdair (Western Isles) (SNP)
 Brocklebank, Ted (Mid Scotland and Fife) (Con)
 Brown, Gavin (Lothians) (Con)
 Brown, Keith (Ochil) (SNP)
 Brownlee, Derek (South of Scotland) (Con)
 Campbell, Aileen (South of Scotland) (SNP)
 Carlaw, Jackson (West of Scotland) (Con)
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)
 Constance, Angela (Livingston) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Don, Nigel (North East Scotland) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 FitzPatrick, Joe (Dundee West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Goldie, Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harvie, Christopher (Mid Scotland and Fife) (SNP)
 Hepburn, Jamie (Central Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Kidd, Bill (Glasgow) (SNP)
 Lamont, John (Roxburgh and Berwickshire) (Con)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
 Marwick, Tricia (Central Fife) (SNP)
 Mather, Jim (Argyll and Bute) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West of Scotland) (SNP)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKee, Ian (Lothians) (SNP)
 McKelvie, Christina (Central Scotland) (SNP)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McMillan, Stuart (West of Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Gil (West of Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Alex (Gordon) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 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 54, Against 62, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S3M-2553.1, in the name of John Scott, which seeks to amend motion S3M-2553, in the name of Richard Lochhead, on hill farms and less favoured areas, 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)
 Doris, Bob (Glasgow) (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)
 Salmond, Alex (Gordon) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow Govan) (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)

AGAINST

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)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Foulkes, George (Lothians) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kerr, Andy (East Kilbride) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Murray, Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (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)
 Smith, Elaine (Coatbridge and Chryston) (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 79, Against 37, Abstentions 0.

Amendment agreed to.

The Presiding Officer: The third question is, that amendment S3M-2553.3, in the name of Liam McArthur, which seeks to amend motion S3M-

2553, in the name of Richard Lochhead, on hill farms and less favoured areas, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Foulkes, George (Lothians) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Hume, Jim (South of Scotland) (LD)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kerr, Andy (East Kilbride) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McArthur, Liam (Orkney) (LD)
 McCabe, Tom (Hamilton South) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (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)
 Oldfather, Irene (Cunninghame South) (Lab)
 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, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (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

Adam, Brian (Aberdeen North) (SNP)
 Ahmad, Bashir (Glasgow) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Allan, Alasdair (Western Isles) (SNP)
 Brocklebank, Ted (Mid Scotland and Fife) (Con)
 Brown, Gavin (Lothians) (Con)

Brown, Keith (Ochil) (SNP)
 Brownlee, Derek (South of Scotland) (Con)
 Campbell, Aileen (South of Scotland) (SNP)
 Carlaw, Jackson (West of Scotland) (Con)
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)
 Constance, Angela (Livingston) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Don, Nigel (North East Scotland) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 FitzPatrick, Joe (Dundee West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Goldie, Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Christopher (Mid Scotland and Fife) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Central Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Kidd, Bill (Glasgow) (SNP)
 Lamont, John (Roxburgh and Berwickshire) (Con)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
 Marwick, Tricia (Central Fife) (SNP)
 Mather, Jim (Argyll and Bute) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West of Scotland) (SNP)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKee, Ian (Lothians) (SNP)
 McKelvie, Christina (Central Scotland) (SNP)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McMillan, Stuart (West of Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Gil (West of Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Alex (Gordon) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 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 52, Against 64, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The fourth question is, that motion S3M-2553, in the name of Richard Lochhead, on hill farms and less favoured areas, 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)
 Doris, Bob (Glasgow) (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, 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)
 Salmond, Alex (Gordon) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Somerville, Shirley-Anne (Lothians) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Jamie (Caithness, Sutherland and Easter Ross)

(LD)

Sturgeon, Nicola (Glasgow Govan) (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)

AGAINST

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)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Foulkes, George (Lothians) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kerr, Andy (East Kilbride) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Murray, Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (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)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stewart, David (Highlands and Islands) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Whitton, David (Strathkelvin and Bearsden) (Lab)

ABSTENTIONS

Harvie, Christopher (Mid Scotland and Fife) (SNP)

The Presiding Officer: The result of the division is: For 78, Against 37, Abstentions 1.

Motion agreed to.

Resolved,

That the Parliament recognises the valuable contribution made by farmers on Scotland's hills and other remote areas to food production, environmental management and our rural economy; notes the publication of the Scottish Agricultural College's report, *Farming's Retreat from the Hills*, funded by the Scottish Government, and the Royal Society of Edinburgh's report on its Inquiry into Scotland's Hills and Islands as well as other recent publications highlighting the challenges and opportunities facing the sector, and welcomes the publication on 18 September 2008 of the Scottish Government's consultation on the Less Favoured Area Support Scheme and its commitment to work in partnership with stakeholders to consider the range

of relevant economic, social and environmental issues with the aim of securing a sustainable future for agriculture on our hills and in our more remote communities; notes the burden of increased costs for hill farmers and crofters, notably fertilisers, fuel and transport, coupled with the ongoing challenges of farming on some of the most disadvantaged land in Europe, and therefore agrees with the Royal Society of Edinburgh's report in condemning the UK Government's policy of ending direct support for Scottish producers after 2013.

The Presiding Officer: The final question is, that motion S3M-2543, in the name of Iain Smith, on the Economy, Energy and Tourism Committee's sixth report in 2008, "Growing Pains - can we achieve a 50% growth in tourist revenue by 2015?", be agreed to.

Motion agreed to.

That the Parliament notes the conclusions and recommendations contained in the Economy, Energy and Tourism Committee's 6th Report, 2008 (Session 3): *Growing Pains - can we achieve a 50% growth in tourist revenue by 2015?* (SP Paper 141).

Cancer Poverty

The Deputy Presiding Officer (Alasdair Morgan): The final item of business is a members' business debate on motion S3M-1972, in the name of Michael Matheson, on cancer poverty. The debate will be concluded without any question being put.

Motion debated,

That the Parliament recognises the wider social impact of dealing and living with a cancer diagnosis, including the significant financial consequences of the disease; is concerned that 90% of people affected by cancer in the United Kingdom experience a significant drop in income and an increase in daily living expenses as a direct result of their diagnosis; welcomes the work of Macmillan Cancer Support, in partnership with the regional cancer advisory groups and local government, in developing a network of cancer-aware benefits advisors in Falkirk and across Scotland; supports the embedding of referral to benefits and financial advice within routine NHS clinical practice, and recognises the need to address cancer poverty in the Better Cancer Care strategy and ensure that financial advice becomes an integral part of every Scot's cancer journey.

17:07

Michael Matheson (Falkirk West) (SNP): I thank those members who have taken the time to support my motion. I am particularly pleased that the motion has gathered support from across the chamber.

Unfortunately, most families will be touched by the illness of cancer at some point, either directly or indirectly; my mother is currently being treated for cancer and, thankfully, her treatment has been successful so far. Given the trauma that individuals experience when they are informed that they have cancer, the last thing that will be on their mind is the financial consequences of having such an illness, but the wider social impact of dealing and living with a cancer diagnosis has only recently been properly acknowledged. A central issue is the recognition of the significant financial consequences of the disease and the emotional impact that the experience can have on the lives of patients and their families.

Recent research from Macmillan Cancer Support demonstrates that many people in Scotland who are affected by cancer experience significant levels of poverty as a direct result of a cancer diagnosis. For people who are living with cancer, financial concerns are a cause of considerable stress, second only to physical pain. About 90 per cent of people who are affected by cancer experience a drop in income and an increase in their daily living expenditure because of their diagnosis. It is simply wrong that patients who have the considerable worry of a cancer diagnosis should also be burdened with financial

worries. Too many Scots who are affected by cancer do not get the financial support to which they are entitled, and the take-up of benefits among terminally ill people in Scotland is the lowest in the United Kingdom.

Experience has shown that effective, targeted social support for patients and their carers can have a positive impact on a range of outcomes, including physical health and mental wellbeing. Many patients and families who are affected by a cancer diagnosis require financial advice and support on a range of issues. To help address that, Macmillan Cancer Support has developed a benefits and financial advice service in different areas of Scotland in partnership with national health service boards, local authorities and the voluntary sector, and some 35 welfare rights officers funded through Macmillan are now operating in different areas.

The Macmillan money matters project has had a significant impact. Macmillan Cancer Support in Scotland has been at the forefront of this initiative—for example, the first cancer-specific benefit advice service in the United Kingdom was launched in Lanarkshire back in 2003. Since then, the service has grown to such an extent that Macmillan, in partnership with the regional cancer advisory group and local authorities, is creating a network of cancer-aware benefit advisers across Scotland that, by the end of 2009, will provide advice and support services for cancer patients and their families in every local authority area in Scotland.

The advice service in my constituency started in March 2007, as part of the Forth valley Macmillan money matters service. A partnership involving Macmillan, Falkirk Council, Stirling Council and Clackmannanshire Council, the service aims to promote and support the financial wellbeing of all patients who are living with a cancer diagnosis by providing advice and financial aid to families and carers when they need them most.

It is important to note that the advice covers not only benefits but employment rights, debt, savings and borrowing, pension rights, fuel poverty and insurance. Moreover, the service helps the person through the process of applying for benefits. I am sure that all members are aware of the difficulties that constituents face when they are negotiating the very complex benefits system.

During the past 17 months, the Forth valley service has helped people to claim £3.1 million in benefits, £1.65 million of which has been claimed in my constituency alone. Before the project's establishment, that money would have gone largely unclaimed. However, even with the significant progress that has been made, too many cancer sufferers still do not get the financial support to which they are entitled. Macmillan

estimates that each year in Scotland £30 million-worth of benefits to which cancer patients are entitled go unclaimed.

The purpose of this debate is not only to give recognition to Macmillan's service and its significant benefits for individuals and their families but to try to ensure that all cancer patients benefit from it. At present, a patient is referred only if a member of staff, carer or the patient himself or herself knows that the service is available. Because chance still plays such a big part in getting support, far too many cancer patients are still missing out.

I hope that the Minister for Public Health will be able to support my proposal that a person be given information about the service or, with their consent, be automatically referred for information and advice at the very point at which they are diagnosed with cancer. The best way of achieving that would be to embed this type of service in the forthcoming cancer strategy and to make it a part of the patient's journey. Such a move would ensure that as many patients as possible benefit from the scheme, which would, in turn, help to relieve some of the worry that goes with a cancer diagnosis.

On the service that they received from money matters, a constituent said:

"If it wasn't for the Money Matters team, we would never have been able to access the help we needed by ourselves. We are eternally grateful for all your assistance and advice. Keep up the good work and thanks again."

Let us help to tackle cancer poverty by ensuring that people get the advice that they really need.

17:14

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I congratulate Michael Matheson on securing this debate on such an important topic. I, too, want to express my appreciation for the work of the Macmillan adviser in the Forth valley area, because—as Mr Matheson pointed out—that work has reaped huge benefits.

Living with cancer is now a fact of life. The five-year survival rate for people who have been diagnosed with prostate cancer has increased by 35 per cent, the survival rate for those who have been diagnosed with breast cancer is up by 20 per cent, and the survival rate for those who have been diagnosed with leukaemia is up by 25 per cent. The figures go on. Improved cancer care is being developed in Scotland, and palliative care has improved enormously over the past generation, with the founding and development of the hospice movement in Scotland.

However, living with cancer or in a palliative care situation is made infinitely harder if only the

person's medical symptoms are dealt with. Enormous stress for the individual and their family can result if a social care package is not adequately developed. We know from considering cancer survival rates and deprivation characteristics that there are still significant inequalities in those rates. A factor in that is that the situations of people who are already in poverty or are close to poverty are made worse because they do not get the support that they need.

Successive UK Governments have developed systems with various care packages, but those packages have been extremely complex—as Michael Matheson rightly said—and the benefits that have been available have been difficult to work through. If a person has an illness that is clearly terminal, the general practitioner can sign them up for attendance allowance, for example, and their claim can be fast-tracked. They then get that allowance, which is helpful. However, it can be tricky to claim the other benefits that are necessary to people who are living with cancer. A person may have to take prolonged periods off work for treatment in the hope and expectation that they will return to work. It is important that adequate support is provided in the intervening period. I am not sure that our national and local systems are yet sensitive enough to support such an approach.

Today, Parliament has been concerned with the demise of HBOS. I praise HBOS for what it did for one or two patients I had, who had cancer or who had a partner with cancer. HBOS was particularly supportive in allowing them to have time off, and its return-to-work process allowed them to get back to work at a speed and in a manner that they could manage. Balancing what to do for their benefit was difficult, but important. It is also clear that other groups, such as citizens advice bureaux, have been particularly helpful to patients in guiding them through the process.

It is important in the cancer strategy that we join the cancer networks, which are among the most successful developments in the health service in Scotland, with the social care package. The Maggie's centres do quite a bit of that and are extremely important in that regard, but we need a universal package that means that a person who is diagnosed with cancer will be supported through a social care package.

Cancer sufferers have other problems. For example, they find that there are difficulties with insurance if they wish to travel. I am pleased that a new company—I cannot remember its name, but I have been trying to find it—is offering travel insurance to people aged over 65 who suffer from cancer. It is particularly difficult for those people to get travel insurance. I welcome the approach that insurance companies have taken to providing

insurance to allow people to travel, but that is only a small part of the package.

17:18

Christine Grahame (South of Scotland) (SNP): I commend my colleague Michael Matheson for lodging the motion, but I also take him to task, because this is not a new debate for the chamber. A very similar motion that was lodged by Elaine Smith and which expressed many of the concerns that we are debating today was debated in February 2005. Perhaps recognising that change is very slow is the penalty of being in Parliament for nine years.

We all know about the financial implications for cancer sufferers and their families. The onset of cancer can be immediate and severe, and the financial implications are the second-biggest worry after the worry that is caused by the disease itself. That speaks for itself. A person's partner and their family may feel guilty about even thinking about the financial implications, let alone doing something about them.

It is interesting that I attended a conference back in November 2004—that is how far back the issue goes—in which evidence was produced from a report entitled “Benefits Access for People Affected by Cancer in Northern Ireland”. It was a nine-month study that involved secondment of a member of staff from Northern Ireland's Social Security Agency—social security is devolved there, which is a key point. The report addressed all the issues that we are exploring and identified problems such as the definition of the term “terminally ill”. People go into respite, but the cancer could be cyclical. Should their benefits be taken away? For how long? Those are huge questions, but interpretation is not the same nationally. Northern Ireland made progress on the matter, so I commend that report to members.

On the benefits to which people are entitled, how much further on are we, four years later? The website of the Macmillan benefits helpline states that there are 11 possible benefits, but a person would need a degree in benefits to work their way through them all. They go from disability living allowance to something that I would never have considered, which is road tax exemption. Frankly, given all the emotional problems that occur and the fears about cancer, we should not ask people to deal without assistance with the 11 benefits to which they may be entitled, the interactions between those benefits, and the issues of whether their cancer is cyclical, they are terminally ill or otherwise.

In that earlier debate, we talked about the important co-operation between citizens advice bureaux and Macmillan, and between Macmillan

and local authorities. I took Scottish Borders Council and Borders NHS Board to task and urged them to provide advice, either on the doorstep of the Borders general hospital or through the local authority. However, despite the sympathetic words about it being a good idea, the information that Macmillan has provided shows that, four years down the road, the Scottish Borders Council's project is “In development”. That is disgraceful, so I will take up the issue with the council again.

The council in Alasdair Morgan's constituency has done a lot better. Dumfries and Galloway Council established a project in 2004. As a result of its advice, people accessed £1.096 million in 2007, and so far this year the figure is £867,000. So what are people in the Scottish Borders being deprived of? We will find out, because I will make sure that next time I speak in a debate on the issue, the Scottish Borders Council is on the list. The situation is absolutely disgraceful.

On a day when banks are having a hard time, not because of us, but because of shoddy speculators, Richard Simpson commended HBOS. I want to commend the Royal Bank of Scotland, which provides substantial support—in the millions of pounds—to Macmillan Cancer Support to help people through their debt problems. However, my job for tonight and tomorrow is to take Scottish Borders Council to task.

17:23

Mary Scanlon (Highlands and Islands) (Con): I will have the utmost sympathy for Scottish Borders Council when Christine Grahame turns up on its doorstep tomorrow, but I wish her well.

It is not so long ago that we discussed issues for cancer sufferers relating to travel insurance, in a debate on a motion by Brian Adam. I record my support for the excellent work of Macmillan Cancer Support in health care and in addressing all the needs of patients, particularly those that cause worry, which can in turn affect patients' recovery, as Richard Simpson so eloquently said. Many people go on to live long and healthy lives following cancer treatment. We therefore need a benefits and support system that helps people through their cancer treatment and helps them get back to work, but which also addresses the needs of terminally ill people.

To take a local example, patients and carers from throughout the Highlands and the Western Isles have access to independent information, advice and advocacy services, which are provided by a partnership between Inverness Citizens Advice Bureau and Macmillan Cancer Support that is based in the grounds of Raigmore hospital. I acknowledge and praise its excellent work. Macmillan has funded the project, with an

undertaking to continue to do so until December this year. Beyond that, the project hangs in the balance, as it awaits the outcome of a Big Lottery Fund bid to migrate the project to a wider remit to include other life-limiting illnesses. The partners in the lottery bid include Highlands and Western Isles citizens advice bureaux, Chest, Heart and Stroke Scotland, Arthritis Care, the Parkinson's Disease Society, Highland Hospice, the Roy Castle Lung Cancer Foundation and Macmillan Cancer Support.

The existing Macmillan-CAB service also provides a one day a week drop-in advice session at Maggie's Highlands, which is situated in the grounds of Raigmore hospital. It has, since it was set up in 2004, helped 2,400 clients and secured a financial gain of £6,500, a high proportion of which is benefits, in addition to debt write-offs and grants. At present, there are on average 60 new cases a month, and Macmillan says that the contribution to the health and wellbeing of their clients is crucial.

Given, however, that each person's circumstances are unique, I found the case studies in the Macmillan guide to benefits and financial help very interesting. Anyone with cancer, whether they are familiar or unfamiliar with the benefits system, would find the guide to be of tremendous help. I looked up a case study of a 48-year-old man with bowel cancer who faced a 16-week course of chemotherapy. He applied for and received disability living allowance, income support, housing benefit, council tax benefit, an income tax refund, road tax exemption and a disabled parking badge. Because he was awarded income support, he also became eligible for free prescriptions, free eyesight tests, a voucher for glasses, a full refund of fares to hospital and free NHS dental treatment.

I do not imagine that many people are aware of the full range of benefits, advice and support that can be given. Even less is probably known about the help that is available for carers, and there is no doubt that the projects between Macmillan and Citizens Advice throughout Scotland are hugely beneficial to patients who are affected by cancer. The ability to deal with the financial problems frees up energy to deal with the illness. I thank Michael Matheson again for bringing the debate to the chamber and giving us the opportunity to read up, learn more and raise the issue in Parliament. I trust that the Minister for Public Health will be equally supportive.

17:27

Joe FitzPatrick (Dundee West) (SNP): I congratulate Michael Matheson on securing today's debate on a very real problem for cancer patients throughout Scotland. I am sure, however,

that something important is going on that has prevented any Liberal Democrat members from being here tonight.

As Michael Matheson said, being diagnosed with cancer is a stressful enough time for sufferers and their families without the added burden of having to worry about their financial situation. Incomes plummet for people who have cancer and, as we have heard, benefits take-up is at its lowest among cancer sufferers in Scotland. The strain on finances results in nine out of 10 households with a diagnosed cancer sufferer encountering financial difficulty.

I will concentrate on one area of financial burden for people who are diagnosed with cancer: travel. In Tayside, a new case of cancer is diagnosed every four hours. As we have heard, having cancer puts a huge strain on people's finances, and even small costs can be hard to meet. From the day of diagnosis, the average cancer patient in Tayside will require 60 trips to hospital. In addition to rising fuel costs, patients who attend consultations at Ninewells hospital must pay £1.60 to park there, and their family and friends must pay £1.60 every time they visit. Figures show that cancer patients are, in fact, paying the highest rates for travel in the UK, at £636 per year.

I welcome the action that the Government has taken to alleviate that burden by scrapping the car parking charges at hospitals throughout Scotland. Unfortunately for people who visit Dundee's Ninewells hospital, however, car parking charges will remain because of a private finance initiative contract that was signed before the establishment of this Parliament. I await the publication of the cancer care plan, and I hope that the Government will address parking at hospitals that are under PFI contracts.

As Michael Matheson said, the Macmillan benefits advice service can make a huge difference—we heard evidence of that from Falkirk. In 2009, there will be seven Macmillan advisers in Tayside working to provide financial support and advice to people who have cancer. That is to be welcomed but, as Michael Matheson said, we must ensure that people who have cancer are aware of the service. I support his and other members' calls for referral to the advice centres, including Maggie's centres, to be given at the time of diagnosis.

Parliament enjoys the trust and support of the people of Scotland because we have not turned away from the health problems that face our nation. Under the previous Administration, the Parliament proved to the people of Scotland that it cares about the health and wellbeing of the nation by introducing free personal care and the smoking ban. That commitment to putting the health of Scots at the top of the agenda has been continued

with the phasing out of prescription charges and the introduction of the human papilloma virus vaccine by the current Government.

We must continue to put the health of the nation at the forefront of whatever we do. The highlighting of the important issue of cancer poverty by Michael Matheson and other members, and the calls for the provision of financial advice to people who have been diagnosed with cancer are a continuation of what Parliament has previously stood up for.

I look forward to the publication of "Better Cancer Care", which I hope will go some way towards addressing cancer poverty. That is what cancer patients and their families deserve and that is what the people of Scotland expect from Parliament.

17:30

Des McNulty (Clydebank and Milngavie) (Lab): For the second day running, I will praise Michael Matheson, not only for securing the debate but for speaking very effectively in support of his motion.

In the past year, I have had to take over my father's finances after he was diagnosed with cancer, so I appreciate at first hand the complexities that are involved in the change of financial circumstances as well as the change in health circumstances, which combine and lead to a great deal of stress for the individual affected. One problem is that stress contributes to the physical problems that are associated with cancer. It is not only the patient who is affected; relatives and other people around an individual find that they have extra things to do, whether it is finding ways of easing the individual's pain by getting items such as chairs, going to the chemist to get prescriptions regularly, purchasing new foods or doing all kinds of other things. Circumstances can often change quickly: some cancers are slow and others are quick, so adaptations have to be made.

Many cancer patients do not know what help they are entitled to, because they do not know what to claim or how to apply. They may never have been in touch with social security or the various other agencies from which they must now seek support. It is important that the process be made as easy as possible. In my constituency, in Clydebank, the issue has been addressed in a very positive way: West Dunbartonshire Council is the first local authority in the UK to have an advice partnership with Macmillan Cancer Support, which has been extremely successful in helping people to access resources that they urgently need.

I raised the issue of support for cancer services with Lewis Macdonald, the previous public health minister, and with Shona Robison shortly after she

came into office. There have been significant steps forward. In my area, a service that was started at the Beatson west of Scotland cancer centre in October 2007 means that welfare services are available to patients at the point at which they go to get their cancer diagnoses. Two full-time benefits advisers are in place and hospital staff are being trained. Some really important steps are being taken.

I will highlight some issues that arise from the current financial circumstances. I think that cancer patients have problems with mortgage repossessions. We should examine that, given the current circumstances in the housing market. Fuel poverty is also an issue. One characteristic of cancer patients is that they require a higher standard of heating as a result of their circumstances.

Access to insurance and other financial services also cause problems. Macmillan has taken the issue up with the Financial Services Authority and, in a joint initiative, the charity and the FSA have produced guidance on financial capability, called "It All Adds Up". The more we look into the issue, the more needs are identified.

It is crucial that people who contract cancer and suddenly have a terrifying diagnosis are given the maximum support in the most accessible form. We have made huge strides. Macmillan, West Dunbartonshire Council and other councils have worked hard and are coming together to address the issue. We must ensure that we give their efforts our blessing and as much support as we can. Michael Matheson's debate is a good opportunity to raise the issues and to get them taken on board by Parliament and by the Scottish Government.

17:35

The Minister for Public Health (Shona Robison): I join those who have congratulated Michael Matheson on securing this evening's debate and thank him for focusing Parliament's attention on the physical, social, emotional and financial challenges that are faced by people who live with cancer, and by their families. I particularly thank him for highlighting the work of Macmillan Cancer Support. I join him in acknowledging the work of its staff and partners in providing support and advice in a network of centres throughout the country.

The debate is timely because, as many members have said, the Scottish Government is finalising its new cancer plan—"Better Cancer Care" will be published in the next few weeks. I record my thanks to the many people who took the time and trouble to contribute in person or in writing to the hugely successful and informative national discussion that helped to shape the plan.

As the Scottish population ages, as treatments advance and as our screening programmes become ever more effective at detecting cancers earlier, many people find themselves living with and, indeed, beyond cancer. We recognise that, throughout their journeys, patients and their carers will face uncertainty and might need to cope with the unpleasant and sometimes debilitating consequences of treatment.

Cancer does not care about a person's age, responsibilities or potential. It does not care that they are about to start a family, that they are looking forward to a long and active retirement, or that they are in the middle of a glittering career. However, people do care, so our task is to find whatever ways we can to support people with cancer, to give them access to the highest quality advice, and to enable them to live their lives to the full.

"Equally Well: Report of the Ministerial Task Force on Health Equalities" identifies the big killers of cancer and cardiovascular disease as priorities for action. It commits us to enabling people to take advantage of opportunities to improve their life circumstances and to shaping our public services so that they meet the needs of those who are at greatest risk of ill health, now and in the future. That includes a clear commitment to helping people to maximise their income and encouraging them to take up the benefits to which they are entitled. I will return to that point in a moment.

As has been mentioned, we are moving towards the abolition of prescription charges for all by 2011, which will rid the country once and for all of an unfair tax on ill health that has had an impact on many people who live with cancer and on their families. As Joe FitzPatrick said, we announced earlier this month that car parking charges at NHS hospitals will be abolished from the end of the year, in order to help to reduce the financial burden that is placed on patients and their visitors at a time when there are pressures on family budgets. I acknowledge what Joe FitzPatrick said about the situation at the private finance initiative hospitals, but we encourage those three hospitals, if they have not done so already, to introduce assistance schemes for regular patients.

In November, we and the Convention of Scottish Local Authorities will publish a joint framework to tackle poverty, inequality and deprivation in our country. It will be based on the best available evidence and will set out a series of actions to help to reduce inequalities, tackle the drivers of low income, support people who experience poverty, and make the tax and benefits system work for Scotland. It is good that Des McNulty acknowledged the good work that West Dunbartonshire Council has been carrying out, although from what Christine Grahame said, it

sounds as if there is more work to be done and progress to be made by other local authorities. We hope that that will occur.

I confirm that we intend to set out before the end of the year the actions and resources that are needed to implement the new self-management strategy for Scotland, which was developed in a groundbreaking partnership with the Long Term Conditions Alliance Scotland. Among other things, a new self-management fund will be launched that will provide grants to improve the information and advice that is available to patients, support self-management education programmes, and enable people to share their experiences with others who are in similar circumstances through support groups and other opportunities that will be designed and delivered by the voluntary sector.

The cancer plan "Better Cancer Care" will be published on 22 October. I am pleased to announce that the plan will include specific actions to support people who live with cancer. Importantly, it will also include specific actions to support the work of Macmillan Cancer Support and other partners in raising awareness of the benefits that are on offer, and in enabling people to take advantage of them. That commitment encompasses a belief on our part that referrals of this kind are a legitimate and necessary part of the complete assessment of a person's needs, and are therefore a legitimate and necessary part of effective clinical practice.

Obviously, I cannot give an awful lot of detail before the plan is published, but I am sure that Michael Matheson and others will be reassured by what is in the plan. I am also sure that it will meet the aspirations of Michael and others to improve, and make more systematic, the way in which patients can access help.

Taken together, the measures that I have outlined demonstrate our commitment to supporting people in living with cancer and living beyond cancer. When it is published in a few weeks' time, I look forward to the plan having the support of the whole Parliament. I look forward to hearing members' comments on it.

Meeting closed at 17:41.

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