

# **MEETING OF THE PARLIAMENT**

Wednesday 12 November 2008

Session 3

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## Scottish Parliament

*Wednesday 12 November 2008*

[THE DEPUTY PRESIDING OFFICER *opened the meeting at 14:00*]

### Time for Reflection

**The Deputy Presiding Officer (Trish Godman):** Good afternoon. The first item of business is time for reflection. Our time for reflection leader is Munuza Sheikh from the Scottish Interfaith Council.

**Munuza Sheikh (Scottish Interfaith Council):** Good afternoon. For today's reflection, I will talk about my personal experience of faith, because it is what I feel most passionate about. I prefer to tell my own stories rather than someone else's—in that way, you are more likely to hear something new and, I hope, vaguely interesting.

When I was asked to do today's time for reflection, I panicked. When I started thinking about it, I did not have anything to talk about that would not put people to sleep in the first 30 seconds. I asked my friends and family and even random strangers whom I thought looked friendly, but even though they gave me great advice, I just did not feel inspired. I went for a walk on the beach with my friends. I happened to look up at a moment when a huge wave that was a little bigger than me came crashing down on the shore. I was instantly enchanted and I waited for the next one. I was in awe of something so beautiful. I had never seen waves that big before.

That is when I remembered why I believe in God. It is not so that I can get a first-class ticket to heaven, although, sure, that would be fun. It is because I saw something so profound in that wave that I could only class it as the beauty of God. I saw something bigger than all of this, reflected in the power of nature, in the comfort of a cool breeze on a hot day and in the smile of an innocent child. That is why I believe in God—because of the beauty in the world today, and so that I have something to say thank you to. The wonder of a wave and the complex structure of a single cell are just as beautiful.

I say thank you every day for being human so that I can see these things and be in awe of them, and also for the opportunity to reflect upon their creation. If someone asked me why I have faith in the existence of God, I would quote the excellent words of William Blake:

"To see a world in a grain of sand,  
And a heaven in a wild flower".

I have faith so that I can be thankful for all the things that come my way, be they good, bad or even very strange. It makes me think, and that is one thing that I wish to do forever.

## Scottish Parliamentary Pensions Bill: Stage 1

**The Deputy Presiding Officer (Trish Godman):** The next item of business is a debate on motion S3M-2594, in the name of Alasdair Morgan, on behalf of the Scottish Parliamentary Pension Scheme Committee, on the Scottish Parliamentary Pensions Bill.

14:02

**Alasdair Morgan (South of Scotland) (SNP):** I am pleased to open the stage 1 debate on the Scottish Parliamentary Pensions Bill. Yet again, I can hardly accuse members of being self-interested, given the attendance for the debate.

This is the latest stage in a lengthy and detailed piece of work to introduce a highly technical but necessary bill to bring the Scottish parliamentary pension scheme and grants scheme up to date. Members will recall, although it was not the most glittering parliamentary occasion, that the Parliament debated in June the Scottish Parliamentary Pension Scheme Committee's report on its inquiry into the existing grants and pension schemes. That report recommended that a bill should be introduced to amend the schemes, and the Parliament agreed that it should reflect the committee's findings. We are here today to debate the general principles of the bill that was introduced. I am sure that members have studied the bill, which reflects the committee's recommendations.

The committee bill process is slightly different from the process for other bills. First, the Parliament scrutinises the committee's report on the proposal. It has done that. The Parliament then reaches agreement on the committee's findings before moving on to the stage 1 debate. Under the process, unlike with other bills, the committee is not required to make a further report on the general principles of the bill at stage 1.

I dare say that members have noted the level of detail in the bill. Although some of it represents a simple transfer of—albeit complex—material from the provisions of the existing pension and grants schemes, the bill also proposes a number of substantial changes to the schemes, which I will describe in some detail.

First, we looked at the role of the Scottish Parliamentary Corporate Body, which manages and administers the pension scheme. We noted that the SPCB is responsible for funding the pension scheme through contributions from its budget while, at the same time, it holds a fiduciary duty to act in the best interests of scheme members. The committee considered, and the

SPCB agreed, that there is a potential conflict of interest—or at least the perception of such a conflict—in those two roles, given that one is on behalf of the SPCB's budget and the other is on behalf of scheme members. Part B of the bill therefore establishes a system of new trustees who will manage the pension fund. Part B covers their functions, their appointment and their duties as trustees.

I am afraid to say that, in times to come, the details of those complex rules will require further amendment to reflect at the very least changes in pension law, which seem to come along frequently. It is therefore desirable to create the ability to amend the pension and grants rules without the need for primary legislation and without going through the procedure that we have gone through and which has led to today's debate. Section 3 therefore provides for future rule amendments to be made by resolution of the Parliament. The Standards, Procedures and Public Appointments Committee has been invited to examine the detail of how that can be handled and what parliamentary rule changes will be necessary to bring it about.

The bill allows members to accrue pension benefits in future at either one fortieth or one fiftieth of salary per year of service. The additional cost of the one-fortieth accrual is to be met fully by an increase in the contribution rate of those MSPs who choose that option, which will amount to a change from 5 to 11 per cent of salary. It is worth stressing that the advice of the independent Government actuary has been followed in the setting of the amount of that additional rate.

The bill sets out new rules on early retirement and ill-health retirement. The committee considered that the table that is used to calculate early retirement benefits, which is based on both age and length of service, could be seen as discriminatory, or at the very least inequitable, in its treatment of age. The bill therefore proposes to replace the table with a simple reduction of pension for each year that a member is short of the normal retirement age when they take early retirement, using a set percentage that is actuarially neutral for the scheme, so there is no additional cost to the taxpayer.

The bill establishes a new twin-tier approach to ill-health retirement. For severe ill-health pensions—when a member's health prevents him or her from performing the duties of any occupation, rather than only the duties of an MSP or office holder—a full enhanced pension becomes payable immediately on retirement. A lesser ill-health retirement pension will be available for those who are assessed as unable to perform their duties as an MSP but who could carry out employment of a different nature. In such

a case, pension entitlement accrued to date will be payable immediately.

In response to United Kingdom legislation, the bill stipulates that participating membership of the pension scheme will no longer be available to those who are aged 75 and over. The bill also reflects UK divorce law by allowing an ex-spouse, who is entitled to what is called a pension credit, to either join the scheme in their own right or transfer their calculated benefits from the scheme—to some other scheme, I presume. In addition, the bill allows the pension scheme to include provision for civil partners and unmarried partners upon the death of an MSP. In all three of those measures, we have taken great steps towards equality in the scheme.

The existing pension arrangements for the First Minister and Presiding Officer will be closed to any new incumbents of those offices. Instead, the bill provides that the pensions of a new First Minister and Presiding Officer should be the same as those of all other office holders, such as the Scottish ministers, under the new scheme rules.

No new contracts for additional voluntary contributions will be established, since those are commercially and easily available on the open market, but the system of buying added years contributions will continue. Again, that provision comes at no extra cost to the pension fund.

The committee had a remit to consider the grants that are payable to members on leaving office. The bill proposes to amend the current provisions on resettlement and ill-health grants by replacing the existing complex calculation tables for those grants with a simple calculation: one month's salary for each continuous year of service as an MSP will be payable, with a minimum payment set at six months' salary. The MSP resettlement grant will continue to be paid only to those who stand down at an election, whether voluntarily or otherwise.

For office holders, a sum of 25 per cent of the office holder part of the salary is payable. The bill also sets out new grant arrangements for the First Minister and the Presiding Officer, which will be calculated in a similar manner to that for MSP grants for resettlement or ill health.

The Finance Committee considered and reported on the financial memorandum to the bill and the Subordinate Legislation Committee considered the resolution power that is contained in section 3. To interpret their reports, both committees gave the bill a clean bill of health and I thank the members of those committees for the time that they took to consider it.

I thank my fellow committee members, the clerks and the legal advisers, who supported the committee and enabled the introduction of the bill

that is before us. No one should underestimate the work that the clerks and the legal advisers had to put in, such as all the drafting work that was involved in introducing this complex bill.

I am confident that the bill as introduced meets the demands of providing an up-to-date scheme that reflects current pension and tax law and which balances equitably a range of benefits for members with the cost to public funds. It also provides a solid structure to administer and, if necessary, change the scheme in the future.

I move,

That the Parliament agrees to the general principles of the Scottish Parliamentary Pensions Bill.

**The Deputy Presiding Officer:** I call Gil Paterson.

14:12

**Gil Paterson (West of Scotland) (SNP):** Thank you, Presiding Officer. I see you looking at me intently. You are probably thinking about my age and wondering whether I should declare an interest on that basis, so perhaps I should do so.

I thank the members of the committee, and Alasdair Morgan in particular, for their work and congratulate them on their important recommendations on the bill.

My experience tells me that when we consider such measures, it is like being in a goldfish bowl. There is perhaps the perception that we are looking after ourselves. In this case, I do not subscribe to that argument. The responsibility was given to members of the Parliament and they have carried out their duties extremely well.

I will focus on a number of the recommendations that the committee made, which I believe add a degree of fairness to the bill. One such recommendation relates to rule 57 in schedule 1, which is on the rights of unmarried partners—I was an unmarried partner at one point. I endorse fully the committee's recommendation that a provision be made for unmarried partners' pensions in the new scheme. This Parliament has a proud tradition of fighting for equality and I believe that the part of the committee's report on unmarried partners continues that. Unmarried partners have the responsibilities that married partners have, such as children or a mortgage. The provision will address that issue. I firmly believe that the ordinary person on the street would support that heartily.

I support and draw to the Parliament's attention rule 46, which is on increasing the minimum retirement age from 50 to 55. By doing that, we are bringing the legislation in line with UK pension law; that will be welcomed throughout the chamber.

When we discuss pensions, we are always looking into the future. Under the current pension system rules, a surviving spouse or civil partner would lose the pension should they remarry or cohabit. I am happy to support the committee's recommendation in paragraph 158 of its report, which states that that rule should be removed and that

"spouses' and civil partners' pensions should continue for life."

That provision should be removed because it is an anomaly; I am glad that it has been picked up. Most pensions and insurance policies of which I am aware continue for life and do not stop at a given time.

I turn to part O of schedule 1. As well as looking to the future, we must look to the past. Many people are or have been unable to put money into their pension fund for several reasons, such as family obligations or financial constraints—or perhaps they were a bit young and did not think too much about pensions. By introducing added years, we will allow individuals to make up for lost time at their own cost and at no cost to the taxpayer. That is why I fully endorse the intention behind part O, which is that members should be allowed to purchase extra years of service to add to their actual reckonable service.

I thank everyone who has been involved in the committee's work. I fully endorse the bill and recommend that Parliament should support it.

14:16

**Peter Peacock (Highlands and Islands) (Lab):**

I support Alasdair Morgan's motion. I have little to add to his comprehensive coverage of the issues, but I will emphasise points that he and Gil Paterson made.

As Gil Paterson said, in many ways it is unfortunate that MSPs must debate and legislate for their own pension arrangements. That is often misunderstood in public as a desire to do so. For me and many others, that is not the case. I have no particular desire to deal with such matters, but we have an obligation in law to do so, which we must address.

Some might argue that we have a choice and that we should simply not have a pension scheme. That might accord with many people's view of our worth, but that would not be realistic or proper. Every organisation, trade and profession must plan for the people who work in it to retire. In our profession, retirement can happen unexpectedly. Often, it is not a choice but is dictated by circumstances that are largely outwith our control. For many politicians, retirement is dictated not by age or by length of service, but by other factors.

I have read out in the Parliament before a quotation from a House of Commons report on pensions that bears repeating:

"Few voters or even newspapers ever realise that the average length of service for a Member of Parliament is about 8 years. Sooner or later the guillotine falls. Either the voters feel like a change and sack them, or their local parties deselect them. Or their constituency boundaries change ... What happens to the losers then? Nobody knows."

Actually, we know from our experience in this place that several of our former colleagues have struggled to find alternative work. While they were in Parliament, their original profession developed in various ways, which meant that they were left behind, so they found it difficult to re-enter that profession or other professions. We have a duty to ensure that provisions meet the distinct circumstances of our profession when our number is up, so to speak.

As Alasdair Morgan said, our pension provisions are rooted in the Westminster scheme. Since the Scottish Parliament was created, various changes that have been made to the provision at Westminster and in the National Assembly for Wales and to the law require us to examine and update our scheme. The Parliament has come adrift from the schemes in Westminster and in Wales, which provide the comparators for our scheme. Unless we make the changes that the bill proposes by 2011, we will be adrift of the legal requirements that we are obliged to meet.

It is worth repeating that the changes that the bill will make follow the unanimous findings of a committee of Parliament. It is also worth noting that there has been comparatively little commentary on or disagreement with the proposals in or beyond this place.

We should remember that the scheme that is available to members is contributory. The proposal that is before Parliament to offer an option of enhanced benefits by changing accrual rates must be funded entirely by members. The changes are designed in part to recognise the circumstances of parliamentarians and will be paid for fully by parliamentarians, at no cost to the public purse. Indeed, the changes overall are cost neutral to the whole scheme. Government actuaries have painstakingly checked that.

I turn to the set of proposals that Alasdair Morgan outlined in his speech, namely the committee's desire as set out in its report, and now reflected in the bill, to separate the role of the Scottish Parliamentary Corporate Body from that of the pension fund. Alasdair Morgan spoke about the potential for conflict of interest and the need to separate the roles by way of the establishment of trustees. That sensible proposal brings the scheme into line with many other pension



schemes. The role of a pension scheme trustee is onerous and a lot of training will be required. We should enter into discussions on that new role with our eyes fully open with regard to what we are asking the trustees to do.

The proposals that have been put before the Parliament seek to find the right balance between the interests and needs of MSPs and those of the public purse. Although, at one level, they are modest improvements, on another level, they are necessary revisions to the law. I hope that members will support the general principles of the bill at decision time.

14:20

**Nicol Stephen (Aberdeen South) (LD):** I thank Alasdair Morgan for his excellent explanation of these detailed issues and for his work to date on the bill. I look forward to working on the committee stage of the bill. I know how disappointed Alasdair Morgan is to be debarred from so doing.

The Liberal Democrats view the matter as a parliamentary issue; our members will have a free vote at decision time. As such, I speak in the debate as an individual and not as a party representative.

As we are all acutely aware, any discussions of members' salaries, expenses or pensions are placed under detailed scrutiny. That is particularly the case at a time when the global economic crisis places an onus on each one of us, particularly those who are in public office, to ensure that every penny is well spent. Although the very mention of MSPs' pensions normally causes controversy, I hope that the bill will be welcomed as an attempt to tidy up some of the anomalies in the existing transitional scheme.

As we heard in the debate, particularly from Alasdair Morgan, the bill tidies up the potential conflict of interest that arises from the corporate body being responsible for funding and administering the scheme. It also deals with legislative changes since the establishment of the scheme in 1999 and introduces flexibility for scheme members. All the changes are to be welcomed: they are measured, balanced and appropriate ways in which to take forward the matter.

I urge members to support the general principles of the bill at decision time. In doing so, we will continue to take forward the Scottish Parliament's strong tradition of dealing with such issues in an open, transparent and—above all—fair manner.

14:23

**Alasdair Morgan:** I thank members for their contributions to the debate.

I must disappoint Nicol Stephen, albeit slightly. Although I no longer serve on the bill committee, I anticipate appearing before it. If any amendments are lodged, I will speak on them. Indeed, given that one or two minor amendments of a technical nature require to be lodged to tidy up the bill, I look forward to moving them at committee at the appropriate stage.

I thank Gil Paterson for his speech, in which he addressed some of the changes that are proposed in the bill. As he rightly said, the provision for unmarried partners is a necessary change. Clearly, there will always be some difficulty in agreeing on the definition. There will always be controversy on what does—and what does not—constitute an unmarried partner. I hope that those members who have had time to study the definition in the bill consider it to be appropriate for the age in which we live. I also hope that the majority of those who think they are entitled to make a claim under the provision think, as I do, that the provision is fair.

Gil Paterson mentioned the partner's pension provision, which currently sees the removal of pension from a partner who subsequently remarries. I hope that all members agree that ceasing that provision is a fair position for us to take. The current position is not only old-fashioned but mean-spirited.

Peter Peacock made some valid points. One was about the difficulties that many ex-MSPs face when they leave the Parliament by retiring early through no desire of their own—perhaps, as the member suggested, through the desire of the electorate or their party colleagues. Mr Peacock made the point that such members do not receive much sympathy outwith the chamber. The proposed early retirement provisions, which will allow members to retire after age 55 regardless of their length of service—under the existing scheme, they must have at least 15 years' service to be eligible—are welcome, especially as they will place no extra cost on the public purse. I cannot stress that point often enough.

The initial impetus for the bill was not that we thought that we should improve the pension scheme so that it was of more benefit to us, but legislation—in the main, UK legislation. The Finance Act 2004, the Pensions Act 2004 and various other acts have changed the requirements that pension schemes must meet. If our current scheme continued past 2011, we would be acting outwith the law. Because of the way in which the Scottish Parliament and its pension scheme are set up, the necessary changes could not have been brought about without the introduction of the bill that is before us. If passed, the bill will allow changes that are necessitated by future legislation

to be made in a much simpler manner, without taking up so much parliamentary time.

Today we have before us an up-to-date, modern, accessible scheme that is fully compliant with legislation and which reflects the best practice that is available to pension schemes. The proposed changes come at no additional cost to the taxpayer; overall, there will be a large saving to the public purse, largely because of the changes that have been made to the pension arrangements for the First Minister and the Presiding Officer. Optional improvements are available to members, if members want them and are prepared to pay the cost.

I invite members to agree to the motion tonight. I almost said “in the lobbies”—I must get out of that habit. I ask members to press their buttons in support of the general principles of the bill.

## **Scottish Parliamentary Pensions Bill: Financial Resolution**

14:28

**The Deputy Presiding Officer (Trish Godman):** The next item of business is consideration of motion S3M-2837, in the name of John Swinney, on the financial resolution to the Scottish Parliamentary Pensions Bill.

*Motion moved,*

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Scottish Parliamentary Pensions Bill, agrees to any expenditure charged on the Scottish Consolidated Fund in consequence of the Act.—[*John Swinney.*]

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

## Scottish Economy

**The Deputy Presiding Officer (Trish Godman):** The next item of business is a debate on motion S3M-2853, in the name of John Swinney, on the Scottish economy.

14:28

**The Cabinet Secretary for Finance and Sustainable Growth (John Swinney):** Over the past few weeks, world financial markets have experienced unprecedented turmoil. The implications of those swiftly moving events are now being felt in the real economy, including here in Scotland. Moreover, all Scotland's communities are feeling the effects of sharp rises in the prices of key commodities, especially energy and food. Although some prices are now falling, the rises that have taken place have put a burden on thousands of Scotland's families and businesses. Unemployment is rising and many Scots are concerned about whether they will be able to make their next mortgage repayment, or afford to pay their rising heating bills this winter. Such a broad threat requires a Government that is prepared, as this one is, to stand up in the national interest and to promote and defend Scottish livelihoods and employment.

One of the issues of national interest with which we are dealing is the position of HBOS plc. The Government has made clear its position on the proposed merger of Lloyds TSB Ltd and HBOS. Our concern is to ensure that we retain employment and decision-making jobs in Scotland. We are determined that, following our discussions with Lloyds TSB, we will secure those opportunities. We will consider the impact of any proposed deal on competition for businesses and personal banking customers in the wider Scottish economy. We will continue to do all that we can to retain HBOS jobs and decision makers here in Scotland.

**David Whitton (Strathkelvin and Bearsden) (Lab):** The minister talks about keeping jobs in Scotland. What discussions has he had with Lloyds TSB about not offshoring jobs away from Scotland?

**John Swinney:** Mr Whitton will be aware that the First Minister met representatives of Lloyds TSB in London to present the compelling arguments that have been evidenced by a number of different cases that have emerged in different areas about the competitive proposition that exists in Scotland. Our determination, as I have said, is to retain jobs and decision making here in Scotland. I share the fears that Mr Whitton has expressed, because I want to retain that employment here in Scotland.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** During the debate on HBOS, the cabinet secretary assured me that the Scottish Government would make a submission to the Office of Fair Trading regarding the Scottish economy and competition in the sector. Can he confirm that the Scottish Government made a submission to the OFT? If so, what was in it?

**John Swinney:** The Government made a submission to the OFT, setting out many arguments that are relevant to ensuring that the point that I have just made about competition is considered in relation to the Scottish economy. I cannot claim that the findings of the OFT were influenced by the Government's submission, but the Government was impressed by the line of argument that the OFT advanced, which I thought raised significant concerns on the matter.

We will continue to take decisive action to help businesses and households, to maximise jobs and investment, and to provide a solid foundation for Scotland to take early and speedy advantage of any recovery. Last week, the Bank of England's monetary policy committee cut interest rates to their lowest level for more than half a century. The Scottish Government had called for a bold cut in interest rates, so we welcome that decision. I was pleased to note that banks, which are benefiting from a substantial investment of public money, are now passing the benefits of the 1.5 per cent cut on to their customers.

The Scottish Government has welcomed the actions that the United Kingdom Government has taken to release funds into the system in order to kick-start interbank lending. More needs to be done, however. Last week, I wrote to the chief executives of all four clearing banks in Scotland, encouraging them to use all possible sources of funding, including invoice discounting, small firms loan guarantees and the funds that are available from the European Investment Bank, to support lending to small to medium-sized enterprises and pass the benefits on to businesses. There is too much evidence that Scottish SMEs are facing real difficulties simply because of limited availability of funding and lending, and not because of the inherent level of profitability of their businesses' operations.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I entirely endorse Mr Swinney's comments about the impact on small businesses of some of the new lending practices that have been adopted by the banks. Will he strongly reinforce to bankers their responsibility to the wider business sector? Will he take up with his colleagues at Westminster, in particular the Chancellor of the Exchequer, the fact that they must impress on bankers the need to act responsibly in that regard—especially considering the chancellor's large stake in Britain's

banks? Otherwise, economic recession will turn out much worse.

**John Swinney:** Mr Fraser makes a fair point. We will certainly continue to make such representations. Many businesses have told me that their expectation is as the Prime Minister and the chancellor have set out—they expect a return to 2007 lending policies. That would be dramatically different from the experiences of banks that some individuals are having now. We will continue to make those points to the banks and to the UK Government.

Further measures are necessary to deal with the emerging situation. The UK economy is now expected to enter a recession and we are beginning to see evidence of the effect of that weakening on the Scottish economy, in which economic growth has flatlined.

As figures published today show, our unemployment rate stands at 4.7 per cent. Although that is significantly below that of the UK and many other advanced economies, it is increasing.

Increasing sustainable economic growth has been this Government's purpose from day 1. Almost a year ago, we published "The Government Economic Strategy", which set out our vision for Scotland and remains the cornerstone of our approach to government.

We have taken measures to ease the pressure on tight household bills by freezing council tax, and we will provide funding to allow councils to implement further freezes for the next two years. That represents a real-terms cut in costs for families, compared with the average council tax increase of 3.9 per cent south of the border. We have introduced beneficial measures to reduce business rates through the small business bonus scheme, which is benefiting thousands of Scottish businesses. That action was taken before the global economic downturn took effect, and the Government will do more to tackle the issues.

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** My point is on that issue. The measures that the cabinet secretary has mentioned were taken before the credit crunch and the downturn. I think all members agree that decisive action to cut taxes is important and that the cabinet secretary could use the powers that are available to him to cut income tax.

**John Swinney:** I look forward to Liberal Democrat members' speeches on their amendment. Mr Rumbles and his colleagues must explain to Parliament where the consequential reductions in the budget would come from to pay for their proposed tax cuts. We cannot advance propositions in Parliament unless we understand fully where the costs will be.

The Government took decisions over the summer to develop a Scottish economic recovery plan, which will complement our efforts to stimulate economic growth and help families and businesses that are suffering. In that plan is our commitment to reshape capital expenditure to advance the investment of £100 million, this year and next, in affordable housing projects. We have already allocated £180 million of commitments from the European structural funds programme and will take decisions to accelerate the commitment of finance from the remaining £385 million in the structural funds programme.

During the summer we recognised the pressures on employment that were likely to emerge throughout the country, so we announced support through the European social fund for a series of employability initiatives in 11 community planning partnerships. I am delighted to be able to confirm to Parliament that £50 million of investment in employment in Scotland has been undertaken and that it is expected that the programme will be expanded to cover two new areas—Inverclyde and Clackmannan—to support measures to tackle unemployment. The money will be used to develop training and skills and to help more Scots to get into, and progress through, the workforce. It will provide investment in infrastructure, in research and development and in other underlying factors of success for Scottish businesses—all of which will help to improve businesses' ability to survive in these tough times.

In the current economic circumstances, our £35 billion 10-year infrastructure investment plan is delivering, with £14 billion during the current spending review period being invested in schools, hospitals and roads. We will discuss that further tomorrow, when we debate the Scottish Futures Trust.

We are reshaping our capital expenditure to invest £25 million in the home-owners support fund, to help people who face repossession in these difficult times.

We are intensifying our support for homecoming 2009 to encourage more people to visit Scotland. Elsewhere in Government, we continue to ensure that all government activity, including activity on planning and regulation, supports economic development. Last month, I launched a wide-ranging package of improvements to develop our planning system so that it is an aid, not a barrier, to development, and to ensure that we can take early decisions to improve development of the Scottish economy.

As part of the Government's economic plan, we are intensifying our work around energy efficiency and fuel poverty. Far too many vulnerable Scots are facing soaring energy bills this winter, so the

Government has put an extra £10 million into the free central heating programme this year.

Elsewhere, we will increase advice to businesses and individuals. A couple of weeks ago I was delighted to announce that Scottish Enterprise has started to recruit manufacturing professionals in order to double the size and capability of the Scottish manufacturing advisory service and ensure that even more companies can access quality advice.

We will provide a fast, effective and high-quality service to people should they become unemployed. Partnership and local delivery are key to helping people back into work, which is why we will ensure that the partnership action for continuing employment initiative will be ready and available to provide the support that individuals require should they lose their jobs.

**Margo MacDonald (Lothians) (Ind):** I appreciate the measures that are being put in place to try to anticipate the worst that might happen as a result of the economic downturn, and I hope that the cabinet secretary takes my next words in the way they are meant. I know that he is in negotiations with the City of Edinburgh Council on the capital city supplement, but an economic tsunami is likely to hit Edinburgh, which was not anticipated when he started his investigations into how much the supplement should come to. Will he be flexible, and how much could be paid to Edinburgh?

**John Swinney:** Margo MacDonald will remember—she will probably never forget—that I gave a commitment to explore with the City of Edinburgh Council the provision of a capital city supplement. Discussions are under way, and I will take them forward as part of the budget process in the next few months.

I will complete my point about tackling the potential levels of unemployment in our country. Co-operation between Skills Development Scotland, the sector skills councils and Jobcentre Plus—a UK agency—will be crucial in ensuring that individuals find the solutions and mechanisms that they need to address their training requirements when they need support. The Government will work to ensure that that happens.

We could achieve even more in tackling the difficult circumstances, but I have set out what the Scottish Government can do within our current powers and resources. We will continue to reflect on the contents of our programme to ensure that the measures are adequate to meet the times that we face.

**Ms Wendy Alexander (Paisley North) (Lab):** The cabinet secretary said that he has acted fully within his powers. Will he confirm that all the moneys that he has mentioned so far—including

the cash for housing and free central heating—were announced prior to the six-point plan that was announced on 14 October? That is the evidence that has been given to the Economy, Energy and Tourism Committee on his behalf. Has the cabinet secretary today announced any moneys that were allocated after 14 October, when the six-point plan was published?

**John Swinney:** Wendy Alexander would have been better to welcome the measures that we have taken to tackle the circumstances and to recognise that the Government took action very early. Before all the Labour members woke up to the scale of the problem, we were taking decisions in the summer and acknowledging the scale of the difficulties that would be faced.

We are prepared to work effectively within the roles and responsibilities of the Scottish Government, but we could do more if we had access to more resources, so we are pressing the UK Government for the release of £1 billion of resources—Scotland's money, which should be released to invest in the Scottish economy. We are pressing the UK Treasury on the implementation of the international financial reporting standards to ensure that our ambitious capital spending programme can continue uninterrupted.

We are pushing, with determination, the importance of investing in public expenditure. I hope that, as it considers the contents of its pre-budget report, the UK Government takes adequate and due account of the need to invest in public expenditure to support the continued development of the Scottish economy. There is a balance in ensuring investment in public spending while the UK Government may take decisions on lower and fairer taxation. A model emerges—from the social democratic contract between this Government and the people of Scotland—that the UK Government would do well to adopt in considering its decisions on the financial situation and the pre-budget report.

The Scottish Government is prepared to utilise all the powers and resources at our disposal. We will argue with the UK Government for the resources that are justly deserved by Scotland so that we can invest in our economy. However, we are clear that the powers and flexibilities that are essential in responding to the scale of the economic problems will best be provided by Scotland having the normal powers of an independent country. The Government will continue to argue for that.

I move,

That the Parliament notes the impact of the global economic slowdown on families, individuals and businesses across Scotland and supports the early and decisive action that the Scottish Government has taken,

within its current responsibilities, to help businesses and households, to maximise jobs and investment and to provide a solid foundation for Scotland to take early and speedy advantage of any recovery.

14:44

**John Park (Mid Scotland and Fife) (Lab):** We welcome the debate. Although we have managed to have a couple of debates about the HBOS-LloydsTSB situation, this is our first opportunity to discuss the wider economic situation in Scotland, the United Kingdom and across the developed world.

I hope that we will have a relatively constructive debate this afternoon. Of course, there will always be party-political dividing lines, but those who are looking in on the debate from outwith Parliament will want us to treat the issues seriously and sensibly. Undoubtedly, we face an unprecedented economic situation—I know that all parties will be looking with particular interest to next week's pre-budget report, to see what measures are proposed to help families throughout Scotland. I hope that we can look forward to many such measures.

Fortunately, some positive measures that will help have been taken in the past weeks. The two interest rate cuts in the past month will make a difference. I am pleased that the main lenders have passed the second cut on—it will make a real difference to families, particularly those who are looking for a better deal on their mortgages and are finding it hard to meet their payments. Cheaper and, I hope, more available mortgages might feed into and stimulate the housing market. The UK Government has declared a one-year holiday on stamp duty for all properties that are sold for up to £175,000, which I hope will help the market in some of the housing hot spots.

During the past month, the Labour Party has made some constructive suggestions about the leverage that the Scottish Government has, and we have identified ways in which it might stimulate the Scottish economy. I will lay out some specific measures that the Scottish Government can undertake to help to boost the Scottish economy.

First, I assure Mr Swinney that we will support the Scottish Government in reviewing budget allocations that give priority to job creation, investment in skills and, importantly, support to hard-working families so that they can weather the fallout of the global economic crisis. Those priorities will form the basis of our approach to the budget in the coming weeks, not least because of today's headlines showing the Scottish jobless count going up, with predictions that things will get much worse during the next year.

I will focus on skills, which is an area that we identified in our 15-point plan in October. The Government's motions highlights the need

"to provide a solid foundation for Scotland to take early and speedy advantage of any recovery".

The foundations are laid by our people, and the skills of our people determine the strength of those foundations. We are not seeing enough from the Scottish Government on the skills front and the cut in adult apprenticeships is a particular concern. Key sectors of our economy no longer receive Government funding for adult apprenticeships. If we know one thing about the economic period that we are about to enter, it is that it will be a time of change.

Of those who are in work in 2008, 70 per cent will still be in work in 20 years. A person who leaves school in 2008 is likely to change job six or seven times. Those are huge challenges, but neither employers nor individuals can meet them on their own. The Scottish Government has a clearly defined role to play. Interventions must stimulate demand and support both employers and individuals who are in training. Adult apprenticeships do just that, but they also encourage employers to train existing and new staff. They give individuals an opportunity to gain new skills and to move from one industry to another. Importantly, they also facilitate structural change in our economy. I have no problem with supporting adult apprenticeships in construction and engineering; they are very welcome and undoubtedly required. However, they should not be provided to the detriment of other key sectors, such as information technology and management.

Parliament awaits with interest the launch of the revamped skills strategy, which was first debated in September 2007. Parliament rejected it then. I understand from the Cabinet Secretary for Education and Lifelong Learning that the new strategy will be brought to Parliament in the new year. It must take into account our current challenges.

I will be particularly interested to hear about how the work of Skills Development Scotland fits with the work of partnership action for continuing employment. John Swinney mentioned how important it is that Skills Development Scotland fits with other agencies, but he did not mention how it will fit with PACE. We need to see how those will work together because, as the Scottish economy is restructured, redeployment will be vital.

The work that PACE teams carry out is crucial to bridging the gap between redundancy and new employment opportunities. I have seen that work at first hand with employers who are prepared to work with agencies and Government to make it happen. There was a recent example in my

constituency when an electronics company was forced into liquidation. That company's story sums up where we are in the global financial crisis. It was doing very well in a competitive marketplace, and it had a loose overdraft arrangement with its bank, which was called in suddenly, putting the company in an untenable position. When my colleague Helen Eadie called the local PACE team, there was no one there to answer the phone—unfortunately, everyone was on holiday. That is an extreme example of how not to support workers who face redundancy.

Today we have an opportunity to ensure that the support that is needed in the financial services sector in particular, and in areas such as construction, is beefed up to ensure maximum redeployment opportunities for all concerned.

I am concerned about the problems that are faced in the construction sector, where job cuts are being made. Last week, I met officials from the Fife construction forum, who have genuine concerns about the sector's short-term prospects. Many companies are struggling to keep on apprentices. I have written to the Cabinet Secretary for Education and Lifelong Learning to highlight the situation. Although I have received some warm words, definite action is required.

This week, Northern Ireland has given us a practical example of how to deal with the problem. When apprentices find themselves out of work because a company has gone to the wall, the Northern Ireland Government will take over those places and ensure that the apprentices complete their training. That is important, because if we do not have skilled people in the construction sector, we will not be able to take advantage when we move out of the present downturn.

I turn to the amendment of our good friends—or should I say, the Government's good friends—the Conservatives. At least, I thought they were the Government's good friends until I noticed that in their amendment they all but wipe out the motion in the name of John Swinney and replace it with their own. Getting a lecture from the Scottish Tories on economic competence—as I think we will later in the debate—is akin to being briefed by Sarah Palin on foreign policy.

Let us look at the facts of the recession of the early 1990s compared with what we face now. We are more than a year into the credit crisis. Last year, the Tories predicted that that crisis would lead much more quickly to a much deeper recession than we have seen so far. We are better equipped to deal with any future recession because short-term UK interest rates and the London interbank offered rate are in a much better condition than they were in in the early 1990s.

**David McLetchie (Edinburgh Pentlands) (Con):** If we are so well equipped, why did the International Monetary Fund predict last week that next year the UK economy would experience a more severe recession than the other economies in the western world, and the United States and Japan?

**John Park:** Mr McLetchie needs to remember that there have been two major recessions since 1997, and the UK has been nowhere near them.

We are also better equipped because base rates and long-term interest rates are much lower. Moreover, because price inflation is much lower and wage inflation much weaker, there is scope for price inflation to ease. Our being better equipped has allowed us to have a 2 per cent cut in interest rates over the past month or so.

**Margo MacDonald:** I am not prepared to quibble with the figures that John Park has just quoted, but does he realise that City of Edinburgh Council has been singled out as the 14<sup>th</sup> most at-risk authority in the UK because of its reliance on financial services, and that particular areas are more badly affected?

**John Park:** Margo MacDonald is absolutely right—that is a concern. The same is true of my area of Mid Scotland and Fife, where there is a disproportionate reliance on such sectors. We must examine the levers that the Scottish Parliament has to ensure that we do our best to get through the current difficulties.

Those are the facts. Members will recall that in the early 1990s, there was no global financial crisis. At that time, we led the developed world into recession. The UK is doing its best to ensure that we weather the current situation. To that end, we have witnessed an aggressive policy response from the UK Government. The Tories' amendment mentions the need for more effective regulation.

**Gavin Brown (Lothians) (Con):** Will the member give way?

**John Park:** I must get on.

There is not a lot that I disagree with in the Liberal Democrats' motion—in fact, I agree with 98 per cent of it, although a line has been slipped in at the end with which most parties in Parliament will disagree.

The final part of our amendment deals with the plans for a local income tax. It is clear from the response of organisations such as the Confederation of British Industry and the Scottish Trades Union Congress, and from the deliberations that I have had on the issue, that there is no appetite for a local income tax in Scotland, particularly in the light of the current economic situation. I urge the Scottish Government to reconsider its proposal because,

when we need to attract as much new business to Scotland as we can, the uncertainty of the local income tax is an acute disincentive. My colleague Andy Kerr asked John Swinney whether a local income tax would act as an incentive for headquarters functions to come to Scotland. No clear answer was given, but a local income tax would undoubtedly act as a disincentive in that regard.

Our position is clear. We will work constructively with all parties to ensure that Scotland is best placed to move forward in the downturn. Although it is a global economic situation, the Scottish Parliament can do a great deal to help workers and their families throughout Scotland. I firmly believe that the UK Government is showing leadership and pursuing the right policies to help families and businesses. As was indicated by a couple of by-election results last week, the people of Scotland generally believe that to be the case. We have vital levers in Scotland to help families through the downturn. Labour's suggestion, particularly on issues such as training and redeployment, is that we should increase and improve our situation over the next few months. Only by investing in the talents of our people will we equip Scotland to meet the challenges ahead.

I move amendment S3M-2853.4, to leave out from "supports" to end and insert:

"calls on the Scottish Government to bring forward measures that will make a real difference to Scottish families, such as reintroducing adult apprenticeship funding across all sectors, improving the services provided by Partnership Action for Continuing Employment to ensure a proactive approach to matching up people with job opportunities, and to ditch plans for a local income tax, which organisations such as STUC and CBI agree would be bad for families, business and enterprise."

14:56

**Derek Brownlee (South of Scotland) (Con):** It is right and appropriate that we debate the economy today. Although it is a subject that is moving to the centre stage of politics, it has for some time been at the centre stage of the concerns of many families in Scotland and throughout the United Kingdom. I cannot help but wonder whether we would have been better prepared for the downturn that we are undoubtedly in if greater focus had been given to preparing us for a strong economy in the good times, rather than relying on measures as we enter the bad times.

There is a great deal of fear in the general population about the impact of what is about to hit us, but in some people there is a marked contrast to that. It has been impossible to miss the spring in the step of the Prime Minister of late. Gone is the gruff demeanour of the so-called iron chancellor and in its place is a smiling visage that is positively

Blairite. It can mean only one thing: Britain is in recession. Labour's argument is simple: who better to get us out of the problems than the man who created many of them? It is a flawed argument from a party that has failed on the economy. We are told that the problem is global and that we cannot hold the UK Government in any way responsible. However, when times were good, we were told that that had nothing to do with global factors and everything to do with the UK Government.

The prospects for the Scottish economy, in common with the economies in the rest of the UK, are not bright. The problems in the financial sector—to which Margo MacDonald alluded—come against a backdrop of a spike in inflation, falling property prices and a collapse in consumer confidence. Unemployment is on the rise and is set to increase further, and the economic difficulties are touching increasing numbers of families.

Scotland is not immune to all that. In addition to the direct impacts of the economic situation, there is a further impact specific to the Scottish Government. Spending over the next few years on social security will increase significantly at a time when the public finances are deteriorating. It means that a much larger proportion of what spending increases there are than has been the case since the establishment of the Parliament will not lead to consequential increases in the Scottish Government's budget.

The deterioration in the public finances makes it more difficult and expensive to deliver any meaningful fiscal stimulus. After 16 years of continuous economic growth, borrowing is still too high. Significant changes in fiscal or monetary policy are not the province of the Scottish Parliament, but there is a legitimate question about what the Scottish Government can do to make a positive impact on the economic situation in the short term. I think we would all accept that in the medium to long term, investment in infrastructure, improving the skills base and a more competitive tax and regulatory regime can contribute to economic growth.

Switching resources within the Scottish Government's fixed budget can have a positive impact. We should be careful, though; it would be wrong to pretend that the Scottish Government is able on its own to overcome the negative consequences of the recession. A recession that has been made in Downing Street will not be fixed in Charlotte Square. When the Parliament took action to help families and small businesses, we were opposed every step of the way by Labour and the Liberal Democrats. Cuts in business rates for small businesses, championed by the



Conservatives, were opposed by both those parties.

**David Whitton** rose—

**Mike Rumbles:** What I cannot understand is why the Conservative party is always in favour of cutting taxes for business but will not come with us to cut 2p off personal taxation, which would be important to people right across Scotland. The party's proposals are fine for business, but what about ordinary people?

**Derek Brownlee:** Mr Rumbles might have a better chance of convincing the Conservative party to support his plans if he could convince his own colleagues. Mr Farquhar Munro did not agree with him when we voted on the matter two weeks ago, which means that Mr Farquhar Munro must be the only Liberal Democrat with any fiscal prudence about him. Perhaps he should be made his party's finance spokesman.

A council tax freeze was first proposed by the Conservatives in 2003, but opposition to our proposal came all too easily to the parties that had presided over significant increases in council tax when they were in government. Pious witterings by both parties on the importance of tax cuts are rather undermined by their record in government. And what a record it has been: record borrowing, record taxes and record spending.

I invite members to consider some of the impacts since 1997. In 1997, the United Kingdom had the fourth-lowest rate of corporation tax in the European Union. We now have the 19<sup>th</sup>-lowest rate. A total of 35,000 new regulations have been introduced since 1997 at a cost—estimated by the British Chambers of Commerce—of £65 billion. What is the reaction of the Labour Government in Westminster during these challenging times? It is to increase taxation on small businesses. Tony Blair may have fretted over his legacy, but Gordon Brown need not. We will all be living with it for decades to come.

Mr Park mentioned local income tax. We will of course continue to oppose those damaging plans, which would harm our economy. The SNP Government would do well to listen to the Labour Party on this issue. If any group in this Parliament is an expert on damaging tax plans, it is the Labour Party—as it has demonstrated over the past 11 years and on every occasion when it has been in government in the past.

In their amendment, the Liberal Democrats demand support for small businesses—support, as I have said, that they opposed earlier this year when it was discussed during consideration of the budget. I read with interest a recent article in *The Press and Journal*, in which the Liberal Democrats were launching their plans for economic recovery. In addition to tax cuts, they want extra spending.

They cannot even produce details of what they would cut to fund their tax cuts, but they want extra spending on top. We need dwell no longer on their so-called plans to reduce income tax. They will be dropped soon enough.

We can take positive action in the Scottish Parliament and Conservatives here have led the way on this agenda, just as we have at Westminster. We should not, however, kid anyone about the ability of the Scottish Government or the Scottish Parliament to counteract some of the forces that are at work. We certainly cannot counteract the impact of the Labour Government at Westminster. Let us not forget, as we consider the policy interventions that are available to us in Scotland, why we are facing the most serious recession in all the G7: Labour has taxed, spent and borrowed too much. We will all pay for that failure long after those responsible have been kicked out of office.

I move amendment S3M-2853.1, to leave out from second “and” to end and insert:

“; notes the actions already taken by the Scottish Government but believes that the current recession is in part attributable to the mismanagement of the UK economy by the present UK Government and the era of irresponsibility over which it has presided, evidenced by the record levels of government borrowing, regulatory failure and the taxation of pension schemes, which has discouraged saving and investment, and welcomes the measures approved by this Parliament, such as business rates relief and the council tax freeze, which will help businesses and households to maximise jobs and investment and provide a basis for Scotland to take early and speedy advantage of any recovery.”

15:03

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** The latest retail figures show a contraction by 2 per cent and concerns about a poor trading period over Christmas. Figures from the Royal Bank of Scotland's purchasing managers index for Scotland show business activity, new business and employment all contracting at the fastest rate in the survey's history. One of the starkest falls in business activity is in travel, tourism and leisure, with a deeply concerning 11.8 per cent fall in activity between May and October this year. People are not spending and confidence in the economy continues to fall.

The budget that the Parliament will be responsible for in 2009-10 is less than 1 per cent different from that presented in the spending review last year, before this crisis began. I was encouraged by the Scottish National Party's treasury spokesman last night on “Newsnight”, who seemed to be encouraging a debate on using personal income tax as a fiscal stimulus for the economy. I said to Mr Brownlee that, rather than

being dropped, that policy will attract increasing interest as people realise that cuts in personal taxation will be exactly the type of fiscal stimulus that our economy needs over the coming year.

If there is no fiscal stimulus, there will be a 5 per cent reduction in revenues for Scotland—a £2.1 billion reduction. That reduction in yield will have a consequence for public services in Scotland. We will be sleepwalking into that, unless there is a direct and funded fiscal stimulus into the economy. That is not academic or outwith the remit of the Scottish Parliament or the Scottish economy. It would be right for a fairer taxation system as well as for a fiscal stimulus.

**Gavin Brown:** Will the member give way?

**Jeremy Purvis:** I will in a moment, once I have developed my argument.

In case Mr Brown is about to ask me where the funding will come from, I will say two things to him in advance of his intervention. First, it would be rich of the Conservatives to ask us to do something that they did not do. Last year, when the Conservatives called on the SNP Government to accelerate business rates cuts, they asked the SNP Government to cost the policy. It would be rich of the Conservatives to ask us to cost our policy now.

Secondly, I believe that there is some agreement between us. We believe that the mutualisation of Scottish Water would be better for the Scottish economy; we believe in a reduction in the number of quangos; we believe that more efficiency savings should be made within the capital programme for Scotland; and we believe that proper use should be made of Barnett consequential and efficiency savings within the Government.

**The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson):** Will the member take an intervention?

**Jeremy Purvis:** I will give way to Gavin Brown first.

There should be agreement about that. It was encouraging to hear Mr Hosie last night, and I hope to be encouraged by Mr Brown today.

**Gavin Brown:** I thank the member for eventually giving way. He knows as well as I do that Scottish Water is a £190 million deal, whereas he is looking for £800 million.

Jeremy Purvis said that we need a funded fiscal stimulus. Do the Liberal Democrats have a funded fiscal stimulus?

**Jeremy Purvis:** I outlined the points to Mr Brown, but he obviously was not paying attention and just wanted to ask his question anyway.

We challenge what the Conservatives argued yesterday. They are arguing for a subsidised job scheme in the UK. That is a contribution to the debate, although it is more of a Callaghan response than a Cameron response. We believe in getting better value for the public purse in Scotland and looking for a change of about 3 per cent in the overall Scottish budget to do something for the economy. If we do not act, there is a real prospect of a 5 per cent reduction in yield, equating to more than £2 billion less in a devolved budget. That should give us all pause for thought.

Today, the cabinet secretary asked us to consider two issues: first, whether the Government is doing everything in its powers to help the economy; and secondly, whether we should follow the economic models of other small, independent nations. Over the past year, the Government has used its powers to cut the national economic development agency and abolish local enterprise companies. Jack Perry, the chief executive of Scottish Enterprise, told Parliament earlier this year that Scottish Enterprise no longer proactively supports businesses that primarily serve local markets. There are also 32 underequipped and underbudgeted councils' economic departments, which are now struggling. The cabinet secretary knows well that local government is telling central Government its concerns about that.

**Stewart Stevenson:** Will the member take an intervention?

**Jeremy Purvis:** I will be delighted to. I ask the minister to confirm, in his intervention, that the Borders railway, which is one of the Government's capital projects, will be accelerated to compensate for its three-year delay.

**Stewart Stevenson:** I am delighted to say that there has never been any delay in the Borders railway, as there were no plans when we came to office.

The Liberals want to cut £800 million per annum. Does that mean—as it must—no Borders railway, no Aberdeen western peripheral route and no investment in infrastructure in Inverness, as adumbrated by the member last week?

**The Deputy Presiding Officer (Alasdair Morgan):** I point out that interventions should be brief.

**Jeremy Purvis:** It would be helpful if the Minister for Transport, Infrastructure and Climate Change took part in the debate instead of heckling from a sedentary position and making absurd interventions. I suspect that he may find his time better spent doing two things: first, accelerating the Waverley line, which has been delayed by three years; and secondly, speaking to the SNP's Treasury spokesman at Westminster, Mr Hosie,

who was far more constructive in his interview on television than Mr Stevenson is being today.

In the past year, the Government has abolished local enterprise companies, which has had a direct impact on support and advice for both start-ups and small businesses. It has now also put in place a £15 million differential between the skills programmes budgets of Skills Development Scotland and its predecessor, Scottish Enterprise. In addition, it is not accelerating any capital projects in Scotland.

In his essay, "Of the Jealousy of Trade", David Hume stated:

"Nothing is more usual, among states which have made some advances in commerce, than to look on the progress of their neighbours with a suspicious eye."

However, the SNP uses a jealous eye and asks us to look at what other small, acrobatic countries—as Professor Harvie described them—have done in the past year.

In the programme for government for 2008-09, we are asked to look upon Iceland with envy. The ministers' blog on the national conversation webpages contains post after post from ministers singing Iceland's praises. John Swinney's post of 30 August 2007 said that Scotland should do much better and should match the performance of Iceland. The following week, Jim Mather wrote that the current situation was

"a great opportunity to catch up and converge with the arc of prosperity that surrounds our country—Ireland to the west, Iceland to the north, Norway to the east."

Mr Mather is a solely eastward-looking minister nowadays, it seems.

Not to be outdone, on 2 October 2007 Fiona Hyslop wrote:

"We need only look to Iceland to see the benefits."

We looked to Iceland and saw that the economic model that it was following was flawed and that we should not follow it.

The ministers' blog posts are now closed to further comments, unsurprisingly.

Using the powers that have been put in place, ministers have cut support for local businesses. The examples that they hold up are not examples that Scotland should follow. We need a fiscal stimulus in our economy and we need to use all the powers that are at our disposal. Unfortunately, however, they are reduced because of the actions of this Government. I hope that there will be a growing incentive to use a fiscal stimulus. It is not that we cannot afford a fiscal stimulus, it is that we simply cannot afford not to have one.

I move amendment S3M-2853.3, to leave out from "across" to end and insert:

“; deeply regrets the lack of early and decisive action by the Scottish Government in response to this downturn; recognises that its much trumpeted six-point plan is little more than re-announced promises; welcomes the growing consensus across all the major parties that tax cuts are a positive and effective way to energise the economy, and calls on the Scottish Government to revise the operating plan of Scottish Enterprise, restore local economic development and support to small businesses, make a statement on how capital projects are being accelerated and use the tax-varying powers at its disposal to implement the Liberal Democrats' proposed 2p reduction in the basic rate of Scottish income tax to deliver more than £300 per year into the pay packet of the average Scottish earner and a significant fiscal stimulus to the economy.”

**Mike Rumbles:** On a point of order, Presiding Officer. The Minister for Transport, Infrastructure and Climate Change said that the previous Administration had no plans for a Borders railway. Does not the code of conduct, for which the Presiding Officers are responsible, require every MSP, regardless of whether they are ministers or ordinary MSPs, to be truthful and straightforward with other members? It is palpably the case that the previous Administration supported the bill to re-establish the Borders railway. To say to Parliament that there were no plans to do so is simply not true.

**The Deputy Presiding Officer:** The member has said enough. It should be clear to the member, from previous rulings in the chamber, that that is not a point of order. The content of ministers' remarks is not a matter for the chair.

**Mike Rumbles:** On that point—

**The Deputy Presiding Officer:** No. I have heard the member's point, which is not a point of order. We are going to get on with the debate.

**Mike Rumbles** rose—

**The Deputy Presiding Officer:** Would the member sit down, please?

**Mike Rumbles:** Presiding Officer—

**The Deputy Presiding Officer:** Would the member sit down?

We come to the open debate. Speeches of six minutes. I call Alex Neil.

**Mike Rumbles:** On a further point of order, Presiding Officer.

**The Deputy Presiding Officer:** This had better be a good point of order, Mr Rumbles.

**Mike Rumbles:** This is not about the ministerial code. I think that there is a misunderstanding, as the point that I am making has nothing to do with the ministerial code, in relation to which the Presiding Officers have given clear guidance on a number of occasions. I am referring to the need for a member of the Scottish Parliament, to whom the

code of conduct is applicable, to be straight with this Parliament.

**The Deputy Presiding Officer:** I take the point. I am not going to start to enforce the code of conduct in relation to what members say in debates. I do not think that that is at all relevant. I will look at the matter later and get back to you if I think that I have made a mistake. However, for the moment, we will get on with the debate.

15:13

**Alex Neil (Central Scotland) (SNP):** If the Liberal Democrats were being straight with the Parliament, they would tell us that the £800 million of spending cuts that they would impose in Scotland would add substantially to the levels of unemployment.

On a note of charity, I congratulate Gordon Brown on keeping at least one promise in relation to the economy. He promised that he would put an end to boom and bust, and he has done so, because all that we have now is bust and no boom.

Before turning to broader issues, I want to comment specifically on the proposed takeover of HBOS by Lloyds TSB, which will have a damaging effect not only on the Scottish economy but on the British economy, particularly in places such as Edinburgh and Halifax. In doing so, I pay tribute to Barry Sheerman, the Labour MP for Huddersfield, who has called for a stop to the merger and for HBOS to remain as an independent bank, as that is the only way to minimise job losses. I was amazed this morning to read a comment from the Unite union, which said something to the effect that it did not expect a lot of job losses from the merger. The Lloyds prospectus, however, forecasts minimum job losses of 20,000. If the cost cuts are considered, the total number of job losses is more likely to be nearer 40,000. That will have a very damaging impact on the economy. There is little point in having a reflationary package if the merger policy is driving that number of people into the dole queue the length and breadth of Scotland. If the Lloyds TSB corporate policy is implemented and the merger ever goes through, many of the 2,000 jobs in Fife—John Park's constituency—are likely to be relocated offshore to India, because Lloyds TSB has a policy to relocate back-room jobs to such places.

I believe that Gordon Brown gave an undertaking that those who made a rival bid for HBOS, or those who came forward with alternative proposals, as Sir George Mathewson and Sir Peter Burt have done, would be treated fairly and given a level playing field with Lloyds. In reality, the opposite is happening. The way in which the rival proposals to save those jobs are being

treated by the UK Government indicates that every effort is being made to stifle anything other than the Lloyds TSB bid. That is being done for political motives, rather than on the basis of what is best for HBOS.

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

**Alex Neil:** Not at the moment.

Any approaches to the UK Government about possible rival bids have so far been given short shrift, even before they have been properly examined by the Treasury. The minute a potential rival bidder talks to the UK Government, information is fed to the BBC's Robert Peston—even before the bidders have reached the exit door of the Treasury. History is repeating itself. As Richard Branson pointed out on page 206 of his book, "Business Stripped Bare", in relation to the Northern Rock fiasco, the UK Government's way of doing business with senior business people is through the medium of Robert Peston.

The whole process reeks. It is clear that the UK Government is trying to sabotage any alternative to the Lloyds TSB bid because Gordon Brown cannot afford to lose face. The rubbishing of Sir George Mathewson and Sir Peter Burt, coupled with the disinformation and the misinformation that is being put about in relation to the Lloyds bid is further proof that there is something very suspect in the way in which the matter is being handled.

Even if there are just 20,000 job losses if the merger goes ahead, once the multiplier effect of that is applied to every other sector of the economy, the potential job losses throughout the UK could be up to 50,000 or 60,000, according to even the minimum calculations. It is a disgrace that Unite and the Labour Party, aided and abetted by the Tory party, are standing by silently, allowing all those livelihoods to be lost for no good reason at all.

The only way to save those jobs as part of a reflationary package is to put a stop to the merger and either keep HBOS as an independent entity, or allow someone to take it over who will run it properly and protect the jobs and livelihoods of all those who are employed in both organisations.

15:19

**Ms Wendy Alexander (Paisley North) (Lab):** I do not share Alex Neil's view. It is a damning indictment of his Government that it did not bring forward an opportunity for the issues to be debated in the chamber. I note that today is the first time in the 50 days since Lehman Brothers collapsed that we have had an opportunity to debate the impact of the credit crunch on the wider

economy in Scotland, including its impact on construction, housing and manufacturing.

For most of those 50 days, the First Minister has been telling us that he is straining every sinew for Scottish jobs. He has certainly been straining every sinew in some places, but is he straining every sinew in Government? Why has the Government had nothing to say to Scotland's Parliament? Why are we the only country in the western world—I believe—that has not found time in the past 50 days to debate the wider impact of the credit crunch?

The Government's formal response to the credit crunch was to publish a six-point plan. I use the word "publish" advisedly, because in the face of the biggest financial crisis in decades, the Government has offered us a mere one-page press release, which was published on 14 October. The problem is not just that there has been no debate and no document, but that there have been very few details. *[Interruption.]* I say to the Minister for Environment that it is unworthy of the Government for it not to have published to the Parliament a document dealing with the biggest financial crisis for half a century.

Four weeks after the six-point plan was published, the Economy, Energy and Tourism Committee quite reasonably made an effort to discover how much money is involved. After 5pm on Monday, the official answer came back from the Cabinet Secretary for Finance and Sustainable Growth. He said, "I can't say what the budget lines are." Consider this: a rescue package for Scotland was announced in October, but four weeks later the Government cannot say whether it involves different spending that had not already been announced. Imagine if Gordon Brown had said, "I can't say what my bank rescue plan will cost," or if David Cameron had said yesterday, "I can't tell you what our tax relief to employers will cost."

However, much more worrying is the response that we heard a few minutes ago from the Cabinet Secretary for Finance and Sustainable Growth. He did not say, "I can't say how much the six-point plan will cost." What I heard him say was, "Actually, not one penny of the £35 billion in the Scottish budget requires to be reallocated as a result of the credit crunch because we anticipated it and we got it all right." That is the problem with having no document. The country deserves an answer. What resources does the Government need to reallocate?

**John Swinney:** If Wendy Alexander had listened to what I said, she would have heard me say that the Government took steps to reallocate expenditure in the summer, when we realised that the economic situation was going to deteriorate. If she is looking for a published document to cover that, she should read the Scottish Government's

budget, which takes full account of the capital changes that have been made in affordable housing.

**Ms Alexander:** The people of Scotland will be unimpressed that they have a Government that says that, as a result of the biggest financial crisis that has unfolded in the past 50 years, it does not need to reallocate one ha'penny of spending. *[Interruption.]*

**The Deputy Presiding Officer:** Order.

**Ms Alexander:** I move on to the six-point plan. Point one is "reshaping capital expenditure". That is a great idea, but what infrastructure will be brought forward? The Government cannot say. Four weeks on, the Government cannot name a single project that has been accelerated. Point two is intensifying activity to boost tourism. What is happening to Scottish tourism's budget? It will be cut by 4.8 per cent in real terms next year and by a further 2.8 per cent the following year.

Point three is to ensure that all Government economic activity, including planning, supports economic development, so let us talk about planning. The Parliament passed the Planning etc (Scotland) Bill two years ago, but most of its provisions have not been implemented. The Government has just taken its timetable off its website because it has not met its own implementation timetable for any of the provisions. Every single deadline has slipped from the timetable that the Scottish National Party set last year.

The fourth point of the six-point plan for Scottish recovery is

"intensifying our work around energy efficiency".

Remember that the six-point plan has no published budget, so let us look at what will happen to energy next year. The draft budget indicates that the budget for energy and telecoms, which includes funding for providing energy advice to householders, is being cut by 4.2 per cent in real terms next year and by 2.8 per cent in real terms the year after.

**The Deputy Presiding Officer:** The member should conclude.

**Ms Alexander:** The Government can run, but it cannot hide. On the one occasion on which it has let this Parliament debate HBOS, I made it clear that, when it comes to a crisis, political statesmen act and political spivs run for cover.

**The Deputy Presiding Officer:** The member's time is up.

**Ms Alexander:** When will this Parliament, this country and the people get more than a press release to describe the planned recovery

programme, and a budget to match? That is the least that they can expect of their Government.

**The Deputy Presiding Officer:** I call David McLetchie. The time is fully subscribed, so six minutes means six minutes, not six and a half minutes.

15:26

**David McLetchie (Edinburgh Pentlands)**  
**(Con):** The financial crisis and economic recession have been manna from heaven for the Prime Minister, Gordon Brown. He wants to portray them as latter-day biblical plagues, visited upon us from across the Atlantic, for which he bears no shred of responsibility and, moreover, he wants to portray them as plagues that have devastated the economic promised land to which he has been leading us over the past 11 years.

Nothing could be further from the truth. Gordon Brown wants to perpetuate that myth because he thinks that in the public mind he can wipe the slate clean of his own failures and shortcomings. We have no intention of letting him get away with such a sleight of hand. Let us ask some fundamental questions. Who has presided over record levels of Government borrowing? Gordon Brown. Who has racked up the biggest budget deficit in the western world? Gordon Brown. Who bears responsibility for the destruction of Britain's pension schemes and funds through the £5 billion a year tax that he introduced in his first budget? Gordon Brown. Who is the financial genius who sold off 60 per cent of Britain's gold reserves between 1999 and 2002, at prices which are half today's levels? Gordon Brown. Who is responsible for a decade of regulatory failure in respect of banks and the financial services industry generally? Gordon Brown.

Gordon Brown is a sinner and not a saviour. Moreover, he is a sinner who has not repented his original sin. The idea that somehow or other this country is, thanks to that record of mismanagement, uniquely placed to survive the recession, is total and arrant nonsense.

As well as setting the past record straight, I want to look forward. Although I can understand the Labour Government's enthusiasm to proclaim that only a United Kingdom would be in a position to bail out Scotland's two major banks on the scale now proposed and that that would be beyond the means of an independent Scotland, I have to ask whether it is a good idea to portray the virtues of union purely in financial terms—as if the failings of the Royal Bank of Scotland and HBOS were a latter-day Darien expedition requiring a bail-out from England. That is never a good line of argument. I am not a unionist because I am paid to be British any more than any self-respecting

nationalist should believe in independence simply because he thinks that it would put a few more bob in his pocket from time to time. That line of argument demeans the debate on both sides.

Secondly, if the causes of the crisis are irresponsible borrowing and lending, a collapse in personal savings and a consumer boom financed by a credit-card explosion, why are the apparent cures based on even higher levels of Government borrowing, on sustaining lending at 2007 levels and on encouraging consumers to spend, spend, spend? Something does not add up.

Thirdly, am I the only person who is concerned that we are now seeing the implementation of the Labour Party manifesto—the 1983 Labour manifesto—through the wholesale or partial nationalisation of our banks? I ask myself, is Gordon Brown now gearing up for the reintroduction of clause 4 and, if so, who will oppose it?

I turn finally to the HBOS saga. In our most recent debate on the subject, I asked where the white knights were and whether there was any hard cash or whether it was all just hot air. That was two weeks ago. Of course, we now have the white knights, but we do not have the hard cash.

**Margo MacDonald:** There might well have been hard cash on the table that has now gone, not because of the activities of the white knights but because of the activities of the politicians to whom David McLetchie started to refer in his speech. We could have talked ourselves out of the money.

**David McLetchie:** Before we can talk ourselves out of something, there has to be a proposal on the table to start with. I have not seen any proposal. It would be worthy of serious consideration, but we need to know what level of funding support any independent HBOS would receive. None of that has been forthcoming.

I find it ironic that the two knights who are arguing for an independent HBOS are the same two knights who were directly and indirectly responsible for the loss of independence of the Bank of Scotland and its conversion into a subsidiary of the Yorkshire bank when it was conquered by the Haliban.

Two weeks ago, the foreign bid that Alex Neil said was preferable to the Lloyds TSB bid has still failed to materialise and the proposed Chinese takeaway has turned quickly into a Chinese gone-away. That is good news for Scotland, even if Alex Neil and the Scottish National Party would have preferred to see the Bank of Scotland owned by the communist Government of the People's Republic of China.

The Prime Minister was right about one thing. He was right to talk about the age of

irresponsibility—over which he has presided. In tackling the crisis, we need to exercise responsibility and not place further unfunded burdens on the shoulders of our taxpayers. We also have to be realistic and stop pretending that there is a magic solution to the problems that banks and other businesses face and that all those problems can be resolved by the application of the same financial and fiscal irresponsibility that got us here in the first place. If we are to work our way through this crisis, we need to think seriously about adopting a set of measures that are sustainable beyond the date of the next general election. I support the amendment in the name of my colleague Derek Brownlee.

15:32

**Roseanna Cunningham (Perth) (SNP):** There is a grand macroeconomic debate to be had, but the people in Scotland who have already lost their jobs because of the current situation must sometimes hear about that grand debate and wonder when anyone is going to get round to talking about their experience.

Job losses are already beginning to bite. There are massive job losses across all industries. In Perthshire, we have lost not just construction jobs but jobs all the way down the line in house building, buying and selling. Law offices are shedding jobs and even closing—one closed recently in Auchterarder. That is happening across Scotland right now. All the macroeconomic debates in the world are interesting, but the reality right now is that people have lost jobs and are facing more job losses.

Shops that are currently empty or are closing now are unlikely to be snapped up in the near future. I am sure that other members in the chamber have had small businesspeople come to their surgeries looking for help to get their landlord to accept monthly, rather than quarterly, rents, or seeking assistance to keep their doors open. It comes down to cash flow for many of them and we know that the banks are giving them a rubber ear. If they are lucky, the cost of borrowing goes up; if they are unlucky, their credit lines get withdrawn. Losing HBOS is only going to make things worse.

Alex Neil has already dealt with the HBOS-Lloyds merger at length. We need to remind ourselves and, unbelievably, the union, that where there is overlap there will be job losses, which means that more ordinary people will be out of work. We know that, yet too many people are sitting around waiting for the car crash to happen. I do not accuse my colleague Alex Neil of that, nor do I accuse the many people who are now calling for a halt to the merger process to allow some breathing space and perhaps new proposals to be developed. I am astonished at the total lack of

interest that is being expressed by two parties in the chamber, which seem content to sit back and damn the consequences. It is difficult to reach any conclusion other than that there is malign intent. I accuse Gordon Brown and Alistair Darling of putting their own perceived advantage before the advantage of Scotland. The destruction of the Bank of Scotland seems to be a politically desirable outcome for far too many people in this chamber.

**John Park:** I have regularly met local trade union representatives to discuss the matter. Has Roseanna Cunningham had regular discussions with union representatives? If so, what are they telling her?

**Roseanna Cunningham:** I am glad that the member asks me that. I arranged a meeting with trade union representatives but—mysteriously—they pulled out of it. I wonder why.

I accuse the HBOS board of callous indifference to the clamour. One wonders exactly how much money board members stand to make from the merger and whether they have calculated that they would not be quite so well off with any other development. What else explains their decision to set their faces against any other proposal?

I do not know whether other banks are looking at HBOS, as the Bank of China was. It is beginning to look increasingly likely that the Treasury will see them all off at the pass. My preference is to retain HBOS as an independent bank, but surely there is no argument against hitting the pause button on the merger and allowing time for all the options to be explored properly.

Another aspect of the financial sector that was discussed in the chamber when we previously debated HBOS was the insurance industry. That remains a strong part of Scotland's financial sector, but I am nervous about its future. In the intervening weeks since I last raised the subject, insurance share prices have plummeted, although they have risen a bit again. That is a concern to me because Aviva is a huge employer in my constituency.

To be frank, I have been waiting for the insurance shoe to drop, because all the dodgy securities and various other instruments have been insured by somebody or other. In addition, the Dutch Government has just rescued Aegon. That might have negative implications for its Scottish operations, which consist primarily of Scottish Equitable.

I am advised that the Financial Services Authority is working urgently on the solvency risks of UK insurers. That is a frightening thought. I hope and pray that the Scottish Government has people who are keeping on eye on that part of the financial sector. If it turns out to have problems

too, I am not sure whether we can take many more knocks.

The Government cannot affect the situation at the macroeconomic level, but it has already done much that is good. The small business bonus scheme cannot be talked about enough. It was introduced before the economic situation arose, but that does not mean that it has not been of great help. It will go on being of great help to the 5,135 businesses in Perth and Kinross and the 124,629 businesses throughout Scotland that have already benefited from it. Who knows how many jobs have been saved by the small business bonus? It would be interesting to find out. John Swinney mentioned many other initiatives. The Scottish Government is doing much that is good, unlike the great helmsman, who steered us into the icefield and is trying to claim a victory for not colliding with an iceberg so far.

I will be a little bit mischievous—the cabinet secretary can deal with me after if he wishes. Could budgets be further raided in some way, for example to deliver a one-off Scottish supplement to the winter fuel allowance? That would deliver help directly into the hands of the neediest households exactly when it was needed most.

**Jeremy Purvis:** Why would that not cancel the Borders railway?

**Roseanna Cunningham:** I hear that—of course that is an issue, but we would need to find the money from other budgets.

Even an extra £50 would make a difference. I know that such a measure would cost between £25 million and £30 million but—to use a current phrase—that might be a price worth paying.

15:38

**Charlie Gordon (Glasgow Cathcart) (Lab):** There is a global crisis of capitalism. What caused the crisis? I cannot explore that in depth today. However, I was struck by the vehement view that a wealthy businessman expressed to me recently. He said that the crisis was caused by the “sheer, unadulterated greed” of the bankers. As a young Marxist 40 years ago, I learned that such crises of capitalism were cyclical and inevitable, but I take no pleasure in saying that Karl Marx is vindicated. I am much more concerned about the human cost of the crisis.

A failure of regulation is self-evident. It is arguable that a failure of ownership has occurred. A failure of control has certainly occurred. That must never be allowed to happen again, notwithstanding bankers—or Karl Marx, for that matter.

At the UK, European Union and world levels, some response measures are in train and others

are mooted, but what about the elephant in every Scots sitting room—Scotland's immediate economic prospects?

Today, we heard the news that 13,000 Scots lost their job between July and September this year and that 50,000 more Scots might lose their job over the next two years. I do not find that worrying; I find it frightening. A Rooseveltian-style new deal might form part of our solution. At the outset of his new deal, Franklin D Roosevelt said:

“The only thing we have to fear is fear itself.”

Intellectually, I understand the danger of making recession a self-fulfilling prophecy; mentally, I think that we can pull through the next two years with minimal damage; but, emotionally, I am fearful. I have seen times such as this before. In the early 1980s, as my home city of Glasgow went through its long and agonising transition from being a city of 1 million people that had been the workshop of the world to being a city of 600,000 people, 87 per cent of whose jobs were based in service industries, at that time,

a Government whose prime minister said that

“There is no such thing as Society”

and whose Chancellors of the Exchequer regarded high unemployment as a legitimate tool of anti-inflationary policy sat idly by as 40,000 Glaswegians a year lost their job. Of course, much of the economic damage that was done to the city in those times has since been repaired; full employment is once again Government policy.

There is, of course, such a thing as society. Some of the social consequences of mass unemployment a generation ago are still with us. Many of Thatcher's children are now parents. However, having to an extent lost out in their youth on the socialisation of the workplace, some of Thatcher's children lack parenting skills—I call their children Thatcher's grandchildren. Unemployment is not just an economic waste but a social obscenity. We need a few equivalents of Roosevelt's new deal and Tennessee valley project.

I say simply and in all conscience to my friend John Swinney that ordinary Scots want to know what the Scottish Parliament and the Scottish Government will do about all this. The economy is not our sole responsibility, but the focus and eyes of Scotland are on the chamber today. Some suggestions that members made in the debate have great merit, no matter their origin. We have to retrofit, on a mass scale and as quickly as possible, homes in Scotland that are energy inefficient. Such retrofitting brings benefits in its own right, in addition to the obvious employment benefits.



We have to tell Scottish Water to front load into its capital programme connections for new homes and business premises. We must speed up the strategic transport projects review and develop the projects into a coherent public works programme. I am on record as saying that Glasgow crossrail and the beginnings of a high-speed rail line to London merit serious consideration. Above all, I want the cabinet secretary to speed up the finalisation of the national planning framework. Projects should meet as few red-tape delays as possible.

The Scottish Parliament, which was in part created to prevent a return to the 1980s, is being watched from every Scot's sitting room. If we fail, the blame will be ours, but the pain will be every Scot's.

15:44

**Iain Smith (North East Fife) (LD):** We meet on a day when very gloomy economic news has just been issued. Today, the Bank of England confirmed what we all knew: the United Kingdom economy is already in recession and might shrink by as much as 2 per cent next year. Today, we heard that UK unemployment is up 140,000 to 1.82 million—an 11-year high—and that the pound continues to decline.

In Scotland, the situation is equally gloomy. Today's unemployment figures show an increase of 13,000. In a review published today, the Fraser of Allander institute suggests that as many as 37,000 jobs may be lost next year and that a further 12,000 may be lost in 2010, with the Scottish economy declining by between 1 and 1.6 per cent. Its findings are backed up by PricewaterhouseCoopers, which says:

"The latest economic forecast points to a rapidly deteriorating situation for many sectors of the Scottish economy ... Just as bankers, economic forecasters and governments underestimated the speed and severity of the financial crisis and how quickly it has affected the wider economy, many companies may not yet realise how quickly their trading position could worsen in the current climate."

We are all aware of companies in our constituencies—for example, Curtis Fine Papers in Guardbridge in my constituency—that have already gone to the wall or are on the brink. It is often the big closures and redundancy announcements that make the headlines, but the devastating effects of the closure of small companies, which often goes unnoticed, are every bit as great for the families of the people who work there and for the companies' owners. Small businesses are facing serious problems—many of them are suffering most from the credit crunch. They are finding it difficult to get hold of credit. Banks are increasing their overdraft rates—if they are giving them overdrafts at all—and are charging them for the privilege of having an overdraft.

Another problem is that large businesses are not paying their bills on time. Yesterday I heard from the Federation of Small Businesses that two well-known high street companies have decided to increase their period for payment from 60 days, which is already disgracefully long, to 90 days. One of them is even charging a 2.5 per cent facilitation fee for daring to pay a small company's bill. Small companies can go to the wall while they wait for money to be paid, because they cannot get hold of credit from the banks. That is a disgrace. Do large companies realise that if small companies go to the wall no one will go into their shops to buy products? In time they, too, will go to the wall if they do not get a grip on matters. I hope that the Government will consider discussing the issue with the UK Government, to see whether there is anything that we can do to put pressure on large companies to abide by codes of conduct and to pay bills within a reasonable time.

So the economy is in a mess. What has the Scottish Government's response been? John Swinney claims that it has taken "early and decisive action", but in reality it has taken barely any—derisory—action.

In his foreword to the draft budget, the cabinet secretary states:

"This Government will not sit on its hands and wait for circumstances to improve. That is why we have again reviewed our spending plans and why the budget we are bringing forward for 2009-10 will promote growth, support business confidence and help Scotland meet the economic challenges we face."

That would be all very well if there were any evidence of significant changes to take account of the economic challenges that we face. In reality, no significant changes have been made. Has the Government done anything to assess what changes could have been made to the budget? Has it accepted what other parties in the United Kingdom are accepting—that tax cuts may be a way of boosting the economy?

**Alex Neil** rose—

**Gavin Brown:** Will the member give way?

**Iain Smith:** I want to finish making my point. Has the Government undertaken a modelling exercise to assess whether tax cuts in Scotland would boost or have a negative effect on the Scottish economy? We should be advised of that.

**Alex Neil:** Can the member give three specific examples of the cuts that he would make to fund the 2p income tax cut that he proposes, which would cost £800 million a year in total?

**Iain Smith:** We could easily get rid of a number of items on the SNP's wish list. I do not have time to go into detail at the moment, but there are plenty of them—for a start, we could save the big

amounts that are being spent on bureaucracy for the Scottish Futures Trust.

Has the Government asked the Council of Economic Advisers for advice on what it could do to the budget to boost the economy? It might have been reasonable to expect the Minister for Enterprise, Energy and Tourism to be in the chamber for a debate on Scotland's economy—I should have thought that his role in the economy was pivotal—but perhaps that was a bit optimistic. At a meeting of the Economy, Energy and Tourism Committee, I asked him:

"Can you give us any information about what advice the Council of Economic Advisers has given the Government?"

He replied:

"Sadly, that happens to be above my pay grade in the Government."—[*Official Report, Economy, Energy and Tourism Committee*, 5 November 2008; c 1244.]

What is the point of having a Minister for Enterprise, Energy and Tourism if he does not get advice from the Council of Economic Advisers? Indeed, what is the point of the Council of Economic Advisers if it does not advise the Minister for Enterprise, Energy and Tourism?

However, I have a feeling that, Baldrick-like, Mr Mather has said to Blackadder Swinney, "I have a cunning plan." In fact, it was a cunning six-point plan, the only substantive part of which was £100 million for affordable housing. However, as John Swinney said, that money was announced before the announcement of the plan.

**Bob Doris (Glasgow) (SNP):** Will the member give way?

**The Presiding Officer (Alex Fergusson):** The member is in his last minute.

**Iain Smith:** That programme is being funded using £60 million from other central Government capital spending programmes, with £40 million to be taken from councils' local capital programmes. We have to wonder what impact there will be on boosting capital spending if all the money comes from existing capital spending.

There is no information on the other five points in the plan. Responding to a reasonable request from the Economy, Energy and Tourism Committee for clarification about any funding linked to those other five points, the cabinet secretary replied—eventually—that it was not possible to identify specific budget lines in each case. The Government must provide details on its six-point plan. We must know what action the Government is actually going to take to boost the Scottish economy. At the moment, there seems to be none.

15:50

**Patrick Harvie (Glasgow) (Green):** Much has been said, both in the chamber and outside, about the unprecedented nature of the economic situation that we face. It is not just a downturn, as the Government motion describes it; it is an unfolding and unpredictable crisis. I see and hear very little that is particularly new or distinguishable from any of the political parties represented here or at Westminster on how the global economic crisis can be understood, how its impact on Scotland can be minimised or how we can respond to the needs of Scottish citizens in the face of it.

Action can be and has been taken by the UK and Scottish Governments that might ease aspects of the short-term situation and pressures, but the Scottish Government's much-touted six-point plan remains pretty unimpressive, as other members have said. I am still unclear about whether it is more than simply a list of bullet points. John Park's proud assertion that his party's plan had 15 bullet points instead of merely six does not make me thrill with excitement. The Liberal Democrats' acknowledgement that there might be a list of things that they could do, although they do not have time to say what they are yet, is equally disappointing.

An alternative—a visionary, radical and transformational plan for the current economic crisis—does exist. It would mean accepting some things that are difficult for the political mainstream. It would mean rejecting the idea of simply propping up one more time the existing failed model of economic growth through fossil fuel dependence. It would mean believing that, for a recovery to be truly sustainable, priority must be given to investment projects that specifically assist the transition to a low-carbon, high-skill economy. That approach has gained backing from the Scottish private sector. Two weeks ago, I mentioned the words of Ian Marchant from Scottish and Southern Energy, who called for a green investment-led recovery.

Other colleagues, at UK level, have published "A Green New Deal". They include one of my own colleagues, Caroline Lucas, leader of the Green Party of England and Wales. Following that, the United Nations Environment Programme published its proposals for a global green new deal. I gather that those proposals are already being actively considered by the Obama transition team. If everybody, from my colleagues in the Green Party to the human embodiment of change in the world, is able to consider those proposals, surely we can, too.

**David Whitton:** I recommend our 15-point plan to Mr Harvie. Number 11 is:

"Bring forward legislation to give a Council Tax rebate to households that install micro-generation equipment."

We also aim to support business innovation and improve energy efficiency, which I am sure Mr Harvie will support.

**Patrick Harvie:** Council tax rebates would be a good step forward, but we have a marathon to run after that first step.

We need a bold vision for turning every building into a power station, involving the creation and training of a carbon army of workers to provide the human resources for a vast environmental reconstruction programme, creating green-collar jobs in the process.

That vision would also involve challenging the megabanks, which have made megamistakes that affect us all. Instead of having institutions that are too big for us to allow them to fail, we need institutions that are small enough to be able to fail without creating the problems for depositors and the wider public that so many people have experienced so painfully. It means rebuilding an economy that can create resilient local communities, meeting more of their needs from local resources. That is not a luxury. Even one of the UK's representatives at the G8 summit in Gleneagles a couple of years ago said:

"The low-carbon economy is an integral part of economic recovery, not a luxurious extra".

Sadly, the vision that is required is no more apparent among the Scottish political parties than among those that are represented at Westminster.

I will not be able to find the enthusiasm to vote for any party's position at decision time. I will favour all parties with an abstention, with the noble exception of the Liberal Democrats, whose proposals for dramatic cuts in public services deserve to be rejected immediately. Public services will become all the more important in economic hard times and such cuts would be irresponsible.

If economists across the political spectrum are arguing that kick-starting the economy needs investment in major infrastructure projects, let us present ourselves with the opportunity to create low-carbon infrastructure, through more renewable energy generation, more and better public transport instead of ever more road building schemes, and the retrofitting of buildings and homes to increase energy efficiency. Such transformation could be achieved through changes to the Scottish Government's draft budget in the coming year. I hope that the cabinet secretary will look favourably on proposals.

I move on from domestic issues to make a final point about global issues. I do not know whether it is an urban myth that the words for "crisis" and

"opportunity" can be represented by the same symbol, but if that is a myth it is nonetheless persistent, because it is a powerful idea. None of us can predict the outcome of the current crisis, but this generation can choose to regard it as an opportunity to make this moment pivotal in history by recasting the global economy to place sustainable development and global justice at the heart of an international framework of law and institutions. Let us not wait until the current economic paradigm suffers its terminal shock; let us begin the necessary transition now.

15:56

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

The effect of the global recession on families, individuals and businesses throughout Scotland is one of the greatest difficulties that the country has faced in the past 18 years, but we have faced such difficulties before, albeit that they were not quite as intense.

I welcome the SNP Government's anticipation of problems as they developed and its additions to the proposed recovery plans. An initiative that the Government took early in the summer was to provide a £60 million support package to help around 1,500 first-time buyers in Scotland to find affordable homes. A second initiative, which has been much talked about, was the bringing forward of £100 million for affordable housing investment, by taking money from other budgets. A third initiative was the plans for the central heating programme, which will provide help during the winter. In addition, the 100 per cent business rates relief from next April for tens of thousands of Scotland's smallest businesses will help many people.

I welcome those small, practical steps, which could be taken within the limits of the budget that we have and are part of a wider package from the SNP Government. The Government has given the matter the thought that it deserved. However, there are inhibitors. We live in an age of irresponsibility—Gordon Brown's irresponsibility. The IMF said that the UK economy will shrink by 1.3 per cent in 2009, as David McLetchie said. It is important to note that the UK's position will be worse than the positions of Germany, France, Italy, Spain and the USA and worse than the positions of Denmark, Norway and Sweden—countries against which we measure ourselves. If that is the case, we must find the means to argue for changes in Europe that will stop Gordon Brown calling for deregulation and bring us much better, smarter regulation, to help us get going again.

We are in an appalling situation. Mr Brown is about to break—big style—his golden rule of not borrowing more than 40 per cent of gross domestic product in an economic cycle. The

Britain in which we live has vast public borrowing requirements and debts and a culture of personal debt that is unprecedented in the western world. That is the backdrop against which we in Scotland have to deal with the problems.

If we consider how some of our smaller neighbours have dealt with banking crises in the past, we can note that their attempts to use their own resources—in the case of Norway, that means the oil funds that it has, which we could have had and which we could have in future—were based on ensuring that they dealt transparently with the problems. Commenting on the problems after the deregulation of banks in the 1980s and 1990s, the deputy governor of the Norges Bank said in December 2003:

“The Norwegian banking crisis was handled swiftly and transparently and at relatively low cost to the taxpayers. Furthermore, the banks that came out of the crisis had trimmed their operating costs and established much better systems to evaluate credit risks.”

Is that approach being taken in Britain? Can we expect Scotland to sit by and watch our neighbours taking action and keeping down costs in their countries while we leave everything to the mercy of Gordon Brown in London? I think not.

We must focus on the potential for confidence that the SNP Government has been working on from before the early parts of the crisis and into the middle of it. The Government's six-point plan contains a couple of points that I want to examine.

The first, which was mentioned earlier, is retrofitting our homes. In an era of climate change, the idea of reducing fuel consumption, bills and wasted heat is central, and we are talking about how to help with affordable house building. I hope that the Government can find ways to help many householders improve their homes; if we can do so, we will have a use for apprentices and many construction industry skills in a difficult time. That would be helped by London making a cut in VAT from 17.5 per cent down to 5 per cent, as that would stimulate the construction industry to take part. That is something that we call for from the outside, but do we expect to get it? No, we do not—that is another inhibitor that we face.

Let me move from VAT to TVA—the Tennessee Valley Authority idea. We have massive energy potential in the north of Scotland. In the 1970s, we looked north for the oil boom and the construction jobs that came out of that. It is entirely possible that all that will happen again in future, and it is a case of “Steady as we go”, because that is how we will drive our economy forward. It is up to us to ensure that we hold steady, and the SNP's plans show the way forward.

16:02

**David Whitton (Strathkelvin and Bearsden) (Lab):** I am pleased to support the amendment in the name of my colleague John Park.

As Mr Swinney mentioned earlier, only last year, the Scottish Government published its economic strategy, which boldly stated:

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

Those are the words of the First Minister, who also said:

“This is the focus for the Strategy: the alignment of investment in learning and skills with other key priorities; a supportive business environment; investment in infrastructure and place ... Today, we have everything it takes to be a Celtic Lion economy, matching, and then overtaking, the Irish Tiger.”

We are looking at a totally different scenario today.

It is not my intention to dwell on the economic circumstances that neighbouring countries, big and small, find themselves facing. This Parliament and Government must focus on the powers that they have to do something about our economic condition, rather than moan about the powers that they do not have.

As has been mentioned, the respected and influential Fraser of Allander institute published its latest economic commentary this morning, according to which Scotland will be in recession in 2009. We have been in recessions before, and it is predicted that the one that we face will be less severe than others. There is also a prediction of five years of below-trend growth, starting last year and lasting until 2012, and a prediction of rising unemployment, at least until 2010, when the hoped-for recovery will begin and unemployment will again start to fall.

Most economic commentators to whom I have spoken agree with that scenario. Given that situation, the question is, what will the Scottish Government do to alleviate some of the worst effects of the approaching storm? The problems currently facing HBOS and RBS—our two biggest banks—are a case in point, and another rant by Alex Neil on the subject does nothing to help people who are facing redundancy.

Sadly, there is no doubt that there will be job losses among the staff in both those banks, and we are already seeing job losses in the areas associated with construction and house building. It is not just tradesmen who are being put out of work. Current casualties include solicitors, estate agents and people in associated jobs.

**Jeremy Purvis:** Why does the member think that a deal similar to that proposed for Northern Rock could not be proposed for HBOS by the UK Government?

**David Whitton:** As Mr Purvis knows, the only deal currently on the table is the Lloyds TSB-HBOS merger.

**Alex Neil:** There is no extra money.

**David Whitton:** I will take no interventions from Mr Neil; he has said more than enough today already.

However, there are vacancies in other areas of our economy, such as tourism and retail. Only this week, the Finance Committee heard evidence in Ayr that the prestigious Turnberry hotel still has difficulty recruiting the staff that it needs, particularly chefs. At the same committee meeting, the Cabinet Secretary for Finance and Sustainable Growth, Mr Swinney, told us that the Cabinet discusses Scotland's economic problems every week. It would be instructive to know what Cabinet members are spending their time talking about, because there is precious little evidence that they are coming up with any ideas.

That is why Labour helpfully produced our 15-point plan for, as it says in the title, "Helping Scotland weather the international economic storm". As I have said, we know that many people face the prospect of losing their jobs, and that there are job vacancies in certain sectors. What action is the Scottish Government taking to match those who are without a job or are facing redundancy with the existing vacancies?

As John Park said, whenever there were major job losses in the past, Scottish Enterprise sprang into action with its PACE team, and they were successful. However, at the moment, no one is really sure what is happening with Scotland's skills strategy. A strategy of sorts has been brought to the Parliament and rejected twice, and in a written answer to my colleague John Park, the Cabinet Secretary for Education and Lifelong Learning said that we will not see her third draft until some time in the new year. That is hardly the urgent response that is demanded by the current situation. Indeed, I heard only today that the number of people who are taking higher national certificate and higher national diploma courses at Scotland's colleges has fallen by 10 per cent this year. Action is needed.

We in the Labour Party believe that the Scottish Government must now do a number of things to address the skills situation. First, it must return adult apprenticeship numbers to at least their 2007-08 levels. This year's funding was targeted at construction and engineering, with massive cuts to other sectors. Surely that should be re-examined.

Secondly, the Scottish Government should give Scottish employers access to train to gain, which is top-up funding that allows employees to add to their skills. UK Government investment in the

programme will top £1 billion by 2011. The money is Barnettted and the Scottish Government could introduce a matching scheme if it wanted to. Again, it is time to re-examine that idea.

Thirdly, the Scottish Government should use the depreciation bonus in European structural fund money. In England, Labour announced a £100 million cash boost to help those who are made redundant or who are worried about losing their jobs, such as the financial services workers whom I mentioned earlier, to retrain. ESF money is devolved, and the Scottish Government could match that cash if it wanted to.

If the First Minister means what he says about Scotland's most precious asset being its people, he must start doing something to protect that asset. A key way of doing that would be to ensure that, as far as possible, everything is done to give people the opportunity to train and retrain to take up the vacancies that exist today and will exist tomorrow.

16:08

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

The last speech, and those of one or two other Labour members, seemed to fall into the trap of suggesting that this will be a bad recession, but not nearly as bad as the ones that we used to get under the Tories. I counsel against that. The recession has the potential to be every bit as bad as, if not significantly worse than, any in living memory.

While I disagree with much that Labour members have said today, I open by paying tribute to someone I agreed with—Charlie Gordon. Some of the best speeches and debates in this Parliament happen when someone has the courage to mention Karl Marx and Margaret Thatcher in the same speech; today, we heard the speech I was waiting for. There was much in the speech that I disagree with, but I mention it because there was so much in it that I agree with, and that is what I will concentrate on.

During a recession, Scotland has a huge opportunity to benefit from infrastructure developments. It is not as if we have to invent the projects, because a huge number of infrastructure projects are lying waiting for adequate funding and the necessary drive to push them through. In fact, the lack of that drive has been a problem.

One problem, particularly in the development of Scottish Water's infrastructure programme, has been that desperation to move forward has actually blocked development, because of the resulting excessive inflation in the construction and civil engineering sectors in recent years. I might be clutching at straws but, as we move into recession, opportunities will arise. The fact that

projects might now attract lower tenders than would otherwise have been the case is a potential benefit to any Government that has money to spend. We should compare the estimated costs of the replacement Forth bridge with the costs of similar construction projects in other parts of the world and closely examine them to establish whether we can get better value for the public's money than we would have done had the recession not come along.

One reason why fewer projects are in progress at the moment is the fact that the Government has placed obstacles in their path. The single biggest obstacle is the failure to make rapid progress on the development of a funding mechanism that will allow those projects to be realised. We have talked a great deal about the Scottish Futures Trust but, unfortunately, it has manifestly failed to deliver. Those of us who believe that, when it begins to operate, the SFT will be almost indistinguishable from public-private partnership simply wish that the Government would get on with delivering funding for projects on the ground. Soon, many Scots with no jobs will look to funded projects to provide them with employment.

That said, the real blame lies with the Scottish Government's predecessor, because many of the projects in question were proposed long before the present Government came to power. In the field of transport, in particular, successive Liberal Democrat ministers had a lot to say about infrastructure investment but delivered very little.

**Jeremy Purvis:** Can the member explain why 32 of the 35 transport and other capital schemes that the Government has announced and taken credit for since it took office were started under the previous Administration, all of which were costed in our 2005 transport plan?

**Alex Johnstone:** It was projected that the Borders rail line would be completed by 2011; at the moment, we have no idea when that will happen. It was projected that the Airdrie to Bathgate line would be completed by 2008; the latest estimates suggest that it will be completed, vastly over budget and over timescale, in 2010. I could go on.

We find ourselves with an opportunity to use public money that has already been allocated in budgets, or that is available through funding mechanisms that might be more practical or more useful than those that the Government is considering, to bring forward projects that will allow us to build a bridge across the recession in Scotland.

We must make progress. I understand that a statement on the Scottish Futures Trust will be made next week.

**Roseanna Cunningham:** Tomorrow.

**Alex Johnstone:** I am sorry—tomorrow.

We need to hear that genuine progress is being made to deliver funding for projects in Scotland. If such progress is not made, the Government will stand open to the accusation that it has not done what it could have done to deliver the investment and the jobs that the Government of Scotland is capable of providing under the current financial settlement.

16:14

**Jamie Hepburn (Central Scotland) (SNP):** The global financial downturn—or crisis, as Patrick Harvie calls it with some justification—has come to dominate the news headlines in recent months, eclipsing practically every other issue of note. Indeed, it seems that the only controversy capable of breaking into the news cycle of late has been the decision to kick Laura out of “The X Factor”—a story of international significance on which I have not taken a position but which I am sure has exercised other members.

Despite the limited powers at its disposal, the Scottish Government has acted to mitigate the effects of the economic slowdown. The small business bonus, which will come fully into effect next year, is a major boon for the hard-pressed small enterprises that are the backbone of any local economy. The freeze in council tax has offered some relief for hard-pressed families, and the local income tax will go even further in assisting those households that are struggling to get by. Even the abolition of tuition fees, in the shape of the graduate endowment, goes some way to putting money back into people's pockets and aiding economic recovery. With greater powers, I am sure that the response would have reached much further, but we should welcome the actions that have been taken.

Slightly more unedifying has been the spectacle of the glee with which Gordon Brown has tried cynically to use people's concerns about their financial prospects as a battering ram against independence for our country. It is somewhat duplicitous to claim, in times of economic growth, that that growth is a reason why Scotland cannot be independent, and then in times of economic sluggishness to claim that as a factor, too. Worse yet are the insults that are hurled at our neighbours that they are somehow insolvent or bankrupt, as part of the onslaught against independence. However, I intend not to reiterate such arguments at length but to consider ways in which our economy has gone wrong and how we might do things differently in future.

On 18 March 1968, the late Senator Robert Kennedy was heard to remark:

"Too much and for too long, we seemed to have surrendered personal excellence and community values in the mere accumulation of material things."

Those words, uttered more than 40 years ago, are as prescient today as they were in 1968, and have as much meaning. There has been

"Too much and for too long"

rampant materialism at the heart of our economic system, fuelled by ever-spiralling levels of personal debt.

In the UK, the combined level of personal debt stands at almost £1.5 trillion pounds. Over my lifetime, the culture of cheap and easy credit has been actively encouraged by successive UK Administrations. Indeed, the awarding of credit to people who could not really afford it is hugely to blame for the economic mess in which we find ourselves. I hesitate to use the term "sub-prime", as it implies that those who fall into that category are sub-people, rather than unfortunates who bought into the myth that home ownership was the key to their future happiness and who were willingly loaned mortgages by banks that should have known that those people were not in a position to afford them.

However, the issuing of easy credit extended further than those mortgages. Paying with credit cards for consumer goods that are often wanted more than needed has become a national pastime. While there is nothing wrong with credit per se, for many people it has far too frequently been the currency of choice. We have to consider how to change what seems to be a cultural norm, in which people readily burden themselves with debt to pay for material things.

Yesterday, it was my pleasure to attend the launch at Condorrat primary school in Cumbernauld of the Gaelic translation of "On the Money", a book of four short stories for children that is designed to teach them financial responsibility. No one can deny that that is an important task, but it strikes me that those lessons should be taught to more than just our children; they should be taught to the whole of our society. More than any other group, it is perhaps the banks that must learn those lessons.

I am reliably informed—although I confess that this is not my personal experience, having grown up in this age of free and easy credit—that banks used to consider carefully how to lend their money. That might have taken the form of sitting down and discussing with their customers the ins and outs of becoming indebted to them. In the modern world, it seems that banks—or, more correctly, individual bankers keen to secure their next bonus—have been all too eager to hand out loans without first ensuring that they are affordable for the individuals who are securing them.

We are all aware of the billions of pounds of taxpayers' money that have been offered to the banks for their recapitalisation, and we all broadly agree about the necessity of that move, but it is of concern that too few guarantees have been sought by the UK Government from the banks in return. Indeed, the new UK Secretary of State for Business, Enterprise and Regulatory Reform has essentially stated that it will be business as usual for the banks, and given little signal of the regulatory reform that is hinted at in his job title. Regulatory reform is necessary for the banking sector. No more should it be allowed to operate in such a cavalier fashion, jeopardising our economy and people's livelihoods and homes. That will require the sector to operate in a new, more transparent and more responsible way. If it cannot be relied on to do that of its own accord, new regulations will be required to make it do so.

This is an important debate, but it is all too short to consider our problems in depth. I, for one, could have expanded on many of the points that I have raised, but I do not have the time to do so.

I reiterate my welcome for the measures that the Scottish Government has taken thus far to try to mitigate the worst effects of the looming recession. If we were properly equipped with the powers of independence, the depth and strength of the protection that we could offer could go much further. I suppose that discussion of that issue will have to wait for another time.

16:20

**Des McNulty (Clydebank and Milngavie (Lab)):** When the international economy is in a mess, and the implications of the credit crunch are spilling over into the real economy, it is astonishing, as Wendy Alexander said, that it has taken us all this time to have a debate in the Parliament on the economy. People are looking not only for us to talk about what is going on and what is affecting them, but for Parliament to make protecting jobs and promoting our economy's competitiveness its top priorities. There are other tasks that the Government must undertake, but at a time of unprecedented economic uncertainty it is important that we do nothing that harms Scottish jobs, and that we do everything possible to secure the future prosperity of this country.

We must do no harm, so why can we not drop the plans for the local income tax? Business has been absolutely clear that the local income tax would damage competitiveness and be an additional financial burden that would make Scotland the least attractive part of Britain in which to invest. Dropping the tax is something that this Government could do immediately to boost our future prospects. CBI Scotland has suggested that the £20 million that the local income tax is set to

cost the Scottish Government in 2010-11—in preparatory and set-up arrangements alone—should be redeployed for gross domestic product-enhancing investments. Let us do something with that money, instead of destroying things.

Mr Swinney has been reluctant to accept that, in desperate circumstances for Scotland, the planned use of resources can be reconsidered to take account of those circumstances. We need a progressive debate. I do not think that all the good ideas come from Labour; sensible ideas can come from other parties as well. We need a debate on how to shift resources around to deal with this situation.

I will focus my comments on infrastructure and the construction industry, which has been an important engine of growth in the Scottish economy over the past 10 years but is faced with huge problems at present. The most immediate problem lies in the virtual collapse of house building in most parts of Scotland. The reduction in house sales and the drop in values of new and existing properties have had a devastating impact on the construction industry. Commentators are clear that recovery will not take place until the market has bottomed out and finance becomes available to purchasers.

What can the Scottish Government do? No one expects ministers to wave a magic wand but, given the shortage of affordable housing and the availability of land and skilled labour, this is surely the time to increase rather than reduce the number of houses that housing associations are building.

**Bob Doris:** Will the member take an intervention?

**Des McNulty:** Let me continue with my point.

In March 2007, as the minister responsible for housing, I signed off the resources that were needed to build 8,000 new affordable houses in financial year 2007-08. Why, then, did my successor—Stewart Maxwell—find enough money for fewer than 6,000 houses in the current financial year of 2008-09? It is hard to square such numbers with the needs of the construction industry, and even harder to reconcile them with the rhetoric of SNP ministers, who announced an additional £100 million for housing, of which local government was expected to provide a significant element. The problem is that the money was announced in one year but turned out to apply over two years. So far, only £9 million has been identified. The money that has been made available is significantly less than the amount that Mr Swinney removed less than 12 months ago.

However, construction is not just about house building, important though that is. The biggest package of construction projects in Scotland is the

projects that are let by Scottish Water, the investment programme of which has averaged £500 million per annum over the past two years. That programmed investment has provided continuity within the industry and has allowed considerable efficiency gains to be made.

The current investment period ends in 2010, and there is substantial concern—not just on the part of Scottish Water but right across the construction industry—that any interruption to the flow of work or any reduction in the level of investment would have a serious adverse effect on the industry. I want ministers to heed those concerns and recognise that we need to bring forward the next quality and standards programme as quickly as possible, to ensure that there is no hiatus between the current programme and the next.

The minister should not listen to the siren calls of the Conservatives and Liberal Democrats about mutualisation. Mutualisation equals privatisation. They are trying to take capital money that is employed in the water industry out of the budget, which is entirely unacceptable.

It would make sense to people in the construction industry if the cabinet secretary recognised that the Scottish Futures Trust is going nowhere. CBI Scotland says that embracing PPP is one of the most effective things that ministers could do to reflate the economy. It would protect jobs and pump investment into the construction sector. At present, we have a complete blockage in the pipeline of new schools, hospitals and other projects that is directly attributable to ministers' policies, which in this instance are based purely on ideology, not on any practical, commonsense application. If ministers had an alternative, they could use it, but they do not, and we are suffering. The people in the construction industry and the users of services are also suffering.

Those are practical things that the Government can do, and it should be doing them.

16: 26

**Margo MacDonald (Lothians) (Ind):** I hope that members will forgive me for concentrating on the Edinburgh economy. They will be aware of the importance of the Edinburgh economy to the entire Scottish economy. Given that, as the front-bench Tories have reminded us, the Scottish Parliament can act only on the margins of our economy, we would do well to concentrate on the things that we can do. I think that we could do something in relation to Edinburgh.

I commend to the cabinet secretary the City of Edinburgh Council's "Economic Resilience Action Plan". He could act on some of its recommendations. For example, point 4.0 of the action plan outlines measures for tackling the lack



of credit availability. Point 3.2 outlines measures to stimulate the growth of small and medium-sized enterprises. The reason why I referred earlier to the capital city supplement is that those action points, which have been identified by the City of Edinburgh Council, were not around when the Government first started to talk about the capital city supplement and decided the decent level of funding that was required to maintain the city as a contributor to the Scottish economy and as the Scottish capital.

I appeal to the cabinet secretary to take on board the extra work that Edinburgh will have to undertake because of the global economic crisis. I also ask Parliament to be open minded regarding the takeover of HBOS by Lloyds TSB. It is not a merger; it is the merger of Jonah and the whale. I say that not because of any sentimental attachment to the Bank of Scotland—something to which David McLetchie referred—but because of the corporate functions that emanate from the Mound. I would much rather that the Bank of China established its European headquarters in Edinburgh than that the city became home to the regional headquarters of a much smaller bank that would also have its annual general meeting here—maybe during the festival.

I ask members to keep an open mind on what is possible, as much has been said to drive away one very good bid that should have been on the table. It would have been on the table, had it not been for the timing of the Glenrothes by-election—that is why we did not hear of it. There should be no more talking ourselves down and talking the possible prospects down. We should let the shareholders decide, when they have a choice to make; let us not try to empty the field for any partisan reasons. I regret to say that I think that there have been Pavlovian responses from the parties. Those of us who have tried very hard to look at the employment prospects for Edinburgh and the contribution of the corporate functions of HBOS to the Edinburgh economy have tried not to be partisan. If Edinburgh is downgraded because of the loss of that headquarters, all Scotland will suffer. We might learn in 30 years or so about the chicanery behind the scenes, but a lot of good that will do the people who will lose their jobs.

16:30

**Ross Finnie (West of Scotland) (LD):** Today's extraordinary debate follows in the wake of a most extraordinary economic downturn that has involved a combination of the near collapse of the financial markets and the slowdown in the world economy that was precipitated by increased commodity prices. Those two factors are inextricably mixed in a cocktail that will take a long time to tease out.

We should be clear about the fact that that complexity means that there is no simple solution. No politician should try to pretend otherwise.

I agree with David McLetchie that the Prime Minister and former chancellor cannot simply say, "It wisnae me. I had nothing to dae with it." This is a global crisis, and every Government that allowed its banks to go on sprees and allowed levels of personal debt to go untrammelled played a part in bringing the crisis about. It is extraordinary that Prime Minister Brown, who is, to a degree, culpable in all of this, is now claiming credit for some of the measures that are being put in place to stabilise the UK banking situation, even if it is true that he deserves some credit for that.

**John Park:** What policies did the Liberal Democrats propose in their 2005 and 2007 election manifestos to improve regulation in the financial services sector?

**Ross Finnie:** If the member goes back through *Hansard*, he will see that the Liberal Democrats' economic spokesperson was one of the only people to warn about increased levels of debt and irresponsible levels of banking credit. That is certainly a better record than any Labour spokesperson has.

Roseanna Cunningham was right to say that the collapse of businesses is happening more quickly than any of us could have imagined and that that is having a large impact on a range of private individuals. That is what politicians must be concerned about.

I have a concern about the banks, however. They simply do not seem to get it. They failed us. They let us down. They seem to have forgotten that we did not save them so that they could play funny games with each other. They were saved primarily so that they could perform their job of oiling the wheels of the economy, and they were provided with billions of pounds of additional liquidity to enable them to perform that function. Liberal Democrats find it wholly unacceptable that the banks are playing games about how many points they can put on to each other's plans, how many businesses they are closing down and how many loans they will not give. Of course, propositions that are founded on the old basis of unlimited credit must be rejected. However, there are thousands of perfectly viable business propositions that ought to be given due consideration by British banks and Scottish banks, so it is highly regrettable, in these dire straits, that they are not being given the attention and consideration that they deserve.

I will say little more on HBOS save this: I find it difficult to believe that the current chief executive of HBOS, who has already agreed to accept a contract to be paid at the rate of £60,000 a month

by Lloyds TSB, does not have a conflict of interest in recommending anything in relation to the future of HBOS.

I said that I agreed with David McLetchie about Gordon Brown. However, I do not agree that the economy does not require urgent action. We must look again at where we are. I say directly to the cabinet secretary that we in Scotland and in the UK must consider, and hold a more open and transparent debate on, where our finances are. One of the difficulties for members is that the published information consists of our previous plans compared with next year's plans. However, in order to have the sensible and rational debate that we all want about accelerated capital expenditure and financial stimulus, we need to know, in real terms, the details of the Government's cash flows and the state of the financial capital programmes. It is difficult for members simply to compare last year's budget—goodness knows what has happened to it—with a plan for next year without such information.

It is clear to Liberal Democrats that it is necessary to deal with the accelerated capital spending and that we need some clarity in that area. On Monday, the Cabinet Secretary for Finance and Sustainable Growth told the Finance Committee that the £100 million was partly to do with utilising the unused borrowing capacity of local authorities, but the Cabinet Secretary for Health and Wellbeing told a different committee that the funding related to slippages in capital expenditure. That does not contribute to clarity on how the Government will bring forward positive proposals for reasonable accelerated capital spend, which is essential.

On the same basis, I believe that the two elements, at a UK and at a Scottish level, involve genuine accelerated capital spend. We will certainly join the cabinet secretary if he needs assistance in arguing that case with the Treasury, but we have to know the basis—the facts—on which the plan will be taken forward. We recommend that there should be a further fiscal stimulus at a UK and at a Scottish level, but that depends on a more detailed analysis of the Government's actual revenue and cash flows.

16:36

**Gavin Brown (Lothians) (Con):** Almost every speaker in this debate has rightly acknowledged the sheer size and scale of the global downturn. What started off as a financial issue in the finance and banking sector quickly migrated to what is known as the real economy and is affecting citizens up and down the country. Entire countries such as Iceland, Hungary and the Ukraine have had to be bailed out in the past few weeks. There are serious concerns worldwide that the IMF could

run out of firepower in a couple of years, and then we really would have a serious global situation.

Therefore, it is not entirely fair to put all the blame on Messrs Brown and Darling, although, as Derek Brownlee pointed out, they were happy to take the credit when the economy was going well; they even said that they had got rid of boom and bust. However, they must accept a significant part of the blame for the downturn. As David McLetchie rightly pointed out, there was far too much borrowing over a long period of time. There was the punishing of savers; the spending of money that was not ours; an increase in the structural deficit; and enormous levels of personal debt throughout the UK. We Conservatives are not prepared to take the lessons that Labour front-bench members such as John Park have tried to give us.

One reason why we say that is that the UK economy is predicted to shrink more than any other major economy. That was said a couple of weeks ago, when the UK economy was predicted to shrink by 1.3 per cent over the next year. This morning, the Bank of England predicted that the UK economy would shrink by 2 per cent, which puts us even further ahead of other countries.

To add insult to injury, and to show how badly we are doing in comparison to other countries, the pound has fallen to an 11-year low against a basket of other currencies. I hope that the Labour spokesperson will, in summing up today, accept at least part of the blame on behalf of the Westminster Government for some of the problems that we face.

There is, of course, a global downturn, but it is important that Labour acknowledges the role that it has played in that. One of the ideas that the Westminster Government put forward in passing was the stamp duty holiday, which Mr Park mentioned in his speech. Labour members might want to have a look at today's *Financial Times*, which completely rubbishes the stamp duty holiday as a gimmick that has made no difference of any consequence in the several months since it was put forward. The problem needs far better than that—in fact, we all need far better than that—because the economic position is treacherous.

As we heard from several members, unemployment in Scotland has increased by 13,000 in the past three months. I think that that statistic came from the Fraser of Allander institute. At the same time, the cost of living has increased. There has been a 25 per cent increase in the cost of food and drink in the past year. The cabinet secretary rightly said that prices are falling at the moment, but they are falling from such a high base compared with a year ago that no one regards it as a fall.

The number of business start-ups has fallen from 8,000 a quarter last year to 5,000 a quarter. There are also concerns about payment times; Iain Smith and one or two other members gave examples of companies that are not being paid quickly enough. When the Federation of Small Businesses surveyed its members, 40 per cent said that payment times had increased in the previous three months and only 8 per cent said that they had decreased.

The Conservatives and the Scottish Conservatives, working together, have come up with a number of solutions. In last year's budget process, we not only pushed for the small business bonus but pushed for it to be accelerated. That move was accepted, which means that from April next year tens of thousands of businesses will pay no business rates at all. We also supported the council tax freeze, which keeps money in people's pockets. Through my colleague Derek Brownlee, we have proposed a council tax cut. Based on the savings that the Government says that it can find for the local income tax, we could put £150 back into the pockets of every family in Scotland. That would certainly help them in the next couple of months.

South of the border, we have talked about a corporation tax cut and about deferring VAT for six months to help companies with cash flow. We also propose a permanent increase in the stamp duty threshold rather than just a holiday, and we propose that an independent office of budget responsibility be set up to ensure that there is fiscal responsibility every year rather than the overborrowing that has occurred. Just yesterday, David Cameron announced that we propose tax cuts for companies that take on new employees. All those proposals are fully funded. That is the difference between our proposals and some of the proposals that we have heard from the Liberal Democrats, for example.

In closing, I mention a plea that was made by every small business organisation that came before the Economy, Energy and Tourism Committee. This is not a purely political point. Every business organisation and business that came to us pleaded with the committee to seriously delay or abolish the concept of the local income tax. I hope that the Government will listen to that with open ears. That would take a budget line of £20 million straight out of next year's budget. I hope that the Government will take the wishes of every business organisation seriously.

16:42

**John Park:** The debate has been an important and interesting one. It was almost as interesting as the earlier points of order, which you missed,

Presiding Officer. I am sure that we will get some clarification on those later.

I ask Mr Russell to clarify the Government's position on three matters that arose during the debate. First, what will the Government do to beef up the services that are offered by PACE? Everyone recognises that it is an important organisation, but given the current climate and the changes that will continue to occur, its services need to improve and develop.

Secondly, will the Scottish Government re-evaluate its refocusing of adult apprenticeships? That is another key area. Apprenticeships will be a key Government intervention if we are to move people from jobs in parts of the economy that are contracting to jobs in other areas where there are vacancies and opportunities.

The third question is for the Parliament's benefit more than anything. Will Mr Russell clarify whether inward investors have raised any concerns about the local income tax? That will help us to have a more informed debate on the matter.

Small businesses were mentioned a lot during the debate. The very good briefing that the Federation of Small Businesses issued highlights the issues that businesses are facing, particularly in the construction sector. When we think of that sector, we think of large contractors, but an awful lot of small businesses rely on the sector and they are urging the Government to bring forward as many publicly funded projects as possible. I hope that the Government will consider doing that.

I agreed with a number of points made by Jeremy Purvis, especially those on the economic situation, but I am genuinely concerned about the £800 million of cuts that would result from the 2p tax cut, what that would mean for public services in Scotland and how it might threaten jobs.

I want to turn to Mr Neil, although he is not in the chamber, and Ms Cunningham. I admire Alex Neil's passion for HBOS. I have been speaking to the unions, predominantly at a local level. I know that the First Minister and Peter Grant had a meeting with Accord last week, because I had a meeting just before. There is dialogue, so I am surprised that the members have not had the discussions that they said they were going to have. I encourage them to have such discussions, because the workers have real concerns. They do not know whether the Lloyds proposal is the best and there is a fear of the unknown. I urge members to speak to them. Everything that we do in this chamber will be pointed to by the trade unions.

**Roseanna Cunningham:** Perhaps the member misunderstood what I said. An arrangement was made for me and Peter Wishart to meet the

unions, but the unions pulled out—it was not us who pulled out.

**John Park:** I understand that, but my point was that I do not believe that the trade unions that represent the workers in HBOS and Lloyds take the view that they will not meet any political party—as far as I am concerned, they will meet any politician.

Charlie Gordon spoke about the management failures in the financial services sector and about the social aspect of unemployment, which, like him, I have seen at first hand.

The banks have a social responsibility to the many people who may face redundancy as the financial services sector shrinks. Following my meetings with Accord and Unite, I have made representations on the matter to the Treasury and the Scotland Office. I urge the cabinet secretary and his fellow ministers to take a proactive stance on redeployment and to ensure that employers who have provided employment in key sectors in many areas of the country play their part, in partnership with Government agencies, in ensuring that anyone who faces redundancy gets the opportunity to move into other sectors.

**Margo MacDonald:** Will the member give way?

**John Park:** Sorry, but I have a lot to get through.

The Scottish manufacturing advisory service is another organisation that will play a key part in the restructuring of the Scottish economy. I recognise its importance, as do employers and workforce representatives. It has played a key role in helping manufacturing companies to improve efficiency and it has involved workers, managers and people at a strategic level in Government in making that happen. However, I notice that there is to be a refocusing of the Scottish manufacturing advisory service. Refocusing in adult apprenticeships meant an overall cut, so I would like Mike Russell to clarify what the refocusing of the Scottish manufacturing advisory service will mean.

**John Swinney:** Will Mr Park give way?

**John Park:** Sorry, but I have to make progress.

Iain Smith made a very good point about the role of the Council of Economic Advisers. It would be useful to know what advice, if any, it is giving the Government on how to inflate the Scottish economy. Perhaps Mike Russell will be able to clarify that when he sums up.

Patrick Harvie had a dig at the number of bullet points that had been produced by all the main parties in the chamber, but the reality is that members are bringing ideas forward. I noticed that he was keen on a number of our points.

**Patrick Harvie:** Will the member give way?

**John Park:** Sorry, but I have to make progress.

Rob Gibson spoke about the need for more regulation. Unfortunately, the SNP must have forgotten to put that in its manifesto in 2005 and 2007—I hope that Mr Gibson has better luck in influencing his party's policy ahead of the next election. We can be honest about the fact that none of the main parties has been talking about improving financial services regulation over the past three or four years.

Apart from Jamie Hepburn's criticisms of Gordon Brown and the UK Government, his speech was measured, informed and in exactly the right tone. I do not agree with his views on independence, but he struck a chord with his comments on some of the main issues that face people throughout the country and with his remarks about the lessons that we can learn from history on how to tackle the problem.

Des McNulty and Wendy Alexander raised legitimate concerns about the time that it has taken to have this debate in the Parliament, but I hope that we will pay particular attention to the issue as we move forward. All parties have a responsibility to raise key issues, bring forward debates on the current economic crisis and address the issues that face our constituents.

We must undoubtedly talk up our economy. There is a decent level of skills across our economy; skills could be improved, but they are at a decent level and we need to think about how we could better utilise them. Right across the Scottish economy we have hard, productive and efficient workers and innovative and leading businesspeople who can make a real difference over the next year or two.

**Margo MacDonald:** Will the member give way?

**The Presiding Officer:** Mr Park, you have one minute left.

**John Park:** I cannot give way. I am sorry.

**Margo MacDonald:** The cabinet secretary—

**The Presiding Officer:** The member is not taking an intervention, Mrs MacDonald.

**John Park:** I apologise to the member for not giving way. This is a very important debate and I have a lot to say.

We must pay close attention to the needs of the Scottish economy in the coming months. This Parliament and the Scottish Government need to be responsive, particularly in the current climate. I hope that this will not be the last Government debate on the subject or the last debate on the wider economic issues that have been raised by members of other parties. People will be watching this debate on what is a crucial issue for many of them. Many people will be concerned about their

employment and their finances in the lead-up to Christmas. This is one of the most difficult times of year, because there is pressure on finances, and people are worried about their employment and their finances, so it is absolutely right that we are talking about these issues, listening to and acting on people's concerns and working together to make a difference for the people of Scotland.

16:51

**The Minister for Environment (Michael Russell):** By and large, this important debate has been positive and it has produced many interesting ideas and shown the great concern that the Parliament has about the situation. One of the most startling contributions came from Charlie Gordon, who managed to cover Marx, Thatcher and FDR in a single speech. He reminded me of the famous words in FDR's first inaugural address:

"The only thing we have to fear is fear itself."

John Park echoed that in his closing remarks. The worst thing that we could do would be to talk ourselves down and destroy any sense of confidence. What FDR meant and what we must do is ensure that we work hard and that we are confident in the work that we do, so that we can carry Scotland forward in these difficult times.

The Scottish people will judge all politicians in Scotland in the same way, both as party members and as members of this Parliament—and, indeed, the other Parliament, too. They will judge us not just on what we do but on how we do it—how we manage to come together and work together.

There is no doubt that, like people in other places, we face an economic situation in Scotland that is as severe as most of us have ever seen—perhaps more severe than most of us have ever seen. For people under 30 or 35, it is certainly as severe as—or indeed more severe than—any that they will have experienced in their lifetime.

I emphasise that the point is not just what we do but how we do it. I regretted the contribution from Wendy Alexander. I make it absolutely clear that she made a number of points that simply cannot be substantiated. She said that the VisitScotland budget for next year has been slashed, but that simply is not true. VisitScotland's budget, which is set out in the budget document, does not include funding for homecoming. The figures that she quoted are wrong. Funding for VisitScotland will exceed funding for VisitBritain next year.

Secondly, she said that the energy efficiency budget will be slashed. We are maintaining energy efficiency spending. We will continue to spend increasing amounts, because it is cross-portfolio spending.

**Ms Alexander:** Will the minister give way?

**Michael Russell:** No. I am sorry, but I will not. Wendy Alexander had her opportunity and I want to rebut the points she made, because they are not justifiable. She said that it has taken 50 days since the Lehman Brothers collapse to have this debate in the Scottish Parliament. The clear implication was that ministers had been doing their knitting and were not concerned in the slightest. Let me give Wendy Alexander the facts. Ministers are working each and every day on this issue.

**Ms Alexander:** Will the minister give way?

**Michael Russell:** On 14 September, Lehman Brothers collapsed. The HBOS rescue merger was announced on 18 September. The FM convened a meeting with the Scottish Council for Development and Industry on 22 September, which included the leader of the Opposition, which at that stage of course was not Wendy Alexander. Parliament had a debate on HBOS on 24 September. This Government is acting strongly and will continue to act.

**Ms Alexander:** Will the minister take an intervention?

**Michael Russell:** The tone that Wendy Alexander struck in her speech was regrettable.

**Ms Alexander:** Will the minister take an intervention?

**The Presiding Officer:** I think that the minister has made it clear that he will not be taking an intervention.

**Ms Alexander:** He has not made that clear.

**Michael Russell:** Let me come on to some more positive issues in the debate. There was a question about PACE.

**Ms Alexander:** Will the minister take an intervention?

**Michael Russell:** No. I am making it clear that I will take no more misleading statements in this chamber.

PACE stands ready. It is a world-beating and unique structure. We are going to continue with the effective work that it does and I am glad that parties throughout the chamber agree that that will make a difference. Of course, we have to do more and take more action.

I acknowledge the great difficulties that are being felt in my portfolio areas. I have been talking to the aquaculture and forestry industries in the past few days. Those sectors are badly affected, but to talk of sectors does not touch the real issue. Member after member reflected on the reality: the crisis is about people and the effect on them. Roseanna Cunningham, Iain Smith and Charlie Gordon all reflected on that. Ross Finnie was absolutely right to take that a step forward and to

point out that everything needs to be done to help businesses and people. The banks have a responsibility to do that, but many people are finding that the banks are falling short of that responsibility.

**Des McNulty:** A press release that was issued today says

"The Scottish Government has ... taken steps to support Scottish business and families in the current challenging conditions"

and refers to the Scottish economic recovery plan. When will that plan be published?

**Michael Russell:** I am sorry that Mr McNulty has listened to nothing that we have said today. The details about economic recovery have been in the cabinet secretary's speech and in my speech and are constantly debated in the chamber. Mr McNulty might believe—as Wendy Alexander did—that publishing a glossy document makes a difference. We have lived through those years. The reality is that it does not make a difference.

From day one, the Government has taken action that has made a difference. We have slashed business rates, frozen the council tax, scrapped bridge tolls and got rid of the graduate endowment. We are getting rid of the tax on ill health that is prescription charges. I say to Mr Purvis that those are tax cuts, not all of which he supported.

We have now developed a Scottish economic recovery plan that uses the powers that are available to us. It is designed to help businesses and households to maximise jobs and investment and to provide a solid foundation for Scotland to take early and speedy advantage of any recovery. Of course, we retain strong flexibility.

**Margo MacDonald:** Will the Government be influenced by the additional financial pressures that are on it and look again at the local income tax?

**Michael Russell:** The local income tax will save people money—that is another way in which it will contribute.

I say to Margo MacDonald that the Government is flexible and that it listens. We match ability to need. Capital city funding, which she raised with the cabinet secretary, needs to be addressed in the context of changed times and changed circumstances.

We have taken early and decisive action within our powers and we are doing more. Given the dramatic decline in house building, we are bringing forward £100 million of investment in affordable housing and expanding our open market shared equity pilot throughout Scotland. That is helping home owners and the construction industry.

The UK annual inflation rate for the poorest 10 per cent of households is estimated to be 7.9 per cent, so the extension of free school meals next year to the children of families who are entitled to working tax credits will be welcome relief. That is making a difference.

Soaring energy bills are landing on the doorsteps of our vulnerable pensioners, so the Government is putting an additional £10 million into the free central heating programme this year, which will help many of our poor pensioners to stay warm this winter. That is not just talking; that is acting to tackle fuel poverty.

**The Presiding Officer:** Order. There is too much background noise.

**Michael Russell:** We have a range of other initiatives, including the £25 million home owners support fund. That is not scaremongering about repossessions, but acting against them. All those measures are being taken and are providing practical help.

The whole crisis is about people. Members of our greatest generation fear the cost of heating their homes this winter. Children are going to bed at night whose parents doubt whether they can meet mortgage payments. Some of those who work in business are not only having to lay people off, but seeing their businesses go. That is the reality.

The duty of this Government and every Government is to provide those people with help and answers. We are shouldering that duty. We are not scaremongering and we are certainly not using the situation as a heaven-sent opportunity to talk down Scotland's abilities and attack our neighbours. Jeremy Purvis seemed to think that attacking the Icelandic Government was a great advantage of the economic crisis.

**The Presiding Officer:** You must close, please, minister.

**Michael Russell:** Finland, Norway and Denmark are all expected to grow at a rate that is above the European Union average in 2009. The Irish economy might be in recession, but it has performed well. I believe, Presiding Officer—

**The Presiding Officer:** Close please, minister.

**Michael Russell:** The case for an independent Scotland is strengthened by the situation. I support the motion in Mr Swinney's name.

## Business Motion

16:59

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of one Parliamentary Bureau motion. I ask Bruce Crawford to move motion S3M-2860, setting out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 19 November 2008

2.30 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Ministerial Statement: Fuel Poverty

*followed by* Scottish Government Debate: ID Cards

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 20 November 2008

9.15 am Parliamentary Bureau Motions

*followed by* Scottish Government Debate: Supporting Scotland's Looked-after Children

11.40 am General Question Time

12 noon First Minister's Question Time

2.15 pm Themed Question Time

Finance and Sustainable Growth

2.55 pm Scottish Government Debate: A Fresh Start for Scottish Aquaculture

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Wednesday 26 November 2008

2.30 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Stage 1 Debate: Disabled Persons' Parking Places (Scotland) Bill

*followed by* Financial Resolution: Disabled Persons' Parking Places (Scotland) Bill

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 27 November 2008

9.15 am

*followed by*

11.40 am

12 noon

2.15 pm

2.55 pm

*followed by*

5.00 pm

*followed by*  
*Crawford.]*

*Motion agreed to.*

Parliamentary Bureau Motions

Scottish Government Business

General Question Time

First Minister's Question Time

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

Scottish Government Business

Parliamentary Bureau Motions

Decision Time

Members'

Business—[Bruce

## Decision Time

17:00

**The Presiding Officer (Alex Fergusson):**

There are six questions to be put as a result of today's business. The first question is, that motion S3M-2594, in the name of Alasdair Morgan, on the Scottish Parliamentary Pensions Bill, be agreed to.

*Motion agreed to.*

That the Parliament agrees to the general principles of the Scottish Parliamentary Pensions Bill.

**The Presiding Officer:** The second question is, that motion S3M-2837, in the name of John Swinney, on the Scottish Parliamentary Pensions Bill financial resolution, be agreed to.

*Motion agreed to.*

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Scottish Parliamentary Pensions Bill, agrees to any expenditure charged on the Scottish Consolidated Fund in consequence of the Act.

**The Presiding Officer:** The third question is, that amendment S3M-2853.4, in the name of John Park, which seeks to amend motion S3M-2853, in the name of John Swinney, on the Scottish economy, 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)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Margaret (Glasgow Baillieston) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Foulkes, George (Lothians) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gordon, Charlie (Glasgow Cathcart) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Henry, Hugh (Paisley South) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kelly, James (Glasgow Rutherglen) (Lab)  
 Kerr, Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Tom (Hamilton South) (Lab)  
 McConnell, Jack (Motherwell and Wishaw) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)

McNulty, Des (Clydebank and Milngavie) (Lab)  
 Mulligan, Mary (Linlithgow) (Lab)  
 Murray, Elaine (Dumfries) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Whitton, David (Strathkelvin and Bearsden) (Lab)

**AGAINST**

Adam, Brian (Aberdeen North) (SNP)  
 Ahmad, Bashir (Glasgow) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Allan, Alasdair (Western Isles) (SNP)  
 Brocklebank, Ted (Mid Scotland and Fife) (Con)  
 Brown, Gavin (Lothians) (Con)  
 Brown, Keith (Ochil) (SNP)  
 Brown, Robert (Glasgow) (LD)  
 Brownlee, Derek (South of Scotland) (Con)  
 Campbell, Aileen (South of Scotland) (SNP)  
 Carlaw, Jackson (West of Scotland) (Con)  
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)  
 Constance, Angela (Livingston) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Don, Nigel (North East Scotland) (SNP)  
 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)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harvie, Christopher (Mid Scotland and Fife) (SNP)  
 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)  
 Paterson, Gil (West of Scotland) (SNP)  
 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)



Smith, Elizabeth (Mid Scotland and Fife) (Con)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Somerville, Shirley-Anne (Lothians) (SNP)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Sturgeon, Nicola (Glasgow Govan) (SNP)  
 Swinney, John (North Tayside) (SNP)  
 Thompson, Dave (Highlands and Islands) (SNP)  
 Tolson, Jim (Dunfermline West) (LD)  
 Watt, Maureen (North East Scotland) (SNP)  
 Welsh, Andrew (Angus) (SNP)  
 White, Sandra (Glasgow) (SNP)  
 Wilson, Bill (West of Scotland) (SNP)  
 Wilson, John (Central Scotland) (SNP)

#### ABSTENTIONS

Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 MacDonald, Margo (Lothians) (Ind)

**The Presiding Officer:** The result of the division is: For 40, Against 75, Abstentions 3.

*Amendment disagreed to.*

**The Presiding Officer:** The fourth question is, that amendment S3M-2853.1, in the name of Derek Brownlee, which seeks to amend motion S3M-2853, in the name of John Swinney, on the Scottish economy, be agreed to. Are we agreed?

**Members:** No.

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

#### FOR

Adam, Brian (Aberdeen North) (SNP)  
 Ahmad, Bashir (Glasgow) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Allan, Alasdair (Western Isles) (SNP)  
 Brocklebank, Ted (Mid Scotland and Fife) (Con)  
 Brown, Gavin (Lothians) (Con)  
 Brown, Keith (Ochil) (SNP)  
 Brownlee, Derek (South of Scotland) (Con)  
 Campbell, Aileen (South of Scotland) (SNP)  
 Carlaw, Jackson (West of Scotland) (Con)  
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)  
 Constance, Angela (Livingston) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Don, Nigel (North East Scotland) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 FitzPatrick, Joe (Dundee West) (SNP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 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)  
 MacDonald, Margo (Lothians) (Ind)

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)  
 Swinney, John (North Tayside) (SNP)  
 Thompson, Dave (Highlands and Islands) (SNP)  
 Watt, Maureen (North East Scotland) (SNP)  
 Welsh, Andrew (Angus) (SNP)  
 White, Sandra (Glasgow) (SNP)  
 Wilson, Bill (West of Scotland) (SNP)  
 Wilson, John (Central Scotland) (SNP)

#### AGAINST

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)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Margaret (Glasgow Baillieston) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 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)  
 Gray, Iain (East Lothian) (Lab)  
 Henry, Hugh (Paisley South) (Lab)  
 Hume, Jim (South of Scotland) (LD)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kelly, James (Glasgow Rutherglen) (Lab)  
 Kerr, Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 McArthur, Liam (Orkney) (LD)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Tom (Hamilton South) (Lab)  
 McConnell, Jack (Motherwell and Wishaw) (Lab)  
 McInnes, Alison (North East Scotland) (LD)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Mulligan, Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)

Murray, Elaine (Dumfries) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stewart, David (Highlands and Islands) (Lab)  
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Tolson, Jim (Dunfermline West) (LD)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Whitton, David (Strathkelvin and Bearsden) (Lab)

#### ABSTENTIONS

Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)

**The Presiding Officer:** The result of the division is: For 63, Against 53, Abstentions 2.

*Amendment agreed to.*

**The Presiding Officer:** The fifth question is, that amendment S3M-2853.3, in the name of Jeremy Purvis, which seeks to amend motion S3M-2853, in the name of John Swinney, on the Scottish economy, be agreed to. Are we agreed?

**Members:** No.

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

#### FOR

Brown, Robert (Glasgow) (LD)  
 Finnie, Ross (West of Scotland) (LD)  
 Hume, Jim (South of Scotland) (LD)  
 McArthur, Liam (Orkney) (LD)  
 McInnes, Alison (North East Scotland) (LD)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Tolson, Jim (Dunfermline West) (LD)

#### AGAINST

Adam, Brian (Aberdeen North) (SNP)  
 Ahmad, Bashir (Glasgow) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Alexander, Ms Wendy (Paisley North) (Lab)  
 Allan, Alasdair (Western Isles) (SNP)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brocklebank, Ted (Mid Scotland and Fife) (Con)  
 Brown, Gavin (Lothians) (Con)  
 Brown, Keith (Ochil) (SNP)  
 Brownlee, Derek (South of Scotland) (Con)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Campbell, Aileen (South of Scotland) (SNP)  
 Carlaw, Jackson (West of Scotland) (Con)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)

Constance, Angela (Livingston) (SNP)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Curran, Margaret (Glasgow Baillieston) (Lab)  
 Don, Nigel (North East Scotland) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 FitzPatrick, Joe (Dundee West) (SNP)  
 Foulkes, George (Lothians) (Lab)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gordon, Charlie (Glasgow Cathcart) (Lab)  
 Grahame, Christine (South of Scotland) (SNP)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Christopher (Mid Scotland and Fife) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Henry, Hugh (Paisley South) (Lab)  
 Hepburn, Jamie (Central Scotland) (SNP)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Adam (South of Scotland) (SNP)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kelly, James (Glasgow Rutherglen) (Lab)  
 Kerr, Andy (East Kilbride) (Lab)  
 Kidd, Bill (Glasgow) (SNP)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Lamont, John (Roxburgh and Berwickshire) (Con)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lochhead, Richard (Moray) (SNP)  
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 MacDonald, Margo (Lothians) (Ind)  
 Macintosh, Ken (Eastwood) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 Marwick, Tricia (Central Fife) (SNP)  
 Mather, Jim (Argyll and Bute) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 Maxwell, Stewart (West of Scotland) (SNP)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Tom (Hamilton South) (Lab)  
 McConnell, Jack (Motherwell and Wishaw) (Lab)  
 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)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Milne, Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Mulligan, Mary (Linlithgow) (Lab)  
 Murray, Elaine (Dumfries) (Lab)  
 Neil, Alex (Central Scotland) (SNP)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Paterson, Gil (West of Scotland) (SNP)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 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)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Elizabeth (Mid Scotland and Fife) (Con)  
 Somerville, Shirley-Anne (Lothians) (SNP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Stewart, David (Highlands and Islands) (Lab)  
 Sturgeon, Nicola (Glasgow Govan) (SNP)  
 Swinney, John (North Tayside) (SNP)  
 Thompson, Dave (Highlands and Islands) (SNP)  
 Watt, Maureen (North East Scotland) (SNP)  
 Welsh, Andrew (Angus) (SNP)  
 White, Sandra (Glasgow) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Whitton, David (Strathkelvin and Bearsden) (Lab)  
 Wilson, Bill (West of Scotland) (SNP)  
 Wilson, John (Central Scotland) (SNP)

**The Presiding Officer:** The result of the division is: For 13, Against 105, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The final question is, that motion S3M-2853, in the name of John Swinney, on the Scottish economy, as amended, be agreed to. Are we agreed?

**Members:** No.

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

#### FOR

Adam, Brian (Aberdeen North) (SNP)  
 Ahmad, Bashir (Glasgow) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Allan, Alasdair (Western Isles) (SNP)  
 Brocklebank, Ted (Mid Scotland and Fife) (Con)  
 Brown, Gavin (Lothians) (Con)  
 Brown, Keith (Ochil) (SNP)  
 Brownlee, Derek (South of Scotland) (Con)  
 Campbell, Aileen (South of Scotland) (SNP)  
 Carlaw, Jackson (West of Scotland) (Con)  
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)  
 Constance, Angela (Livingston) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Don, Nigel (North East Scotland) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 FitzPatrick, Joe (Dundee West) (SNP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 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)  
 Swinney, John (North Tayside) (SNP)  
 Thompson, Dave (Highlands and Islands) (SNP)  
 Watt, Maureen (North East Scotland) (SNP)  
 Welsh, Andrew (Angus) (SNP)  
 White, Sandra (Glasgow) (SNP)  
 Wilson, Bill (West of Scotland) (SNP)  
 Wilson, John (Central Scotland) (SNP)

#### AGAINST

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)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Margaret (Glasgow Baillieston) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Foulkes, George (Lothians) (Lab)  
 Glen, Marilyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gordon, Charlie (Glasgow Cathcart) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Henry, Hugh (Paisley South) (Lab)  
 Hume, Jim (South of Scotland) (LD)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kelly, James (Glasgow Rutherglen) (Lab)  
 Kerr, Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 McArthur, Liam (Orkney) (LD)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Tom (Hamilton South) (Lab)  
 McConnell, Jack (Motherwell and Wishaw) (Lab)  
 McInnes, Alison (North East Scotland) (LD)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Mulligan, Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Elaine (Dumfries) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)

Stephen, Nicol (Aberdeen South) (LD)  
 Stewart, David (Highlands and Islands) (Lab)  
 Stone, Jamie (Caithness, Sutherland and Easter Ross)  
 (LD)  
 Tolson, Jim (Dunfermline West) (LD)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Whitton, David (Strathkelvin and Bearsden) (Lab)

#### ABSTENTIONS

Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 MacDonald, Margo (Lothians) (Ind)

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

*Motion, as amended, agreed to.*

*Resolved,*

That the Parliament notes the impact of the global economic slowdown on families, individuals and businesses across Scotland; notes the actions already taken by the Scottish Government but believes that the current recession is in part attributable to the mismanagement of the UK economy by the present UK Government and the era of irresponsibility over which it has presided, evidenced by the record levels of government borrowing, regulatory failure and the taxation of pension schemes, which has discouraged saving and investment, and welcomes the measures approved by this Parliament, such as business rates relief and the council tax freeze, which will help businesses and households to maximise jobs and investment and provide a basis for Scotland to take early and speedy advantage of any recovery.

## Community Energy Scotland

**The Deputy Presiding Officer (Trish Godman):** The final item of business is a members' business debate on motion S3M-2684, in the name of Dave Thompson, on welcoming the launch of Community Energy Scotland. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament welcomes the launch of Community Energy Scotland, the new Highland-based Scottish charity that has taken over the work of the Highlands and Islands Community Energy Company to support communities throughout Scotland to develop sustainable energy projects; commends the organisation's aim to build confidence, resilience and wealth at community level in Scotland through sustainable energy development, and further commends its leadership role in the growing grass-roots movement dedicated to reinforcing local control and decision-making within the community sector through sustainable energy development and the contribution that this will make to achieving Scotland's ambitious climate change targets.

17:06

**Dave Thompson (Highlands and Islands) (SNP):** I thank the members whose support for my motion has enabled this debate to take place. The debate gives me an opportunity to welcome the launch of Community Energy Scotland and to bring the work of that excellent new organisation to wider attention. Members who were able to attend the Community Energy Scotland reception in the garden lobby last month to hear the presentation by the team led by Nicholas Gubbins, who was also at this morning's meeting of the Economy, Energy and Tourism Committee, and people involved in projects around the country will know of the organisation's work. I will fill in the background for those who were not able to make it.

What is now Community Energy Scotland began life in 2002 as the community energy unit—a handful of Highlands and Islands Enterprise staff charged with the task of helping communities throughout the Highlands and Islands to benefit from small-scale renewable energy projects. The team's success led to the formation in 2004 of the Highlands and Islands Community Energy Company—HICEC. With funding from HIE and the Scottish Government, HICEC subsequently helped hundreds of community groups throughout the Highlands and Islands to benefit from renewable energy. It soon became obvious to staff that there was much greater demand for their help from groups around Scotland than had previously been envisaged. For that reason, they established Community Energy Scotland, a Scotland-wide charity. Although the team has grown considerably to meet its new remit, I am delighted and proud

that its headquarters remain in the Highlands—in fact, just down the road from my regional office in Dingwall.

Membership costs just £10. For that, community groups gain up-to-date information on project development and funding, and the opportunity to join a network that includes many other like-minded groups. Membership also brings voting rights, which ensures that communities have real influence on the activities and future direction of the new network. Community Energy Scotland aims over the coming year to develop throughout Scotland a free advice service to enable a face-to-face approach, which is important in confidence building.

Capacity building in communities is central to the work and ethos of Community Energy Scotland. Rightly, the organisation sees that as being crucial to building skills and abilities in the communities in which it works. Only by building capacity in those communities, wherever they happen to be, can we provide them with the ability and resources to manage renewable energy projects. Most projects are run voluntarily by community members, who have great need of support and help along the way to develop the range of skills that they need.

Great examples of how the approach can succeed in practice were given by members of community groups who spoke at last month's reception. First, Jacqui MacLeod of the Isle of Gigha Heritage Trust told us how Gigha has been able to develop the first community-owned wind farm in the United Kingdom. That landmark project, with just three turbines, meets all Gigha's energy needs and exports the surplus to the mainland, which will provide the community with an annual net income of around £80,000. Community members were at each stage consulted through a series of meetings that took place throughout the development of the project. The Gigha community has named the turbines Creideas, Dòchas and Carthannas—Gaelic for Faith, Hope and Charity. Collectively, they call them the dancing ladies. The financial model around the project was based on a combination of grant funding, loan funding and equity, including an £80,000 shareholding from HIE.

Secondly, Ian Leaver of the Isle of Eigg Heritage Trust told people at the reception of the recent electrification of the island and the difference that has made to the lives of islanders. The Isle of Eigg electrification scheme is now commissioned and operational, with 100 per cent take-up. All 37 households and five commercial properties on the island are connected—they now have their very own supply of renewable electricity. The effect of the electrification project on the Eigg community has been significant. In a number of ways, it is

leading to greater self-sufficiency. The electrification scheme is the first island electrical grid network in the UK that is powered by an integrated mix of microscale renewable energy technologies. The island harnesses solar and kinetic energy by generating electricity using a mix of renewable technologies, including a new 10kW solar photovoltaic array, a new 100kW run-of-river hydro facility, wind power from four new 6kW wind turbines and the inclusion of two existing 6kW hydros.

Finally, Angela Williams of the Knoydart Foundation spoke of that community's off-grid hydro scheme, which supplies householders and businesses in Knoydart. Although it is on the mainland, Knoydart is accessible only by sea. To all intents and purposes, it is an island community, and it is not grid-connected. One of the first projects for the foundation was the upgrade of the 280kW hydroelectric scheme that supplied electricity to the local community. It was viewed as a key project with social and economic benefits for the community. Since then, the foundation has increased the number of connections from 42 to 65 properties—residential, business and community; upgraded the distribution network; put in place a monitoring system; undertaken training for board members and staff; and undertaken phase 1 of a study into hydrogen production using spare capacity from the hydro station.

Just this month, it was announced that two groups that Community Energy Scotland had been working with in Orkney have secured planning consent for wind-turbine projects. That will allow the Stronsay community and the Rousay, Egilsay and Wyre Development Trust to develop single turbines, which have the potential to bring enormous social and economic benefits to their island communities.

Community Energy Scotland is already working with communities in other parts of Scotland, but it is realistic in understanding that it faces a major task to replicate in other areas the success that it has achieved in the Highlands and Islands. Its vision and ambition was clearly set out by the chairman, Alan Hobbett, who was here in the Parliament last month. He said:

"Over the next ten years, we want to see thousands of community-owned renewable energy projects across Scotland, from small 'micro-renewable' energy plants to larger scale wind farms, wood-fuelled district heating plants, anaerobic digesters and even wind-powered electric transport, all owned by communities at a local level.

These projects can bring real benefits to communities, helping to reduce energy costs and even to bring much needed cash into the community—while helping reduce Scotland's greenhouse gas emissions and establish Scotland as a leader in renewable energy development."

I believe that he is right on all those counts. I hope that members will join me not only in

welcoming the launch of Community Energy Scotland, but in lending their support to its work by spreading the word in their areas.

17:13

**Gavin Brown (Lothians) (Con):** I congratulate Dave Thompson on securing the debate. I had the pleasure of having a short conversation at the Economy, Energy and Tourism Committee this morning with Community Energy Scotland's chief executive, Nicholas Gubbins, who had a lot of important contributions to make. The company has been operating in its current guise only since August this year, but was running under its predecessor's name for at least five, if not six, years. It has achieved a great deal in that time. Officially, its job is

"to build confidence, resilience and wealth at community level in Scotland through sustainable energy development."

I prefer the other description on its website, which puts it in far simpler terms:

"We were set up to help communities make the most of opportunities available to them ... installing micro-generation technologies into community halls and other facilities can help reduce running costs."

That pretty much hits the nail on the head.

The chief executive of Community Energy Scotland told us this morning that community energy has enormous potential—as, I think, all parties accept—but that much of that potential is currently untapped. There are many obstacles, but a great benefit of Community Energy Scotland is that because of the breadth and depth of projects in which it has been involved during the past six years, it has enormous experience. It has learned from each project and can help communities to pass on their knowledge to other communities. I hope that that expertise will eventually spread outside the Highlands and Islands.

At any one time, Community Energy Scotland has more than 100 active projects, and over the piece at least 200 projects have been completed and are functioning. The organisation has been active in many communities, particularly in the mainland Highlands and Argyll, although the Outer Hebrides, Orkney and Shetland appear to have a number of projects. I am told that there is even a small office in Glasgow, so the organisation's operations appear to be moving south. I hope that the Lothians, too, will benefit from its experience in the months and years to come.

I like that Community Energy Scotland does not focus on one type of renewable energy, such as wind farms, an excellent example of which was mentioned by Dave Thompson. The organisation works on projects that involve air-source heat pumps, biomass, solar energy, water-source heat pumps, micro-hydroelectric energy, photovoltaic

energy and automated wood-fuel heating. It has dealt with projects of various sizes, from initiatives to secure microgenerators for community halls to projects that affect entire communities.

We heard this morning about some of the issues and obstacles on which we need to focus. Distribution is a particular problem. Transmission difficulties are well known throughout the industry and Community Energy Scotland could play a role in highlighting distribution problems. We heard that one project is on hold because it would cost £1.8 million to get it on to the network.

I am sure that there will be more projects, and I hope that some of them will be in the Lothians. I look forward to seeing the database of projects that the organisation says it will put together, so that we can ascertain how it is performing in practice.

Community Energy Scotland's work will reduce energy costs for communities, empower communities to shape their future and reduce carbon emissions. I am pleased to support Dave Thompson's motion.

17:17

**Liam McArthur (Orkney) (LD):** I, too, warmly congratulate Dave Thompson on securing the debate. My former colleague Andrew Arbuckle lodged a similar motion in 2006, but it is fair to say that since then the importance of community energy projects has increased and the full extent of their potential has gained greater recognition, although I accept what Gavin Brown said about there continuing to be barriers. The motion highlights the link between renewable energy projects and the economic viability and sustainability of many of Scotland's most fragile communities.

Of course, I would argue that it would have been more appropriate to base Community Energy Scotland in the islands but, like Dave Thompson, I welcome the fact that a body that is based in the Highlands has been handed a nationwide remit, which reflects the leading role that the Highlands and Islands have played in the development of community energy. I acknowledge the tremendous work of HICEC in that regard.

The change in name will not herald a wholesale change in personnel. Many people who have played a decisive part in the success of community energy will make a seamless transition to the new structure. Sam Marcus, from my constituency, personifies that phenomenon. He has been a driving force in the Westray community, so it came as little surprise when he was elected last year to serve as a councillor for all of the north isles. However, Sam is perhaps best known for his work on community renewables

projects. He was previously the local HICEC officer and he has taken on a similar role in Community Energy Scotland, which illustrates my point. He was also instrumental in taking forward the work of the Westray Development Trust from its inception under the aegis of the previous Executive's initiative at the edge. In that context, the motion makes a valuable point about the link between community energy projects and the building of "confidence, resilience and wealth" in small, remote communities.

The development trusts, now established on most of the Orkney islands, have taken, and continue to take, advantage of community energy projects to build capacity and viability in each island. They also give people confidence—the confidence that, provided with the right tools, they can help to shape how their islands develop.

It pains me, as a Sanday man, to acknowledge the lead that Westray has taken. As well as the on-going development of a community turbine project, Westray also boasts an exciting pilot initiative in anaerobic digestion, using slurry and other animal waste to generate heat, electricity and biodiesel. Sam Marcus and his collaborator Colin Risbridger are often seen driving around the island in their biodiesel-fuelled Astra. Meanwhile, the parish kirk and Kalisgarth care home draw heavily on other renewables technologies.

Other islands are adopting their own approach. Sanday has three turbines—not the dancing ladies, which can be found elsewhere on the island—that see funds channelled to island projects through the Spurness community benefit fund. As has been mentioned, last week saw consent granted to community single turbine projects on Rousay and Stronsay. The latter already has three turbines, but the community is determined to adopt a different approach in the next phase of development, and to ensure that more of the revenue is retained in the island. William Caithness, the island's development trust officer, summed it up when he said:

"this is now the first real step towards making our community sustainable in the long term".

Eday has been given consent under delegated powers, while decisions are expected soon on similar turbine projects in Hoy, Shapinsay, South Ronaldsay and Burray. As a resident of Burray, I am conscious of the need not to take a cavalier attitude to the proposed development on the island, notwithstanding its potential economic and social significance. However, it is generally acknowledged that the existing Burray turbine is an excellent example of a community-backed and owned project. It is one that other communities in Orkney have long sought to emulate. On a personal level, at the end of each week the Burray

turbine stands as a striking and welcome confirmation that I will soon be home.

The debate tomorrow morning will provide a further opportunity to develop points about the contribution that small-scale renewables and energy efficiency can and must make in helping us to achieve our climate change objectives. For this evening, however, it is right that we celebrate the success of community energy projects in playing their part environmentally, socially and economically. I warmly congratulate HICEC and Community Energy Scotland on their achievements to date. I wish all those involved well in taking the work forward, and I welcome the opportunity to participate in this evening's debate.

17:22

**Jamie McGrigor (Highlands and Islands) (Con):** I, too, congratulate Dave Thompson on securing today's debate. I pay tribute to all those who have been involved in the Highlands and Islands Community Energy Company, and I wish the company's transition to Community Energy Scotland every success.

As others have said, the potential for renewable energy in my region, the Highlands and Islands, is massive, and we would all agree that community involvement from the beginning is crucial to the success of renewable energy projects. There have been some good examples of such involvement. Dave Thompson stole my thunder and the joke that I was going to tell about the three naked ladies—the three turbines on the isle of Gigha, which made £100,000 profit for the community in their first year.

Last night, along with my Highlands and Islands colleagues, I took part in a seminar hosted by Viking Energy on its proposed Shetland wind farm, which would rely on a subsea cable between Shetland and the east coast of Moray. Such operations will help people in Shetland to keep the high standard of living to which they have become accustomed thanks to the oil revenues of the past, which will not last for ever.

I have just read the First Minister's call for a North Sea supergrid partnership as a milestone in Scotland becoming the green energy capital of Europe. It is a great concept, as long as it is backed up by practical suggestions on how that can be achieved. If we are going to be the capital, we must start with a few counties.

A constituent on the Isle of Jura has expressed his huge frustration at not being able to take forward a small-scale hydro scheme because of the lack of infrastructure on the island. We need a Government that has a real energy strategy and gives a steer on the form that energy production should take and the infrastructure that will carry it.

I live in Argyll and Bute, where a good many wind farms are situated near hydro stations of the past because the infrastructure already exists to carry the electricity. We cannot put the cart before the horse.

This morning, listening to BBC Radio 4, I heard that Ironbridge coal-fired power station had not met the European Union acid rain regulations and so is due to close down, along with eight or nine other coal-fired power stations. Add to those the four nuclear power stations that are due to go into decommissioning by 2015, and one can begin to understand why there are already warnings about the energy gap and lights going out everywhere.

New nuclear power stations offer an answer because they are carbon neutral, but on the principle that it is never wise to put all one's eggs into one basket, community energy projects are to be desired and encouraged. The Scottish Conservatives will certainly encourage them wherever they are appropriate.

I emphasise to the minister the difficulties that are being faced by small hydro schemes that have to abide by the new controlled activities regulations to which Scotland signed up under the European water framework directive. The licences that are now required are making the job far more expensive in Scotland than in England. Small hydro schemes are ideal for the Scottish climate and topography and they should be encouraged rather than held back by the CARs. I ask the minister to comment on that particular problem.

17:26

**Peter Peacock (Highlands and Islands) (Lab):**

I rise to support Dave Thompson's motion, to join him in welcoming the launch to which it refers and, notwithstanding what Liam McArthur said, to welcome the fact that the organisation is located in the Highlands and Islands.

Jamie McGrigor referred to the three naked ladies; I must confess that I was sure that Dave Thompson talked about the three dancing ladies. If Jamie McGrigor can let us into the secret of their location later, I am sure that members would be grateful.

**Jamie McGrigor:** I simply referred to the fact that the turbines have not got any clothes on.

**Peter Peacock:** Indeed, and we know about Jamie's reputation in such matters.

It is interesting that this development has grown out of what the Highlands and Islands Development Board and Highlands and Islands Enterprise did in the past with the development of social enterprise. Community Energy Scotland follows on from the development of community co-ops back in the late 1970s and into the 1980s.

Many of those co-ops struggled because they were right on the edge of economic adversity.

What is interesting about the work that has been going on for the past few years, and which will continue, is that the economic opportunities that will arise out of Community Energy Scotland are far more significant than those that used to be available to community co-ops in difficult circumstances. Both initiatives have grown from the same stable.

I have observed that people are now much more interested in how they can play a part, both individually and in the community, in combating climate change. They will increasingly be able to do so because of the current and future work of Community Energy Scotland, through small-scale wind farms, the potential district heating system, small hydroelectric schemes, biomass, heat pumps and the like. I could go on listing the different kinds of technology.

Dave Thompson was right to refer to the Eigg enterprise and the breakthrough that it helped to make in land reform. What happened in Knoydart and what is going to happen on Stronsay are also very good examples of how communities can take advantage of opportunities, make progress with economic development and make a contribution to finding solutions to climate change, which concerns people.

Some schemes can generate huge incomes—relative to the scale of their communities. That gives communities an enormous opportunity to invest in their social fabric, sustain their populations and stimulate other economic development. In contrast with the old community co-op form of social enterprise, the new scheme is much more liberating and exciting and has much more long-term potential. This movement of change, in which communities take more control and ownership of their energy needs, contribute to climate change solutions and help to build confidence by taking responsibility for their circumstances, is very much in the spirit of land reform, on which the Parliament enacted significant legislation in its early years.

I welcome what is happening and the continuing move towards community empowerment, of which Community Energy Scotland is one example. I wish every enterprise that will tackle such issues in future success, and I wish Community Energy Scotland every success in supporting those communities.

17:30

**Robin Harper (Lothians) (Green):** I congratulate Dave Thompson on securing the debate. The work on community energy that is being done throughout the country has not gone



unnoticed furth of Scotland. Quite soon, we might become an example, not just to England and Wales, but to Europe. Remarkable progress has been made. Only three weeks ago, in my capacity as convener of the cross-party group in the Scottish Parliament on renewable energy and energy efficiency, I was invited to address a conference in Berwick-upon-Tweed, just across the border. People in the north of England are extremely interested in what we are doing on that front in Scotland and are looking to us as an example to follow and as a source of ideas to adopt across that region.

I would like briefly to develop what Peter Peacock said about the future: rural Scotland has a huge future in community energy. Not only does rural Scotland have a huge future in community energy, it is a huge necessity that it embraces community energy. As we approach the middle of the next century, energy security will be one of the top priorities across Europe and the world. It is extremely important that we embed energy security in our rural areas, which are usually the first to suffer when prices go up and security of supply of anything from energy through to food and pots and pans is affected, and I know that that is recognised throughout the Parliament.

Earlier this year, I was lucky enough to visit Holland in the company of a group of architects from Glasgow. Every year, John Gilbert Architects takes its whole team to another European country to look at what is being done there. This year, it went to Holland. We took a look at what the Dutch are doing in architecture, insulation and small-scale energy production. It is interesting that Holland has what is possibly Europe's only centre of the kind—it is a bit like a supermarket where one can buy off-the-shelf products whose energy efficiency has been evaluated, including every kind of insulation that one can think of, as well as all kinds of rooftop wind turbine. It sells things that look like Archimedes' screws that go straight up in the air, as well as things that look like goodness knows what—one would think that they would be dragged across a cricket pitch to flatten it, but they actually go across the roof and revolve horizontally. It is an extremely exciting place where people can pick up the best of the latest technology. It would be enormously useful if Community Energy Scotland could, with a little bit of help from Government, get industry to set up a similar facility in Scotland for anyone who is interested in improving their energy efficiency or in setting up small-scale energy production.

As regards the scale of what is happening, so far the communities involved have all been relatively small, but I am quite sure that in the next few years, particularly in the north of Scotland, we could have wonderful schemes, whether in communities the size of Bettyhill or in communities

the size of Ullapool. Community energy projects are not restricted to small rural communities; we should think big in the next 10 to 20 years and consider how medium-sized small towns across Scotland, but particularly in the north of the country, could take advantage of everything that is on offer.

I again congratulate Dave Thompson on securing the debate.

17:34

**The Minister for Enterprise, Energy and Tourism (Jim Mather):** I congratulate Dave Thompson not only on securing the debate but on launching it in such an informed and informative way. Other members have augmented what he said. I now know a lot more about Westray, Sanday, Rousay and Stronsay than I did before, and I am pleased to hear that Sam Marcus has made good use of the biomass support scheme to make the progress that he has.

I welcome the motion. I was pleased to be in the garden lobby on 7 October to celebrate the formal launch of Community Energy Scotland in the Parliament. In its former incarnation as the Highlands and Islands Community Energy Company, it had a terrific track record of getting many community renewables projects off the ground. I was pleased to hear Gavin Brown say that he was looking forward to the relentless march of CES out of the Highlands to a community near him. What was demonstrated in the garden lobby was the confidence of successful communities that have made renewable energy work for them in that intelligent way of the new self-sufficiency, which is generating more confidence and more resilience, and is retaining wealth in situ. That strong link is important. Peter Peacock said that we now have viable models that might trigger other projects with momentum. Such projects are almost franchises with no franchise fee or royalty payment.

It is great to see what CES has managed. Nearly all its achievements have been a direct result of funding by the Scottish Government—both the previous Administration and the current one—in the Scottish community and householder renewables initiative. We very much share the ambition that community renewables can drive things forward, which is why we have tripled the funding for community microgeneration. We look forward to the new grants scheme next year, which will focus on maximising community benefits and engagement. There is continuity here, and it is increasingly clear, as we look forward to the renewable energy framework, that the role of social enterprise is particularly potent in harnessing the potential for renewables, driving local regeneration, and promoting solidarity,

cohesion and sustainability in our communities. The key role for an enterprising third sector is to help us to achieve those objectives.

Although I welcome the addition of another home-grown organisation such as CES to the fold, I make it clear from the outset that CES is a potential bidder under the competitive procurement process that is under way for the delivery of our community renewables support programme from April 2009. In line with European Union guidelines, that process is open and transparent. All bidders, including CES if it wishes to bid, will be treated equitably and fairly. In congratulating CES, I am not implying any prejudice in that process.

Meanwhile, there is a clear and pressing need to transform the energy sector in Scotland to help to achieve the carbon reductions to which we are committed. The good news is that there are tremendous opportunities for Scotland to benefit economically from actions that safeguard the environment. The Scottish Government aims to create a more successful country, with opportunities for all to flourish through increased sustainable growth. In that context, the third sector, including social enterprise, is a vital contributor. In that goal, at a national and local level, that crucial role exists not only generally but specifically, in the delivery by social enterprises of specific skills, and the proven models that are essentially, as I mentioned, the franchise without the franchise fee.

When we consider how energy is supplied, we can see that energy is no longer only within the remit of the big multinationals.

I should digress to address a specific point that Jamie McGrigor raised, which has also been raised with me from the same location in Jura. We have met the people in question, the British Hydropower Association, and Nick Forrest, who produced the wonderful plan that told us where 650MW of small-scale hydro that was both economically viable and environmentally acceptable was available in Scotland. I can tell Mr McGrigor that the hydro sub-group of the forum for renewable energy development in Scotland is focused on this issue. We are endeavouring to make the process as straightforward as possible and to ensure that communities and individuals can be the suppliers of that potential 650MW. Those people will have a deep respect for the environment. As Mr McGrigor knows, social responsibility goes along with that.

Scotland has a fantastic opportunity: we have great wealth and great potential in energy, and we have local resilience. The combination of those two factors is what will make this whole issue so rewarding. It is seemly that this is happening in rural Scotland. People there have suffered from

low growth over many long years, and times are especially challenging just now. It is therefore nice that CES and other initiatives can help rural Scotland to confront the challenges and can bolster local economies and local quality of life.

The initiatives may do more than just effect successful social enterprises in the area of renewable energy; they may also catalyse yet more initiatives. I am happy to advertise the fact that in my constituency we are trying to activate every single sector and, in the process, bring the sectors together. An energised local energy sector can sell energy to the local authority, to schools, to hospitals and to other local businesses. It can perhaps create businesses that, because they are energy intensive, would not be so viable without that local energy.

We are now pushing forward with our renewable energy framework, which I mentioned earlier and which has been published on the Scottish Government's website. Our work can be materially helped by a healthy focus on renewables by the third sector. The third sector has a lot to offer: it can bring social and regional equity, and it can allow locations such as Westray, Sandray, Gigha and Eigg to broadcast what they are doing and cross-pollinate with other places.

We are in a unique situation and I wish CES and others well. In social enterprises and in renewable energy, this generation can leave a legacy and can start levelling the playing fields for rural locations. Future generations will be able to have a new beginning in a rural setting.

*Meeting closed at 17:42.*

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