

# **MEETING OF THE PARLIAMENT**

Wednesday 17 December 2008

Session 3

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## Scottish Parliament

*Wednesday 17 December 2008*

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

### Time for Reflection

**The Presiding Officer (Alex Fergusson):**  
Good afternoon. The first item of business this afternoon is time for reflection. Our time for reflection leader today is the Very Rev Patrick Keegans, formerly the parish priest of Holy Trinity church in Lockerbie.

**The Very Rev Patrick Keegans (Former Parish Priest, Holy Trinity Church, Lockerbie):**  
Thank you.

"And I will lead the blind in a way they know not; in paths they have not known I will guide them. I will turn the darkness before them into light, and rough places into level ground."

Those words from the prophet Isaiah have great significance in my life.

When I was the parish priest of Holy Trinity catholic church in Lockerbie, I was in my house at 1 Sherwood Crescent on the evening of 21 December 1988. My mother, Mary Keegans, was with me.

The darkness came. At 7.04 pm, Pan Am flight 103, destroyed by a bomb on board the aircraft, crashed into the town of Lockerbie.

The darkness came. The lights went out. The house shook violently. An almighty explosion tore Sherwood Crescent apart, and then there was a silence and stillness, and still the darkness.

Then another kind of darkness took over: the thick, suffocating darkness that comes from extreme grief; the darkness that invades the human spirit, and threatens to crush and destroy. Two hundred and seventy people had been murdered: 11 residents of Sherwood Crescent and 259 passengers on Pan Am flight 103.

And into that darkness there came light. That light came from the people of Lockerbie. It was the light of genuine love, care and concern for all who were suffering. The people of Lockerbie, shocked to the core, looked not to themselves but to others. They are a shining jewel in the crown of Scotland. The words of John's gospel about Christ come to mind:

"A light shines in the darkness, a light that darkness could not overpower."

The love, light, and compassion of Christ were shining through the people of Lockerbie, as they do to this very day.

As we approach the 20<sup>th</sup> anniversary of the Lockerbie air disaster, our thoughts and our prayers turn to those who died, and we remember our friends in the United States of America, our United Kingdom families, those of all other nationalities, and all those who, in some form or another, are victims of the disaster.

At a time of great sorrow I was asked by Dr Jim Swire, whose daughter Flora died on the plane, to conduct a service for the UK families. The words of Isaiah came to me. I pray and reflect on these words every day:

"And I will lead the blind in a way they know not; in paths they have not known I will guide them. I will turn the darkness before them into light, and rough places into level ground."

I pray that each day God will lead us and guide us.

I am elated and honoured to be with you in this very special place, and to speak these words to you. Thank you.

## Budget Process 2009-10

**The Presiding Officer (Alex Fergusson):** The next item of business is a debate on motion S3M-3100, in the name of Andrew Welsh, on behalf of the Finance Committee, on the Scottish Government's draft budget 2009-10. I call Andrew Welsh, the convener of the committee, to speak to and move the motion.

14:35

**Andrew Welsh (Angus) (SNP):** I put on record my thanks to all the members of the committee; to our budget adviser, Professor David Bell; to the research staff in the Scottish Parliament information centre; and to the committee clerks for their expertise and dedication in producing the report and throughout the budget process.

I commend to Parliament the very successful outreach meeting that was held in the County buildings in Ayr, which helped us to get a sense of how the national budget affects local areas. Along with the Parliament's education outreach service, committee members held workshops with representatives of local organisations and the impressive and eloquent students of Belmont academy, Kyle academy and Queen Margaret academy. I am keen for that work to continue at future external meetings. My thanks go to the staff of the education outreach service and all the staff at the County buildings for making the day run so smoothly and effectively.

In presenting the Finance Committee's report, I will focus first on the current economic situation in Scotland and further afield, which has affected our deliberations throughout the budget process. The global economic situation has changed significantly since the publication of the United Kingdom spending review in 2007. Indeed, the economic outlook in both Scotland and the UK has changed substantively since the publication in September of the Scottish draft budget for 2009-10. There are two distinct ways in which those developments affect the Scottish budget and the individual portfolios within it.

The first concerns the effect of the rapid growth in energy and commodity prices. The prices of metals, food, oil and coal grew rapidly throughout 2007 and early 2008. That is why inflation has been much higher than the 2.75 per cent that was forecast by the Treasury in the 2007 spending review. For Scottish Government portfolios, that means that real growth will have been less than was anticipated in last year's budget. Portfolios requiring large amounts of energy and/or food will have been particularly affected. On the other hand, portfolios in which wage costs form a large part of total spending will have been less affected

because wage inflation has remained fairly steady and is well below current rates of price inflation.

Many of the external pressures that previously drove domestic prices upwards have now gone into reverse. The oil price has fallen dramatically and there have been significant falls in the prices of commodities and food, although not all those reductions have been passed on to consumers. The Bank of England's projection for consumer price index inflation, which was made in November, shows that, even if output growth recovers in late 2009, price inflation is likely to decline rapidly during what is left of 2008 and will remain well below its target rate of 2 per cent until at least 2011.

Because the 2009-10 Scottish draft budget assumes an inflation rate of 2.75 per cent, its real value in 2008-09 prices will be greater than was initially expected and will, therefore, go some way towards offsetting the higher than expected inflation during 2008-09. Portfolios that use a lot of energy will find cost pressures easing significantly during 2009-10 if they are able to take advantage of current reductions in wholesale energy prices.

The second major change is that most of the major economies in the world moved into recession during the second half of 2008. Along with other European economies, the UK has experienced negative growth in the past two quarters, which is the technical definition of recession.

An immediate implication for Scotland's public services is that there will be more demand for services to support individuals who are affected by adverse events that are associated with any downturn in economic activity, such as advisory services in relation to unemployment, consumer credit and mortgage default, to which I will refer later.

On the other hand, there will be a reduction in demand for other public services, leading to a reduction in income from, for example, visits to historic sites and planning applications. If forecasts of such income are built into budgets, those budgets are likely to come under strain. In addition, if budgets are predicated on asset sales, and the value of the underlying asset has fallen, public service budgets may, again, be stretched.

Governments around the world are taking monetary and fiscal actions to mitigate any social and economic damage that is caused by the recession. Automatic stabilisers such as unemployment benefit will go some way towards moderating the loss of income to the economy that results from redundancies.

Along with that, most Governments are considering additional discretionary spending to stimulate demand. However, Parliament should

remember that, because we have a fixed budget, that is not possible in Scotland. Nevertheless, our Government can allocate demand towards the parts of the economy from which recovery may be stimulated or which have been particularly adversely affected by the recession.

In addition to the six-point plan for economic recovery that was published in October, the Scottish Government plans to reprofile capital expenditure to fund a £100 million increase in the affordable housing investment programme, with £30 million to be spent in 2008-09, and the remaining £70 million in 2009-10.

Concerns were raised by subject committees about the impact on those programmes from which the money has been transferred and about the potential impact on spending in future years. In our report, we call on the Government to demonstrate how the investment will be used to maximise the impact both on the construction industry and on the Scottish economy more generally.

Although the committee was divided on certain elements of the Government's plan for supporting the economy, we were unanimous that, alongside the six-point plan for supporting the economy and the commitments made to bring forward infrastructure spending, the Government should consider all available funding models for that spending, and should also ensure that Skills Development Scotland is working to fill areas of shortage and that the partnership action for continuing employment—PACE—teams are resourced so that they are able to meet any increase in unemployment.

We can already see the current economic crisis leading to increased unemployment in Scotland, with the very real possibility of more job losses to come. It is clear that the demand for the important services that are provided by the citizens advice bureaux, money advice workers and credit unions will increase as the recession progresses. Therefore, our report calls on the Scottish Government to consider whether further support can be given to organisations that provide those services as their workload increases.

The reprofiling of capital spend by the UK Government, as set out in the UK Government's recent pre-budget report, will allow the Scottish Government to reprofile £260 million of its own capital spending from 2010-11 to the two preceding years. The Cabinet Secretary for Finance and Sustainable Growth set out some of the details of his plans during the debate on 3 December. However, Parliament should note that that is not an increase, as the money will be deducted from the allocation in 2010-11.

Regarding efficiency savings, the committee focused on the potential impact of the level of inflation on any savings, mindful of the effect that it has already had on public sector bodies during the past 12 months. The consumer price index stands at 4.1 per cent, down from a high of 5.2 per cent, whereas the figures in the 2007 spending review were based on the gross domestic product deflator of 2.75 per cent.

Although inflation is expected to fall in 2009, which will help to ease pressure on budgets, some of that effect might be mitigated by the two-year pay deals that were recently settled by many public bodies. This is a difficult area in which to make predictions and, for the most part, it is out of the Scottish Government's hands. However, although we bear that in mind, we recommend to the cabinet secretary that he report to the Finance Committee any new policy developments that cannot be funded and delivered because of the growth in inflation.

In addition to considering the Scottish Government's budget proposals for the coming financial year, the committee decided that it would be useful to examine the Scotland performs website and the Government's accounts for 2007-08. Scrutinising what was spent in the past and assessing previous performance can be a useful starting point for the scrutiny of future spending plans. Many subject committees intimated in their reports to the Finance Committee a clear desire for such outturn figures. We therefore recommend that, in future years, subject committees build an examination of the consolidated accounts into their scrutiny of the draft budget.

The linking of expenditure to outcomes across a budget of £34 billion is a highly complex and difficult task. However, although it will probably never be possible to link perfectly all spending to outcomes, we firmly believe that that does not mean that improvements should not be made. We invite the cabinet secretary to explore that issue further and report back to the committee before the next budget round. We look forward to working constructively with the Government on the issue as the current session of Parliament progresses.

Committees continue to raise concerns about single outcome agreements, particularly with regard to how progress is monitored and how outcomes are achieved. The Finance Committee was pleased to note that in this year's budget documents the Scottish Government has taken into account many of the recommendations that the committee made last year about the provision of information. We call on the Scottish Government to provide further clarity on reporting timescales and monitoring arrangements.

For the future, the Transport, Infrastructure and Climate Change Committee recommended that

the Scottish Government introduce a climate change commentary to the budget documents as soon as possible, and the Finance Committee endorses that proposal. The Finance Committee also supports the Equal Opportunities Committee in asking for an appropriate mechanism to equality proof the budget. We ask the Government to consider a similar mechanism in relation to social justice.

The Finance Committee has produced a sound, balanced and noteworthy report. Although there were differences of opinion between committee members on certain issues, the majority of our recommendations were unanimously agreed. Throughout the process this year, we tried to keep the economic situation at the forefront of our minds, and the report offers some positive and sensible suggestions that we hope the Government will take on board in the constructive manner in which they were produced. I commend the report to Parliament.

I move,

That the Parliament notes the 7th Report 2008 (Session 3) of the Finance Committee on the Scottish Government's Draft Budget 2009-10 (SP Paper 179), and refers the report and its recommendations to the Scottish Government for consideration.

14:48

**The Cabinet Secretary for Finance and Sustainable Growth (John Swinney):** I thank the Finance Committee for its budget report, and Mr Welsh for opening the debate. I acknowledge and welcome the committee's thoughtful and dispassionate contribution to the consideration of the Government's draft budget.

The report acknowledges the efforts that the Scottish Government has made—largely in response to the committee's recommendations—to enhance the quality and readability of the budget documents, and the processes that are in place to scrutinise them. I had suggested to the committee that there should perhaps be scrutiny of outturn expenditure, which was a proposition that I lived to regret. In certain areas the committee is striving for yet further scrutiny of and transparency in the Government's budget process and the presentation of information. We will, of course, reflect on those points and respond to the committee.

As Mr Welsh acknowledged, events have moved on dramatically since the publication of the draft budget, and we have responded swiftly to the changing economic circumstances that we face in Scotland by introducing a range of measures to aid our economic recovery.

The Government's economic recovery programme includes ambitious plans to invest in

affordable housing. It also includes measures to tackle fuel poverty and improve energy efficiency; to streamline planning and regulation; to support confidence in key sectors; and to provide further advice to businesses and households, especially better financial advice to vulnerable individuals.

The programme is in addition to the measures that the Government has already taken to point the Scottish economy in the correct direction. For example, the small business bonus scheme has given welcome assistance to small businesses throughout the country, and the council tax freeze and reductions in prescription charges have helped thousands of households to balance their budgets. Those measures, which the Government introduced, will all support individuals and businesses in the tough economic climate that now prevails.

We are pleased with the flexibility that the UK Government has provided to allow capital spending to be accelerated this year and next. The reprofiling of the capital budget enables the Scottish Government to bring forward up to £260 million of investment in priority areas under the Barnett formula.

We were, of course, involved in accelerating capital expenditure before the UK Government's announcement, with the acceleration of £100 million of affordable housing expenditure into the current financial year and the next one. As Mr Welsh stated, I announced on 3 December our proposals for the acceleration of £33 million of capital expenditure into the current financial year, and a further £227 million is planned for 2009-10. We made it clear recently that a substantial share of that money will go to local government. Councils are clear that they want to accelerate capital expenditure, and between them they will be able to bring forward a substantial programme of capital investment, most of which will be in 2009-10.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** Will the cabinet secretary expand on the mechanism and the programmes that the funding will deliver? Will councils have to seek consent from the Scottish Government in relation to how capital expenditure is accelerated? If so, will he give permission for accelerated expenditure if it is not associated with school building or education?

**John Swinney:** The Government is involved in a discussion with local authorities about what the accelerated capital expenditure will comprise. The points that Mr Purvis raises are material to that discussion, so I will reflect on them and take them forward in my discussions with local authorities. I made it clear in previous debates that new and refurbished school accommodation is an important priority for the Government to concentrate on, but I



am sure that we will also consider other elements of capital expenditure. Full details will be agreed and announced to the Parliament as soon as possible.

I do not intend to comment today on all the recommendations in the Finance Committee's report. We will, of course, send the committee a detailed response in writing before the stage 1 debate on the Government's budget bill in January. However, I am pleased that the report acknowledges the measures that we have taken to amend our budget plans to respond to the current economic situation. We will continue to reflect on that during the preparation of the budget bill.

The committee noted that demand for the services that are provided by citizens advice bureaux and money advice workers is likely to increase as the recession progresses, and the committee called on the Scottish Government to consider what further support organisations that provide such advice and assistance can be given to enable them to expand capacity. The Government has confirmed that it will allocate from the Barnett consequentials that arise from the pre-budget report an additional £1 million over three years to increase access to advice, particularly by expanding face-to-face advice capacity. That is in addition to our existing funding for money advice through the local government settlement, which includes £319,000 a year for training and other infrastructure for the money advice sector and £100,000 a year for national debtline. We are also supporting with nearly £400,000 a promotional campaign by the Money Advice Trust and national debtline to encourage people to seek help to tackle their financial problems. I hope that the Parliament is reassured that the Government is putting in place the financial advice that individuals need at a difficult time.

The Finance Committee considered a range of points in relation to efficiency savings and reflected on the Rural Affairs and Environment Committee's request for the Government to consider carefully our definition of efficiencies and to compare it with the definitions used by the other UK Administrations. Our efficiency programme builds on the previous Administration's programme. It differs from the UK Government's approach, which uses a broader definition of efficiency savings than the one that is used in Scotland. The Government will of course continue to consider those definitions as it monitors the efficient government programme's effectiveness, but I stress that our efficiency targets are constructed in a way that does not involve compulsory redundancies. That is a commitment that I reaffirm this afternoon.

The Local Government and Communities Committee requested further clarification on any

differences in the calculation of efficiency rates in local government from 2009-10 to 2010-11 compared with previous budget periods, and any differences in the types of expenditure used to calculate the 2 per cent savings for local government, compared with those used for other parts of the public sector.

I point out that, in its 2005 to 2008 efficiency programme, the previous Administration did not set efficiency rates for individual local authorities; instead, it merely set a headline target for combined local authority savings. We have applied a 2 per cent efficiency saving target to the core aggregate financial support that the Government gives to local authorities. That tranche of expenditure is made up of former ring-fenced grants that have now been deployed to local authorities.

In response to the Education, Lifelong Learning and Culture Committee's recommendation that the Scottish Government urgently provide clarification of the 2 per cent efficiency savings for the non-local authority elements of the education, lifelong learning and culture budgets, I point out that details of the efficiency savings for such elements are clearly set out in the relevant sections of the efficiency delivery plans that were published in May 2008.

As Mr Welsh made clear, some committees focused on the monitoring of single outcome agreements. The Government believes that those agreements are essential in allowing local authorities to refocus and to move from the endless measurement of inputs towards identifying—as we do right across the public sector—the impact of and impression created by the interventions that we make on the public's behalf. The focus on outcomes will become ever greater in the work of the Government and local authorities not only within the concordat's confines but in the community planning partnerships that are bringing together different public sector organisations in the provision of combined public services.

We have agreed with the Convention of Scottish Local Authorities and the Society of Local Authority Chief Executives and Senior Managers that councils should submit an annual report to the Scottish Government on their progress towards and achievements with regard to the national outcomes. Those reports will provide a basis on which councils and their partners can be held accountable both to their local communities and to the Scottish Government, and their content should reflect as much. The reports should be produced in September each year, which means that reports of progress against 2008-09 single outcome agreements should be produced in September

2009. We intend to make them available for parliamentary scrutiny.

The form of the new reports is under consideration, but the reporting structure will be set out as part of the public performance reporting requirements that are placed on councils by section 13 of the Local Government in Scotland Act 2003. Given that 15 months will have elapsed between the signing of the first single outcome agreements in June 2008 and the first reports becoming available in September 2009, local government will for one year only provide in April 2009 an interim report for the Scottish Government on the first-phase agreements.

The Scottish Government continues its dialogue at official and ministerial level with the UK Government on the application of the international financial reporting standards, which are due to come into effect in our budgets by 1 April 2009. I should alert the Finance Committee to my expectation that the format and composition of budget documents will change once those standards are applied.

The Government pledges to continue its constructive dialogue with the Finance Committee to improve understanding, transparency and scrutiny of the budget process. I look forward to members' speeches this afternoon and the consideration of the budget bill that arises from the Finance Committee's report.

14:59

**David Whitton (Strathkelvin and Bearsden) (Lab):** I am pleased to take part in this debate, and I echo the convener's thanks to the clerks and to fellow members of the Finance Committee.

As a member of the Finance Committee, I have found the budget process to be an enlightening experience. Last week, when our report was published, I read with astonishment and interest comments by Joe FitzPatrick, the Scottish National Party's political officer for the committee, who told the Press Association that

"This year's budget hearings have so far shown a far more consensual attitude from all parties".

He then spoiled it all by adding that they could

"still produce some unbelievable decisions from the Labour Party."

I point out to Mr FitzPatrick that committee divisions were, apparently, rare in the previous two sessions of Parliament. There has been a problem only since the SNP came to power, which has been caused by the way in which it changed budgetary information in order to blur transparency.

As if that was not bad enough, the Tory right-wing's last samurai—although perhaps that is his colleague Mr Brown—Derek Brownlee, said that

"despite their constant criticism of the budget, Labour will not vote against it for fear of triggering an election."

I say to someone whose party's popularity is dropping like a stone that he should be careful what he wishes for. The comment was from a man who was always there, as he was last year, to lend a hand—literally—to ensure that the SNP got what it wanted through from the budget report. Who knows what deal the real Tories and the tartan Tories have done this year? No doubt all will be revealed soon.

I will continue in a consensual fashion and return to the report. First, I will deal with the bits with which we have no disagreement. Given the current economic forecasts and the likelihood of job losses in the coming year, Labour members are pleased with the recommendations that infrastructure spending be brought forward using all available funding models; that Skills Development Scotland work to identify and fill areas of shortage; and that the partnership action for continuing employment—better known as PACE—teams be adequately resourced to meet increases in unemployment. I hope that Mr Mather is listening.

The Cabinet Secretary for Finance and Sustainable Growth does not need me to remind him of his Government's overarching purpose of achieving sustainable economic growth. However, as my colleague Andy Kerr pointed out to him last week, when everything is a priority, nothing is a priority. That is why we are disappointed that our motion that called for resources from his affordable housing package to be targeted on starting building work, rather than on land acquisition and site starts, was defeated—thanks to Mr Brownlee—as was Jeremy Purvis's proposal, which we supported, that a 1 per cent increase in the budget over that which was contained in last year's spending review is an insufficient response to the economic downturn.

It would be helpful if the cabinet secretary would let Parliament know when we will see the third attempt at a skills strategy, with information on how much will be invested in skills training, in which areas that money will be invested, how much extra resource the PACE teams will receive, when they will receive it, when we can expect details of the first construction contracts and—especially—when building work will actually start and where it will be.

The SNP's approach to its budget this year lacks financial discipline. Programmes are presented as if they support the Government's overarching strategy, but there are cuts in real terms; for

example in enterprise, in rail and bus services and in concessionary fares. There is even a £5 million cut in real terms in Skills Development Scotland's budget. Following the committee's recommendation, we remain hopeful that that wrong can be put right.

As one would expect, the most contentious area of debate in the committee was local government finance. Mr Swinney has made clear his intention to impose another council tax freeze this year, despite the damage that the freeze is doing to front-line services. That damage was highlighted in last week's debate on the local government financial settlement. He continues to insist that it is for each authority to decide, but he has made it clear that if they do not comply, access to the £70 million pot that supports the freeze will be denied them. So much for local democracy.

Much has been said about efficiency savings, and no doubt we will hear more about them from the SNP today. However, before SNP members start to talk about something that will not happen for at least three years, perhaps they should focus on the cuts now that Mr Swinney's decisions are leading to. The cabinet secretary told us that he had built into local authority budgets an assumption that they would make the 2 per cent savings that he asked for, but efficiency savings reduce costs while maintaining current levels of service. Plenty of anecdotal evidence shows that that is not happening out in the real world. As we heard last week, new teachers are on the dole, no new schools have yet been started by the SNP, and 13 of the 32 local councils are sinking into the red and planning to cut jobs and services so that they can balance their books.

That is why it was unfortunate that a Labour call for clarification from the cabinet secretary on which specific budget lines had been reduced and which have increased, and on how specific savings are being reallocated, along with a statement of output baselines for each efficiency delivery plan, including those for the national health service and local government, was defeated. Again, as we searched for transparency, Mr Brownlee rode to the rescue, although why the Conservatives do not want transparency on the savings that are being asked for in health spending and local authority budgets is beyond me.

I make it clear that, in these difficult times, Labour wants to be helpful. As a responsible Opposition, we want to take the role of a critical friend to Mr Swinney as he struggles with the problems that are before him. He is a reasonable man and I am sure that, unlike last year, he will listen to reasoned suggestions on how to help Scotland weather the current economic storm. It could be argued that the Finance Committee has

already done that by lifting from his back the burden of the Scottish Futures Trust, through recommending in our report on methods of funding infrastructure projects that the SFT should not be the default option and that all funding models can now be considered. I hope that that will release some of the logjam that has been gathering while we have waited for the SFT to take a coherent form.

The recent annual report by the First Minister's Council of Economic Advisers recommends increasing the

"level of productivity in the workforce ... through skills and training".

We welcome that. The council wants investment in information technology and in training to use it, which we also welcome. The council is

"concerned by the long-term under-investment in Scottish infrastructure."

Its chairman, Sir George Mathewson, recently told the Economy, Energy and Tourism Committee that

"projects should be brought forward as quickly as possible."—[*Official Report, Economy, Energy and Tourism Committee*, 10 December 2008; c 1361.]

We welcome that.

The budget is far from perfect, and it can be amended. Labour is committed to using the budget to improve the skills of our workers and help those who face redundancy to find new work. If Mr Swinney is committed to those aims, we will assist him.

15:06

**Derek Brownlee (South of Scotland) (Con):** I thank the many witnesses who gave evidence in the budget process, not just in the Finance Committee, but in the various subject committees. I also thank the clerks, who have kept things moving smoothly.

One striking thing this year about the Finance Committee was the significant personnel change. Liam McArthur departed to be replaced by Jeremy Purvis, and we lost Elaine Murray, who I think was the only surviving member of the Finance Committee from when I joined in 2005. She has been replaced by David Whitton. Tom McCabe, who was good at shedding light on what really happens in Government, has been replaced by Jackie Baillie. It struck me during David Whitton's speech that he seems to have borrowed Andy Kerr's definition of consensus, which is that it means agreement with the Labour Party. After last week's debate, I rather wondered whether the samurai sword-wielding right-winger might not be Jackie Baillie, because we know that she reads the *Daily Mail* with disturbing regularity for a Labour member.

It is not only on the Finance Committee that we have had significant change. Iain Gray is no longer the Labour finance spokesman, having gone on to bigger and better things, and Tavish Scott is no longer the Lib Dem finance spokesman, having gone on to become leader of the Scottish Liberal Democrats.

**Jeremy Purvis:** But you are still there.

**Derek Brownlee:** I will be here for a long time—do not worry about that.

The Scottish budget did not use to attract a great deal of attention from members or the outside world, but that is different this year. Even in the past few weeks, budgetary concerns have been to the fore. For example, last Thursday Andy Kerr made a passionate speech condemning cuts in local government. It is ironic that, when I compliment Andy Kerr, he is not here to hear it, so I hope that his colleagues on the Labour benches will pass on my kind regards to him. Last Wednesday, members from throughout Parliament complained about financing for transport projects. If we go back to last month, the Labour Party demanded an end to cuts in the national health service.

That is all well and good and those issues are all worthy of debate, but let us remind ourselves of what is in the budget. There is £11 billion for the national health service; £0.6 billion for housing and heating; £11.6 billion for local government; £2.7 billion for public sector pensions; £2.4 billion for transport programmes; £1.3 billion for prisons, courts and justice; £1.7 billion for further and higher education; £0.5 billion for student loans and grants; £0.5 billion for enterprise; and £0.6 billion for the environment and rural affairs. If we add on the running costs of the Scottish Parliament, we reach £33 billion of the total budget of £34.7 billion. I challenge any member to find within those areas a single budget line in relation to which MSPs have not demanded extra spending or opposed reductions in spending. Other budget lines, such as the arts, Scottish Water and skills funding, make up the bulk of the £1.7 billion that I did not mention.

The idea that it is open to the current Government, or to any Government, to magically switch resources either quickly or painlessly is nonsense. Efficiency programmes are all well and good; indeed, I would say that they are essential, but we need to acknowledge that there is a limit to what they can achieve.

Whatever happens, the days of double-digit growth in the Scottish Government's budget are surely over. It is more than likely that new spending in some areas will need to be funded not by growth in the total budget or by efficiency savings, but by cutting or stopping some existing

activities. There is no point in pretending otherwise. If we do not do that but instead rely merely on incremental increases being used to fund new initiatives, we will end up entrenching the priorities of the Liberal-Labour coalition for years to come, which cannot be right. If the committee report contains a central recommendation that I think will become ever more important, it is the one at paragraph 121 where we raise that issue, to which the Scottish Conservatives fully intend to return.

The committee made important recommendations in other areas. On hospital-acquired infections, we built on the Health and Sport Committee's work. We all know that the human cost of HAIs is significant, but there is also a financial cost. Some estimate the cost to the national health service in Scotland to be something like £184 million per year, which is a significant sum, even in the context of the health budget. We believe that measures to tackle hospital-acquired infections—bed-by-bed monitoring to allow faster response, or other measures—have real merit. Whether the funding to tackle HAI comes from existing funds within the health budget or from a reallocation of priorities within that budget is a judgment that the Government or individual health boards are better placed to make. However, the issue is significant and needs to be addressed.

In responding to the recession, which has been touched on in speeches, we acknowledge that the Scottish Government has announced some measures. Perhaps the Conservatives are more sceptical about the degree to which the Scottish Government can tackle the recession when compared with what the Westminster Government can do, but we accept that some measures have been taken. I think that the announcement about citizens advice bureaux funding that the cabinet secretary mentioned was made the day before the committee report was published, but after it had been agreed. Welcome though that is, by my calculations £1 million over three years represents about a 3 per cent increase in the CAB budget, although I stand to be corrected.

Our scepticism about the ability of the Scottish Government to manage meaningfully the impact of the recession contrasts with the ideas of the other parties. We know that the Liberal Democrats have been keen on a 2p cut in income tax—indeed, Tavish Scott told the autumn conference of the Scottish Liberal Democrats that it would be at the centre of the radical plans that that party would bring to the Scottish budget. It appears, sadly, that I was paying more attention to Tavish Scott's autumn conference speech than I was to his finance spokesman—we wait in vain for that radical centre to emerge. There is still time for the

Liberal Democrats to bring such plans forward; we never know.

When members look at the committee report, they will see that there is more that unites us than divides us, as the convener pointed out. It would be wrong to read the report as just a series of divisions because, after all, the report marks just one part of a long budget process that will not conclude until at least the end of January. The Conservatives will continue to engage constructively in that process but, as we did last year, we will not take a decision on the budget bill until its final shape is clear.

15:13

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** So far, we have had dispassionate enlightenment from Mr Swinney and Mr Whitton, and we have heard from our own swordsman—the last samurai, Derek Brownlee. Marty Feldman used to say:

“The pen is mightier than the sword, and considerably easier to write with.”

The ink was not dry on the Government's draft budget when the Tories indicated that they would support it. That said, however, as a repeat offender who returned to the Finance Committee, I have seen and welcomed the improvements in the information in this year's budget compared with that in previous years. The committee acknowledges that improvement and the Government should take credit for it.

The structure of the committee's report, which looks at key general areas as well as reporting on issues that Parliament's other committees have raised, is welcome. I, along with other committee members and the long-serving committee clerk, Susan Duffy—whose departure from the committee will leave a gap—have seen a progressive improvement in the process.

In previous debates on the budget since the SNP came into office, some SNP members have attacked us for not proposing an alternative budget. Mr Brownlee did the same today. I say this to them:

“I do not know how many Government civil servants it took to draw up all the accompanying documents that go with the budget bill, but if the Executive were willing and thought that it would be cost justified to give both us and the Conservatives a similar number of civil servants so that we could come up with our own figures, we might want to re-examine our approach to the question of why we do not have our own budget. I suspect, however, that that would not be a good use of public money.”—[*Official Report*, 27 January 2005; c 14055.]

Presiding Officer, you may recognise those words, which come from Alasdair Morgan's summing-up for the SNP in the stage 1 debate on the budget in 2005. They were wise words from the former SNP

finance spokesman. I would be delighted to hear similarly wise words from Mr Brownlee for the Conservatives.

**Derek Brownlee:** I have some wise words from Mr Smith, who is sitting behind Mr Purvis:

“SNP members cannot criticise the Executive parties in the chamber week after week for what they are doing without suggesting what the SNP would do, how that would be funded, and which budgets would be cut to fund the changes. If SNP members did that, they might be taken seriously as an Opposition but, until they do so, they will not be regarded as a serious Opposition.”—[*Official Report*, 19 December 2001; c 4986.]

What is the difference?

**Jeremy Purvis:** Was it serious for Mr Brownlee to make uncosted business tax cut proposals last year and to ask the Government to identify how those should be funded? No costings were provided at that stage, but the Government worked with the Conservatives to identify how the policy would be delivered. We understood that it did so in the new spirit of working with other parties that Mr Swinney and the First Minister had outlined. That period has now drawn to a close.

I was in considerable agreement with Stewart Hosie's response to the Westminster Government's pre-budget report, in which he highlighted deficiencies. On “Newsnight” on 24 November, he identified some of those weaknesses. He said that there was

“nothing on income tax for the smallest businesses that don't pay corporation tax.”

He did not expand on how such an income tax cut would be funded, but I assumed that he had been in contact with his colleague, the Cabinet Secretary for Finance and Sustainable Growth. Stewart Hosie is no economist.

“I make no claim to be one either, but I occasionally talk to and listen to economists. A reduction in taxation—be it corporation tax or whatever—does not tell us intrinsically whether the tax take will rise or fall. I draw his attention to the Laffer curve that shows that, in some circumstances and within certain limits, we would increase the tax take by increasing economic activity.”—[*Official Report*, 23 June 2005; c 18257.]

Those last three sentences were uttered by Stewart Stevenson in this Parliament. Besides including the confession that being an economist is one of the few jobs that he has not had, his statement is, along with the comments of Stewart Hosie, helpful in indicating that there is a more serious debate to be had about whether the Scottish budget and economy would benefit from a cut in personal taxation. As Stewart Hosie outlined, such a tax cut, which would provide support to families and small businesses alike, would be one element in a proper response to the economic position in the coming year.

With uncharacteristic hyperbole, the cabinet secretary told Parliament last week:

“none of us could have envisaged the ferocity of the economic storm that has since engulfed not just Scotland but the global economy, nor could we have foreseen some of its ramifications.”

I agree. It is arguable that the spending plans for 2007 cannot be criticised for not foreseeing that storm. However, it is regrettable that a year on, after the publication of the draft budget for 2009-10, financial policy choices are 99.7 per cent unchanged. Last week the cabinet secretary said that the Government

“is using all the levers at its disposal to address the current economic conditions”.—[*Official Report*, 11 December 2008; c 13370.]

He must have meant to say that it is using less than 1 per cent of the budget that is subject to the levers that are at our disposal.

I am not suggesting that we shift 20 or 30 per cent of the Scottish budget, but that we have a proper and proportionate response. It is interesting to note that there has been a much bigger shift in the GDP of all other European countries, including the UK. I was taken aback by the fact that my motion to insert a paragraph in the Finance Committee’s report stating that the Government’s response in the budget is insufficient was defeated on the casting vote of the convener only after the Conservatives had voted against it.

**John Swinney:** Would Mr Purvis accept that, in advancing his proposition, he has an obligation to advise Parliament about what areas of public expenditure are not currently contributing to economic recovery? If he wants to argue for a tax cut, he has to tell us which parts of public expenditure are not performing as he thinks they should.

**Jeremy Purvis:** In that regard, it would be helpful if the Government did not just state an economic six-point plan but set out how its budget is addressing the needs of the economy. We would respond to that appropriately.

On efficiency savings, we have heard much recently about the potential £500 million cut from London. It is worth noting that the efficiency targets that have been set by the Scottish Government in the budget for the year ahead are 0.5 per cent higher—£400 million higher—than those that it inherited. We need the budget to be a proper response to the needs of the economy. We need less spin from the Administration and we need the Government to provide a proper response to the “economic storm” that it has said we are facing.

**The Deputy Presiding Officer (Alasdair Morgan):** We move now to the open part of the debate. Speeches should be of six minutes—to

begin with, anyway. I will stop members speaking after six minutes exactly.

15:21

**Alex Neil (Central Scotland) (SNP):** I shall, of course, try to keep within that time—as usual. I will begin by helping out Mr Purvis. The Liberal Democrats, who have today not advanced their conference policy of a 2p reduction in taxation, have been somewhat dishonest on two counts. First, Mr Purvis keeps comparing a 2p reduction under the taxation powers of this Parliament to what is possible at Westminster. That is a dishonest comparison because if taxation is reduced at Westminster, the revenue can be made up by borrowing money without any reduction in service. That is not a luxury or power that is open to this Parliament because we have a fixed budget that is laid down by Westminster. Therefore we must, if we cut 2p off the income tax, cut expenditure by about £800 million, not in one year but every year. It is dishonest of the Liberal Democrats to pretend otherwise.

Secondly, the Liberal Democrats have repeatedly been challenged—as we are being consensual, I will say that they have been “asked repeatedly” rather than “challenged”—to tell us what expenditure they would cut to reach a total of £800 million a year. Does Mr Purvis want to cut the Borders railway project? Does he want to cut out Scottish Enterprise and its £300 million budget? Does he want to cut Skills Development Scotland’s £200 million budget? Can he not tell us? At the Finance Committee, he neither made his proposal nor told us how he intends to fund the cut. It is utterly dishonest of the Liberal Democrats to continue with that pretence.

I will say a word or two about Mr Whitton’s consensual, if somewhat unusual, speech. He said that he and the Labour Party want to be helpful. I will suggest a way in which Labour members can be helpful: they can persuade their colleagues in London, at numbers 10 and 11 Downing Street, to give the Scottish Government the money to which it is entitled. They could persuade them to give us the £120 million from the fossil fuel levy without counting it against departmental limits, which would allow us to increase expenditure by £120 million in a way that will safeguard and protect jobs while ensuring that we can make further advances with renewable energy.

Another way for Mr Whitton to assist would be by persuading the Prime Minister and the Chancellor of the Exchequer to redo their figures for 2010 and 2011 so that the Scottish Parliament is not subject to an annual cut to its budget of £500 million in real terms. The Labour UK Government has put forward that proposal, so I am responding by trying to be helpful to Labour

Party members. Can they tell us where the £500 million in cuts in Scottish Government expenditure should be made in 2010 and 2011? Do they want to abolish free school meals, which I would have thought was a good Labour policy? Do they want to charge for prescriptions again, despite free prescriptions being a Labour policy for the eight years from 1999 to last year? Do they want to cut the extra money that we are putting into housing and education? Do they want to proceed with their plan to cut the accident and emergency units at Ayr hospital and Monklands hospital? It would be extremely helpful to us all if Mr Whitton could say from where £500 million in cuts should come in two and three years.

Beyond 2011 we will suffer from a decline in real growth in spending in the UK, which will go down by a third, from 1.8 per cent to 1.2 per cent, so the £500 million of cuts that the Scottish Government would have to make in the face of the demands of public spending would have to be carried on. It is high time the Liberal Democrats and their good friends in the Labour Party started being honest with the people of Scotland by telling us which budgets they would cut.

15:26

**Elaine Murray (Dumfries) (Lab):** When a transfer window opened earlier this year and I left the Finance Committee for the Rural Affairs and Environment Committee, I thought that I would not be involved in the budget debate in the week before Christmas and would instead be away in search of mince pies along with everyone else. However, I have been unable to break the habit of a lifetime. I hope that the outbreak of consensus in the Finance Committee to which members have referred is not a consequence of my departure. I do not think that I was an unconsensual member of the committee.

However, I will be unconsensual and say that the budget does not do enough to support the Scottish economy in these difficult times. The Scottish Government should be investing in employment—for now and for the future—in skills and in essential infrastructure. Public spending on infrastructure would help to sustain the construction sector and keep skilled workers in employment during the contraction of the housing market.

Of course, the Scottish ministers will argue that they are doing that. The trouble is that the ideological guddle into which they have got themselves—as a result of their aversion to public-private partnerships, coupled with their inability to bring forward a credible model for the Scottish Futures Trust—has left them with considerably reduced options. The Finance Committee is to be commended for its report on its

inquiry into methods of funding capital investment projects, which was published this week and which urges the Government not to rule out any option. The Finance Committee took evidence on the matter while I was a member and we heard that it is a case of horses for courses and that no model should be ruled out because someone has taken an ideological dislike to it.

As a result of the UK Government's measures to stimulate the economy, which were announced in the chancellor's pre-budget statement, the Scottish Government will be able to make use of an additional £260 million during the next couple of years. Decisions about how the additional spend will be allocated need to be made as soon as possible, as the Finance Committee recommended in paragraph 83 of its report on the draft budget.

It is also essential that the Government articulate its plans for the £100 million that has been brought forward for affordable housing. In light of the collapse of the housing market and the additional strain on waiting lists for public sector housing, there must be no delay in getting that funding to where it is needed. More than 8,000 applicants are on the waiting lists of registered social landlords in Dumfries and Galloway. The bringing forward of spending with all due urgency would help to relieve considerable pressure on public sector rented housing in the region and throughout Scotland.

I understand that, in committee, Derek Brownlee voted down a Labour amendment that would have targeted investment at commencing building work. That is disappointing, because Mr Brownlee is a regional list member for the South of Scotland, which includes Dumfries and Galloway, and I would have hoped that he was aware of the acuteness of the housing shortage in our region.

I turn now to issues within the remit of the committee on which I now sit. Jeremy Purvis made reference to wise words from the Deputy Presiding Officer, and I will make further reference to his wisdom.

**The Deputy Presiding Officer:** For the benefit of members, I make it clear that I have no opinions when I am in this chair.

**Elaine Murray:** In committee, Mr Morgan expressed his concerns—which were shared by other members—that the efficiency delivery plans for 2008 to 2011 included as efficiency savings the sale of assets, such as the sale of Forestry Commission land to generate income of £15 million. The Cabinet Secretary for Rural Affairs and the Environment confirmed that that was the case, and his official said that the Scottish Government was operating “on a different basis” from the UK Government in that respect.

The official then provided the committee with a rather novel explanation of why selling forest land is an efficiency saving:

"The Forestry Commission's sales of assets will deliver more public benefits. The forest that is disposed of provides few public benefits, although it provides commercial benefits. The Forestry Commission is acquiring land for afforestation that is much closer to towns and cities and where people can use it. We are delivering a much greater public benefit with the same cash. That is why that scores as an efficiency measure."—[*Official Report, Rural Affairs and the Environment Committee*, 8 October 2008; c 1069.]

That is an admirable enough sentiment, but is it an efficiency saving? What about the loss of commercial benefits? It prompts the question: how can public benefit be quantified?

I am just a simple scientist—not an economist, thankfully—and I think that I know how to calculate the efficiency of a process: the actual output expressed as a percentage of the maximum theoretical output. As such, I am comfortable with the notion of cash-releasing savings, when less money goes in but the result is the same, and the notion of time-releasing savings, when the same money goes in but more is produced.

However, how are we to measure maximising the public benefit of the forests that are created and those that are sold? Are we to count the number of dogs walked per annum in each forest? Is there some measure of how healthy people feel after their forest walk? How is the public benefit to be demonstrated in the technical notes? How do ministers know that they have achieved their efficiency target, and how does the sale of assets contribute to the Government's savings target of 3 per cent? As the Rural Affairs and the Environment Committee tactfully states in its report, that is one of the

"less orthodox methods of achieving efficiencies".

Since the draft budget was published, ministers have come up with an even more cunning plan: leasing 25 per cent of the forestry estate to the private sector, with a possible receipt of £200 million. Will that also count as an efficiency saving? If so, why was there no mention of it in the draft budget? If it goes through, will it be mentioned in the budget revision?

To return to my original theme, the budget is a vital tool to get Scotland through these difficult times in as good—

**The Deputy Presiding Officer:** I am sorry but the member's time is up.

15:33

**Alex Johnstone (North East Scotland) (Con):** Having been a member of several subject committees over the years, I found myself, for the second year in a row, in an unusual position for a

member of the Transport, Infrastructure and Climate Change Committee—that of not wanting radically to change the Government's proposals and, instead, defending those proposals against members who would take money away and use it for other purposes.

The Conservatives believe that investment in transport infrastructure is essential, and we therefore welcome the change in the current Government's approach that has allowed it to bring transport projects forward. Notwithstanding some of the comments that were made last week on the strategic transport projects review, we believe that the transport budget is healthy. With that in mind, and having considered transport issues last year, the Transport, Infrastructure and Climate Change Committee decided to examine climate change this year, on which I will concentrate my remarks.

Our economy is suffering from the international decline. We have particular problems in this country, and we have funding problems that have to be solved by clever use of resources. The Government has published its Climate Change (Scotland) Bill, and we will now move forward with that process.

Climate change is a key issue that is integral to the accounting process that this and future Governments will have to take into account when drafting budgets. It was therefore a disappointment to discover that, on considering the process from the climate change point of view, the budget appeared to be one of business as usual. That approach can be criticised by many—I am sure that it will be before the debate ends—but it is an indication that the Government has at least attempted to balance its priorities on climate change and economic growth.

However, the introduction of the bill and the necessity of addressing climate change in future budgets with greater clarity make it essential that the committee's recommendations to the Finance Committee on how we deal with the problem in the future be properly taken into account. It is, therefore, essential that future budgets—and, certainly, the next spending review—identify budgetary proposals to complement the challenging legislative emissions targets that are about to be introduced.

The committee also expressed the desire that, in the future, there should be a demonstrable shift towards policy priorities that are specifically designed to contribute to the radical reduction of carbon dioxide and other greenhouse gas emissions and which otherwise address climate change. We are in the ironic position in which the need to stimulate economic growth has coincided—by accident, perhaps—with the desire to move forward with the climate change agenda.



Therefore, I expect the Cabinet Secretary for Finance and Sustainable Growth to act on the commitments that he gave the committee. I am prepared to accept that, as he said to the committee, he is not aware of any Government that has begun to assess carbon emissions in the way that the Scottish Government has, but we need detail.

**Margo MacDonald (Lothians) (Ind):** Will Alex Johnstone outline his party's thoughts, if it has had time to form them, on the sale of Edinburgh airport, which is predicated on an ever-growing number of air journeys from Scotland?

**Alex Johnstone:** Our party believes that it is important that we move away from the desire for a continuous increase in the number of air journeys that are made from and between our airports. There are alternatives to expanding air services, and we will progress them. It would be inappropriate for me to comment on the sale of Edinburgh airport at this time or in this debate, so I will pass over that.

It would also be inappropriate for me, as a member for North East Scotland, not to take the opportunity to raise an additional issue: the funding of local authorities in the region, particularly Aberdeenshire Council and Aberdeen City Council. Although Aberdeen City Council faces specific problems that Aberdeenshire Council has not experienced, there is an identifiable deficiency in funding for both, given that they are, respectively, the lowest-funded urban local authority and the lowest-funded rural local authority in Scotland. The continual build-up of underfunding is beginning to cause serious problems for people who live in the north-east. For that reason, I appeal to the cabinet secretary once again to ensure that his review of local authority funding is conducted responsibly and fairly, and I look forward to proposals that will address the problem to which my constituents in North East Scotland are continually subjected.

15:38

**Joe FitzPatrick (Dundee West) (SNP):** I add my thanks to the Finance Committee clerks and the Scottish Parliament information centre staff, who have, as always, performed their tasks with patience and diligence. I single out Susan Duffy, our clerk team leader, who is moving on to the Local Government and Communities Committee in the new year. The Finance Committee will miss her, and I am sure that we all wish her well in her new post.

The Christmas spirit may be getting the better of me, but I also praise my fellow committee members—from all parties. There was a marked difference in this year's proceedings, and it is

apparent from reading the subject committee reports that the constructive approach taken by Finance Committee members was replicated across the Parliament. That will not go unnoticed outside the Parliament, and I hope that the experience will be replicated as the budget moves forward. I understand that we will always have a bit of bluster in the chamber but, across the committees, members genuinely attempted to do what was in the interests of the people of Scotland, which is to be welcomed. There was a feeling in the committees that, given the current financial climate, it was more important than ever that we were willing to get on together to ensure that we got the most from the budget and that we were not seen to allow petty party-political differences to get in the way of our shared responsibility to serve the people of Scotland.

The Finance Committee recognises that the actions in the Government's first budget have become even more vital because of the subsequent economic downturn. The policy of putting money back into the pockets of hard-pressed Scottish families and businesses has been broadly welcomed across the country. We need to remind ourselves of some of the ways in which the money has gone back to them, such as the removal of tolls on the Tay bridge and the reduction in prescription charges, which will be further reduced next April.

As a result of the historic concordat with local authorities, a further £70 million will be pledged in the budget to enable councils to freeze council tax bills again across Scotland, allowing a real-terms tax cut that will be especially welcome in these tough times. It was therefore disappointing that the Liberal Democrat members of the committee did not welcome that measure—given that it is a tax cut. This year in Bournemouth, which is similar in size to Dundee, the council tax was increased by 5 per cent. As a result of the Scottish Government's partnership with Scotland's local authorities, my constituents, like constituents across Scotland, experienced a zero per cent rise, thus avoiding an average £60 increase in their bills this year. A second freeze on council tax will mean a saving equivalent to £120 a year for households in Dundee and will bring us a step closer to getting rid of that unfair and hated tax forever.

Another successful initiative in this year's budget, which will be built on next year, is the small business bonus scheme. Thousands of businesses across Scotland have benefited from the scheme since its introduction in April. The benefits and support will grow when the scheme is extended, as is proposed in the 2009-10 budget. In the first half of this year, Dundee was the top city for business growth in Scotland. Despite the economic downturn, 118 new businesses started up in Dundee. The help that they will receive from

the Scottish Government will be vital in ensuring their survival in the tough times ahead. The 2009-10 budget proposes that, from April next year, just under 3,000 businesses in Dundee will have their business rates removed altogether, with rates reduced by up to 50 per cent for another 4,500. That is real help in difficult times.

I add support for the plans that have been outlined for the £260 million of accelerated capital investment. Communities across Scotland will benefit from that deployment of resources, which will boost the economy when it is most needed. The £7.5 million that has been brought forward this year for further and higher education will be crucial in ensuring that we weather the economic downturn. In my constituency, the University of Abertay Dundee is in line to receive £0.25 million for refurbishment works to improve the energy efficiency of its buildings. The acceleration of the funds will ensure that the benefits of the energy savings to the environment and to the university's finances will be enjoyed sooner. Such investment in our universities is vital to ensuring a vibrant economy. I know that members of all parties appreciate that.

The joint future thinking task force on universities published its draft report in July, in which it emphasised the universities' contribution to the Scottish economy. The report recommended that Scotland's universities should be recognised as the seventh key sector of the Scottish economy in the Government's economic strategy. Indeed, the task force stated that universities were

"explicitly recognised as a key sector of the Scottish economy".

I welcome the fact that the minister has taken that on board.

The proposed budget for 2009-10 will build on the SNP Government's successful programme, which continues to support jobs and families across Scotland. The Opposition parties' constructive approach at committee reflects the fact that it is vital that we make the best decisions for Scotland in these tough economic times. That is what the budget will do. I commend it to members.

15:44

**Johann Lamont (Glasgow Pollok) (Lab):** I welcome the opportunity to contribute to the debate. I confess that I do so with a degree of trepidation, as someone who is not a member of the Finance Committee and is certainly not an economist. One concern is that the budget is often presented in techie language as a hugely complex and complicated issue. One is given the feeling that only the high priests of the financial world can

comment at a level that is appropriate to the debate. We should recognise that the budget is about the real world. We need to talk about the budget in terms of its real-world consequences.

We all find it easy to speak at great length on what we care about and what we believe in, but the test for the Government is not just to say what priorities it cares about but to show how it wills those priorities through its budget process. A central job of Government is not simply to assert policy commitments or even to elevate some of those to issues of principle; a Government must talk about what it will do when faced with conflicting issues of principle and with a number of things to choose between. The challenge for the current Government—a challenge to which the previous speaker perhaps failed to rise—is to accept that it cannot simply presume as a self-evident truth that certain things are good because they seem to be good. The budget process, which is the process of testing the budget, is about moving from assertion and belief to evidence that the proposals will make a difference. Given that the test for the Government through the budget process is to identify priorities, to make choices and to justify those choices, the budget needs to be transparent and its assumptions need to be tested.

There are real concerns about the capacity of the draft budget to show what priority the Government gives to issues of equalities and social justice. Last year, there were serious concerns about the lack of commentary in the budget documents on equalities, which was identified as a weakness. This year's budget is weaker still. Audit Scotland and the Accounts Commission have commented on concerns about the capacity of local government to deliver on, or even to understand, its equality duties. There is clear evidence that the budget process is not helping by providing certainty and confidence about the Government's priorities.

There is clear evidence that the Scottish Government has made political choices on the issues of the council tax and small business bonus scheme, but the rationale for those choices is missing. That is where proper equality proofing—and anti-poverty proofing—would do a job. I understand why people say that equality proofing is very complex and should not necessarily appear in the budget documents. However, it should be at the heart of the process. Regardless of the size of the cake, the issue is how the cake is shared out. Therefore, equality proofing of the budget must be central to the process; it is not a bonus for the days when the sun is shining. Equality proofing is even more—rather than less—important when budgets are under pressure.

On that basis, I come to the issue of single outcome agreements. For me, there remains a central conundrum about single outcome agreements that has not been addressed by ministers. On previous occasions, ministers have said that local authorities have a statutory responsibility to fulfil their equality duties. However, local authorities say that single outcome agreements do not require equality impact assessments. We do not know which of those positions is correct. We need to know that, because otherwise there is a concern that those responsibilities will be deprioritised. One explanation given is the timescales involved in single outcome agreements, but those timescales are entirely in the hands of the Government. No guidance has been issued on whether single outcome agreements require equality impact assessments. In the meantime, resource decisions are being made on the basis of what has been decided in single outcome agreements—not to mention the whole challenge of equal pay, which the Equal Opportunities Committee wants us to consider.

Let me give an example. According to Scottish Women's Aid's analysis of single outcome agreements, only seven of the 32 agreements mention violence against women. To be fair to him, in response to an oral question on violence against women, the Minister for Communities and Sport, Stewart Maxwell, said:

"I am sure that that is a priority for all councils throughout Scotland."—[*Official Report*, 4 December 2008; c 13112.]

However, the issue is not of sufficient priority for a significant number of councils to include it in their single outcome agreements. What will the Government do? What is the next stage? Will the Government say to local government that single outcome agreements require equality impact assessments? Will it say that issues such as violence against women should be mentioned in single outcome agreements? When we come to that point, central Government steps back. In my view, that is not good enough.

**The Deputy Presiding Officer:** One minute.

**Johann Lamont:** The reality is that the budget will fail to take an equality impact perspective if, for example, a Scottish Enterprise skills strategy does not recognise the high number of people who have a disability among those within what used to be called the NEET—not in education, employment or training—group; or if modern apprenticeships face a challenge in relation to occupational segregation, which affects economic opportunity; or if the Government does not spend on infrastructure to address the particular needs of groups who are further from the labour force than others. In such cases, the budget will fail to address equalities and poverty issues.

It is not good enough to say that a cut in the council tax is an anti-poverty measure when the poorest do not pay council tax. We are asking for rigour that is currently absent from the process, and I urge the minister—

**The Deputy Presiding Officer:** I am sorry, but the member's time is up.

15:50

**Iain Smith (North East Fife) (LD):** I also welcome the opportunity to participate in the debate.

This year, more than any other, the impact of the Scottish Government's budget on Scotland's economy must be the Parliament's overriding concern. In the foreword to the draft budget, John Swinney said

"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."

Subsequent to the publication of the draft budget, the Scottish Government announced its six-point plan for the economy. In evidence to the Economy, Energy and Tourism Committee, the Minister for Enterprise, Energy and Tourism, Jim Mather, said:

"the committee will be aware of the Government's six-point plan to do everything in its powers to encourage investment in and development of the Scottish economy to help businesses and individuals."—[*Official Report, Economy, Energy and Tourism Committee*, 5 November 2008; c 1224.]

It was in that context that the Economy, Energy and Tourism Committee decided to focus its scrutiny of the draft budget on the extent to which it is consistent with the Scottish Government's overarching purpose of focusing Government and other public services on creating a more successful country with opportunities for all to flourish through increasing sustainable economic growth.

As the convener of the Economy, Energy and Tourism Committee, I will concentrate on the issues raised in that committee's report to the Finance Committee. However, I stress that I am speaking in a personal capacity and not on behalf of the committee or as its convener.

The committee heard a considerable amount of evidence about the impact that the credit crunch is already having on the economy, and on the construction industry in particular. We had heard previously about the number of job losses in the private housing sector because of the reduction in the number of new builds, and the impact on the supply chain, from planners to architects,

surveyors and estate agents. There might not be many of us who are concerned about the future of estate agents, but jobs have been lost in all those industries.

We also heard evidence about the impact that the delay in the development of the Scottish Futures Trust is having on the construction industry. The delay in developing new projects will lead to a significant contraction when the present PPP projects reach completion. The Scottish Building Federation stresses that it can take two years from a project going to market for bids to a shovel being put in the ground—and that does not include the lead-in time before the project goes to market. The industry is already undergoing a loss of key skills and of the personnel who will be needed to develop new projects under whatever branch of the private finance initiative, public-private partnership or non-profit distributing model is finally adopted.

The continuing delays in detailed proposals emerging for the Scottish Futures Trust and the non-profit distributing model mean that vital schemes for new schools and hospitals are being delayed and more construction jobs are being lost.

**Margo MacDonald:** The member might find this information useful. I believe that construction industry workers are leaving Scotland to go to that basket case of an economy, Norway, where they can get lots of jobs in fish-related work.

**Iain Smith:** I thank the member for that point of information. It does not help the Scottish economy that people are leaving to find work elsewhere. That is of more concern than anything else.

When the committee challenged the minister, Jim Mather, about whether he expected any contracts to be let under the Scottish Futures Trust this year, he could only respond:

"I have a folk memory that that will happen."—[*Official Report, Economy, Energy and Tourism Committee*, 5 November 2008; c 1231.]

The committee generally welcomed the proposal to bring forward to 2008 to 2010 the £100 million of additional expenditure for affordable housing, but there was some concern about the lack of detail and clarity on where the money will come from, the impact that it will have on other budgets, and when any new houses will be built. When he was asked when the first house will be built, the minister said:

"I am loth to give you a specific time."—[*Official Report, Economy, Energy and Tourism Committee*, 5 November 2008; c 1227.]

Of course, we welcome the fact that, as a result of the Treasury's decision, the Scottish Government can bring forward a further £260 million of capital expenditure over the next two

years. It is important that the Government ensures that the money is allocated wisely in a way that will provide the maximum impact for Scotland's construction industry.

**Alex Neil:** How much of the £800 million cuts that are proposed by the Liberal Democrats will come from capital expenditure?

**Iain Smith:** I am afraid that Alex Neil is a bit obsessed with the figure of £800 million. In the budget, the Government plans to make efficiency savings of more than £800 million a year. I do not think that the figure is so hard to achieve in a budget that is still growing in real terms.

**The Deputy Presiding Officer:** One minute.

**Iain Smith:** It is important that we assess the full impact of the budget on the economy. I am disappointed that, despite its saying that it will do everything in its power to encourage investment in the development of the Scottish economy, there is precious little evidence that the Government has done anything to ensure that the £35 billion that it has at its disposal is being spent in the best possible way to support and boost the economy. The committee made strenuous efforts to get the Council of Economic Advisers to give evidence on the advice that it had given to the Government on the issue. We were disappointed that it declined to do so. We were surprised—perhaps even shocked—when the Minister for Enterprise, Energy and Tourism did not even seem to have been party to the council's deliberations, which he described as "above my pay grade". Perhaps, however, the most telling point is that, when we subsequently received evidence from representatives of the Council of Economic Advisers, when they came before the committee, it was perfectly clear that they had neither been asked for nor given any advice on how the budget could be used to improve—

**The Deputy Presiding Officer:** Sorry, but the member's time is up.

15:56

**Jamie Hepburn (Central Scotland) (SNP):** Today's debate is an important part of the parliamentary scrutiny process, providing the forum for detailed democratic debate about the way in which funds are allocated to Scotland's vital public services. That is one of the reasons why the Parliament was established. The work that the Finance Committee has undertaken—the evidence that it has sought and analysed, and the report that is before us—represents the kind of scrutiny that was simply not possible in Scotland before devolution. Westminster's archaic processes and the massive pressures on parliamentary time meant that Scottish business was, all too often, relegated to late-night or poorly

attended debates that were squeezed in among debates on all other kinds of legislative and financial instruments. Here, in Scotland's own Parliament, we are able to undo that democratic deficit. I commend the Finance Committee for its diligence and the detail that is contained in the report.

Our budget process is often compared to the cutting of a cake, but I wonder whether a more accurate comparison might be made to the spending of pocket money. Although the Parliament has a process for spending its budget, it has no system for setting that budget. The money that the Parliament and the Government have to spend on all the different services and priorities that we have heard about in the debate so far is handed down to us from on high by means of the increasingly discredited Barnett formula. We are given no chance to determine or influence the size of the cake that we are cutting through the means that are open to normal, independent countries. As Alex Neil correctly stated, we have a fixed budget.

Therefore, although I welcome the fact that the Parliament has the opportunity to debate the budget process and to reflect on the recommendations of the Finance Committee, at the back of our minds is another committee—the five lords, two knights and sundry professors and appointees who make up the Calman commission. The commission has told us, in its interim report, that constitutional perfection has been achieved in Scotland and that no further significant powers are needed for the Parliament—certainly not any control over the fiscal policies that would allow us genuinely to debate Scotland's budgetary needs.

Nevertheless, we are where we are, and I believe that the report recognises some of the progress that Scotland's Government is making towards delivering its manifesto commitments and helping families and individuals throughout Scotland to deal with the current economic downturn. The committee welcomes—as do I—the fact that the Government is bringing forward some £260 million of capital spending, which will be spent directly to safeguard jobs in the construction sector, in housing and in education. It will have the added bonus of making major improvements to infrastructure in those areas available to the people of Scotland earlier than was planned.

**David Whitton:** Mr Hepburn described the Barnett formula as discredited, yet he has just welcomed £260 million of Barnett consequentials.

**Jamie Hepburn:** Much as I welcome the fact that the money is being brought forward, I would prefer the Parliament to have the full gamut of powers over the economy so that it would not have to rely on money being handed down from

on high or have to go to Westminster with a begging bowl.

I particularly welcome the extra £10 million that is being brought forward this year for the affordable housing investment programme. That will help social landlords to meet demand for decent rented accommodation at a time when that demand is increasing as the private home ownership bubble bursts. The Scottish Government is doing all it can, with the limited powers that are available to it, to help Scotland during the economic downturn. At times like this, the limitations of the devolution settlement are thrown into the sharpest relief, because although the will to do more is there—on the part of our Government and the Finance Committee—the power is not.

The committee notes that inflation is rising well above the predicted rate, and that that is having a knock-on effect on the prices that public bodies pay for fuel and raw materials. The Government recognises that, and is taking steps to meet the challenge, such as authorising the bulk purchase of electricity from autumn 2009 and allocating £15 million for health boards to meet energy costs and improve energy efficiency. However, the Government will always find it difficult to deal with the consequences of inflation while the powers to do so are not in its grasp.

On the other ways in which the Scottish Government can help people in these difficult economic times, I am sure that the ministers will listen carefully to the committee's suggestions on the effective resourcing of Skills Development Scotland, as well as debt and money advice services. Of course, much of that is already happening, as anyone who has seen the adverts for the national debtline knows.

I welcome other aspects of the committee's report, including the endorsement of the Transport, Infrastructure and Climate Change Committee's recommendation that a climate change commentary be introduced to budget documents as soon as that is practical. That will no doubt be important as our Government moves towards the introduction of some of the most ambitious climate change legislation on the planet.

The committee welcomed the acceleration of the reduction of business rates for small and medium-sized enterprises in Scotland. In doing that, the committee aligns itself with the many high street enterprises and family-owned firms that have benefited from that policy and are able to face the recession with greater resolve because of it.

There is much to commend in the committee's report. However, we must bear in mind that our budget process is not fully in our own hands. Although we can slice up the cake, only the full

powers of independence will give the people of Scotland the kind of governance and budget that they need and deserve. I welcome the scrutiny that the Finance Committee has provided, and I am sure that the minister will respond robustly to the points that have been raised.

16:02

**Des McNulty (Clydebank and Milngavie) (Lab):** Like Elaine Murray, I am a long-running contributor to the Christmas budget debate. In that context, I would like to record my appreciation—which, I am sure, is shared by past and present members of the Finance Committee—of the work that has been done during the past six years by Susan Duffy. I think that her first job with the committee, which she managed to do successfully, was to find a way of managing the not-always-easy relationship between me and Fergus Ewing, who was my deputy convener at the time.

One of my subsequent deputy conveners was Mr Swinney. It is interesting to note that the great enthusiasm that Mr Swinney showed at that time for greater transparency and greater consistency in the application of financial discipline seems to be rather muted now that he is the Cabinet Secretary for Finance and Sustainable Growth.

**Alex Neil:** He is really muted now, as he has left the chamber.

**Des McNulty:** Maybe there is something in that.

I want to make two general but important points about the budget before speaking about climate change. Since September, when the draft budget was first produced, we have gone through some of the most cataclysmic global economic events that have been experienced in perhaps two or three generations. However, the way in which the Government has responded to those events has been extraordinarily limited—as Mr Purvis pointed out, 99.7 per cent of the budget is unchanged. It is quite remarkable that the Government has been unable to reorganise a £34 million budget in a way that will take account of the momentous changes that are taking place in the global economic environment. That separates out the Scottish Government from Governments around the world.

Every Government—not just national Governments but regional governments—is asking what they can do to avert the potential catastrophe that is coming over the horizon and is now very close. We have had from the Government a still-unpublished economic recovery plan, coupled with a six-point plan that emphasises things such as a housing shift, advice for householders and businesses, and efforts to increase business efficiency. It is a pretty damp squib, especially when one examines it closely and realises that the

announcements on housing are associated with a reduction in the housing association grant and a significant reduction in the number of housing completions, which will be 25 per cent lower in the current financial year than they were in the previous one.

What the Government says it is doing and what is actually being done seem to be two different things. Its response relies heavily on bringing forward investment from the £260 million of Barnett consequential that was so derided by Mr Hepburn. If that is all that the Government can do, it is not very much. Many people will ask whether the Scottish Government cannot do more to address the economic situation in which we find ourselves.

One could say that the Government did not know what was coming in economic terms when it published the budget. However, it knew that it was introducing a bill on climate change. As the Transport, Infrastructure and Climate Change Committee pointed out, the budget is, in reality, business as usual. It is as if the Government was hardly going to talk about climate change at all. There are one or two items in the budget that relate to climate change, such as the climate challenge fund, but in the organisation of the main budget lines—the high peaks—there is not enough change to represent the seriousness of the commitment that is required, or the objectives that the Government has embraced.

We will not tackle climate change through hot air. We have to do it through sound action, and Governments have to assume their roles and responsibilities in taking it forward. The budget is not fit for purpose in terms of tackling climate change. Many things could have been done—investments could have been made and measures could have been introduced—but they are not in the budget.

I return to the issues that affect constituents. As members know, I represent Clydebank; people there will say, “What does this budget mean for me, living in my area?” For local government, it means approximately £8 million of spending cuts—that is the outcome of the budget process. The health service is experiencing, in real terms, a reduction in the amount of money that is available. In Clydebank there is a health centre that is 60 years old, but because the Scottish Government has decided that the majority of money for capital funding will go to fund the Southern general hospital, there is no money available to replace it.

The voluntary organisations that were the victims of the last local government reorganisation now face the same situation. They will be decimated because local government will—understandably, in the circumstances—try to protect its own budget.

**The Deputy Presiding Officer (Trish Godman):** You should be finished now, Mr McNulty. I call Patrick Harvie.

16:08

**Patrick Harvie (Glasgow) (Green):** I acknowledge the work that the Finance Committee's members and its team have put into the budget scrutiny process and I thank them for their report.

Andrew Welsh talked about the two changes in economic context, to which we should all expect the Government to be able to respond. The spike in energy and commodity prices was the first—although oil prices have come down following the spike, they are still at a high in historic terms, and that long-term trend is expected only to go up as the decades roll by. The second global change is the onset of global recession. We should not pretend that those two things are unconnected; it is clear that much of the global economy was a house of cards, which was unable to withstand an oil shock—and that will not be the last oil shock.

Of course, there will be a last oil shock—one from which we might never recover—unless we successfully manage the transition to a low-energy, low-carbon, low-waste economy. We should be asking several questions about the Government's budget. Does it begin to make that transition with a sense of urgency? Does it show how the transition can be a just one that ensures quality of life for all? Is the budget accompanied by a long-term vision from Government that shows understanding of the scale of change that is required and makes a commitment to the long-term task?

In answering those questions, I will speak in a personal capacity—as others did, including Iain Smith—and not on behalf of the Transport, Infrastructure and Climate Change Committee, although I will refer to its report. I thank the Finance Committee for accepting my committee's recommendation on a carbon commentary, which relates to the Government's long-term commitment to a comprehensive carbon assessment tool. That is a complex piece of work. How do we move from the simplistic approach of putting a financial price on carbon to understanding the carbon cost of all financial decisions so that we do not live beyond our ecological means? That is not simple.

The Government's work on a carbon assessment tool begins to demonstrate the long-term vision that I am calling for, as do some other aspects of its work, but the recommendation was needed because progress has been frustratingly slow. I cannot see the sense of urgency that I am calling for. As Alex Johnstone stated, in paragraph

46 of its report, the Transport, Infrastructure and Climate Change Committee agreed with the witnesses who told us that the spending proposals represent a business-as-usual budget. Carbon assessment will be a hugely important tool, but we do not have it yet, and the budget does not set out with a sense of urgency to facilitate the transition or ensure that it is just.

I will highlight two opportunities that the cabinet secretary could grasp to make the necessary changes during the budget process. The first is on sustainable transport. In paragraph 120 of the Transport, Infrastructure and Climate Change Committee's report, we supported an increase in funding for active travel. Transform Scotland, among other bodies, has demonstrated the economic benefits that can be achieved if we in Scotland reach the same levels of walking and cycling as some of our European neighbours.

If we must approach everything in terms of sustainable economic growth—the Government's central anomaly, as I call it—let us talk about the economic benefits that can be achieved from getting fitter, and reduce our reliance on rising fares and prices by getting on our bikes. That will have benefits for climate change, the economy, local environments and social justice. Walking and cycling are the cheapest, greenest and healthiest modes of transport, yet they seem to occupy the lowest rung of Government priorities.

The second opportunity is on energy. Not only was it covered in the evidence that the Transport, Infrastructure and Climate Change Committee took, but a recent resolution of the Parliament called for substantial investment in the energy efficiency of housing stock and the retrofitting of Scottish homes with microrenewables. We need a commitment to that, not just this year but in the long term to ensure that the job is completed.

If we are to achieve our climate change targets, every home will have to be brought up to the standard of the best new homes that are being built today, or at least to be brought as close as possible to that standard. That is required not just because of climate change but as a response to peak oil and the impending energy crisis; as a response to concerns about health and wellbeing; as a response to the economic crisis, given the jobs and the benefits to household budgets that could arise; and as a response to fuel poverty.

Too many past programmes have targeted individuals on a means-tested basis, only for them to move on and end up in fuel poverty again in a different building. Abolishing fuel poverty means abolishing inefficient, energy-hungry homes. We can do that. Some of our colleagues in local government down south achieved it with some public investment and additional money from the energy companies through the carbon emissions

reduction target. We need a universal approach that is not means tested and which operates ward by ward, street by street, and door by door. People are already trying that approach in some small areas in Scotland—including in the cabinet secretary's constituency—and it works.

We propose the roll-out of a national programme along those lines. We can learn from what has worked in the past and reproduce it. That would show the long-term vision that is required from Government and the urgency that is needed in relation to the fundamental challenges. It would begin the transition that our society must undertake, and it would ensure that the transition is a just one that leaves communities stronger, more resilient and more able to meet their needs in good times as well as bad.

I commend the proposal to the cabinet secretary and look forward to his response.

16:14

**Christina McKelvie (Central Scotland) (SNP):**

The fact is that today's economic climate is very different from that in which we went through last year's budget process.

Our individual and collective task in this chamber and as part of the privileged office that we hold as MSPs is to do what we can to improve the situation for all the people of Scotland. As a nationalist, I will always believe and argue that the levers of economic power would be better wielded in Scotland by a Scottish exchequer working in harmony with our European partners. I appreciate that one or two members in this chamber are otherwise minded. Until my colleagues and I can persuade those dissenting voices of our views, we will just have to agree to differ.

**Jeremy Purvis:** Will the member give way?

**Christina McKelvie:** Mr Purvis will just have to let me continue.

I think that there is cross-party agreement on the importance of putting money into the pockets of individuals who will spend it—it is, if you like, a fiscal stimulus—and that there is broad though perhaps not universal agreement that accelerated capital spend by Government will have benefits. I am also confident that we agree that support to help small businesses survive is important.

In fact, it seems clear that support for small businesses will help to put the Scottish economy on course for a full recovery when the situation improves, as those businesses will be the drivers of Scotland's improved economic performance. In that context, the cut in business rates for small businesses, including the complete removal of rates from the smallest businesses that was begun in last year's budget and will be completed this

year, is one of the most important measures that the Cabinet Secretary for Finance and Sustainable Growth has brought to the table. Of course, that measure would have much more of an impact if the Government had the power to remove some of the burden of corporation tax, but we can debate that issue on another occasion. Over the past decade, corporation tax has risen slightly, and I hope that the Westminster Government will consider reducing it soon.

For now, however, we must content ourselves with welcoming the introduction of relief from fixed overhead business rates, which is already benefiting businesses throughout the country and will continue to benefit them next year and the year after. I believe that John Swinney is to be congratulated on his farsightedness in introducing the reduction in and the partial removal of rates and, indeed, that we will have further cause to thank him for doing so.

We should welcome the bringing forward of capital spend, which the Government has begun to lay out, and I was pleased by the Finance Committee's welcome of the Government's early plans in that respect. We should welcome not only the support for Scottish jobs that the move will provide in these difficult times, but its knock-on effects as money filters through the system and helps to keep others working.

We might find ourselves on less harmonious ground with regard to measures that the Scottish Government has been able to take—and has taken—to put money into the pockets of individuals throughout the country. Other members have pointed out that last year, under the deal between the cabinet secretary and COSLA, Scottish councils were given additional revenue resources to freeze council tax. That freeze represented a real-terms tax cut for everyone in Scotland and was particularly helpful to households on fixed incomes who have to plan expenditure well in advance.

This year, the cabinet secretary has provided local authorities with another slice of the pie, which will be enough to allow authorities to maintain council tax rates at the same level. With that move, the cabinet secretary has, in partnership with the councils, created another real-terms tax cut, putting money into the pockets of Scots, creating what financial stimulus is possible with devolution's limited powers and giving people across the country just a little relief from the onerous burden that council tax represents for far too many households. By putting money into the pockets of those who will spend it, this Government is not only creating a financial stimulus that benefits the country but is doing what we all know to be right; it is reducing the burden



for the poorest in society, especially in tough times.

That is why I believe that the Scottish Government was right to maintain the budget lines on the pensions for people who have retired from the public sector in Scotland. I know that there will be general agreement across the chamber that those who through no fault of their own have been overpaid should not have their pensions reduced to compensate for mistakes made at Westminster Government level. I also believe that we will generally agree that the Scottish Government's action in the circumstances is the most appropriate one and that a short-term adjustment in those pensions should be avoided.

We still face uncertain times; indeed, one Whitehall minister has described this recession as the most serious that we have seen. However, the Scottish Government should be commended for doing what it can within its restricted powers and the budget that the cabinet secretary has laid before Parliament should be welcomed as being in Scotland's best interests.

16:19

**James Kelly (Glasgow Rutherglen) (Lab):** I welcome the opportunity to take part in this debate on the Finance Committee's report on the draft budget. Like other members, I thank the committee clerks for their work and wish Susan Duffy all the best as she moves into a new paradise as clerk to the Local Government and Communities Committee.

With the economy under pressure, with the world in the throes of an international crisis, with 20,000 jobs being lost in the Scottish construction industry and with businesses suffering in the credit crunch, this debate comes at a very important time. Against that backdrop, the Scottish budget is important, and Parliament and the Finance Committee have a crucial job in scrutinising it.

However, there are flaws in the process. We require more information about and more transparency on the efficiency savings, which amount to £1.5 billion over the spending review period. When the cabinet secretary was questioned about where the efficiency savings were in the different budget lines, he said that they had been netted off. Therefore, if someone is looking for the results of the efficiency savings and how they will boost schools, promote the health service and improve the housing sector, they will not see them in the budget documentation. In some cases, they will not see them in the efficiency delivery plans—the Scottish Prison Service, for example, did not provide any description of its planned savings. A 21<sup>st</sup> century Parliament needs more information than that. We

need a direct link between efficiency delivery plans and the draft budget document so that we can see the results of efficiency savings.

The concordat is much trumpeted by SNP members, but we still do not have detailed costings on it. As we examine the budget documentation, it is inappropriate that we cannot see the costings of a set of promises or commitments that have been made. I regret that the Tories joined forces with the SNP to vote down amendments on that. As a result, we will not see the appropriate level of scrutiny.

The council tax freeze was much lauded by Joe FitzPatrick, but it is essential to consider local government as a whole. There is no doubt that cuts are being made in local government and that councils that are considering their budgets for next year face increasing pressures because of efficiency targets and rising energy costs. I listened carefully to last week's debate on the local government finance settlement, and my colleague Hugh Henry gave details from Renfrew on the education budget cuts, the closure of day centres and recycling cuts. That is the reality in some council areas in Scotland. The SNP is doing a lot of talking and not enough listening.

**Keith Brown (Ochil) (SNP):** Will the member give way?

**James Kelly:** I am sorry. I would like to take an intervention, but I am short of time.

Alex Neil indulged in scaremongering about the UK Government's efficiency measures. *[Interruption.]* That is not like him, is it? We must realise that this is 2008 and that we are discussing the 2009-10 budget. The UK Government has brought forward £20 billion of pump-priming measures, which Mr Swinney has welcomed, and £37 billion to support the UK banking sector, which was welcomed initially in a motion that was lodged by Alex Neil. Alex Neil is like one of those kids who is taken to the sweetie shop and wants to take all the chocolate bars on the shelves and pay for only one of them.

To sum up, we need more clarity and transparency. Attention needs to be paid to the economy. Scotland expects, and it is time for the SNP to deliver.

16:24

**Liam McArthur (Orkney) (LD):** There is something of Christmas past about this occasion for me, as there is for Elaine Murray and Des McNulty. I know that I have Elaine Murray's sympathy: we spent the morning in a marathon Rural Affairs and Environment Committee evidence-taking session. We appear to have been blessed with new responsibilities without having

successfully shaken off those of the Finance Committee.

I congratulate my former convener, Andrew Welsh, the new members of the Finance Committee and its staff, and I, too, pay tribute to Susan Duffy and wish her well in her new responsibilities.

Derek Brownlee referred to regime change and to the festive carolling about consensus from Dave Whitton, which we also had from Joe FitzPatrick, Ms McKelvie and, indeed, the archangel himself—Alex Neil. It is interesting to note that little has changed.

In the debates on the budget process last year, my colleagues and I made the point that improvements need to be made to the way in which Scottish Government budgets are scrutinised. Some sought, for their own reasons, to portray that as sour grapes, but it is now widely accepted that improvements to the presentation of information and to the process were and are necessary.

The Liberal Democrats were rightly critical of what we felt was a lack of transparency in the information that the Scottish ministers provided during the budget process last year. That criticism was echoed in most of the committees and by many of those from whom they took evidence. To its credit, the Scottish Government has reflected on that. Although I was not involved in the Finance Committee's consideration of this year's budget, from the perspective of the Rural Affairs and Environment Committee, the impression is that the information has greater clarity and transparency this year.

**Alex Neil:** In the interests of clarity and transparency, will the Liberal Democrats follow the example of the Cabinet Secretary for Finance and Sustainable Growth and tell us where their £800 million-worth of cuts will come from?

**Liam McArthur:** The archangel speaks. Given that the Government has brought us budgets for illustrative purposes and which are indicative only, there is not a great deal of transparency in some of its accounting.

I accept that improvements to the process remain a work in progress. In the initial discussion in the Finance Committee, there was general agreement among most if not all members that an imbalance exists between the resources that the Government has in developing the budget and those at the disposal of the Parliament, its committees and members—including the high priests of economics to whom Johann Lamont referred—to scrutinise the detail of any budget properly. I suspect that we will return to that in the Parliament in due course. Depending on my Rural

Affairs and Environment Committee commitments, I may even get a chance to participate.

Andrew Welsh was right to draw attention to the concerns that committees highlighted about the single outcome agreements, particularly in relation to tracking how effectively objectives are being met from allocated budgets. In the Rural Affairs and Environment Committee—I am not speaking on its behalf—that was perhaps most acutely felt in relation to flooding expenditure; it was reflected in our consideration of the budget and it emerged again as a concern for several local authorities during our evidence-taking sessions on the Flood Risk Management (Scotland) Bill. I will certainly not risk pre-empting the committee's conclusions on that, even in the absence of Roseanna Cunningham, but it demonstrates that issues with single outcome agreements remain. I detected from the cabinet secretary's remarks that he accepts that more bedding down is required.

It is understandable that all members have referred to the impact of the credit crunch and the early stages of what the cabinet secretary rightly called an economic storm, but members have taken different perspectives depending on their committee responsibilities. Alex Johnstone made interesting points about the climate change challenge. The Finance Committee has focused its efforts on assessing the Government's response to the dramatically changing circumstances. I do not dispute the point that Derek Brownlee and Alex Neil made about there being limits to what the Scottish ministers can do in response. Mr Brownlee may want to reflect on whether he wishes to make points to the Calman commission, which was so lauded by Jamie Hepburn.

I question several of the decisions that the Government has taken. The delay in producing a strategy on energy efficiency and microrenewables, to which Patrick Harvie referred, is highly regrettable. The adherence, for politically dogmatic reasons, to the Scottish Futures Trust has rightly drawn criticism. The Liberal Democrats have no difficulty with the NPD model; indeed, the trail was blazed by Lib Dems in Argyll and Bute, as I recall. The evidence to the Finance Committee and that committee's subsequent report on the issue highlighted the detrimental effect that the Government's approach has had on major infrastructure development.

The high set-up and operating costs of the SFT and the skills development agency, alongside the cuts to the budgets of Scottish Enterprise and Highlands and Islands Enterprise are highly questionable. Also questionable is Mr Brownlee's condemnation of the number of people who are employed in the Government's quangos, given that he led the way in voting through all of them.

Liberal Democrats believe that ministers could have done more in response to the economic storm that we are entering, but I commend Andrew Welsh and his colleagues on the committee for building on last year's work and delivering a thorough report.

16:30

**Gavin Brown (Lothians) (Con):** Not for the first time, the Finance Committee has produced a detailed, well-researched and useful report on the budget process. I echo Liam McArthur's commending of the committee and its clerks for their work on a document that is helpful to every member.

The report goes into detail on how effective efficiency savings have been in practice and whether they have ended up being spent on front-line services. We are all aware of the definition of efficiency savings that the cabinet secretary put forward last year. He was clear that they could not be "crude cuts"—those were his exact words. To paraphrase what he said, the same or a better outcome had to be achieved by putting in fewer resources. That is a sensible definition that we can support, but I ask the cabinet secretary to look into whether the high-level budget priorities are linked to outcomes at local level.

I draw members' attention to a local example, which concerns the schools that are run by the City of Edinburgh Council. The issue has received a great deal of media attention lately, and my mailbag is full of letters from parents of children who go to schools all across Edinburgh. It could be argued that simple cuts have been imposed that do not meet the Government's definition of efficiency savings.

I will give some examples of how standards have been hit. Teachers are no longer brought in to provide class cover; instead, in some schools, class cover is being provided almost entirely by headteachers and deputy heads. There are delays in repairs and maintenance. The purchase of supplies such as pencils and jotters has been cut and staff have been paying for them out of their own pockets. The number of school trips has been reduced. No specialist physical education is being provided in primary 1 and primary 2. One school has lost an art teacher and another has lost a religious and moral education teacher. That state of affairs contrasts with the stated outcomes of the concordat: that

"We are better educated, more skilled and more successful"

and that

"Our children have the best start in life and are ready to succeed."

I am deeply concerned by the letters that I have received from parents. I take on board the cabinet secretary's statement that there will be an interim review of the single outcome agreements in April of next year, but I strongly request that the advice about what constitutes an efficiency saving be reissued to councils and other organisations so that they cannot dress up crude cuts as efficiency savings.

**David Whitton:** Will the member give way?

**Gavin Brown:** In the light of what happened earlier, I am somewhat frightened to take an intervention from Mr Whitton but, given the pleasure that he gave the Parliament, I am happy to give way.

**David Whitton:** If Mr Brown is so concerned about efficiency savings, why did his colleague Mr Brownlee vote against Mr Kelly's proposed amendment to the report, which called for greater clarity on such matters?

**Gavin Brown:** I think that Mr Kelly's amendment was about local government ring fencing. By and large, we support a reduction in ring fencing. I am requesting that the cabinet secretary look into what is going on in Edinburgh and, more specifically, that he reissue the advice on efficiency savings so that crude cuts cannot be called efficiency savings.

What might be described as the anoraky part of the report discusses the possibility of committees being given level 4, as opposed to level 3, figures in the first instance. The committee concluded that that was the right way forward, although it wanted the information to be provided in web format rather than on paper. I hope that that recommendation is taken up. If it is not, we will have to continue to ask for the figures every year rather than be given them in the first instance.

There are also concerns about the potential stretching of some budgets as a result of the economic situation, which will mean that a number of organisations will receive less income from their revenue streams. It may well be the case that fewer visits are made to historic sites. Historic Scotland is relying on £26 million-worth of income to cover its plans. Scottish Enterprise is relying on income of £33 million from asset sales. Those sales may have generated £33 million a year ago, when the plans were drawn up, but one wonders whether they will get anywhere close to that figure in the next 12 months.

We welcome the commitment to the small business bonus, which will reach 100 per cent of small businesses in April next year. The Scottish Conservatives have pushed for that for some time. The measure will lift 120,000 small businesses throughout Scotland out of paying business rates, which can only be positive and a good economic

boost. On top of that, we welcome again the council tax freeze, which will be welcomed by families throughout Scotland. It is to be noted that once again the Liberal Democrats voted against the freeze. The Labour Party abstained on the issue, presumably so that it can say that it did not vote against a measure that will help families throughout Scotland.

There is much to be commended in the Finance Committee's report. There is more work to be done, and we look forward to that happening in the budget process at the start of next year.

16:36

**John Park (Mid Scotland and Fife) (Lab):** I welcome the opportunity to participate in today's debate. I thank the Finance Committee and its clerks for all the work that they have done and wish Susan Duffy good luck in her new role.

Families and businesses are understandably concerned about the current economic climate. One of the understatements of the parliamentary year appears on page 17 of the committee's report:

"The global economic situation has changed quite significantly since the publication of the 2007 UK Spending Review."

That point was echoed in Andrew Welsh's opening remarks. I would say that the global economic situation has changed fundamentally, is reaching into every home and business in Scotland and is having a direct impact on how people behave. At times such as these, Scottish people look to politicians for leadership. What we say and do in the Parliament must be relevant to their concerns, and the budget process must address those concerns in the fullest manner.

Johann Lamont said that she is not an economist. I, too, hold up my hand to not being an economist—or a footballer, as the First Minister helpfully pointed out recently at First Minister's question time—but what Johann Lamont said was spot on: the budget process is about relevance. I echo the concerns that she expressed about gender segregation in modern apprenticeships—an issue that the Government could address through the budget.

We have discussed the transparency of the budget process. I will not repeat the points that James Kelly made, but last week I said to the Scottish Conservatives that I have always supported their arguments on good governance. Given their stance, it would have been sensible for Derek Brownlee to support the Labour amendment that called for clarification of how specific savings are to be allocated.

**Derek Brownlee:** As I recall, Mr Kelly's amendment asked for detail of where efficiency savings would be made in the budget on a line-by-line basis. Given that an efficiency outturn report will be made, and given that we have been told that 2 per cent efficiency savings have been baselined into every budget line, why is that information necessary?

**John Park:** The report is clear about the need for further transparency. As Mr McNulty said, when Mr Swinney was the deputy convener of the Finance Committee he used to call for further transparency. I see no problem in having further information for the committee and for Parliament to consider.

Elaine Murray spoke about boosting the construction industry—an issue that is close to my heart. I warmly welcome the committee's request that the Scottish Government demonstrate how the £100 million in the affordable housing programme will be used to maximise the impact on the construction sector which, as we all know, is having particular problems at the moment. Over the past few months, we have all spoken to construction workers and companies and been told how difficult things are for them. Whatever the Scottish Government does in that area, it must ensure that shovels hit the ground very quickly. I support the committee's view that all funding methods for public sector projects should be welcomed.

Des McNulty made some excellent points about the need for a more robust Scottish Government response to the current economic crisis. We look forward with interest to its detailed economic recovery plan; it would be helpful if the minister could say something about that.

The Labour Party's focus on skills is not only to do with providing opportunities for individuals; it is also about boosting our economic fortunes. In the recent period of economic growth, there were skills shortages in almost every sector—we were losing out particularly with regard to the key skills of electricians, plumbers and joiners.

We know that employers are nervous about the current economic climate and that they could cut investment in training their workforces. Such thinking is understandable in this climate, but it would undermine Scotland's ability to benefit from the future economic recovery. I say that because the current and recent skills shortages will still exist when the economy begins to grow. If we stand still on skills—that was quite difficult to say—we will be in an even worse position in the future. I am pleased that the Finance Committee report recognises the importance of skills.

Turning to the Labour Party's focus on employment, Andrew Welsh mentioned support for

people who are facing redundancy. That subject is very close to my heart. Partnership action for continuing employment teams undertake valuable work. PACE is a national programme that is delivered locally—and sometimes inconsistently. Such activity needs to be resourced effectively. There is a more pressing need now for support for people who are facing redundancy, and that support must be proactive; people should be helped before they are out of work.

There are 35,000 vacancies in Scotland, some of which will be easier to fill than others. There needs to be specific and increased support in that regard to maximise the opportunities.

I enjoyed Alex Neil's speech. More accurately, I enjoyed half of Alex Neil's speech. The pre-budget report has provided a £2 billion boost for Scottish families, as James Kelly said. That is £145 for every Scottish taxpayer. There have been inflation-busting increases in child benefit and there has been a £60 bonus for all pensioners. Alex Neil should welcome those measures, in the same way that John Swinney did when the PBR was announced.

We have outlined broad measures that we believe are vital for supporting the people of Scotland during the current crisis. We will look to engage productively with the Government on the priorities that we think will make a difference, whether they are in skills and support for people in finding new employment or in opportunities for boosting construction. Our main objective is to ensure that the budget enables the people of Scotland to realise their full potential. We look forward with confidence to the spending priorities of the Government being relevant and responsive to the challenges that we face in the future.

16:42

**John Swinney:** Last time round, Tavish Scott, who was in Mr Purvis's current position, described the budget information as "opaque". I am therefore enormously grateful for the generous remarks that Jeremy Purvis and Liam McArthur made about the improvements that have been made to the presentation of information in the Government's budget for 2009-10 and I welcome the engagement of the committees during the budget process on the basis of that higher quality of information.

Patrick Harvie made a number of constructive remarks about the challenge that the Government and the Parliament face on climate change and on how we can relate our spending priorities to a set of decisions that are compatible with our approach to climate change. That is a very substantial challenge and proposition—and Alex Johnstone referred to it in his speech.

In the course of the budget process earlier this year, we gave a commitment—for 2008-09—to develop the carbon assessment tool. I hear what Mr Harvie says about the timescale. It was in February or late January that I gave the commitment, and work has been under way to take forward the process. The problem with the carbon assessment tool is that nobody else anywhere in the world has developed such a proposition, which means that we are involved in ground-breaking research. I welcome the engagement in the process from Patrick Harvie and the Transport, Infrastructure and Climate Change Committee, which he chairs, and from others, including many international experts. We will bring the matter back to Parliament, and I can assure Mr Harvie that we will engage seriously in the issues that he has raised in connection with sustainable transport and energy efficiency.

As part of its contribution to the economic recovery programme, the Government has invested more heavily in energy efficiency. Our estimate of the contribution of the budget towards tackling a range of measures related to climate change exceeds £1 billion. That would not have been obvious, judging from some speeches. We are changing the profile and outlook of our expenditure to tackle such issues. More can undoubtedly be done, and we will engage with Mr Harvie and his committee on some of those matters.

**Des McNulty:** Will the cabinet secretary reconsider the case that Spokes made for an increase in the budget for active travel? Will he respond imaginatively to the proposal, which the Transport, Infrastructure and Climate Change Committee supported?

**John Swinney:** I have received correspondence from Spokes and I read about the issue in the Finance Committee's report. Given Mr McNulty's long service on the Finance Committee, he will be familiar with the challenge whereby expenditure on a matter is not always immediately obvious in the budget documents. The fact that the sustainable transport line gives a particular figure does not mean that that is the only way in which support will be forthcoming. For example, the trunk roads support budget includes expenditure on the development of cycle networks, as part of road improvements. However, I will consider the material from Spokes.

I point out to Mr McNulty and Mr Purvis, who said that there has not been enough change to the Government's budget to reflect the challenge of economic recovery, that most of the changes to the UK Government's budget that relate to economic recovery have come about not by changing expenditure but by borrowing. The UK Government has not taken money away from

programmes and said, "That doesn't contribute to our economic purpose;" it has expanded the size of the cake. We have benefited in the short term from that borrowing, which I welcome.

The Scottish Government has put forward a range of interventions in connection with the economic recovery package, which I have shared with the Parliament. We have put forward interventions in relation to affordable housing, the homeowners support fund, simplifying the planning system, boosting the tourism market through homecoming, the energy assistance package, bulk purchasing of electricity, the acceleration of European structural funds, the doubling of the size of the Scottish manufacturing advisory service, the move to the shared-equity investment scheme and other measures. Members should give the Government credit for the scale of the change that we made to our budget propositions, which has been welcomed.

**Margo MacDonald:** Now that the money for Edinburgh is safe and the cabinet secretary has said that he will be flexible on future requirements, will he say how interest rates, which we are told might go as low as 1 per cent, will affect the spending programme?

**John Swinney:** If public authorities must pay interest and are affected by reductions in interest rates, more resources will be available for distribution, if public contracts are dependent on the interest rate. There will be an impact in a variety of areas. The reduction in interest rates and the general reduction in inflation will have a beneficial effect on Government expenditure, because some of our costs are not rising as sharply as was envisaged when the inflation rate was 5.2 per cent, just two months ago.

The Government has a £3.5 billion capital investment programme and is taking forward all the PFI contracts that we inherited from our predecessors. The only contract that we have cancelled is the Edinburgh airport rail link. I am glad that we cancelled the project and that we have put in place alternative proposals that will address the issue. In 2010-11 the Government will have to wrestle with a £115 million in-year increase in the budget to pay for PFI projects while our budget will go down by £500 million. That is not a political point; it is a fact.

**Jeremy Purvis:** Will the cabinet secretary confirm to members that part of that increase is costs of £10 million per annum for 30 years for NPD PPP projects in Falkirk and Aberdeen? Is that correct?

**John Swinney:** On the Aberdeen contract, that is perhaps not the case in 2010-11, but it is probably correct for 2010-11 for the Falkirk contract. There will be a £115 million single-year

increase at a time when our budget is going down by £500 million.

I make two points in conclusion, to summarise the debate and to capture its mood. First, there is an obligation on the Liberal Democrats to advance arguments of substance on how their proposed 2 per cent cut in personal tax would be delivered. In a zero-sum game, the budget would have to come down by £800 million—and this is another debate in which there has been no substantiation of that proposition. I respectfully encourage the Liberal Democrats to come forward with the details. Mr Purvis criticised the Government's efficiency savings, saying that they are too high, but he wants tax cuts. The numbers just do not add up.

Secondly, Mr Whitton may have tried to present himself as a critical friend, but I got a sense that there is a change of tone in the Labour Party's approach to the budget and a clear emphasis on the importance of skills and employment in its propositions. In that respect, I assure Mr Park that the Cabinet Secretary for Education and Lifelong Learning and I had discussions only yesterday with Skills Development Scotland and the Scottish Further and Higher Education Funding Council to ensure that PACE and the link with the enterprise agencies is precise enough to deal with the economic challenges.

I leave Mr Whitton with this remark: if there is an opportunity for constructive discussion on the Government's budget priorities, this minister and this Government will be delighted to engage in it with the Labour Party and the other parties in the Parliament.

16:51

**Jackie Baillie (Dumbarton) (Lab):** It gives me great pleasure to close the debate on behalf of the Finance Committee. I associate myself with the convener's remarks in thanking the committee clerks, SPICe, our adviser Professor David Bell and the many witnesses who gave evidence to the committee. I also take the opportunity to thank the convener and my committee colleagues for what has always been a robust but generally good-humoured debate. On this occasion, and in the spirit of consensus, I agree with Joe FitzPatrick's comments about Susan Duffy. We all wish her well for the future.

The process has been interesting. The convener was right to point out that the majority of recommendations are sensible and were agreed to by all committee members. Equally, it is important to recognise that there were 12 divisions on substantial issues, five of which were decided on the casting vote of the convener. I am sure that the cabinet secretary, in seeking to steer his budget through Parliament, will be mindful that

some areas were hotly contested. He is astute enough to reflect on that.

Without exception, all members referenced the current economic situation, and rightly so. We do indeed live in challenging economic times, and it is right that people in our communities turn to Governments, both in Holyrood and at Westminster, to help them to weather the storm.

The measure of the budget is how well it helps Scotland through the next year. Is the Government doing enough, is it targeted at the right issues, and can more be done? Johann Lamont is right that assertion and belief are insufficient for the Parliament: facts and evidence are essential to our understanding of what works and what impact we make.

The committee took evidence from the cabinet secretary on the Government's six-point plan and asked for information on the shift of resources to back up implementation. The response from the cabinet secretary highlighted the £100 million capital budget that has been brought forward to accelerate housing investment. Any acceleration of funds in that area is welcome, but we must recognise the genuine concern that the focus is not quite on target. Money is being used to buy land and existing properties, which will not have the envisaged impact on the construction sector. The committee is keen for the Government to demonstrate and to seek to maximise the impact.

Beyond that, there was a recognition that there was less of a shift in resources than was desired. I am sure that the cabinet secretary will reflect on the committee's recommendations, specifically on: first, ensuring that Skills Development Scotland works to identify and fill areas of shortage—I have heard positive comments from him on that already; secondly, resourcing PACE teams to meet any increase in unemployment; and thirdly, bringing forward infrastructure spending using all available funding models.

Like others, I welcome the reprofiling of the £260 million of capital consequentials resulting from UK spending decisions, but the cabinet secretary needs to provide detail on how it will be distributed. He outlined that the substantial share will be allocated to local government, which will be welcomed, but members are keen to know how it will be allocated. Will it be targeted or spread across the 32 local authorities, thereby lessening the impact? I hope that the cabinet secretary will take the opportunity to return to the chamber on those issues before stage 1 of the budget bill.

The committee also recommended more help for those who are in need of advice and assistance due to debt, mortgage repossessions and unemployment. The committee will welcome the announcement of the £1 million consequential

from the UK budget for the provision of advice to people who are suffering and struggling with debt, but I am sure that it will want to consider the detail. The cabinet secretary should be aware that we are keen to expand the services not only of CABx but of money advice workers and credit unions, which he did not mention, so I look forward to his response.

I have no doubt that efficiency targets have caused concern among members—David Whitton and others mentioned them. The Finance Committee supported the Health and Sport Committee's view that resources should be targeted at front-line services, as there was some evidence of efficiencies being applied beyond backroom, bureaucratic functions, thereby having a detrimental impact. I am sure that the cabinet secretary would not wish that to be an outcome.

I also highlight Derek Brownlee's comments on hospital-acquired infections. Members will be aware of my interest in HAIs, and in *Clostridium difficile* in particular. I am pleased that the Finance Committee has made tackling them a priority recommendation, and I look forward to the cabinet secretary providing more information on that.

A number of members, including Des McNulty, mentioned transparency. The Government believes that Scotland performs is the framework to chart the way forward, but it is not yet evident that Scotland performs will provide us with robust monitoring, because indicators are at varying stages of development and the data are not yet available for all of them. Then we have single outcome agreements. Few members would disagree that measuring outcomes is preferable to measuring inputs, but there is no consistency. We currently have more than 3,500 different targets, and it is not clear that we are measuring what matters or that all the baseline data are available.

I am a simple person. The Scottish Government has priorities that it wants to achieve, and it has key themes and strategic plans, but there is little if anything to link budgets to priorities to outcomes. I am sure that all Governments strive to make that linkage work but, if the cabinet secretary wants the Government's budget to have the maximum impact possible, it is essential that he focus on that.

I agree with what Patrick Harvie, Alex Johnstone, Des McNulty and other members said in highlighting the Transport, Infrastructure and Climate Change Committee's recommendation to include a climate change commentary in the budget documents. I also associate myself with Johann Lamont's comments about equality considerations. I hope that the cabinet secretary will come back to the Parliament with details of how we will ensure the equality proofing of budgets alongside commentaries on climate

change and social change, because they are critical for the future.

David Whitton called Derek Brownlee the last samurai, which was interesting, but I am not sure about that. However, I certainly recommend that Annabel Goldie read the *Official Report* to judge the scale of Derek Brownlee's ambition. He described Iain Gray's elevation from holding the finance portfolio to being the leader of the Labour Party, then spoke about Tavish Scott moving from the finance portfolio to the leadership of the Liberal Democrats. All I will say is that Annabel Goldie should watch her back.

**Derek Brownlee:** Would Jackie Baillie care to reflect that she has more chance of leading the Conservative party than I have?

**Jackie Baillie:** The Conservatives are a small and dying breed and I have no desire to join them.

I would not describe Alex Neil as an archangel as Liam McArthur did. However, it is Christmas, and I much enjoyed his performance as a pantomime dame and his mock horror as he dealt with suggestions from other parties. [*Interruption.*] Indeed, somebody is displaying it again.

Joe FitzPatrick asserted that the committee was consensual. In the spirit of Christmas, I say that I look forward to him adopting that approach in the future.

We return to the budget on 14 January to debate stage 1 of the budget bill. I am sure that the cabinet secretary will reflect on the committee's recommendations and introduce a bill that includes measures that will help Scotland and its people to weather the economic storms that are ahead.

## Business Motions

16:59

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of business motion S3M-3117, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, on the suspension of standing orders.

*Motion moved,*

That the Parliament agrees that Rule 5.6.1(c) of Standing Orders be suspended for the purposes of Members' Business on Thursday 18 December 2008.—[*Bruce Crawford.*]

*Motion agreed to.*

**The Presiding Officer:** The next item of business is consideration of business motion S3M-3118, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a revision to the business programme for Thursday 18 December.

*Motion moved,*

That the Parliament agrees the following revision to the programme of business for Thursday 18 December 2008—

after

5.00 pm                      Decision Time

delete

*followed by*                      Members' Business

and after

12 noon                      First Minister's Question Time

insert

*followed by*                      Members' Business.—[*Bruce Crawford.*]

*Motion agreed to.*

**The Presiding Officer:** The next item of business is consideration of business motion S3M-3119, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 7 January 2009

2.30 pm                      Time for Reflection

*followed by*                      Parliamentary Bureau Motions

*followed by*                      Scottish Government Debate:  
National Qualifications

*followed by*                      Business Motion

*followed by*                      Parliamentary Bureau Motions

5.00 pm                      Decision Time

*followed by*                      Members' Business



Thursday 8 January 2009

9.15 am Parliamentary Bureau Motions  
*followed by* Scottish Government Debate:  
 Protecting Scotland's Communities –  
 the Scottish Government's Offender  
 Management Plan  
 11.40 am General Question Time  
 12 noon First Minister's Question Time  
 2.15 pm Themed Question Time  
 Europe, External Affairs and the  
 Environment;  
 Education and Lifelong Learning  
 2.55 pm Scottish Government Debate:  
 Homecoming and its Potential to  
 Support Sustainable Economic  
 Growth  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business

Wednesday 14 January 2009

2.30 pm Time for Reflection  
*followed by* Parliamentary Bureau Motions  
*followed by* Stage 1 Debate: Budget (Scotland)  
 (No. 2) Bill  
*followed by* Business Motion  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business

Thursday 15 January 2009

9.15 am Parliamentary Bureau Motions  
*followed by* Scottish Government Business  
 11.40 am General Question Time  
 12 noon First Minister's Question Time  
 2.15 pm Themed Question Time  
 Health and Wellbeing  
 2.55 pm Scottish Government Business  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business.—[Bruce  
 Crawford.]

*Motion agreed to.*

## Parliamentary Bureau Motion

17:00

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of Parliamentary Bureau motion S3M-3120, on the designation of a lead committee.

*Motion moved,*

That the Parliament agrees that the Local Government and Communities Committee be designated as the lead committee in consideration of the Scottish Government National Planning Framework for Scotland 2 (Proposed Framework).—[Bruce Crawford.]

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

## Decision Time

17:01

**The Presiding Officer (Alex Fergusson):** We have two questions as a result of today's business. The first question is, that motion S3M-3100, in the name of Andrew Welsh, on behalf of the Finance Committee, on the Scottish Government's draft budget 2009-10, be agreed to.

*Motion agreed to.*

That the Parliament notes the 7th Report 2008 (Session 3) of the Finance Committee on the Scottish Government's Draft Budget 2009-10 (SP Paper 179), and refers the report and its recommendations to the Scottish Government for consideration.

**The Presiding Officer:** The second question is, that motion S3M-3120, in the name of Bruce Crawford, on the designation of a lead committee, be agreed to.

*Motion agreed to.*

That the Parliament agrees that the Local Government and Communities Committee be designated as the lead committee in consideration of the Scottish Government National Planning Framework for Scotland 2 (Proposed Framework).

## Eco-congregation Scotland

**The Deputy Presiding Officer (Alasdair Morgan):** The final item of business today is a members' business debate on motion S3M-2665, in the name of Des McNulty, on the eco-congregation Scotland programme. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament recognises the important role played by churches and other faith groups in Scotland in raising awareness of environmental issues and in particular climate change; congratulates the Eco-Congregation Scotland programme on achieving its 200th registration; notes the rapid growth of the programme across Scotland from its inception less than a decade ago to become the largest network of community environment groups in Scotland and its spread to include congregations from nine denominations, including the congregation of the Abbotsford Parish Church in Clydebank, and welcomes the new commitment that the programme is making to help congregations and communities understand the impact of climate change here and in the developing world, respond appropriately to the challenge climate change presents and take collective and personal responsibility for reducing their carbon emissions.

17:02

**Des McNulty (Clydebank and Milngavie) (Lab):** During the debate in the chamber on climate change on 28 May, I suggested the addition of a fifth point—the need to help people in Scotland to understand and respond positively to climate change—to the four reasons that the Scottish Government set out for why a climate change bill is necessary. This evening's debate is an opportunity to expand on the need for a programme of active community engagement on climate change by highlighting the contribution of eco-congregations to spreading the awareness of climate change, illustrating how congregations are taking practical steps to reduce their carbon footprint, and presenting arguments in favour of setting not just scientific targets but targets for engagement with the community in order to meet the objectives that have been proposed for reducing Scotland's greenhouse gas emissions.

The growth of eco-congregations, from their launch in Scotland in 2001 to a movement involving more than 200 congregations, reflects concern among faith communities about local and international environmental issues. Eco-congregations are in most parts of Scotland, from Shetland to Galloway. They are in our inner cities and city suburbs, in towns and the countryside, and on islands. It is an ecumenical movement that includes congregations from nine denominations.

In my constituency, for example, the Abbotsford, Radnor Park and St Stephen parishes have active congregations. Other members will have

significant numbers of similar church parishes in their localities. As well as those who have already signed up, other church congregations are taking an interest in joining the movement, overwhelming the people who were involved in setting it up.

The movement's growth has been supported by church leaders at a national level, by Keep Scotland Beautiful and by the Scottish Government. However, the movement primarily reflects the concern and commitment of members of congregations right across Scotland.

In 2008, the eco-congregation movement has made significant advances. Earlier this year, congregations and other stakeholders met to celebrate the growth of the movement and to consider its future direction. Congregations agreed that climate change is now of such importance that they must respond and get involved. With support from the Church of Scotland, that has led to a number of developments.

The Church of Scotland has established a responding to climate change project, which helps congregations to learn about climate change and challenges them to respond effectively. The project secured financial support from the Scottish Environment Protection Agency to develop a simple carbon calculator that allows congregations to use their energy bills—or gas and electricity meters—to work out the carbon dioxide emissions both of their church buildings and of their homes. With the calculator currently being piloted, congregations throughout Scotland are learning with enthusiasm how to count their carbon.

I hope that that will lead to a bigger project. The eco-congregation steering group is preparing an application to the Government's climate challenge fund to help congregations to cut their carbon emissions. If the bid for that ambitious project is successful, it will give the group the staff resources that it needs to work with individual congregations across Scotland to make cuts in their energy use and therefore their carbon footprints.

Why are churches a good place to do that? Churches are places where people meet regularly and share common values, so it is entirely appropriate that the climate change message should be taken forward through the church network. Lessons learned can be applied in a variety of settings and by a variety of organisations. People can take the message into their homes as well as into their churches, so there is a multiple benefit.

Eco-congregations are important in a number of ways. First, without the active support and involvement of people and communities across Scotland, the Scottish Government will not succeed in meeting its target of delivering an 80

per cent cut in greenhouse gas emissions by 2050. Eco-congregations are leading the way on tackling the issue. In generating support and involvement across the country, they are setting a good example to other voluntary bodies.

Secondly, although many people are concerned about climate change, few people know how to measure their carbon footprint or have active experience of trying to reduce it. By working with congregations throughout the country, eco-congregation Scotland can help to spread awareness and help people to take action on reducing emissions.

Thirdly, congregations are doing such work because they believe in it. Although scientists and the Government can tell us what we need to do, people really need to believe in change if it is to be effective. Congregations are motivated by faith. In facing the difficult challenges that lie ahead in becoming a low-carbon Scotland, their faith and commitment will be essential. They can help to lead communities in response to climate change.

Those are some of the reasons why I was motivated to lodge the motion for debate. I am delighted at the amount of support that it has generated among members. I hope that the debate will help to spread the word about the value of the work that eco-congregations are doing. I commend the work of eco-congregation Scotland to Parliament.

In conclusion, if we are to meet the target of an 80 per cent cut in greenhouse gas emissions, we need to engage the public sooner rather than later. The smoking ban was a success because the argument was won through the debate that was generated not here in Parliament but in homes, places of work and public venues throughout Scotland. It was an issue whose time had come. I believe that success in tackling climate change demands the same kind of awareness and the same engagement in public debate. I hope that tonight's debate will underline to the Government and to members the potential of eco-congregations in helping us to meet the objectives that we all share.

I commend the motion to Parliament.

**The Deputy Presiding Officer:** We move to open debate. Speeches should be of four minutes.

17:09

**Angela Constance (Livingston) (SNP):** I congratulate Des McNulty on securing this evening's debate and on his success in attracting the support of nearly 50 MSPs for his motion recognising and celebrating the eco-congregation Scotland programme.

Particularly at this time of year, it is refreshing to debate some good news. As it is Christmas, it is all the more worthy that we take cognisance of what our faith organisations have achieved and what they aspire to do for our communities and, not least, for the developing world.

The manner in which the eco-congregation programme has been embraced exemplifies how our faith organisations practise what they preach when it comes to personal and collective responsibility for reducing carbon emissions.

As I have already indicated, the eco-congregation programme is the largest network of community environment projects in Scotland. The programme is leading the way in educating individuals and communities on the impact of climate change and, more important, leading the way in enabling individuals and communities to make changes and make a difference. That is an important message in the more global and uncertain world in which we now live. We must not fear the environmental challenges that face us. Small actions add up. Actions also speak louder than words, which we politicians should always try to remember.

One of my colleagues remarked in passing that I always talk about my constituency in the chamber, so in order not to disappoint that colleague, I will make a special mention of Knightsridge church in Livingston. Like the eco-congregation project, many of the churches in the new town of Livingston are ecumenical and seek to work in partnership with other organisations. The ecumenical parish is very much at the heart of its community. In 2005, Knightsridge achieved an eco award for its butterfly garden. Several young people and Sunday school teachers embarked on that environmental project over the school holidays in 2005 and turned an ugly, litter-filled area into life-giving space.

They did not stop there. They built on the butterfly garden's success until Knightsridge became the eighth church to achieve a second eco-congregation award. Its major breathing spaces project has created beautiful gardens from waste ground that is fenced off around the community centre in which it meets. There are three areas in the garden and each has a different theme: love, joy and peace. That is very apt for this time of year, but it is also symbolic of our aspirations for our local and wider communities all year round.

There is a growing number of faith-based environmental groups and organisations, one of which is aptly entitled operation Noah, reminding us that a little action taken often counts, but there is nonetheless a sense of urgency in making our planet a safer and greener place for our children's children to grow and thrive in.

17:12

**Sarah Boyack (Edinburgh Central) (Lab):** I congratulate Des McNulty on bringing the debate to the chamber. No doubt we will agree that the issue is very topical. I cannot be the only member in the chamber who has been asked to represent several churches and make members aware of the superb work that is being done.

I began to be aware of the work that churches are doing on climate change when I was visited a couple of years ago by someone from the church and nation committee of the Church of Scotland who interrogated me about what Parliament was doing to create greener transport options and about climate change.

The eco-congregations are not a new thing; the issue has been being raised in churches for quite a few years now. It gained speed and depth, especially in Edinburgh churches, when the G8 summit was held in Scotland. A series of seminars were held in churches focusing on trade and aid relationships and on what we in Parliament could do, along with United Kingdom parliamentarians, to take tougher action on climate change.

Peace and justice groups, such as the one at the Sacred Heart church in Lauriston, which is quite near the Parliament, held a special event to focus on what we could do to change the world. Their debates had a different flavour from those that we have in Parliament in that they had a much stronger ethical dimension. They compared the wealth of developed western countries with that of developing countries and looked at what we can do to spread our wealth across to those countries, while avoiding making some of the most damaging changes to our climate that will be caused by our historical and future emissions. There were some very powerful discussions, which were significant in that they cut across the churches in Edinburgh. There was a huge amount of enthusiasm for that work.

The other aspect of the work of eco-congregations of which I have been made very much aware is churches getting in touch and asking what we are doing on these issues in the Parliament. For example, the congregation of St John's church invited me to address it when it gained eco-congregation status. That is not a simple box-ticking exercise; a church must demonstrate commitment and say how it is going to go further over the next few years. St John's already has a One World Shop in its complex, which promotes fair trade goods, and it was already active in the fair trade debate. It is now thinking about what more it can do.

Murrayfield parish church is also an eco-church that is active in fair trade. It is keen to see what its members can do not just as individuals but as a

congregation and a parish to lobby organisations. One member of the congregation wrote to me when she knew that tonight's debate was going to take place. She wrote:

"On a personal basis I have reduced the temperature in my home by 2 degrees Celsius and do not find this a problem. I would like to think that many larger organisations could do the same. Would anyone notice? I am thinking of shops and offices."

Everybody has walked into a shop and just about got fried alive. When they walk in through the door with their jacket on, it is hot; then, when they walk out, it is freezing. There are issues about what the right temperature is for those organisations that must spend a lot on heating bills.

There are other practical ideas. Gorgie parish church is not yet an eco-congregation but, knowing members of that church, I believe that it soon will be. They are keen to make practical changes to their local community. They started with small changes that we may take for granted if we have been on this track for some time—they recycled paper and sold fair trade tea and coffee—but they have begun to move on and want to do more. They have carried out local garden project works and have been involved in trying to help local communities to make the local environment more attractive. They recently had 40 students with links to the church working on Gorgie city farm, clearing litter and making practical improvements to a garden area just opposite the church. People are not just involved in the high-level ethical and political debates about climate change; they are active in churches, making changes to their communities. That has to be commended.

There is some interest among Edinburgh churches in microgeneration, which is an issue that we have discussed in the chamber before. They have become interesting advocates, lobbying in the city to persuade other organisations to let them use microgeneration to reduce their bills and produce green energy. Only last month, the churches across Edinburgh came together to bring UK, Scottish and European parliamentarians to debate with one of our local councillors what we could do collectively.

There is a lot happening. I hope that Des McNulty's motion will add to the support for that work and encourage people to go further.

17:17

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

I welcome this opportunity to debate Des McNulty's motion. As I have mentioned in previous debates, it is one of the great ironies that we politicians see the issues of the environment, ecology and climate change as among the most important that we ever address, but when we go

out into the community we often find—at least, I often find—people who regard other issues as their priorities and who cast doubt on some priorities for whose relevance politicians have ceased to argue. It is therefore important that we have the opportunity tonight to talk about one of the mediums that has allowed us to extend the debate and to interact with organisations outside Parliament.

We have had debates on eco-schools and I have found it interesting to visit schools that are involved in the programme to try to understand how young people think about the issues that we deal with here on a political level. The idea of eco-congregations follows the same model, but takes it to a whole new level. We have, in that area, a pool of people who have so much to contribute and so much to do to influence our thinking about how we progress these priority issues.

I am particularly pleased that the motion refers to the local, national and international significance of the work that eco-congregations can carry out. We should value the fact that the tradition of the Christian churches in Scotland is to take an interest in, and to do good work on behalf of, third-world countries and their communities. That is an example of how we, as a developed society, can address the impact of our actions on those who are least able to defend themselves against that impact. The involvement of churches in that is particularly valuable.

However, there is much that churches can do in the Scottish context, as well. Issues relating to fuel poverty and the limitations of transport impact on our ecology. The churches can give us feedback on such issues. They can act as a forum for debate and assist us in finding out how people can best adapt to environmental changes that are brought about by climate change. Through such work by the churches, politicians can learn a lot about what people feel. Also, we have in the churches a good cross-section of the people who have the most to give, the most to contribute and the most influence to exert.

The eco-congregation Scotland programme has much to deliver, so I am delighted that the debate has given us an opportunity to highlight the work that it has done and, more important, that it can do in the future by interacting directly with Scottish politicians and influencing how they think.

17:21

**Liam McArthur (Orkney) (LD):** I congratulate Des McNulty on securing this debate and I assure Sarah Boyack that she is not alone in feeling somehow stalked.

The recent publication of the Climate Change (Scotland) Bill makes the debate extremely timely.

Des McNulty referred to points that he made in a debate in May about the need to raise public awareness not only of the problems and challenges but about the roles that individuals, groups, communities and businesses can play in meeting those challenges, not least through specific behavioural changes. As we wrestle with some of the macro issues, it is important that we do not lose sight of that aspect of what needs to be done. The Institute for Public Policy Research—I think—produced a report a few years ago on the language of climate change, which stressed that a balance must be struck between impressing on people the seriousness of the challenge that we face and convincing them that small individual actions matter and can be effective.

In my constituency, the congregations of Papay and Westray churches and Kirkwall East church were among the first to take up the initiative, and I know that others are following suit. The Westray congregation has for some time been particularly active on ecological issues—all its primary heating needs are met from renewable sources. Also, I awarded Westray its Fairtrade island status last September. The congregation felt that, although it had been active in that regard for some time, the eco-congregation initiative was a useful way of focusing effort, providing support and guidance and helping to maintain the standard of the work that is done.

The success of the eco-congregation initiative should not surprise anyone. As Sarah Boyack highlighted, it is difficult to think of a theology that is not an environmental theology. This initiative, therefore, very much sings to the choir. In their communities, eco-congregations can act as catalysts for further action—it is not only MSPs that churches contact and encourage to take action. As Alex Johnstone suggested, the eco-schools initiative has proved successful across the country. In Orkney, Dounby and Glaitness primary schools have achieved green flag status. Glaitness primary's only dilemma is that it does not have a pole from which to display its flag.

Such initiatives demonstrate the growing public appetite for taking specific actions to reduce our impact on our environment. This evening's debate further raises the profile of the work of eco-congregations and others in our communities in that regard, and it highlights the need for us to continue and build on the support that we give to eco-congregations.

17:24

**Malcolm Chisholm (Edinburgh North and Leith) (Lab):** I congratulate Des McNulty on securing this important debate, and I offer even more congratulations to the 200 congregations

throughout Scotland that have registered to become eco-congregations. I am sure that members will forgive me for picking out the seven of those 200 that happen to be in my constituency.

I pay tribute to St Serf's, South Leith parish church, St Andrew's and St George's, St James's Leith, St Paul's and St George's, Stockbridge parish church and Wardie parish church. I congratulate Wardie parish church congregation in particular on having recently received its second award—I am told that only six congregations in Scotland have achieved that.

Having heard from many members of those churches and having looked into the matter, I am struck by the enormous amount of work and commitment that is involved in the eco-congregation scheme. An award is not gained easily—congregations have to work through a series of modules. Some of those are to do with the church buildings, for example, while others are about reaching out into the life of the community and carrying out environment-related work in that context.

In Edinburgh, a network of churches—I believe that it is the same elsewhere—ensures systematic organisation of the eco-congregations. We should acknowledge the significant work that they are doing. It is an example of the churches showing leadership, sometimes on issues on which the majority of opinion is not always on their side. They have, for example, shown leadership on international development and nuclear weapons, and they are now showing leadership on climate change. That is particularly important because, as we all know, and given the enormous challenges that we face in relation to climate change, Government cannot bring about changes on its own. We should pay tribute to the Governments in London and Edinburgh for the leadership that they are showing, but we cannot make the advances that are required unless people take action in their own lives. It is important that we have more community-based initiatives to get people to change their lifestyles in relation to climate change.

In many cases, it is difficult or challenging for Governments to deal with climate change, because the people are not always signed up to the changes. It is different, in that sense, from international development and other movements that grew up from below and put pressure on Governments. Governments are showing leadership on climate change, but it is difficult in many cases to take action for fear of alienating the public, which is why it is important that there are groups that are active in the community and which are putting pressure on politicians, showing leadership and trying to spread the message through community engagement at local level.

In that context, the eco-congregation movement is important. We face no greater challenge in this century than the challenge of climate change, and the more grass-roots initiatives, such as eco-congregations, there are, the more likely it is that we will achieve our goals.

17:28

**Kenneth Gibson (Cunninghame North) (SNP):** I congratulate Des McNulty on securing this fascinating and important debate. Sarah Boyack spoke about being contacted by local congregations: Fairlie parish church in my constituency has an eco-congregation, and this afternoon I received a signed petition from 47 parishioners urging me to participate in the debate. I am delighted to do so.

Churches are at the heart of our communities, and it is vital that they play a role in protecting our planet from the potential ravages of climate change. The eco-congregation Scotland programme strives to help Christians find ways to protect the environment, and it focuses on helping Christians to spiritually align their beliefs with their actions while protecting the environment.

An eco-congregation provides ideas that churches can use to reduce their own footprint, as well as find ways to help the community reduce its impact and helping to make a difference in the ecological impact that is made by communities in the United Kingdom. In Scotland alone—as Des McNulty said—the eco-congregation programme includes 200 churches from nine denominations that are actively trying to reduce the negative impacts that our lifestyles can have on the environment.

The organisation connects different congregations and different denominations with the shared goals of linking everyday environmental issues with Christian beliefs, taking action to reduce current ecological destruction, and changing the local and global community.

Members who looked at the back of the chamber earlier will have seen the document “Africa - Up in smoke? The second report from the Working Group on Climate Change and Development”, which has a foreword by Archbishop Desmond Tutu. The report points out that, although the west and the developed world are responsible for much of the ecological destruction related to carbon output, it is often poor countries, communities and societies such as those in Africa that bear the brunt of climate change.

The eco-congregation programme provides a network for churches in the same communities to come together and agree on environmental issues. The building of communities that are

dedicated to protecting the environment is a big step forward in the movement towards a greener Scotland.

**Keith Brown (Ochil) (SNP):** I return to the member's point about the impact on the developing world. Does he agree that the involvement of churches, including the church in Bridge of Allan in my constituency, in the eco-congregation programme gives an additional moral authority to the campaign on climate change? Does he agree that that also applies because the church has a long track record of working on issues in the developing world?

**Kenneth Gibson:** I agree. In fact, a number of members have made exactly that point.

Conscientious communities can go a long way towards changing the indiscriminate and wasteful use of finite resources and disregard for the environment in general that exist in the world today. When a community becomes environmentally aware, more people take public transport, recycle and conserve energy, and the community becomes increasingly environmentally friendly. Small changes might not seem to make a difference, but if they are made in every community in Scotland, they cannot help but change our use of resources for the better and have a positive impact.

I am pleased that Fairlie parish church received a second eco-congregation award this year. As Malcolm Chisholm pointed out, only six congregations have achieved a second award. The award was presented at a special eco-service in the church, during which a short Christian Aid film on climate change was shown and 27 signed postcards on the European Union climate change legislation were gathered to send to MEPs.

The award recognises churches that integrate environmental issues with the practice of their religion and make a realistic impact on the environment. Fairlie parish church has done that by actively campaigning for beach clean-ups and recycling and contacting its elected representatives about forthcoming climate change legislation. In its efforts to protect the environment and leave a minimal carbon footprint, Fairlie parish church also helped its community to become the first Fairtrade village in Scotland. That parish is just one example of the positive impact that the eco-congregation programme can have on a community and the environment.

As environmental issues are discussed openly throughout Scotland and beyond, better solutions to problems will be found, as will different and more varied sources of energy. The two issues go hand in hand. Some forms of fuel will become increasingly expensive as reserves dwindle. We continue to use fossil fuels rather than renewable

energy because it appears that a better, more practical and affordable solution is not available to us at the moment, particularly for transport. However, technical innovation coupled with the raised awareness in communities that the eco-congregation programme helps to bring about will help Scotland to find and implement realistic, affordable solutions to the energy and environmental problems that we face. Reducing carbon emissions will not only propel Scotland into more environmentally friendly sources of energy but move the whole country towards healthier lifestyles.

Eco-congregation Scotland is helping not only to protect the environment but to create a better quality of life here in Scotland. It helps to develop camaraderie among congregations through efforts to protect our environment, and it will lead to much more fulfilling lives for all those involved.

17:33

**James Kelly (Glasgow Rutherglen) (Lab):** I congratulate Des McNulty on lodging his motion and I congratulate the churches in his Clydebank constituency that have successfully set up eco-congregations. The number of members who signed the motion and took part in tonight's debate shows the importance not just of environmental issues but of the establishment of eco-congregations throughout Scotland. As Angela Constance said, it is appropriate in the week preceding Christmas that we debate a theme that relates to religious issues.

The motion is important because it raises environmental issues and mentions what communities can do to tackle them, by reducing carbon emissions and raising awareness of the issues. As leaders in the community, churches are well placed to do that. After all, as Des McNulty pointed out, they are places where people gather. I think that the environment is an ideal issue to educate the community about and those who practise in churches throughout Scotland will be able to raise its profile.

In my area, not only has St Cuthbert's church in Cambuslang been awarded eco-congregation status but King's Park church has recently applied for it. On Monday, I met representatives of Burnside Blairbeth church to discuss their very active eco-congregation programme, which has been promoted very effectively by a parishioner, John Redshaw, and the minister, William Wilson. The programme's three aspects include finding ways of being more energy efficient and tackling environmental issues in the church itself; to that end, church members have looked at ways of recycling litter and saving energy in the church building. Such buildings—many of which were constructed 100 years or more ago, have quite

high ceilings and tend to use a lot of heat and energy—raise interesting challenges with regard to reducing energy consumption.

The organisation has encouraged the various groups who use the church to think about how they might tackle environmental issues; for example, the local scout group regularly clears up litter in the area. Moreover, the church has used its position to engage the community and is working with the Energy Saving Trust on publicising ways of saving energy in the area. For example, stalls have been set up in local supermarkets.

The Parliament needs to consider how to take forward such issues. Indeed, we can do a number of important things. As well as supporting the work of eco-congregations, we could think about how best practice might be extended to other parts of the community. We should also ensure that, in our debates on energy saving, microgeneration, fuel poverty and so on, we tie the work of eco-congregations into the relevant policy areas.

Des McNulty's motion has certainly given rise to an excellent debate, with many positive comments from members. I congratulate the churches in my area, particularly Burnside Blairbeth church, on their work and wish the programme every success in the future.

17:38

**The Minister for Environment (Michael Russell):** I congratulate Des McNulty on securing this debate and absolutely agree with his opening remark that this is about the churches' active involvement with and leadership in the community. Indeed, it is all about communication, which is a central aim, along with mitigation and adaptation, of the Government's climate change programme.

Although this issue affects every one of us, some people have to be drawn to change. Eco-congregations play a considerable role in that respect. Every member who has spoken has mentioned some church or other that is in the programme; I will mention a church that, I have to say, is not in my area. Earlier today, Mr John Swinney told me about Auchtergaven and Moneydie parish church in Bankfoot and the efforts of that congregation to recreate the church after the original building burned down, to involve the wider community in its work and to provide a spiritual and physical centre for the community. Those efforts have been helped by leadership not only from the church but from individuals. The Rev Iain McFadzean, for example, has acted as a leader in allowing that church to rise again in the community and in setting an example of how to construct an environmentally friendly and entirely sustainable building within a community. I am sure



that there are people in each eco-congregation who provide such leadership.

The debate is not just about leadership and community; it is also about spirituality—and we should not be afraid to say so. Tackling climate change is a spiritual and moral imperative for many congregations. Stewardship, interdependence, justice and international development issues come within that. Indeed, members who have read Alastair McIntosh's works will know perfectly well that the connection between climate change and spirituality needs to be made. We need to recognise the imperatives that operate in the area.

The church plays an important role in all our communities. It tackles poverty and social exclusion, it is involved in regeneration and community cohesion, and it deals with some of the most difficult and intractable social issues. It deserves recognition. It adds enormous value to the lives of innumerable individuals and to communities. Scotland would be a much poorer place without its rich and diverse religious heritage and the active work of all the churches.

Scotland also has a future in which the climate change problems that we face and the responses that individuals, communities and the nation can make to them must be recognised. The church is definitely living up to its mission by including climate change and responsive environmentalism in that mission and ensuring that it leads with those issues. How can it do that? I will deal with one or two points that have been made.

Mr McNulty referred to the £27.4 million climate challenge fund, which we debated in the chamber last week. The fund was launched in June, and 190 expressions of interest have already been made. I understand that eco-congregations have already expressed interest in it, as Mr McNulty said. The grants panel met today. When the eco-congregations make a formal application to it, I am sure that it will be enthusiastic. I cannot anticipate the outcome of the panel's consideration, but such an application sounds like the type of thing that it will be interested in.

That is only one area in which the Government can and does support the eco-congregations movement: I understand that climate change officials will meet the movement early in January, when they will be able to draw attention to the various other ways in which churches can be assisted. Many churches are historic buildings. Historic Scotland can offer sustainability advice and guidance on how to improve the energy efficiency of traditional buildings. An energy efficient church will have substantially more resources, as fuel costs are very high. Historic Scotland has, for example, grant aided St John's church in Edinburgh. Repairs were carried out to

the building's stonework and windows, which eliminated draughts, created a warmer church and reduced carbon emissions. That is practical Government action that assisted a church.

**Liam McArthur:** I whole-heartedly agree with everything the minister has just said. Does he agree that there will be disappointment in many congregations that the energy efficiency and microgeneration strategy has been further delayed? I understand that it has been delayed.

**Michael Russell:** I do not think that it has been further delayed. The Government is enthusiastic about microgeneration and energy efficiency, and I hope that we will drive forward those things with the Liberal Democrats' support.

Churches are, of course, eligible for support through the Scottish community and householder renewables initiative. Advice and encouragement have been provided under that initiative for projects such as the Bridge of Allan parish church's solar panels and heat pumps project and Yester kirk's biomass heating project. Interest-free loans of up to £100,000 are available under the scheme for the installation of energy-efficient and small-scale renewable technologies on church buildings. The energy saving Scotland advice network, which can also offer advice and support, was created earlier this year. There is a range of means by which support can be offered; I have described only some.

Mr Kelly mentioned Burnside Blairbeth church in Glasgow, which recently received advice under the Government-funded envirowise programme, as has Scottish Churches House in Dunblane. There is also the smarter choices, smarter places project, which will create seven sustainable travel demonstration communities in towns and cities in Scotland. I am sure that churches will be deeply involved in those movements. Many things are happening and the eco-congregation movement can take advantage of and be plugged into all of them. Also important is the fact that the movement can influence all of them, because there is a two-way street. The learning, experience and enthusiasm of eco-congregations must tie in to the Government's policies and plans, so that we learn from the movement.

I welcome the commitment of Scotland's churches and faith groups through their involvement in the eco-congregation movement. I congratulate all members who have spoken in the debate but, much more, I congratulate the 200-plus churches that are trailblazing. The reality, of course, is that every congregation will have to become an eco-congregation as time goes by. Mr McArthur mentioned the eco-school movement in Scotland, which started small but is now the largest in the world—it involves virtually every primary school in Scotland and is developing into

secondary schools. I hope that, in time, every congregation in Scotland will be an eco-congregation, because they will see at the centre of their mission and concern the questions of sustainability and a better planet.

*Meeting closed at 17:45.*

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