

# **MEETING OF THE PARLIAMENT**

Wednesday 3 February 2010

Session 3

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## Scottish Parliament

*Wednesday 3 February 2010*

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

### Time for Reflection

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

Good afternoon. The first item of business is time for reflection. Our time for reflection leader is Rose Goodenough, from the Scottish Inter Faith Council.

**Rose Goodenough (Scottish Inter Faith Council):** Om shanti—greetings of peace. We are witnessing enormous changes in the world in many ways and are passing through transformational times, where history is being shaped once again. It is as if the crises that we face and the suffering that results are too much for humanity and the earth to bear. We deserve a better world for ourselves and our children—a world of peace, justice and compassion. How can we bring about the change that we seek? In whose hands is it to implement this change? It is in the hands of all of us—together! Hand in hand, step by step, we can move forward making the right thoughtful choices at every moment, being kind and compassionate towards life in all its forms.

As children of God, we are all one family. The greatest act of charity at this time is to share compassionate love with all—to share our pure feelings and good wishes with each one. For that, we need the foundation of our own inner peace. Is it possible to create personal peace in a world of ever-increasing chaos and change? Even one minute of peace can affect the whole of your day and several minutes can affect the whole of your life. As a former senior police officer, who is now a leadership development specialist, said:

“One minute is enough to make the greatest decision of your life.”

Today, I would like to invite you to consider introducing regular one-minute periods of silence into your busy schedule. If you are calm, steady and focused and at peace with yourself, you can make phenomenal decisions in one minute, and these may be decisions that profoundly affect the lives of many others.

I invite you to practise the art of inner peace. Taking just a minute, we can relax. As peace becomes a friend, we recognise its power. Calm thoughts and pure feelings permeate the atmosphere, influencing the mood of the room, creating an environment of ease and comfort and offering wellbeing. This inner peace is stable, deep

and strong. From this place of inner peace, there is clarity and wisdom. Drop by drop, we create moments of peace, sprinkling them on to the world, touching hearts, reigniting hope—at one with the world.

I invite you to share such moments of peace once an hour, wherever you are, whatever you are doing. Om shanti.

## Point of Order

14:35

**Charlie Gordon (Glasgow Cathcart) (Lab):** On a point of order, Presiding Officer. The Glasgow airport rail link project was approved by the Glasgow Airport Rail Link Act 2007, with an accompanying financial memorandum giving project costs as £160 million at 2004 prices. Expenditure on GARL in the current financial year was approved by Parliament last year.

In his ministerial statement of 17 September 2009, John Swinney announced the cancellation of GARL, and subsequent parliamentary answers have confirmed the cancellation of works on the GARL programme for the current financial year. In December, I asked John Swinney:

“By what authority has the Scottish Government cancelled current-year expenditure on the GARL branch line to Glasgow airport, given that the project was approved by an act of Parliament and that the current spend was approved last year by the Parliament?”

John Swinney replied:

“The Government has taken decisions in the context of the budget that we have available, which gives a capability to spend to certain maximums under particular budget headings. If any change is to be made, it can be made either at the autumn budget revisions, which have now been approved by Parliament, or at the spring budget revisions, which have yet to be considered by Parliament.”—[*Official Report*, 17 December 2009; c 22348.]

However, Mr Swinney did not seek approval to alter GARL expenditure through the autumn budget revision procedure. Is it in order for the Scottish Executive to cancel project expenditure that has been expressly approved by the Parliament prior to seeking the approval of the Parliament?

**The Presiding Officer (Alex Fergusson):** I am grateful to Mr Gordon for giving me prior notice of his point of order. That is courteous and welcome—thank you for that. I confirm that this is a genuine point of order. I point out, however, that transport and works private bills provide only parliamentary authority for the building of such projects; it is up to the promoter and/or the Government to decide whether to proceed. Therefore, the actions that were carried out by the Government were in order in that instance.

## Budget (Scotland) (No 4) Bill: Stage 3

**The Presiding Officer (Alex Fergusson):** The next item of business is a debate on motion S3M-5637, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill. I advise members right from the outset that we are extremely tight for time; therefore, they should stick rigidly to the allocation that they have been given.

14:38

**The Cabinet Secretary for Finance and Sustainable Growth (John Swinney):** On 20 January, Parliament debated and approved the general principles of the Budget (Scotland) (No 4) Bill for 2010-11. In the course of that debate, I gave Parliament an assurance that the Government would engage constructively with all parties to build the consensus support that we need to take the bill through to its conclusion. That is precisely what we have done. Today, I encourage Parliament to vote for a budget that meets the needs of the people of Scotland, addressing the economic and financial challenges that we face and supporting our front-line services.

The year 2010-11 marks the start of a period of real tightening of public spending, the implications of which cannot be avoided in this year or in future years. There are two consequences of that outlook on public spending. First, we must make tough decisions this year. The Government has been prepared to do that. Secondly, we must take steps to prepare our public services and our public finances for the very challenging years to come.

To guarantee that we can have a properly informed debate that addresses the future challenges that we face, we need to put in place a mechanism to enable dispassionate assessment of some of the choices that we must make and the priorities that we must establish. I have listened to the proposal that has been put forward by the Conservative party, that there should be an independent budget review that is tasked with providing advice—to Government and Parliament, and to inform wider public debate—about the options and choices that we should consider. I confirm today that I am establishing such an independent review. I have published its remit and have made copies available to members at the back of the chamber. The review will report by the end of July and its report will be made public. The review will be undertaken by a panel of three senior individuals who bring with them extensive public and private sector experience. It will be for the panel to decide for itself how it takes forward the remit that I have given it and the panel will publish further details about the workings of the

review in the weeks to come. Appointments to the panel will be announced next week.

At a time when budgets are being squeezed and difficult decisions are being taken about policies and programmes, I recognise that the public's interest in how Government spends their money will be particularly acute. I accept the case that was made by the Conservatives that we should publish online greater information about Government expenditure, and I announce that I will take forward their proposal that we publish online all items of expenditure above £25,000. The scheme will commence with the publication of our expenditure for April 2010 and will continue on a monthly basis thereafter. With modest system changes, that will be delivered entirely through existing resources.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** The cabinet secretary refers to an amendment that was agreed to at stage 2 of the Public Services Reform (Scotland) Bill. Under the Freedom of Information (Scotland) Act 2002, I contacted a number of public bodies in Scotland in that regard. Initial replies indicate that the public bodies are not aware of how an "item" is defined with regard to such publication, nor indeed of whether there is any requirement on those public bodies, which includes every health board, to publish costs. Will the scheme apply to every health board in Scotland? What is the definition of "item" as far as expenditure is concerned?

**John Swinney:** I have made an announcement on Government expenditure, which is the expenditure that I control and distribute through the Government's accounting facilities. The member asked about the definition of item—it is about goods and products, and the disbursement of resources to external organisations.

Another key feature of our response to the financial challenges we face will be our approach to public sector pay. Public sector workers deliver a first-class service to Scotland. Their dedication, competence and creativity drive the public services upon which we all rely. However, it is an inescapable fact that we spend more than 60 per cent of the Scottish budget on pay. At a time when budgets are being squeezed across the board, we must ensure that our total pay bill is sustainable. I think that all parties agree on that point and I have given particular consideration to the Liberal Democrat proposal for a 5 per cent reduction in the pay bill of high earners in 2010-11. We are agreed on two points of principle: first, serious constraints on pay are essential if we are to live within our means; and secondly, we must protect those on the lowest incomes as much as we can. Those points of principle will guide our pay strategies in the years to come.

In relation specifically to 2010-11, we are taking decisive action where we have the power to do so. Within Scottish Government, next year's pay bill will fall by 5.5 per cent, as the £14 million reduction in the administration budget in 2010-11 kicks in. Ministers have taken a lead in tackling pay restraint for higher earners by freezing their own pay. More generally, our pay policy has tightened year on year since 2007, with progressively lower limits imposed by our policies. Our limits are tighter than the United Kingdom equivalents. For example, we have imposed limits on maximum pay bill increases, whereas the UK Government has not, and we have asked the chief executives of non-departmental public bodies to waive part or all of their bonus entitlement.

I will publish the details of our 2010-11 pay policy for senior staff after the senior salaries review body has reported. In the policy, we will look to freeze the pay of senior staff in line with our very constrained budgets next year. Furthermore, we will restrict access to multiyear pay deals in 2010-11 so that all areas of the public sector will have to negotiate fresh pay settlements in the course of 2011-12. We do that because we are clear that pay must be constrained further in 2011-12 and beyond.

Turning to Scotland's economic prospects, last week's figures confirmed that the UK has moved out of recession following six consecutive quarters of falling output—the longest since quarterly records began in the 1950s. The Government has set out a number of measures to support economic recovery, but in their discussions with me several parties have asked whether there is scope for additional spending to assist economic recovery. That followed such calls from parliamentary committees, especially the Economy, Energy and Tourism Committee and the Finance Committee, during the budget scrutiny process. I accept that we must leave no stone unturned in our efforts to support Scotland's recovery from recession.

However, I must operate within a fixed budget and there are limits to the resources available to me to support fresh initiatives. It is simply not possible to accommodate every call that has been made upon the budget without making reductions with significant impact elsewhere. Nevertheless, I am able to make changes to my overall spending plans this year and next using consequentials that arise from the budget and pre-budget report and emerging underspends that can be redeployed in the spring budget revision.

I announce today a package of measures drawing on those funds, which reflect the discussions that I have had with all parties and which are designed to stimulate economic recovery. I confirmed in yesterday's spring budget

revision that I will deploy £31 million in this financial year to housing, to meet housing need and to accelerate and sustain investment in affordable housing throughout the country. As a consequence, the Government is spending more on housing than we promised to spend in the comprehensive spending review.

I will deploy £10 million that is available to me in 2010-11 to support a new area-based universal access home insulation scheme. The Green party has advanced the proposal, and the Government has accepted that its preferred model of operation should be developed. That is new money for new measures. The scheme will enable us to offer home insulation measures to around 90,000 homes in the course of 2010-11, in addition to the £15 million commitment that I gave last year, which continues in 2010-11. Implementation will be overseen by an implementation group, which will be chaired by the Minister for Housing and Communities and will involve a range of stakeholders, including the Green party. The scheme will not only strengthen our contribution to the climate change agenda and help us to tackle fuel poverty, but provide work for insulation companies and training opportunities for energy assessors.

I also confirm that I am committing £2 million to a boiler scrappage scheme to support the Scottish energy efficiency action plan that we are due to publish in the spring.

I turn to skills and training. As a Government, we have already prioritised skills investment as part of this budget. Following last week's skills debate, there is no doubt, given the overwhelming consensus in the Parliament, about the importance of a flexible package of skills support to accelerate Scotland's economic recovery.

We set out in the 2007 spending review our intention to provide for 10,700 new modern apprenticeships each year. As part of the budget for 2009-10, we increased the modern apprenticeship offer to 18,500 places, and said that we would examine opportunities to expand that baseline provision further. I confirm that in 2010-11 we will not revert to the modern apprenticeship offer of 10,700 places a year, but will in fact offer up to 15,000 apprenticeship opportunities at levels 2 and 3. We will maintain the number of places that are on offer on our programmes to support young people and adults who are accessing the labour market from unemployment.

In addition, we will make available 5,000 new flexible training places. That flexibility will allow us to offer the shorter courses that improve the productivity and skills base of our businesses, which is of huge significance to our recovery. We will provide a flexible range of opportunities for up

to 34,500 people in Scotland. As part of that work, I have accepted Margo MacDonald's proposal to provide support for new training places to provide training in the skills to repair traditional buildings. That will be incorporated in the overall training package that I have described, to be delivered in partnership between Skills Development Scotland and Historic Scotland.

We will do more to help students who wish to go to college. We have considered calls from the Liberal Democrats to consider the options for further funding to help to meet levels of demand. I am therefore pleased to announce that in the current financial year, 2009-10, we will use the spring budget revision to transfer £20 million in emerging underspend into the education and lifelong learning portfolio. I will deploy an extra £10 million in 2010-11 specifically to support higher education students in our colleges and universities at a time when more students than ever are entering the system. Those measures will give 7,500 more students access to further and higher education, and will result in the creation of additional college places. Those measures demonstrate the strength of the Government's commitment to education and training as a cornerstone of Scotland's economic recovery.

I hope that members will welcome my decision to allocate through the 2009-10 spring budget revision an additional £10 million to the Scottish investment bank's activity, to support access to finance for those firms that have most to contribute to Scotland's economic growth, and to open up additional debt finance opportunities.

The Conservative party sought assurances that small businesses that benefit from the small business bonus scheme will not be disadvantaged by the effect of business rate revaluation. Further details on that issue will be set out next week, but I am pleased to confirm that the thresholds of the small business bonus scheme will be increased to ensure that we in Scotland retain the best package of small business reliefs that is available anywhere in the United Kingdom.

I have taken account of calls from the Liberal Democrats and the growing cross-party consensus in Parliament for a post office diversification scheme to develop the vital role that post offices play, particularly in some rural communities. I have decided to deploy £1 million in 2010-11 to support the establishment of a scheme in Scotland.

I have described a budget that prioritises the areas of expenditure that matter most in the face of cuts this year and prepares us for the challenges that lie ahead. It is also a budget that is responsive both to pressures that have crystallised since we published our draft proposals in September and to the suggestions that other



parties have put to me, particularly on economic recovery. I have used every flexibility that is available to me within the tight overall financial envelope in an effort to build parliamentary support for the budget. With additional funding for training and educational places and support for measures to tackle climate change and fuel poverty, the Government has listened to the views of Parliament. We have faced the tough decisions and set out proposals to help Scotland and its businesses through the difficult times within the fixed budget that we have. This is a budget for all of Scotland and I urge Parliament to support it today.

I move,

That the Parliament agrees that the Budget (Scotland) (No.4) Bill be passed.

14:51

**Andy Kerr (East Kilbride) (Lab):** After four and a half months of discussions, negotiations and constructive proposals from all parties in the Parliament, the Cabinet Secretary for Finance and Sustainable Growth, in our view, has delivered a budget that falls far, far short of what needs to be done to stimulate Scotland's economy, create jobs and support hard-working families. Without substantial change—and, of course, without acceptance of Labour's amendment—we on the Labour benches will be unable to support it.

John Swinney has had the time, the space and the opportunity to use the £35 billion that Scotland will have next year to prioritise economic growth and recovery. He has had my full attention and that of colleagues from different parties to deliver a budget that does all that it can do to help Scottish people through these unprecedented economic times. Even in the face of Mr Swinney's inexplicable refusal to share vital information on capital spending, I and my counterparts persevered in the interests of the people whom we seek to represent. Helping Scots through the economic crisis that has swept the world is too important. It is truly a shame that, by the evidence of today's budget, Mr Swinney does not agree.

No one has yet managed to get a real answer on why the cabinet secretary will not reinstate the Glasgow airport rail link. The decision flies in the face of common sense and expert advice, not just from Glasgow or the west of Scotland but from throughout Scotland and from virtually all our business organisations. The lasting impression for us all is that the decision to scrap GARL was motivated by party and not by national interest.

The concessions that John Swinney announced today on colleges, boilers and apprentices are all welcome. They are examples of the kind of measures that he should have been thinking of

without prompting, but he must concede that they are tweaks at the margins of his budget that are designed to horse trade and buy off criticism and that they do not signal a shift in his approach to Scotland's spending in the face of unprecedented economic challenges.

**John Swinney:** On the question of shifting priorities, will Mr Kerr tell the Parliament how he would pay for the Glasgow airport rail link, with the information that he knows about the future of capital spending in the United Kingdom?

**Andy Kerr:** I will be happy to address that point shortly. It is all here. *[Interruption.]* I will come to it. Members should not get too excited.

**The Presiding Officer:** Order.

**Andy Kerr:** We also welcome the extra resources for education and training. Last year we fought for 8,000 apprenticeships, and we hoped for the same again this year, with a commitment to deliver more. Of course, some of that has been said today. However, I want to be cautious, having read the Shelter news release about the money for housing and regeneration, which states:

"The £31 million reported as additional money for housing today is not new money."

I wonder whether the cabinet secretary can clarify that, given what his Government said about the money last June. Is it, in fact, new money? The suspicion is that the announcement contains more politics, more repetition and more deception but no more new money, which is a hallmark of the SNP Government.

We had hoped for a budget for the economy, for jobs and for homes. Never have we seen a Scottish Government under so much criticism from Scotland's business community; indeed, the Confederation of British Industry Scotland said:

"In 2010, the Scottish Government must do more for business and the economy if it is to have any real chance of achieving its primary goal of raising Scotland's growth rate ... This means that ministers must put in place policies that promote, rather than hinder, economic growth."

The inescapable fact is that the cabinet secretary has left the vast majority of his budget untouched and unchanged from the plans that he proposed before the global economic crisis. Despite his protestations, the budget for 2010-11 is going up by almost £1 billion. That money should have been spent on building homes, creating apprenticeships, giving young people training and allowing young people on disability living allowance to travel for free—but it has gone. It has gone on the vanity projects that we know so much about: the Scottish Futures Trust, international relations, the national conversation and the referendum.

However, it is hard to tell exactly where the money has gone because of the Government's secrecy. I and others have engaged in good faith, but there has been obfuscation, concealment and deliberate avoidance over the capital budget. I will address some of Mr Swinney's points on that issue in a moment, but the people of Scotland have a right to know why the Government has taken the unprecedented measure of cancelling a project that had been previously agreed by the Parliament. Parliamentary questions and letters have been left unanswered; freedom of information requests have been manipulated and avoided; the Parliament's Finance Committee has been ignored; and joint letters from parties in the Parliament have been whitewashed. This SNP Government is guilty as charged of being secretive.

Not only is the budget going up by more than £1 billion, but the previous Labour Administration left £1.5 billion in the account. That, too, has gone. That money was left for a purpose; it was set aside to support long-term infrastructure projects, to provide stability across investment cycles and, critically, to be used when times were tough. Mr Swinney has blown the lot. This SNP Government is guilty as charged of being profligate.

The SNP has not used Scotland's budget for the economy; after all, it has cut spending on regeneration, enterprise, tourism and infrastructure. As I say, the budget has been left largely unchanged. This SNP Government is guilty as charged of turning its back on our economy.

What happened to the Glasgow airport rail link encapsulates for us all a Government that is secretive—[*Interruption.*]

**The Presiding Officer:** Order.

**Andy Kerr:**—that is failing our economy and that is simply not doing enough. That project, which would have created 1,300 jobs and £300 million-worth of investment, is not a Labour project; it is not even a Glasgow project. It is a project for all of Scotland and was supported by the Parliament, the First Minister and the Minister for Transport, Infrastructure and Climate Change. Ironically, only yesterday, Angus McNeil, the SNP's transport spokesperson, supported it in the House of Commons.

It is no wonder that all those people support GARL; the airport is economically significant. It is a driver not only for the west but for the whole of Scotland; it supports 5,000 jobs on-site and many thousands more throughout the country; and it sustains more than 100 companies on-site. It is Scotland's long-haul and transatlantic gateway; it provides our country with international connectivity; and it is vital to our tourism and business industry in a global market.

The project is also supported by Scotland's business community. Of course, Mr Swinney has now been labelled "son of Beeching"; the title fits him well, given the fact that he also cancelled the Edinburgh airport rail link. [*Interruption.*]

**The Presiding Officer:** Order.

**Andy Kerr:** Let us not forget that the money for the project was in the budget, but the cabinet secretary took it out. Since then, he has refused to tell us why or to engage with those who want to make the project work. He has not even asked his multimillion pound waste of money, the Scottish Futures Trust, to address the issue. CBI Scotland, Scottish Chambers of Commerce and many other organisations have said:

"In our view, the GARL project is not only desirable but affordable. It has been cancelled only as a result of the Scottish Government's priorities lying elsewhere".

Much has been said about funding. Mr Swinney cut the budget, so he should put the money back. He is the man who failed to deliver alternative funding options such as funding from Network Rail's regulatory asset base. As I said, he did not discuss the matter with the Scottish Futures Trust or local authority partners that might have wished to participate in funding the project.

Mr Swinney is the person who has deliberately narrowed his spending options and turned his back on solutions that could and should have delivered the project. I have said from the outset that he did not have to cut other projects, given the size and nature of the Scottish Government's capital budget. That was the content of my very first letter to him, many months ago. Despite his best efforts to hide everything, we now know that the Southern general has slipped; the Aberdeen western peripheral route has slipped; Low Moss prison has slipped; the Borders rail link has slipped; and the national indoor arena has slipped. Three letters, one parliamentary question, one freedom of information request and one parliamentary committee report later, Mr Swinney has not once raised the £54 million savings from slippage in the Edinburgh trams project. The cabinet secretary is the man with the monthly reports; he knows how to create space for the project, but he is unwilling, uninterested and not working hard enough to do so.

Never has there been a better time for SNP members to get some backbone and not to worry about their position on the list and their own politics and party. Now is the time to do the right thing. I address my comments specifically to the Deputy First Minister. Is it not time for her to be Glasgow's voice in the SNP, instead of the SNP's voice in Glasgow?

The charge sheet is clear: the Scottish Government is a secretive Government and a

profligate Government that is turning its back on the economy and not doing enough to restore economic growth. It is guilty as charged.

To all those in Scotland, the Labour Party commits itself to growing the economy, creating skills and building homes. We also send a message to the planners, the financiers, Network Rail and civil servants: if the Glasgow airport rail link amendment is defeated today, Labour will place the project in its manifesto for the Scottish Parliament. Unlike the SNP on many of its pledges, we deliver when we are in government.

I move amendment S3M-5637.1, to insert at end:

“but, in so doing, calls on the Scottish Government to reinstate the funding for the Glasgow Airport Rail Link.”

15:02

**Derek Brownlee (South of Scotland) (Con):**

We now understand why national debt in the UK is heading towards £1.5 trillion, given that the view of the Labour Party seems to be that every sentence needs a noun, a verb and a spending demand. At least in this Parliament Labour is in opposition. The wrecking of the UK public finances by Labour at UK level will cost Scotland and the rest of the UK dear for many years to come.

Labour has spent the past few months demanding reinstatement of the Glasgow airport rail link. It has had four and a half months to come up with an alternative funding model but, as we have heard, it has no more idea today how it would pay for GARL than it did in September when the project was cancelled. Does Labour believe that an existing project should be cancelled? It says no, but—privately—we hear Labour members speculating about the future of the Borders railway or the Aberdeen peripheral route.

Does Labour perhaps support moving revenue spending into capital to fund GARL?

**Charlie Gordon (Glasgow Cathcart) (Lab):**

Will the member take an intervention on that point?

**Derek Brownlee:** I will, in a minute.

No, Labour does not support moving revenue spending into capital to fund GARL. Labour has instead made spending demands on housing, teachers, apprentices and local government. Nor can Labour explain where the annual payments would come from under either a public-private partnership or a regulatory asset base solution, even if that were possible and the best-value option. Why will Labour not tell us how GARL could be reinstated? Is it because, deep down, it knows that the answer is that the money has run out, but dares not admit it?

Most of the attention in respect of this year's budget has perhaps been focused on the cancellation of GARL. Given the scale of the forecast reductions in the capital budget, the question that we should really be addressing is whether the other projects that are currently on the books will be able to continue. We all hope that they will, but it would be unwise to assume that that is certain. Given that we cannot even be certain of being able to afford what remains of the Government's capital spending programmes, we cannot support the Labour amendment.

If we accept the figures that we got this week from the Scottish Government—which are, after all, based on Treasury estimates—the capital budget will fall by more than £2.1 billion over the next four years, at a time when we know that the Treasury is already considering 17 per cent real-terms reductions in revenue spending. It may get worse, because some analysts put the risk of a downgrade in the UK's credit rating at more than 50 per cent. If we do not do more to tackle the deficit, we risk spiralling interest rates and devastating consequences for families, businesses and public services.

As the deputy director general of the Confederation of British Industry has said:

“Current plans to halve the deficit over four years are too little, too late. The UK's AAA credit rating must be put beyond doubt.”

Tackling the deficit and paying the growing debt interest that Labour has run up and which is set to rise to £60 billion a year—twice what we spend in the Scottish budget—will inevitably mean that, whether we like it or not, spending in Scotland on devolved services will fall.

**David Whitton (Strathkelvin and Bearsden)**

**(Lab):** In the interest of enlightenment, would Mr Brownlee care to share with us whether he is in favour of Mr Osborne's cuts or Mr Cameron's cuts, because they cannot seem to make up their minds?

**Derek Brownlee:** It is a sad reflection on UK politics that the Conservative party is giving a far greater level of detail on what we would do in the budget than the current UK Government, which has dodged a spending review and will not even admit how bad things have become.

Just as the UK Government is failing, the Scottish Parliament would be failing in its duty to the public if it were to fail to address the challenge. The Scottish Government would fail, too, if it were to ignore the scale of the problem. That is why we believe that the independent external review that will be given access to the Government's books to highlight the range of options that we face in the years ahead is valuable. Crucially, the reporting timescale means that Parliament will have the

evidence from the review before the three-year spending review that we expect later in the year.

**Robert Brown (Glasgow) (LD):** Derek Brownlee spent a lot of time on GARL. Does he support calls for an independent investigation into the possibilities for financing GARL?

**Derek Brownlee:** I have already highlighted four separate options for financing GARL, but the bottom line is that they all require additional spending from a budget that is already set. We have heard nothing from any of the other parties about how they would plug that gap.

In contrast to what happened under the previous Administration, the independent budget review will report to the Parliament, not the Government. A further contrast is that all options are on the table, so we do not have the tightly constrained model that we had under the previous Government. In clear contrast to the Howat review, the report will be published. The work of that external group will be a crucial first step in positioning Scotland for the tough times that lie ahead.

There are broader issues that we will all need to consider, such as the scope to grow the already substantial and valuable contribution of the voluntary sector to provision of public services, and the scope to leverage in money from outside Government to work towards common goals, as in the innovative sports trust proposals that my colleague Liz Smith launched earlier this week.

Today's announcement that the Scottish Government accepts our proposals for greater transparency in spending builds on yesterday's moves in the Finance Committee, which were opposed only by the Liberal Democrats, who once made a great deal of fuss about how committed they were to freedom of information. The measure means that not only our Parliament, but our Government will be the most transparent in the UK on spending. As well as giving taxpayers greater insight into where money is spent, the measure will act as a spending restraint because ministers will know that there is no hiding place for waste or excess.

We said that the budget did not sufficiently address the need to grow the economy because the jobs of tomorrow will come from the private sector. We therefore need to help small businesses and people who want to start up in business. We welcome the injection of funding into the Scottish investment bank, after the problems that have been highlighted with it, which Gavin Brown has raised repeatedly with Government ministers. We warmly welcome the substantial increase in the thresholds for small business rate relief, which is good news for businesses throughout Scotland and will come as welcome relief to them.

I will raise two related issues for the cabinet secretary to consider. Yesterday, my colleagues Annabel Goldie and John Lamont met small businesses in Hawick, including one that has more property in Selkirk. Those businesses do not currently benefit from the small business rate relief scheme because of the combined rateable value of their properties, although, individually, those properties would benefit. I appreciate that there are broader issues, but it would be useful for the Government to consider carefully the scope to extend the scheme to genuine small businesses. I also ask the Government to consider the concerns about the business rate system that petrol retailers have raised today.

The budget protects the concessions that the Conservatives obtained previously on police funding; it preserves the council tax freeze; it introduces ground-breaking transparency into Government spending; it faces up to the reality of the future of public spending by the creation of the independent external budget review; it provides additional support to small businesses; and it significantly extends the business rate relief scheme that we secured two years ago. Those are sound Conservative policies. We will, as a result, vote for the budget.

15:09

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** The start of Mr Brownlee's speech sounded as though he was preparing the ground for a George Osborne chancellorship, but in fact he was clearing the ground for a George Osborne chancellorship. He argued for cuts across the board in every area apart from sports facilities for Gavin Hastings, and an independent review for everything—other than for GARL, as Robert Brown pointed out.

**Derek Brownlee:** Will the member take an intervention?

**Jeremy Purvis:** I will in a moment, after I have made some progress.

On the day of the stage 1 budget debate in which I spoke, 136 workers in my constituency were made redundant. The impact of the job losses, and the loss of local spend and economic activity, were devastating. Gross domestic product figures had just been published that showed that Scotland was still in recession, with the GDP gap widening between Scotland and the rest of the UK. The most recent GDP figures offer some respite as the UK emerges from recession, but the official figures for Scotland will have to show that the Scottish economy has outstripped UK performance in the last quarter, in order for it to come out of recession, too.

Today the Scottish Liberal Democrats have listened carefully to details of Scottish Government programmes and the changes that it has made to reflect the priorities that we presented to it and the constructive discussions that we have had with the Government since before Christmas. We have consistently proposed those changes, which address some of the key concerns about the impacts of the recession.

Small businesses that are struggling to access finance did not cause the recession, but they have been victims of it. Young people who are being turned away from colleges in record numbers did not cause the recession, but they could lose out for years as a result. That is why we set our priorities for changing the Government's proposals. We produced research that demonstrated how record numbers of young people are being turned away from Scottish colleges. With unemployment at record levels, young people are being hit twice: they cannot get jobs and now they cannot get college places. In questioning the First Minister last week, Tavish Scott released the information that 90 per cent of Scotland's colleges are turning away applicants, some for the first time in their history, and some are turning away up to 800 per cent of the number from three years ago. Those young people did not cause the recession, but they can be helped to gain the skills and training that they need to ensure that when we come out of recession, they are economically active. We appreciate the Government's moving in that area, which means that more than 7,500 lives and careers will be transformed and supported as a result.

The finance secretary has responded to calls for debt financing support for Scottish businesses. Too many businesses to which we, the Government and all parties have spoken over the past year simply cannot access loans through their banks. Those soundly based businesses need Government support through the recession. The Federation of Small Businesses report this week proves that our argument is sound.

We have spoken of the need to use European funding to deliver debt finance support to allow businesses to keep trading. I know from experience in my constituency, and every business organisation knows, that access to reasonable finance lending is essential for businesses to manage their operations. The textiles sector, for example, relies on such finance, given the way in which the textile manufacturing process operates. Manufacturing did not cause the recession, but it has been one of the principal victims, and it can be supported when growth returns to the economy. A substantial sum committed by the Government to provide access to finance is recognition of the long-standing Liberal Democrat campaign on that issue.

The Scottish Government has agreed to our proposal for a post office diversification fund, which is welcome. It will offer grants to post offices that cannot get the finance that they need to expand and diversify their business. There is no MSP nor any party in this chamber that does not recognise the benefit of the post office network in Scotland. We are grateful to the Government for listening to our concerns and for ensuring that there will be a fund to provide support for post offices.

In this budget process, we have argued the case for improvements, which we have seen since the stage 1 debate two weeks ago, and we have highlighted from where resource can be freed up to deliver them. Research that we published last year showed that in these extremely difficult times, far too big a share of the Scottish budget is currently paid to the highest-paid staff in the public sector.

**Derek Brownlee:** If I caught his meaning correctly, the cabinet secretary talked about a 5 per cent—£14 million—reduction in the pay bill. Is that the same £14 million reduction that is highlighted on page 127 of the draft budget that was published in September?

**Jeremy Purvis:** The cabinet secretary reiterated the £14 million reduction in the core civil service pay budget; that is absolutely right. He knows, as I am sure Mr Brownlee knows, that we are arguing for a £651 million cut from the top 1 per cent of earners in the public sector who will gain most from the Conservative party's inheritance tax proposals.

The Conservative approach to pay is not right, nor is it right to have a wage freeze for those who earn over only £18,000. That will mean that a lance corporal in the King's Own Scottish Borderers from my constituency who is preparing to go to Afghanistan will get a welcome back from the Scottish Government: "Welcome back, your pay in real terms has been cut." For care workers, young teachers and people who are struggling to get on the employment ladder in the public sector, it will be obvious that the Conservative approach is to defend those at the top while penalising those at the bottom. That is not the right approach if we are seeking to gain a fair society, which is why we continue to campaign.

Mr Brownlee will be casting a vote for the SNP Government, but he knows well that Liberal Democrats say that more work has to be done. That is why the approach to pay policy in the spring needs both to move from that of the Government, in the direction of the Liberal Democrats' approach, and to go further. It will need to go further on the bonuses that consultants in the national health service can still receive and further on bonuses to the top bosses of quangos.

We still do not know, because the cabinet secretary has not replied to my question of 10 November, how many of them will waive the bonuses that he referred to in his speech.

With measures for new college places, business support and the post office network in Scotland, the budget bill has been improved as a result of discussions. That is welcome, but substantial concerns remain, not least with regard to the pay bill of the top 1 per cent in the public sector. The Liberal Democrats want to tackle it, but we know that the Conservatives will not.

On GARL, we need a different approach from that which has been set by the SNP, but the Conservatives will not do that. There is a party that makes proposals to be constructive and get results. That party is the Liberal Democrats—not the Conservatives. *[Interruption.]*

**The Deputy Presiding Officer (Alasdair Morgan):** We move to the open debate. *[Interruption.]* Order. As the Presiding Officer said, time is tight so I will stop members when they reach their time limit of six minutes.

15:17

**Kenneth Gibson (Cunninghame North) (SNP):** I underline my support for the budget, which delivers the best possible deal for the people of Scotland in the present circumstances. In this time of austerity, which is unsurpassed in modern times, and under the shadow of pending cuts by an incoming Labour or Conservative Government, the Cabinet Secretary for Finance and Sustainable Growth has produced a budget that will help to drag Scotland from the worst financial crisis since the great depression.

I was amused by Andy Kerr's comment that the restoration of GARL will be a Labour Party manifesto commitment next year at Holyrood. Given the stampede of Labour MSPs to grab the Westminster seats that are being abandoned by his colleagues in London, I do not think that many on the Labour benches believe that there is any likelihood of there being a Labour Administration next year. I would not be holding my breath on that one. Indeed, I wonder whether Iain Gray perhaps wishes that he was not Labour leader so that he could go for the East Lothian seat, assuming that Anne Moffat is finally ousted from that position. Speaking about Westminster, it should be pointed out that GARL is not flavour of the month among Labour MPs—for example, Ayrshire Central MP Brian Donohoe has made it very clear that he believes that there is no benefit whatever for the people of Ayrshire in the project's going ahead.

It is beyond argument that the Scottish Government budget allocation has been slashed dramatically, and the Labour Party's claims that

the budget is on the increase would be laughable if it were not a matter of such seriousness. In fact, only Labour MSPs still cling to that ridiculous view—not even their colleagues in Westminster give the claims any credence.

**Andy Kerr:** Would Kenneth Gibson care to take a short walk to the Scottish Parliament information centre, where he will find that the Scottish budget has gone up by £943 million?

**Kenneth Gibson:** SPICe has confirmed that there will be a reduction in the Scottish budget of £814.4 million—the equivalent of 13,000 Scottish jobs. Of course, I would expect Andy Kerr to avoid the fact that Alistair Darling has failed to provide Scotland with £350 million of accelerated capital for 2010-11 and has cut the Scottish budget, as he is one of the MSPs who thinks that it is his job to talk about Scotland and Scots being too poor, wee and stupid to rule our own future.

Not only has our budget been cut, but the finance secretary has had to look ahead and consider the £104.3 million annual impact on the Scottish block from April 2011 as a result of the Chancellor of the Exchequer's 1 per cent increase in employers' national insurance contributions—a clear tax on jobs.

Despite the swingeing cuts and the financial straitjacket that Scotland must work in, the finance secretary has produced a detailed budget that is committed to delivering first-class services, protecting jobs, stimulating growth and protecting Scotland's environment and financial future.

As we have heard, the Scottish Government has contributed £30.9 million for housing and regeneration, having already provided a record £1.6 billion for housing over three years. It has provided an extra £20 million to help the Scottish Further and Higher Education Funding Council to meet the higher demand for places in further and higher education and £16 million to create an additional 7,800 apprenticeship places, which represents a 73 per cent increase. The Government has, of course, also increased funding for health boards by 2.7 per cent and has provided £10 million for a new insulation scheme, and a similar sum for a Scottish investment bank.

The budget provides further investment across the board, including in front-line education services, rural development, further education, student support, funding for local government to support the business gateway, and renewable energy projects. In line with the Scottish Government's commitment to tackling climate change and assisting with tackling fuel poverty, we have heard the announcement that the boiler scrappage scheme will be introduced.

In the stage 1 debate, Wendy Alexander—who will speak next—talked about scrutiny of capital

expenditure during the budget process. She claimed that, because capital budgets have never been changed in budget negotiations,

"Parliament is tying its hands behind its back, because capital spending is what determines the strategic direction of any organisation".—[*Official Report*, 20 January 2010; c 22887.]

She believes that the Scottish Government should publish annual spending figures that are broken down by capital project, so that Parliament can be aware of slippage or delay. That is a red herring. Some projects fall behind schedule, which frees up funding, but more money is required to be put into other capital projects that make swifter progress on delivery—for example, construction of the M74 northern extension is ahead of schedule. Capital projects are monitored closely. The director general finance and corporate services reviews them every week and the cabinet secretary reviews them monthly. In the past financial year, the Scottish Government spent its capital budget to within £5 million of the £3.7 billion total, which strongly suggests that the current system is working well. To show that, John Swinney wrote yesterday to Opposition party leaders to provide a breakdown of all the capital projects that are under way and what has been spent on them. That information showed that the capital programme is on track and that only five projects show any variance.

Labour Party opposition to the budget has become increasingly ridiculous. Labour members' failure to support it as a somewhat contrived protest against GARL's cancellation serves only to highlight their capriciousness. The GARL project was cancelled with good reason. Before the Scottish Government took over, the Scottish Executive commissioned a study into the viability of creating a rail link to Glasgow airport. The report of that study was damning—it is the Sinclair Knight Merz (Europe) Ltd consultants' report, for those who want a closer look.

The report highlighted key criteria that should be met for the rail link to succeed, which were primarily that revenues should at least cover operating costs, that there was demand for a rail service and that any public sector contribution to capital costs should be at least matched by non-user benefits. The Glasgow airport rail link failed to meet any of those criteria. First, the service has no real demand. The report noted that the project would cater for only 5 per cent of passengers who accessed the airport—no wonder Brian Donohoe and other Labour MPs do not support GARL. The lack of demand means that the revenues that would be generated would not cover operating costs, which would make the service unsustainable unless it were to be heavily subsidised. Such subsidies and the massive

amount of capital that would be required would not provide value for money.

The budget focuses on issues that really matter to the people of Scotland: jobs, housing, education—

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

15:23

**Ms Wendy Alexander (Paisley North) (Lab):** I whole-heartedly welcome the new independent panel that has been announced today. If it is to do its job effectively, it—like Parliament and the public—will need further information, so I also welcome the Government's bowing to the inevitable. It is a wonderful coincidence that the Public Services Reform (Scotland) Bill gives the Opposition parties the chance to force information from the Government in the future.

At the Finance Committee's meeting yesterday, the Government—which knew that it would be defeated at stage 3 of the Public Services Reform (Scotland) Bill on the details of its budget—bowed to the inevitable and made a virtue of necessity. That is a victory for Parliament and it will be even better when the Government has the chance next week to support amendments to that bill on capital projects that it has resisted for months and months.

If those issues seem like arcane financial facts that would interest only a former Finance Committee convener, I will spell out the implications in terms about which every taxpayer should be concerned. Last week, the cabinet secretary told me that no underspend was available for GARL. Since then, two troubling facts have come to light. Yesterday afternoon, the spring budget estimates revealed that this year—not next year—the slippage in the Edinburgh trams project is £54 million. How can anyone defend slippage on that scale being squirreled out with less than 24 hours to go to a final budget vote? One has to ask: is there a hint of embarrassment on the Government benches that that underspend would ever see the light of day?

**Joe FitzPatrick (Dundee West) (SNP):** Will the member give way?

**Ms Alexander:** I am incredibly pressed for time.

Secondly, much more troubling was the indication in yesterday's letter from the cabinet secretary that there is no slippage in spend on the Southern general hospital project. The project, which is costed at £842 million, is the largest building project in the whole of Europe. I believe that the project's accountable officer is the head of the health directorates at St Andrew's house. The facts should trouble the taxpayer. Over the past

six months, the project completion date has fallen almost two years behind schedule. In August, the cabinet secretary told the Parliament that the children's hospital would be finished in 2013 and the adult hospital in 2014. By December, we had discovered that the Scottish Government had approved a contract that pushes back completion of the children's hospital and the adult hospital to 2015. Site completion will not now be until 2016—two years beyond the Government position of six months ago.

The project is being delivered two years' late, but the cash to pay the contractor is not. Indeed, astonishing figures that I have obtained from the Scottish Parliament information centre and Greater Glasgow and Clyde NHS Board show that the Government has agreed to the contractor getting the cash sooner than it would have done if the project had gone ahead on its original plan. The information from NHS Greater Glasgow and Clyde shows that the Scottish Government has agreed to a contract that permits 99 per cent of the cash to be paid to the contractor three months before either hospital is occupied and more than a year before site completion.

I put to Audit Scotland this question: what is good practice in this instance? Its reply was that payments usually follow works on completion. They do not precede them. The opening of the Southern general hospital children's hospital and adult hospital is being delayed from 2013 and 2014 respectively to 2015, yet the Government plans to hand over 99 per cent of the money three months before either hospital will be occupied.

The Scottish Government refuses to publish the figures. This sort of creative accounting and hiding of underspends and slippage must stop; it is simply bad value for the taxpayer. Why did John Swinney and his colleagues approve a contract that allows 99 per cent of the cash to be paid before either hospital is operational? Why did the Government not set down that payments have to follow the work? Why has it allowed the contractor to be paid before the project is operational?

The real budget shocker is that more than £800 million—double the cost of GARL—could walk out of the door before those hospitals are operational. Ministers do not want Parliament to know that. The simple question for the cabinet secretary is this: if a project falls two years behind schedule, why agree in principle—before a shovel is even placed in the ground—to hand over all the cash, and to do so sooner than intended? It is time for some answers. The charade of 11<sup>th</sup> hour discoveries of hidden slippages and stashed dosh must stop—

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

15:29

**Linda Fabiani (Central Scotland) (SNP):** A fortnight ago, we passed stage 1 of the budget. Since that time, I had hoped to see a mature and responsible attitude develop on the part of members—a realisation that finances are not unlimited. Making savings is not popular and the imposition of cuts is even less so.

I acknowledge and welcome the sense of realism from some members in the chamber. Despite the political posturing that ever applies, there is recognition that the Chancellor of the Exchequer at Westminster is cutting funding to the public services and that there is a resultant effect on Scotland owing to the inherent lack of powers in the current settlement.

Andy Kerr should listen to his colleague Hugh Henry, who told the Public Audit Committee in November:

"we are trying to outbid one another in promising what we will do, although we know privately that much of it is not possible."—[*Official Report, Public Audit Committee*, 18 November 2009; c 1307.]

It seems that the convener of the Public Audit Committee has grasped the uncomfortable truth about the money that is available to Scotland. I am sure that he would recognise the need to work constructively with the Scottish Government to distribute the resources that we have in the most equitable manner possible. That is a responsible and mature attitude—looking at what is in front of us, rather than what we would like to be in front of us.

Instead of listening to Hugh Henry, Andy Kerr seems to have listened to his friend at the Scotland Office. Its recent publication "Expenditure and Revenue in Scotland", which claims to be based on the Office for National Statistics's publication "Government Expenditure and Revenue in Scotland", is along the lines of Andy Kerr's thinking. He accused the Cabinet Secretary for Finance and Sustainable Growth of "deception"; I suggest that the deception comes directly from Andy Kerr's colleague at the Scotland Office. The Scotland Office's report was entirely selective in its statements, with a lack of balance and analysis but much imagination. It excluded large chunks of the revenue that is gathered from Scotland, but managed to lever in expenditure that did not actually occur. It also excluded council tax revenue but included local authority expenditure, thereby creating a phantom gap in Scotland's accounts.

There are other anomalies and analytical failings in the Scotland Office document, as there are in the posturings of the Labour group here today. I emphasise my disappointment at the fact that the Secretary of State for Scotland, supposedly



Scotland's man in the Westminster Cabinet, rather than the other way round, would wish to tell the people whom he represents—the people of Scotland—that they are not paying their way, that they are subsidy junkies and that they are too poor or stupid to be let out alone. I find that sad and strange and I ask whether the Secretary of State for Scotland is a little out of touch with some of his colleagues here, who have clearly grasped that perpetual negativity is in no one's interests, either individually or collectively.

Two weeks ago, I said that we must think about how changes to public spending will change the economic and social outlook of our country. There must be a rethinking of the priorities of Scottish public spending, and every politician in Scotland will have to think hard about what they want to do. The sums of money that all of us wish were available for distribution are not in the budget. Every member of the Parliament would want more money to be available for public services, even if we disagree in some measure about how to spend the funds. The point is that we are where we are and must take the appropriate decisions.

As we know, the cab sec has taken decisions that he thinks are appropriate. I note the decision that he has taken on the boiler scrappage scheme and on Sarah Boyack's motion in the *Business Bulletin*, which was signed by every member of the Labour group, calling for that. John Swinney has delivered, yet we still hear from the Labour group that it will not vote for the budget. What do we have to do to get some degree of positive outlook from the Labour group? We have a limited pot of money to use. The cabinet secretary has done the best possible job of apportioning the resources in the budget.

There has been constructive dialogue with some colleagues from other parties, but sadly not with the front bench of the Labour group, which has lodged an amendment calling for the reinstatement of GARL. I ask those who intend to support that amendment—from Jeremy Purvis's speech, it seems that Lib Dems intend to do so—to consider and to reflect further on two things. As my colleague Kenny Gibson mentioned, the original feasibility study by SKM, which was published during the term of the previous Administration, was not convinced of the perceived benefits of GARL—in fact, it was quite damning in some regards. I suggest that members look at that study.

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

**Linda Fabiani:** No. I am in my last minute.

I ask members to reflect on the fact that 54 per cent of 2010-11 expenditure on the 36 major capital projects in Scotland—if I had more time, I would go into more detail about how those

projects are run and managed and what completion means—will be on projects that are either in Glasgow or will be of direct benefit to Glasgow. Let us stop this nonsense about the Government putting Glasgow down—that is not happening. I ask all members to support the cabinet secretary's budget.

15:35

**Des McNulty (Clydebank and Milngavie) (Lab):** I will concentrate my remarks on education, but before I get on to that subject I point out that the finance minister has never told us what criteria were used to remove GARL from the capital programme. We have never had that information. If we had gone through a proper process, the removal of GARL would not have been defensible or the right answer.

All over Scotland councils are making cuts in education services, despite the fact that the Government has more money this year than ever before. The First Minister's claim last week that local government's share of the resources at his Administration's disposal has increased does not correspond with what councillors of every political party, including the SNP, are saying, nor is it in line with the facts.

**Kenneth Gibson:** Will the member give way?

**Des McNulty:** In West Dunbartonshire, an SNP-run council, devolved school budgets are being cut to the bone, support for schools in the most deprived areas is being taken away and educational support services are being stripped back. In Renfrewshire, another SNP-run council, there has been the highest rate of reduction in teacher numbers in Scotland. Cuts have been made in music provision, for example, which was previously offered for free. In East Ayrshire, the council is reneging on commitments to hold secondary 1 and S2 class sizes down to 20 in maths and English. In Edinburgh, the Lib Dem-SNP council administration is imposing a 1.9 per cent cut on all schools budget lines and is removing full-time nursery places. In Aberdeen, things are even worse. Only Glasgow and North Lanarkshire seem prepared to face up to hard choices and to invest in supporting children from Scotland's most deprived communities.

Since becoming Cabinet Secretary for Education and Lifelong Learning, Michael Russell has sounded the retreat on class sizes, on teacher numbers, on any extension of early years education and on providing any new assistance to kinship carers. His party made all those solemn promises in the run-up to the 2007 elections. The retreats have nothing to do with the Government having less money. However the calculations are

made, the Government has more money than ever before.

**Kenneth Gibson:** Will the member accept an intervention?

**Des McNulty:** Those retreats are the consequences of false promises and of the fact that the cabinet secretary has lost control. He might posture and bluster, but in reality our education minister has little influence over education delivery in Scotland.

Last weekend the minister told *The Times Educational Supplement Scotland* that teacher numbers would never get back to the level that he inherited. In December, Peter Peacock reminded us of the clear purpose of the Labour-Lib Dem Administration in trying to grow teacher numbers:

"With the phenomenon of falling school rolls ahead of us, if we could successfully grow teacher numbers and hold them steady at 53,000, an historic opportunity would open up to cut class sizes, to wrap other resources around kids in need and to give headteachers flexibility to deploy staffing in a way that we had never seen before."—[*Official Report*, 3 December 2009; c 21821.]

The death knell for that promise and those ambitions is sounded in the budget, and in council budgets across Scotland.

Because the previous Administration was successful in growing teacher numbers, the collapse that has taken place is a spectacular public policy failure, as Peter Peacock pointed out, and the principal cause lies in the Government's approach to what must now be known as the crazy concordat. The concordat has made delivering national priorities all but impossible. Without financial or policy levers, the Government is incapable of delivery, whether on teacher numbers, class sizes or any of its other promises. That is money that the Government claims and Mr Swinney says was meant to be spent on education, but which has been spent on other services, and the problem is not the fault of local government; the fault lies squarely with Mr Salmond and Mr Swinney.

If the SNP had said that it would cut the number of teachers, reduce school budgets and slash support services, it probably would not have been elected. Honesty would not have paid off in that instance. Lack of candour has its consequences, however, which are being felt in classrooms throughout Scotland.

The Government says that it has national priorities, but it does not mind if local authorities deliver only 20 per cent of one of them. Is that to spare ministers' blushes? It certainly brings little comfort to teachers, parents or others who are concerned about the quality of education for our young people. As Peter Peacock said:

"If the Government has national commitments but no means of ensuring their delivery, it should not expect to deliver them."—[*Official Report*, 3 December 2009; c 21822.]

A change in ministers has not changed the situation. It might be argued that it has made things worse. It is increasingly clear that Mr Russell has lost control. No clarity and little leadership on curriculum for excellence are being provided by the Cabinet Secretary for Education and Lifelong Learning or his officials. The new curriculum is meant to be implemented in August 2010, but it is becoming a dog's breakfast. Teachers throughout Scotland tell us that the resources for continuing professional development and the materials that they need are not there. Young people will be expected to take up courses that—on current rates of progress—will not be in place. Teachers are talking about a lack of resources and the failure to equip them to meet the demands that will be placed on them. The reality is that the wheels are coming off the education bus in Scotland and councils are dismantling, piece by piece, the budgets that are needed for delivery.

Let us go on to consider the Scottish Futures Trust—

**The Deputy Presiding Officer:** I am afraid that you cannot go on. Your time is up.

15:41

**Joe FitzPatrick (Dundee West) (SNP):** We have arrived at what I hope will be the conclusion of the most open and transparent budget in the Parliament's 10-year history. MSPs of different parties have followed the lead of the Cabinet Secretary for Finance and Sustainable Growth and engaged constructively with the process to ensure that we have a better budget for the people of Scotland, although Labour members have been notable in their refusal to take part. They were always a bit slow to catch up and I hope that they will have got the hang of the process by next year, if they have not all jumped ship to Westminster by then.

**Andy Kerr:** For the record, I have engaged with the cabinet secretary, as I hope that he will confirm. The fact that we do not agree with the outcome of the process does not mean that we did not engage in it.

**Joe FitzPatrick:** I am talking about genuine engagement with a view to producing a budget that has the support of all parties. I do not think that Labour ever genuinely engaged in the process this year.

**Kenneth Gibson:** The previous speaker would not take an intervention from me. Is the member aware that when representatives of Audit Scotland

were asked about education funding in the Education, Lifelong Learning and Culture Committee this morning they said that in the past five years, which include the first two years of Scottish National Party Government, there was a 5 per cent year-on-year real-terms increase in councils' education spend and that the share of local authority expenditure that goes on education has increased from 28 to 31 per cent?

**Joe FitzPatrick:** The member made a good point.

Iain Gray will have to deal with the number of Labour members who are leaving the Scottish Parliament to move to Westminster, but he can rest assured that one Labour MSP will not be leaving for Westminster, not because of loyalty but because he has already secured his seat in London's other house. Lord George Foulkes, the champion of Government scrutiny, has managed to lodge 150 parliamentary questions since this year's budget was published. Meanwhile, the entire Labour Party has been unable to conjure up even one amendment. If Lord Foulkes has time to ask the First Minister what his favourite colour is, surely Iain Gray and Andy Kerr can come up with an alternative proposal that would enable the reinstatement of GARL.

**Andy Kerr:** We have proposals: use the slippage; use Network Rail RAB; use the private finance initiative and PPP; use the Scottish Futures Trust. None of those options has been adopted by the cabinet secretary.

**Joe FitzPatrick:** If those proposals had not been unworkable, I am quite sure that Mr Kerr would have been able to conjure up the wording of an amendment to make them happen, but the Labour Party is not much cop at suggesting cuts. Labour members are always so busy spending that they do not bother to consider who is signing the cheques. At a time when their party's chancellor is warning of the toughest cuts in 20 years, Labour members in the Scottish Parliament are rampant in their additional spending demands. Cathy Peattie has called for an extra £5.2 million for community transport schemes; John Park wants £24 million for wage subsidies and £4.5 million for free wireless internet on every bus in Scotland; Richard Baker wants £36 million for mandatory knife sentences and the electronic tagging of all open-estate prisoners; Rhona Brankin wants £80 million for more teachers; and Andy Kerr and Iain Gray are calling for about £200 million for GARL. The list goes on and is added to almost daily.

I agree with some of those things. Some of them are good ideas and desirable, but the Parliament has a responsibility to set a balanced budget and, within the current tight financial settlement, it is not possible to do everything that we would like to do.

The budget is about priorities; if the Labour Party thinks that GARL is the number 1 priority and should be reinstated, it should have the honesty to say what is not a priority and what it wants to cut from the budget.

One thing that is neither essential nor desirable is Trident. If the Labour Party wants to free up billions of pounds, why does it not press its Westminster colleagues to scrap plans to build a new generation of illegal weapons of mass destruction that are designed to wipe out civilian populations? To put it in context, if the expenditure that is allocated for Trident's replacement were transferred to public sector jobs, Scotland's share would amount to 4,000 firefighters, 4,000 nurses and 2,000 junior doctors. Come on, what are the Labour Party's priorities: weapons of mass destruction or front-line services?

The budget that Labour is keen to see fail involves £1 billion investment in Scotland's transport infrastructure; £2 billion investment in higher and further education and skills, including modern apprenticeships; £1.65 billion on housing and regeneration over the spending review period; the small business bonus scheme; £10 million for the marine renewables sector; £150 million over three years for the zero waste programme; further funding to allow councils to freeze the council tax for another year; £1.5 billion through the Scottish rural development programme; and, of course, £2 million for a boiler scrappage scheme for which members of the Labour Party called.

That is what new Labour would vote against. Businesses and families throughout Scotland will be relieved that not all parties hold them in contempt like the Labour Party does. I am hopeful that the rest of the Parliament will come together to face up to the financial and economic challenges and to produce a budget that will protect front-line services and assist economic recovery. That is what the budget does and that is what the Parliament will deliver—

**The Deputy Presiding Officer:** Your time is up, I am afraid.

15:47

**Robert Brown (Glasgow) (LD):** Liberal Democrats have been clear from the beginning of the budget process that the overwhelming priority this year, and probably for years to come, must be the economic crisis—jobs, opportunities for young people, support for business, fairness and obtaining a grip on the salaries and bonuses of the top-paid people in the civil and public service.

Liberal Democrats are also well aware that there is a limited public funding pot, although ministers have considerable wriggle room within a budget of more than £30 billion because of the ability to

juggle departmental priorities and the additional £58.5 million that is available, as John Swinney announced yesterday. I strongly welcome the additional funding for colleges, the Scottish investment bank and housing and regeneration, which reflects and responds to Liberal Democrat views, but the debate about creating jobs and supporting business includes the justified furore over the cancellation of the Glasgow airport rail link. In that regard, the budget process has been characterised by the SNP's total failure to engage. I am pleased that the Minister for Transport, Infrastructure and Climate Change, who has been absent from that debate, is in the chamber. However, John Swinney will not talk to anyone about the Glasgow airport rail link. Indeed, the SNP Government's highly dubious and obstructive interpretation of the Freedom of Information (Scotland) Act 2002 and its failure to release to me and others information on the basis for, or the criteria that were used in, the review of GARL have put it in the embarrassing position of defying the Scottish Information Commissioner. One would think that sufficient lessons on the reckoning that comes to a Government that obstructs the public release of full information on controversial issues were being played out daily in the television coverage from the Chilcot inquiry.

**John Swinney:** Mr Brown said that I had spoken to nobody about GARL. Perhaps, for the sake of accuracy, he should acknowledge that I have appeared before the Transport, Infrastructure and Climate Change Committee to talk about the subject, met business organisations to discuss it and discussed it with Mr Kerr.

**Robert Brown:** I am grateful to the Cabinet Secretary for Finance and Sustainable Growth for that intervention but, if I may continue on the line—

**John Swinney:** The line of GARL.

**Robert Brown:** The Glasgow airport rail link will not go away. I am given to understand from a friend of mine that in Gaelic “gàrlach” means screaming infant. GARL is a screaming infant from the finance secretary's perspective, because it is an issue that will not go to sleep. The SNP had no justification, on the basis of any public information, for cancelling GARL. Liberal Democrats have recognised from the beginning that in a tighter financial climate it has been necessary to look at the project in a wider compass—the costs, the funding and who pays. Those are all issues to pursue, as some of us have tried to do. The matter has been pursued diligently and intelligently by my colleague Jeremy Purvis at the Finance Committee and by Alison McInnes at the Transport, Infrastructure and Climate Change Committee. Our line has been consistent, building on the fact that the project was initiated and

backed by two successive Liberal Democrat transport ministers as vital for Scotland.

The Scottish Government needs to engage properly. That does not mean just talking, but engaging, understanding and going forward. It means engaging with stakeholders to find an agreed way forward.

**James Kelly (Glasgow Rutherglen) (Lab):** Will the member give way?

**Robert Brown:** No, I am sorry, but I need to make a little progress.

A lack of coherent vision on big transport plans, delay, cancellation and a lack of commitment have characterised the Scottish Government's approach. What is important is that there is no consistent machinery for assessing and ranking key transport projects. There is not even a glimmer as to how the Scottish Government will fund the massive investment in the new Forth crossing. It is a shambles, built on a policy vacuum in a pot stirred about by interference by the finance secretary.

I am not sure that the case for GARL has been particularly helped by the Labour Party. There is, alas, a strong sense that Labour prefers the political advantage, as it sees it, of the SNP being blamed for being anti-Glasgow and anti-GARL, rather than the prospect of getting the Scottish Government back to the table to participate in delivering GARL. With such a project, only full participation by the Government and the Executive machinery will do the trick.

In previous speeches, and in letters to the finance secretary, I have suggested holding some form of round-table discussion with stakeholders and others on a cross-party basis. I make a slightly different, but sincere suggestion that John Swinney establish an independent inquiry into GARL—the Scottish Government seems generally keen on those in relation to other issues—to examine and assess the Government case for cancelling it and the on-going and substantial case for proceeding with it; to look at the potential for cost reduction, perhaps by a change of route to avoid the fuel farm; to look at the possible funding methods and their implications; and to see whether contributions from stakeholders are possible. Will the cabinet secretary establish an inquiry to examine independently whether and how GARL could be delivered?

**David Whitton:** Will the member take an intervention?

**Robert Brown:** I am sorry, but I have taken an intervention and I will not take any more during this speech.

Reinstatement of the original funding is not the issue. [*Interruption.*] Presiding Officer, may I have a little protection from noise?

**The Deputy Presiding Officer:** Order.

**Robert Brown:** The issue is whether a design and funding package for GARL that will deliver the project can be reinstated. The inquiry would have to be genuinely independent and suitably expert. My only stipulation is that it should report within a short period. I want to get the Scottish Government off the unnecessary hook on which it has impaled itself.

GARL is important and we want answers from the Government on it. I will listen with interest to the minister's response.

15:53

**Mary Mulligan (Linlithgow) (Lab):** I start where I began two weeks ago in the stage 1 debate, because, despite calls from many quarters for a budget for jobs, the economy and homes, and despite much to-ing and fro-ing by the Cabinet Secretary for Finance and Sustainable Growth, who was trying to look as if he was listening, nothing much has changed. I make no apology for repeating what I said then: the SNP Government's budget will increase by £943 million in cash terms. I acknowledge that it is difficult in this budget process to see where the extra money will benefit people in Scotland. Perhaps that is because it does not fit with the SNP Government's agenda of blaming Westminster for all our ills. However, I do not wish to appear churlish. I would usually have welcomed the £30.9 million additional money for housing that was announced yesterday in the spring budget revisions. Indeed, I was going to welcome it, until I realised—my view on this was confirmed today by Shelter Scotland—that the £30.9 million is the same £31 million that the Scottish Government announced on 15 June 2009. Indeed, the June press release from the Scottish Government said:

"Businesses and households rightly demand swift, decisive and comprehensive action to help them through these tough times."

Well, swift and decisive it is not, and new money it is not. Although I welcome the £31 million in consequential for housing, I do not welcome re-announcements. I hope that, in his summing up, the cabinet secretary will come clean and clarify where the £31 million has come from and in which year it will be spent.

Housing practitioners throughout Scotland agree that demand for affordable rented accommodation continues to grow. During the recession, private house building has collapsed, which has added to the pressure. The collapse in house building has led to many lost jobs—it is difficult to put a figure

on how many, but it is clear that we are talking about thousands rather than hundreds of jobs. Most concerning is the fact that, despite the clear support from many organisations—Shelter, the Scottish Building Federation, the Union of Construction, Allied Trades and Technicians and Homes for Scotland, to name but a few—for the building of more affordable housing, the Government appears to have no new strategy.

Let us look at what the Government has done. Early last year, it reduced the housing association grant by up to £10,000 per unit, leaving many housing associations with a financial dilemma. After much lobbying by the housing associations, Labour and the other Opposition parties, the Government performed a partial U-turn and reduced the cut to around £5,000 per unit. However, at the end of 2009, the Scottish Government sneaked out an announcement that it was going to reduce the cost floor for housing associations again. How can housing associations possibly be expected to budget for housing development when the Government keeps changing the rules?

Maybe the cabinet secretary can answer a query that was raised by the Scottish Federation of Housing Associations when it gave evidence to the Local Government and Communities Committee during its consideration of the budget. A recent SFHA survey found that at least £90 million is being front-funded by housing associations throughout Scotland in a practice whereby housing associations front-fund new-build schemes and receive grant in future financial years. When will that money be repaid to the housing associations? Will it come out of this year's budget? Will it mean that there will be even less money for new and refurbished housing in 2010-11?

Before I finish, I again ask the cabinet secretary a question that I asked in the stage 1 debate, to which I did not receive a reply. When will the Scottish Government establish an infrastructure fund? As Michael Levack and Graeme Brown said in *The Scotsman* yesterday, house building is more than simply providing four walls and a roof; it is the catalyst for regenerating communities. We all agree that modern communities need new roads, water connections, new schools, shops and health practices. On numerous occasions, when I have raised the issue of infrastructure funding, ministers have agreed that that is an important part of housing development. Nevertheless, there are still no plans coming from the Scottish Government—is it the case that infrastructure—or costs are also to be found from this year's reduced housing budget?

What we have today is a budget that seeks to mislead everyone in relation to housing spending.

It is noticeable that the cabinet secretary has not tried to respond to my assertions. What I have said must be accurate—there is no new money for housing, despite the claps and cheers that we heard from the SNP back benchers earlier. Spending on housing in 2010-11 will decrease by £204 million from spending in the previous year, meaning that fewer houses will be built or refurbished and that there will be fewer jobs and apprenticeships. The responsibility for that appalling situation lies clearly on the shoulders of the cabinet secretary and the SNP Government.

**The Deputy Presiding Officer:** Patrick Harvie will be followed by Margo MacDonald. You have 3 minutes.

15:59

**Patrick Harvie (Glasgow) (Green):** Three minutes? Thank you, Presiding Officer.

Throughout the process, as under the previous Administration, we have been clear in our criticisms of the SNP budget and about the progress that is needed if we are to be able to support it. I have argued that, as introduced, it appeared to have been written before the economic recession and even before the adoption of climate change targets, but we have given clarity on what is needed.

At stage 1, I was pleased to welcome the announcement of a £10 million fund for the marine renewables sector—something that I hope every political party is able to support. However, we have also argued, as we did last year, that a universal national insulation programme is—and was then—the cheapest, quickest and easiest way to secure carbon cuts, cut people's fuel bills and protect jobs in a vulnerable sector. I am pleased to say that there is progress, not only on the scale of the insulation scheme that the Government announced last year, which in 2010-11 will be spending £21 million, given the rollover of underspend from the current year, but in an additional £10 million scheme, working on the universal basis for which we have consistently argued. There have been far too many years of means-tested schemes that target and miss those in fuel poverty.

In addition, there is the boiler scrappage scheme, which must not be a simple carbon copy of the UK scheme. It must achieve the same objectives but be tailored to fit with and complement the existing money being spent on boilers in Scotland.

I will say something about two of the asks from other political parties. An independent budget review is a fine idea, but it must be a participative process that allows people to say for themselves what is important in public services. It should not

simply be an exercise by bean-counting economists.

As for transparency, we already have freedom of information legislation. If we need to improve it to prevent the Government from avoiding it, we can. We have the Parliament's Finance Committee and the SPICe financial scrutiny unit. We also have audit machinery. I do not see what the requirement for publication adds beyond, perhaps, a string of easy headlines for the *Daily Mail*, the *Daily Express* and others, especially the Conservatives, who seem to be licking their chops in anticipation of those fun, fun, cuts to come in public services.

Finally, I have never been the biggest fan of GARL, although I have been willing to work with the Labour Party to see what could be done. There is, however, a great big bridge-shaped elephant in the room. I have said it before and I will say it again. GARL will not be the last—

**The Deputy Presiding Officer:** I am afraid that your time is up for saying it today.

16:02

**Margo MacDonald (Lothians) (Ind):** I thank the cabinet secretary for his good sense in expanding the apprenticeship scheme for stone workers. I am sorry that, since I am short of time, I cannot say more than that.

I return to a topic that came up last week: constructive suggestions.

"To put it politely, Gordon Brown and David Cameron are being less than candid about what it will take to fix Britain's public finances."

That view was expressed in the *Financial Times* on Tuesday and it is accurate. My first suggestion is that everyone should read the financial pages because the reticence of the UK party leaders cannot hide the deficit: £178 billion this year alone, with total Government debt heading for more than £1 trillion. Anyone who thinks that cuts can be avoided this year probably thinks that things can only get better and that Tony Blair told the truth at the Chilcot inquiry.

If there are cuts, they will bear heavily on local government. Councils already face cuts of £270 million and job losses that are forecast to mount into the many thousands. I propose an area of expenditure that should be considered for cuts by the cabinet secretary but which, to date, has been ignored—the enormous sum our councils and health boards dish out to the PFI owners of what look like but are not public assets: schools and hospitals, to start with. We have to realise that the Parliament is not spending taxpayers' money; we are spending their debt. Every penny that we have spent in our £30 billion-plus budget is borrowed

money. If we were a commercial organisation facing that situation, we would seek to renegotiate contracts in order to shrink our debt. I propose the same principle, given that the people we represent now face deep cuts in their public services. If we are all in this together, no organisations can be excluded.

We are in the ridiculous situation that the Royal Bank of Scotland and the Bank of Scotland—which are Government owned on our behalf—extract money from local authorities and other public bodies while causing misery for thousands. In the meantime, we keep the banks alive with borrowed money that, eventually, the taxpayer will have to pay, on top of what is paid on PFI. Is that freakonomics or crazy economics? Members can take their pick. From 2010 to 2012, Midlothian Council will pay £21.3 million through PFI, West Lothian Council will pay £25.3 million and the City of Edinburgh Council will pay £85.6 million. Those councils could be forced into sacking people whose taxes saved the banks and the financial system in the first place.

PFI contracts were negotiated when money was rolling in and prudence was the order of the day, but the world has changed. The UK's national fiscal deficit is huge, and the local government purse—

**The Deputy Presiding Officer:** I am sorry; time is up. We go back to six-minute speeches.

16:05

**Stuart McMillan (West of Scotland) (SNP):** This afternoon's debate has been polarised between some members who will not back the budget unless GARL is reinstated, and others who live in the real world and realise the financial difficulties that face the cabinet secretary and the Scottish Government.

Under normal circumstances it would be understandable that the cabinet secretary has taken a bit of criticism for cancelling the GARL project. However, as every member in the chamber must admit, these are financially challenging times. The UK officially came out of recession by 0.1 per cent only last week, but the whole economy is still perilously close to going back in, and it is nowhere near being back on stable ground, as we heard once again in the Economy, Energy and Tourism Committee this morning.

There has even been talk of a double-dip recession if funding from London is slashed, which will happen next year and is expected to happen in a number of years to come. The bottom line is that tough decisions need to be taken, whether or not we in the chamber like it, and whether or not we are the cause of the problem. The decision to

cancel GARL is one of those difficult decisions that have been brought about by the failings of others, which the Scottish Government must try to deal with.

As I said in a previous debate, a GARL project should happen when finances are better. I would consider running a line through Renfrew to ensure that more people had the chance to get out of their cars and on to public transport. In an ideal world, rail links to Glasgow and Edinburgh airports would exist, but if the finances are not there, there is nothing that this Government—or any Government—can do.

If the Opposition wants to give this Parliament the borrowing powers of any normal country so that we can work towards improving Scotland, it should by all means back the referendum bill when it comes before the Parliament.

**David Whitton:** Where will the £12 million for the referendum bill come from? There is no provision for it in the budget.

**Stuart McMillan:** Yet again—typical Labour.

Members who do not want to give this Parliament the powers fully to tackle the recession cry crocodile tears when the Scottish Government needs to take tough decisions.

I welcome the amendment from Labour—or new Labour, or whatever it is called these days—but, as usual, it is too little, too late. Labour members obviously think that the cabinet secretary has hundreds of millions of pounds tucked away and does not need to make tough decisions. If Labour really wanted GARL to go ahead, it should have lodged amendments to the bill to indicate what it would have cut and slashed elsewhere, but it has failed miserably to do that.

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

**Stuart McMillan:** I am sorry, but no.

Another aspect of Labour, or new Labour, is the student politics that are involved in the cancellation of the Renfrew ferry. It took us a while to find out what the retribution for the cancellation of GARL was going to be, but it came as no surprise that Labour members of the Strathclyde partnership for transport wanted to punish the SNP, the population of Renfrewshire and the population north of the river by cancelling the Renfrew ferry. That was Labour's target, and I assure Labour that that decision will come back to haunt it. The bully-boy tactics of new Labour are unfortunately alive and well, and hell mend anyone who goes against it. So much for the party of the working class.

Thankfully, there is so much more to the budget than the GARL story. The provision yet again of funds to freeze the council tax will be warmly

welcomed throughout the country. There is also the annual increase in local government's share of expenditure; the additional £31 million for the housing budget, on top of the record £1.6 billion over the three years of the spending period; and the introduction of the boiler scrappage scheme, which we heard about from the cabinet secretary. He announced other measures, but I will not go into them all again.

Much more can be done, but without the full fiscal powers to deliver an even better Scotland with independence, whoever is in power in the Parliament will always be hamstrung. Their ambitions will be capped as if they are to be kept in their place.

One example of the capping of Scotland's ambitions was the UK chancellor's refusal to allow further capital acceleration of £350 million to keep more people in employment in these difficult economic times. The fact that the Parliament was required to go cap in hand for our money is a nonsense, but to be refused, even when the proposal had the backing of Iain Gray, was appalling. It shows just where Scotland comes in the food chain of new Labour in London. The bottom line is that Scotland more than pays her way, yet Scots have been punished for daring to vote for someone else in 2007 and for kicking new Labour out of power. Scots are being punished for Labour's mishandling of the economy, and John Swinney is left to pick up the pieces with the budget.

The cuts that will come Scotland's way from 2010 are purely a result of Labour's failings. The Scottish Government's budget tackles them to the best of its ability, but with even more powers the Parliament and the Scottish Government could do even more to assist Scotland's economic recovery.

The debate so far has been polarised, as I said, and I am sure that there are other polarisation aspects to come from other speakers. However, the budget represents the best that Scotland can do with the limited powers that the Government has at its disposal. I urge all members to back it this afternoon.

16:11

**Charlie Gordon (Glasgow Cathcart) (Lab):** Four times a month, I have what I call my reality check when I hold my surgery. I meet people and listen to them. At the moment, what comes up time and again is that people are worried about their jobs and their homes. I am not putting myself above any other MSP, but I try to keep those things at the front of my mind when I come to the Parliament, to see whether I can do something to address people's concerns.

On the atmosphere in the chamber today, too many games are being played by too many MSPs who are thinking about the forthcoming Westminster general election. I want to return to the theme of jobs and homes. What can we do to address those issues? Others have said what they think we should do on the homes front. I want to concentrate on how we can support existing jobs and perhaps create some new ones.

It seems to me that two of the best things that the public sector can do on the jobs agenda are to develop skills and to develop infrastructure. Labour in the Scottish Parliament has an honourable track record in moving forward the skills agenda. When it comes to infrastructure, I would argue that transport is particularly significant in economic development. I do not think that the budget that is before us is a particularly good one for transport. Under quite a few headings there is a standstill sum or a reduction. My experience has been that politicians of all stripes buy into transport investment in principle, but when it comes to practice, especially if they perceive that money is tight, other priorities sometimes elbow transport to one side.

**The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson):** Does the member welcome in particular the double-figure numbers of apprentices who have been employed on the M74 and M80 projects and the consistent use of projects to draw new people in and create new skills as a positive way in which to create jobs for the future?

**Charlie Gordon:** The minister makes my point for me. One reason why I believe that transport infrastructure should be pushed forward is precisely that it can bring those wider benefits. I have seen them, and I have taken my hat off, on the record, to John Swinney for committing to the completion of the M74, for example, so it is not a case of not giving credit where it is due.

However, transport is long term, it is strategic, it is linked to land use, and it has to be supported by coherent arrangements, such as Scottish transport appraisal guidance appraisals to assess project ideas. We have a list of strategic transport projects and the national planning framework. The 14 projects, which include the Glasgow airport rail link, are so significant to Scotland that the Scottish Government will deal with them under special planning arrangements. So we should hear no more talk of GARL, for example, being a purely parochial concern. In changing transport priorities, we must respect those processes and Parliament itself. We should not take short-termist decisions on transport without making information and the criteria used available.

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



**Charlie Gordon:** No, I have already taken an intervention. I want to move on.

GARL is not simply a Labour shibboleth. Derek Brownlee, clearly daunted by the prospect of finding £11 million a year for GARL for 30 years out of a budget of £35 billion—in other words, 0.03 per cent of the budget—tried to sow some parochial seeds. In fact, he expressed some anti-Glasgow sentiment by suggesting that, given the chance, Labour would somehow do away with Aberdeen western peripheral route and the Borders rail link. That is a red herring; Labour supports those projects.

**Derek Brownlee:** Will the member give way?

**Charlie Gordon:** No. The member would not take my intervention.

Too many members have suggested that GARL is purely a Glasgow project. I am not a Glasgow parochialist, but I plead guilty to being a Glasgow patriot. Moving on from the debate about the country's interests—and I repeat that GARL is a national project—I think that other Glasgow MSPs should emulate Kenny Gibson MSP. I am talking not about his contribution to today's debate but about the principled stand that he took some years ago on another extremely controversial measure—the Glasgow housing stock transfer. I believe that I am right in saying that, at the time, Mr Gibson was the SNP housing spokesperson—he was certainly a Glasgow list MSP—and he said, rightly, that the stock transfer was a good thing for the city. For that, he was punished by some in his own party.

Sometimes we have to stop playing games in this chamber and refocus on ordinary people's concerns, which, as I said, are about their homes and their jobs. We have to do the right thing. There is no doubt about it: as far as the jobs agenda is concerned, the Government's own established methodologies show that one of the best things that we can do for Scotland is to reinstate GARL.

16:17

**Michael Matheson (Falkirk West) (SNP):** As far as the budget process itself is concerned, over the 10 and a half years since this Parliament was established, there have always been calls for more and more detail on the draft budget and committees have complained about the lack of time to scrutinise properly the relevant aspects. Some of the comments that have been made over the past few months and weeks, and even today, about that lack of detail are very familiar—in fact, they have been around for many years. The only difference is that some who now peddle those arguments are the very people who dismissed them in the past.

The whole process has been given an added edge by the fact that this budget is being taken through by a minority Government. Of course, some will say that because a minority Government has to negotiate much more widely the process becomes messy, which in some way undermines the Government's strength. One might argue that, given that the people of Scotland did not give any single party the mandate to rule fully in the Parliament, the inclusive nature of this budget process and the fact that there had to be dialogue with other parties have made the process itself more open and engaging than ever before. I have no doubt that the additional measures that the cabinet secretary has implemented in response to suggestions on independent scrutiny of the budget will enhance the process yet further for parliamentarians throughout the chamber and will assist the committees in scrutinising the process more effectively.

**Patrick Harvie:** The member appears to be making Wendy Alexander's point rather well. If the cross-party nature of the process is as he describes it, should John Swinney not release to all political parties the information that we are told he looks at weekly and monthly on the capital side of the budget?

**Michael Matheson:** The level of detail that the cabinet secretary has released this year in relation to scrutiny of the Scottish Government's budget is greater than has ever been released in the preceding nine years. We must give some credit where it is due.

I now turn to some specific measures in the budget. I can say to the cabinet secretary that, in the past five months, I have received no representations from any constituents on the reinstatement of GARL, but that hardly a day goes by when I do not have a constituent making representations to me on housing problems and the lack of available social housing. In its most recent estimate, Falkirk Council said that it had approximately 17,000 units, but approximately 12,000 people on its housing waiting list. However, for the first time in many years, Falkirk Council is embarking on a social house building programme, as a result of the additional investment that this Scottish Government has put into providing social housing. I am delighted to hear about the further £31 million that has been made available for more social housing, because that will bring direct benefits to my constituents on an issue about which they make representations to me.

**Mary Mulligan:** Will the member give way?

**Michael Matheson:** I am afraid that I have too much more to say.

I am also delighted that the Government is maintaining the small business bonus scheme.

Every small businessperson that I have spoken to in my constituency over the past year has highlighted the importance of the scheme in sustaining their business through this period of economic difficulty. Many small businesses have saved thousands of pounds, helping them through the economic downturn, and the scheme's impact should never be underestimated.

The extra £10 million that has been provided for home insulation is also essential. One plea that I make to those who will be involved in deciding how the money will be used is for greater support to be given for properties that are difficult to insulate. I have many constituents who live in old properties and who struggle to maintain them and keep them heated. I hope that greater recognition can be given to the problem that many of those properties are difficult to insulate.

I fully acknowledge the economic difficulties that the country faces and the pressure that that has put on the Scottish Government's budget. Not all aspects of the budget can be maintained, but this budget strikes the right balance and, for that reason, it should be supported at decision time.

16:23

**James Kelly (Glasgow Rutherglen) (Lab):** I welcome the opportunity to speak in support of the Labour amendment.

I firmly believe that the budget has to have the promotion of the economy and the creation of jobs as its centrepiece and that the decision to cancel GARL undermines that objective. In looking at that decision, we must first examine the starting points for it. As Charlie Gordon outlined in his point of order, a parliamentary bill was passed on the subject. In addition, back when the spending review was published in 2007, GARL was a line in the proposals for 2010-11.

When the draft budget was published, the GARL line was taken out, which, in effect, was an act of economic vandalism that moved against the creation of 1,300 jobs and the promotion of the economy of not only Glasgow but Scotland. When the Finance Committee and other committees hold meetings throughout Scotland, businesses, unions and local organisations point out the importance of transport and connectivity. The cancellation of GARL undermines connectivity both within Glasgow and the west of Scotland and between the area and other centres in Scotland. That hinders the Scottish economy's ability to grow.

Contrasting the treatment of GARL with that of the Scottish Futures Trust—the most expensive job creation scheme in the Scottish budget—shows how the Government's priorities are not correct. Mr Swinney spoke about saving money on salaries that are paid for out of the Scottish

budget. If he wants to do that, he should bin the Scottish Futures Trust, which has failed to create jobs or add to economic growth.

Robert Brown spent a good part of his six-minute speech supporting GARL, but I object to his comment that the Labour Party is simply acting out a political manoeuvre in supporting GARL. We have said consistently in debates throughout the session that we support the creation of jobs and economic growth. That informs our thinking on GARL. I, along with other Labour MSPs, will be watching the Liberal Democrats closely at 5 o'clock to see how they vote on the Labour amendment. Talk is cheap; it is how members vote on the issue that the public will look at.

The issue is linked to a general malaise in economic policy that affects the Government. The Government took 10 months to come to a decision on the Beaulieu to Denny power line, but there is still confusion over the funding of underground parts of the line and the timing. In addition, the Council of Economic Advisers has been slow to respond to the economic crisis.

As other members have pointed out, the approach to the budget has been secretive, rather than open and transparent. The Government has been slow to release information such as details of the capital spending programme or the level 4 details. When the level 4 details were produced, they were interesting. For example, it transpired that the budget for the monitoring of sex offenders, which should concern all members, has been cut in real terms by £21,000. When the Cabinet Secretary for Justice was challenged on that, he told us not to worry because it is merely loose change. That displays a slap-dash approach to the budget. When all else fails, the Government resorts to trying to blame the UK, which is not good enough on this occasion.

An interesting feature of the debate has been the silence of the SNP list members for Glasgow—I think that, at the moment, they have all left the chamber. Those members have become puppets, controlled by the SNP head office. They have put their place on the SNP list for the 2011 elections before the wishes and desires of their constituents. The happy clappers have turned into silent lambs.

We must put jobs and the promotion of the economy at the centre of the budget, which is why I support the Labour amendment.

16:29

**Jeremy Purvis:** In a fixed budget—we have heard much about fixed budgets this afternoon—the issue increasingly becomes choices. As the budget is the Scottish Government's third, the choices are clearly its own. There are political

choices to be made, but choices are also to be made about where resources should be identified.

The budget is growing but, as a result of the Treasury's decisions, not by as much as was anticipated. In that context, with projects such as GARL, distinctions may need to be made between projects that are desirable in a period of economic and budgetary growth, and projects that are essential. The cabinet secretary told the Finance Committee that in Glasgow in November and it will be a matter for debate over the next few years. That is why part of this afternoon's debate is about how Governments define what is essential and what is desirable. Regrettably, that is a moveable feast: Government ministers can go to parts of Scotland and say that a project is essential and then, a short time later, say that it is merely desirable rather than essential, because of the financial situation. GARL fits into that category.

Last year, I asked in a parliamentary question where the capital budget for 2010-11 was to be altered to pay for the town centre regeneration fund, which was in the budget for this year—there was £60 million of accelerated capital expenditure for the fund. The answer was that no budget lines were cut in 2010-11 and that the capital budget as a whole was reprofiled. I followed up the matter during the Finance Committee meeting in Glasgow, in which I asked John Swinney the same question. He replied:

"Under a capital programme, we have a picture of the time that we expect projects to take and of the associated costs. That applies to a myriad of projects in the capital programme. We keep under constant review the performance of capital projects against that profile. Clearly, in the context of a £3.5 billion capital programme, some projects will cost more than one expects and some will cost less".—[*Official Report, Finance Committee*, 9 November 2009; c 1654.]

It is clear from that that the Government knew that it had at its disposal £60 million of capital expenditure that it could bring forward for the town centre regeneration fund for 2009-10. Last year at this point, the Government knew that there was £60 million flexibility in the 2010-11 budget. Every SNP member who has spoken today must be aware of that context. The town centre regeneration fund was accelerated capital brought forward from the budget that we are debating today. I want the cabinet secretary to say clearly and categorically that the Government was aware that it had £60 million of capital expenditure flexible and free for 2010-11. We will get a proper understanding of the context within which the GARL decision was made only if the honest approach that we have recently tried to get through correspondence is taken.

There is a second aspect about making decisions. We know that the Government makes decisions about the delivery of infrastructure

programmes; the two predecessor Governments did the same. The issue is prioritisation and being open with how information on methods of funding comparisons is presented. It is not only the Liberal Democrats who are arguing for that; the Finance Committee unanimously recommended that in last year's report on methods of financing infrastructure investment. That report said that, regardless of the political choice of the method of funding, comparisons have to be published with regard to what is best value for the public purse. That is still not happening.

Today, SNP member after SNP member has said that it was not possible for GARL to go ahead simply because of the capital investment required. Some SNP members have said that the scheme is rubbish; others have said that it is good but that it could not go ahead; and others have said that the method of funding it is simply not appropriate. In my constituency, the Borders railway scheme is being funded entirely through borrowing from the private sector for the main works, to be paid back over 30 years of private finance revenue. The funding will be from the revenue budget—that was confirmed in a letter to me from the cabinet secretary just this week. There has been no published information about why the method of funding in question provides better value for the public purse than straight capital funding, which the scheme inherited when the SNP came to office.

That is part of the reason why we have a difficulty with endorsing the budget as a whole. There is still much opaqueness.

Another choice that we will have to make—this has been part of this afternoon's debate—is about how we approach the sustainability of the budget as a whole. We know that pay and the pay bill are one consideration; indeed, they have been part of the interaction between Mr Brownlee for the Conservatives and me. Different choices are emerging for the future. Our focus is the people whose salaries are in the top 1 per cent of the public workforce—those earning four times the average salary in Scotland. The Conservatives' approach is that all those who earn more than £18,000—a figure that is below the national average wage—should have their pay frozen. That would mean in effect that, as I said earlier, a lance corporal in the Army or a health visitor in the NHS would suffer a £500 pay cut if inflation was at 2 per cent, while those at the top would not feel the difference in their pocket. That is not fair or sustainable.

Choices have to be made. For today, we recognise that the budget has improved compared with the draft budget, but there are still more improvements to make. Clarity on capital investment is a key priority in that.

16:36

**Gavin Brown (Lothians) (Con):** We all have to be mindful of the economic context in which the debate takes place. Since stage 1 of the budget bill, a number of economic measures have been published. We learned that unemployment in Scotland has gone up by 8,000. We learned recently that inflation according to the consumer prices index is sitting at 2.9 per cent—I hope that that is a blip but, if it is not, it will cast serious questions about what will happen to interest rates, which will have an impact on every single householder and business in Scotland. Just last week, we learned that growth was 0.1 per cent for the last quarter of last year, but there are serious concerns that it could drop again for quarter 1 of this year.

Compounded by all of that is the sheer size of the debt that we face as a country—£178 billion over the next financial year. The one quotation that I have read that is different from what we have heard before is from one of the largest bond houses in the world, which described UK gilts as

“resting on a bed of nitroglycerine”.

Again, I hope that that comment is an outlier and proves to be wrong, but the fact that one of the world's biggest buyers of gilts has said that should be a cause of concern for us all. On top of that, it seems likely from the analysis that we have seen that the Scottish budget will be cut by £3 billion or £4 billion in real terms by 2014.

The measures that the Scottish Conservatives have sought this year take all that context on board. We welcome strongly today's announcements about business rates. Two years ago, we pushed for the small business bonus to be accelerated. We felt that it was critical that our small and medium-sized enterprises received a shot in the arm, which they did. That will continue in the year ahead, but the raising of the threshold that has been announced today is critical.

A document placed in my hand halfway through the debate—it was obviously published at the start of the cabinet secretary's speech—states that the threshold for 100 per cent rate relief will increase to a rateable value of £10,000. That should be welcomed. Fifty per cent relief will be available for rateable values of between £10,000 and £12,000, and the threshold for those who receive 25 per cent relief will increase from £15,000 to £18,000. That should be welcomed across the chamber as it will be welcomed by businesses across Scotland.

We welcome the independent external review of the budget, for which my colleague Derek Brownlee has been pushing for quite some time. We welcome the fact that it will be independent—I understand that the remit is in the course of being

published—and, most importantly, that there are timescales in place. As I understand it, appointments will be made next week, and the report will be made by the end of July, in good time for the next spending review. The report has a clear timescale, which cannot be allowed to lag.

We welcome today's announcements about transparency—that all central Government spending of more than £25,000 will be published online. Again, we have a timescale for that: it will start in April this year.

Patrick Harvie made a reasonable point—he suggested that such transparency would not be all that different from obtaining information through freedom of information requests. I ask him and others to contrast the transparency about expenses in the Scottish Parliament with the lack of transparency that applied at the Westminster Parliament. Simply by having a culture of transparency in government, we will get rid of much wasteful spending.

**Jeremy Purvis:** I ask for clarity for the *Official Report*. Will the measures that the Conservatives proposed yesterday in amendments to the Public Services Reform (Scotland) Bill apply to all the public bodies that that bill covers, including every health board?

**Gavin Brown:** I believe that Mr Purvis voted on the amendments yesterday, so he knows exactly what they mean. I understand that they apply to all public bodies, except councils, under schedule 3 to the bill.

Perhaps the Liberal Democrats could be a little bit transparent about how they will vote this evening and particularly about how they will vote on Labour's amendment. Are they swithering between abstention and abstention, or will they go for abstention again? Last week, Robert Brown made a point of order to claim that his voting console was flashing yes, no and abstain. At 5 o'clock today, perhaps 16 people will wish that their machines said yes, no and abstain.

The budget is not perfect, but we accept that the changes that have been made since stage 1 make it a budget that we can support. We welcome the business rate changes, transparency and the independent budget review. On that basis, we will support the budget at 5 o'clock.

16:42

**David Whitton (Strathkelvin and Bearsden) (Lab):** Last Friday, I attended a conference here in Edinburgh that had the cheery title “Public Sector Budget Cuts”. The opening speaker was none other than our Cabinet Secretary for Finance and Sustainable Growth, Mr John Swinney. He told the audience—mainly senior public sector officials—

that his Government was investing resources as best it could to protect economic recovery. Sadly, he repeated his usual canard that the Scottish budget has suffered a real-terms cut for 2010-11.

**The Cabinet Secretary for Education and Lifelong Learning (Michael Russell):** Yes.

**Stewart Stevenson:** Yes.

**David Whitton:** We hear that echoed from the sides by Tweedledum and Tweedledee.

It is little wonder that, when the conference had audience participation through electronic voting, 57 per cent of attendees thought that Scotland's economic condition would worsen in the next year. That vote might have been different if Mr Swinney had owned up that his budget has increased in cash and real terms by £943 million, or 1.3 per cent, but when it comes to talking about the money that he receives from the UK Government, he just likes to be negative, which is a trend that infects his back benchers.

The budget process this year was supposed to be different. After last year's excitement of a tied vote and a casting vote by the Presiding Officer, Mr Swinney agreed to a Liberal proposal to have a joint strategic review by a group that comprised all the parties' finance spokespeople. The idea was that, in a Parliament of minorities, it was better to share information and ideas and to produce a budget that all could support. It is sad that the process has not happened in that way—at least, not as far as we as the main Opposition are concerned.

Almost from the start, Mr Swinney has been reluctant to share information—unless someone happens to be a BBC correspondent. Yesterday afternoon, one reporter's blog told us that deals had been done here, there and everywhere. That forced Mr Swinney's private secretary to send an e-mail to apologise but confirm that information of a general nature was provided to a journalist, ahead of the announcement, with the intention that it should be embargoed. As a former journalist, I know that we cannot always rely on embargoes not being broken.

**John Swinney:** I thank Mr Whitton for giving way, which gives me the opportunity to make it clear that the letter was not from my private secretary but from me to Mr Kerr to give an apology. Perhaps if Mr Whitton reads the letter he will see that. I would have made such comments when I was on my feet earlier if the Labour Party had made a point of order. I have, of course, written to the Presiding Officer about the issues. I am delighted to put that on the record.

**David Whitton:** I am delighted to have helped Mr Swinney to do that.

**John Swinney:** So helpful.

**David Whitton:** I am always helpful to Mr Swinney, as he knows.

In his speech, my colleague Mr Kerr also tried to be helpful to Mr Swinney. He ran through some of the difficulties we on this side of the chamber had in getting facts and figures from the cabinet secretary when he was in one of his not-so-helpful moods. From the moment that the cabinet secretary announced that he was axing the Glasgow airport rail link project, we challenged his financial reasoning. Mr Kerr—a former minister with responsibility for finance—questioned why the cabinet secretary could not find the £62 million that is necessary to fund GARL this year within a £3.2 billion capital budget that contains a number of schemes that might be subject to slippage. Mr Swinney even said that any slippage would not be enough to cover the cost of GARL.

As my colleague Charlie Gordon pointed out, GARL could have been financed in other ways, but the cabinet secretary did not consider them. He also did not ask the Scottish Futures Trust—that expensive quango that was created to invent new ways to fund major capital projects—to do so. The SFT seems to be spending most of its time in meetings looking at how to privatise Scottish Water. No doubt that privatisation will be in next year's surprise package from the Tories and the SNP—after all, the SNP has U-turned on just about every other policy in its last manifesto.

Last month, my colleague Wendy Alexander highlighted the slippage in more than a third of capital budget projects. She raised the point again today, but there is still no movement from Mr Swinney on that point. He continues to stick to the line that there is not enough slippage to cover GARL. Yesterday, when the budget revision was published, we learned the truth: there is a massive slippage of £53 million in the contract for the Edinburgh trams. We in Labour were right to point out the level of slippage. Instead of being prudent, Mr Swinney has been derelict in his duty to gain the maximum bang for the public buck and has damaged the Scottish economy in the process.

As a country moves out of recession, it is a good idea to invest in projects that employ a lot of people. As we have heard, GARL would have employed 1,300, in addition to which there would have been job gains in the companies that serviced those doing the construction. The truth is that GARL could have been accommodated in the 2010-11 budget. The Parliament supported the project—Mr Swinney included—and voted through the money for it. Now that he has axed it, he will have to answer for that decision, as will his back benchers, particularly those who represent Glasgow and west of Scotland constituencies. They will have to say why, when it came to backing a construction project that is in the

Scottish national interest, they opted instead to back the Scottish National Party interest.

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

**David Whitton:** Let me finish the point.

It is no good to come up with excuses as Stuart McMillan did. In a letter to the chief executive of East Dunbartonshire Council after it voted in favour of GARL, he stated that the

“Scottish Government has had to deal with a large reduction in its block grant this year of about £814 million being imposed on it by the UK government.”

The First Minister is sitting next to Mr McMillan. It was probably the First Minister who fed Mr McMillan the line. It was all about the usual excuse and—the usual SNP get-out clause—“it’s all London’s fault”.

**Patrick Harvie:** The member’s colleague Charlie Gordon argued persuasively that we should not make major transport decisions with short-term interests in mind. Does he agree that we should not make a multi-billion pound transport decision on a timescale that is designed to give the SNP photo opportunities in the run-up to the 2011 election? If we do not postpone the bridge, how many projects besides GARL will suffer?

**David Whitton:** It is the funding methodology that causes the problem. Nonetheless, the point is fair and worth considering.

If they vote against Labour’s amendment tonight, several list members will have questions to answer. I am thinking of Annabel Goldie, Ross Finnie and Robert Brown—indeed, Mr Brown in particular—

**Joe FitzPatrick:** Will the member give way?

**David Whitton:** No.

Those members should listen to Scotland’s big six business organisations and Amanda McMillan, the managing director of Glasgow airport, who stated in a letter to all MSPs:

“The cancellation of GARL will have serious long term implications not just for Glasgow Airport but for the city of Glasgow and the important role it plays in Scotland’s economic success.”

Labour’s position on the matter is consistent. It has the backing of the CBI, the Scottish Trades Union Congress, the Scottish Council for Development and Industry, the Federation of Small Businesses, the Institute of Directors, the Scottish Chambers of Commerce and the Glasgow Chamber of Commerce. We will shortly find out whether our position has the support of a majority of members in the chamber.

Mr Swinney has tried to portray his cancellation of GARL as a bold step; one that he has taken to tackle a budget deficit. He has no budget deficit.

Cancelling the GARL scheme was a backward step. The scheme is both desirable and essential, and if it is not approved today, Scotland’s economy will be damaged. At the beginning of today’s proceedings, Rose Goodenough of the Scottish Inter Faith Council asked us to take a minute to do the right thing. I hope that the cabinet secretary will take the next 10 minutes and, in the end, do the right thing by restoring GARL and voting in favour of Labour’s amendment.

16:50

**John Swinney:** One of Andy Kerr’s attacks in his opening speech was that the Government had blown £1.5 billion of end-year flexibility. For the record, I point out to Parliament that the budget that I inherited in 2007-08, which was approved by Parliament and over which I had no control, other than in spring and autumn budget revisions, included £600 million of planned draw-down of end-year flexibility, which was agreed by the previous Administration.

**Members:** Ah!

**John Swinney:** I know—it is a shocking revelation to Parliament. That has been the largest one-year draw-down of end-year flexibility since the 2007 election. In 2007-08, the figure was £600 million; in 2008-09, it was £300 million; in 2009-10, it was £400 million; and in 2010-11, it is £174 million. Before Mr Kerr bandies around accusations of profligacy, he should think about the decisions that he took as a minister in offering spending bribes to the electorate before the 2007 election, which Labour managed to lose—what a spectacular performance.

A number of accusations have been made about transparency in the budget process. I find that a little odd, bearing in mind the fact that today I have announced the establishment of an independent budget review that will examine the challenges that we face in public expenditure. To correct Mr Brown, the review’s draft remit, which sets out the approaches that I expect the review panel to take, has been available at the back of the chamber since early this afternoon. To address some of the issues that Mr Harvie raised, the panel will have to bear in mind a number of different considerations. Some of the issues that I know matter to Mr Harvie—given the messages that he articulates to Parliament about sustainability, the use of natural resources and the implementation of climate change legislation—are enshrined in the review’s remit.

Margo MacDonald made a fascinating point about the relationship between PFI repayments and public ownership of the banks, which merits further detailed consideration. Michael Matheson made an excellent speech, in which he articulated

the real concerns of his constituents in Falkirk West, which he detects are being addressed by changes in the budget.

Throughout the budget process, I have accepted that I would have to persuade Parliament at the final stage of the process that we could propose enhancements to the budget that would lead to wider agreement. During the past 24 hours, I have identified a number of areas in which the Government is taking action to ensure that we have in place measures that will deliver support for and positive intervention in the economy. Such measures include the expansion of capacity in and support for college and university places; the provision of modern apprenticeships and flexible training opportunities; support for the universal access home insulation scheme that Mr Harvie has advocated; the post office diversification fund; and measures to support small businesses. Those are constructive and positive interventions to assist the development of the Scottish economy and to address the challenges of economic recovery.

One major consideration has been the decision that we have taken on the Glasgow airport rail link. I will not say that that decision was in any way easy. Mr Whitton made the point that the Glasgow airport rail link could have been included in the 2010-11 budget. I suppose that he is correct in that respect, but choices would have had to be made. Some of the other things that we propose to do in the 2010-11 budget could not have happened if the Glasgow airport rail link had been included.

The greater consideration that drove my decision was that the Glasgow airport rail link is not a 12-month project but a four-year project. Anybody who has read the output from Her Majesty's Treasury or any statement from the Chancellor of the Exchequer, whether it was made in the House of Commons or on the front page of the *Financial Times*, will understand that capital budgets will be significantly eroded in the years to come. There is no point in starting a project if we cannot find the means to complete it without other difficult choices being required.

**Andy Kerr:** First, that point seems to ignore the underspend on the trams project here in Edinburgh. Secondly, it does not address the point posed by Wendy Alexander in relation to the Southern general hospital, where 99 per cent of the funding will be made available to the contractor before the building is even opened. There is slippage and there is movement, and the cabinet secretary has failed to identify it.

**John Swinney:** I do not think that underspend on the trams project is the best example that Andy Kerr could have come up with. Does Andy Kerr understand the implications of the trams project for

the council tax payers and the capital programme of the City of Edinburgh in the years to come? They will be faced with an enormous burden as a consequence of what has been happening with the project.

Andy Kerr refers to some issues that Wendy Alexander raised. The one fundamental point that Wendy Alexander missed was the fact that patients do not move into a new hospital on the day when the builders move out. I have never come across a situation where it was possible to commission a hospital while the builders were still there, given the understandable concerns that members of the public would have about cleanliness and safety if that were the case. As a consequence of the way in which the contract for the Southern general hospital is structured, between 2.5 and 10 per cent of the individual contract value will be retained to guarantee that all the defects that may arise can be properly taken into account in completing the project.

Whatever happens to the Labour amendment today, Parliament is faced with a decision about whether we support the budget or reject it. We have a choice about whether or not we provide resources to support public services and economic recovery. That is the choice that we face at 5 o'clock.

I have before me an extract from the Labour Party's website today. It is headlined "Don't leave Scotland out in the COLD". "No new boilers here" is the further headline from Sarah Boyack. The article says:

"We want the SNP government—"

**Sarah Boyack (Edinburgh Central) (Lab):** The cabinet secretary will notice the date at the bottom of that article: it was not written today. Only once we see the detail of the Government's scheme—it is allocating only £2 million—will we know whether or not 12,000 people in Scotland will benefit.

**The Presiding Officer (Alex Fergusson):** The cabinet secretary should wind up shortly.

**John Swinney:** Oh, I certainly will wind up, Presiding Officer. Sarah Boyack has given me the beautiful opportunity to point out that, whenever she wrote that press release, she was demanding a boiler scrappage scheme in Scotland. There is going to be one, provided by the SNP Government and—

**Andy Kerr:** Will the cabinet secretary give way?

**The Presiding Officer:** No—the cabinet secretary must conclude.

**John Swinney:** The only obstacle in the way of a boiler scrappage scheme is the Labour Party's determination to vote against the budget.

**Andy Kerr:** Will the cabinet secretary give way?

**The Presiding Officer:** Mr Kerr.

**John Swinney:** That is what matters at 5 o'clock.

**The Presiding Officer:** That concludes the debate on the Budget (Scotland) (No 4) Bill.

**Patrick Harvie:** On a point of order, Presiding Officer. Members of all parties are used to the expectation that, in oversubscribed debates, you will sometimes be forced to restrict the time that is available to members at the end of the debate. Today you, and the Presiding Officers generally, appeared to take a different approach by cutting in half the time that was available to two members in the middle of the debate. I entirely respect the fact that it is for you to decide on the allocation of time and on which members to call and when, but if there has been a change of approach in circumstances where debates are oversubscribed, I would really appreciate it if all political parties and independent members were informed of the rationale for it.

**The Presiding Officer:** It is simply a question of debate management, Mr Harvie, which the Presiding Officers are entitled to carry out as they see fit. We allocated the time to you and to Ms MacDonald today early—and we notified you of that—so that we could fit you into the middle of the debate, rather than just leave you until the end and see what time was available. I hope that that is sufficient reasoning, but I will take on board your comments.

## Business Motions

17:00

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of business motion S3M-5663, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, to enable business to begin at 9 am on Thursday 4 February.

*Motion moved,*

That the Parliament agrees that "09.00" be substituted for "09:15" in Rule 2.2.3 for the purpose of allowing the meeting of the Parliament on Thursday 4 February 2010 to begin at 9.00 am—[*Bruce Crawford*].

**The Presiding Officer:** George Foulkes has asked to speak against the motion.

**Members:** Oh, no.

**The Presiding Officer:** Order. He is entitled to do so.

17:00

**George Foulkes (Lothians) (Lab):** I thank members for that warm welcome.

The simple and single reason why I speak against the motion is that I do not think that such motions should always be just moved. The Parliament, and not just the Parliamentary Bureau, deserves an explanation for changes to the Parliament's timetable of business. I hope that the Minister for Parliamentary Business will take the opportunity to explain to the Parliament why he moved the motion.

17:01

**The Minister for Parliamentary Business (Bruce Crawford):** I understand Lord Foulkes's point. As members know, the Marine (Scotland) Bill is a crucial bill, which will introduce a management framework for the seas around Scotland. The reason for starting the debate at 9 am is that 123 amendments to the bill were lodged, which requires 22 groups of amendments if we are to dispose of the business. Of the 123 amendments, 34 were lodged by Labour Party members—I welcome those amendments—and significant numbers were lodged by members of other parties.

Lord Foulkes should reflect on the fact that in many stage 3 proceedings not enough time is found to debate important amendments. Many back benchers have told me that. For example, last week, at stage 3 of the Tobacco and Primary Medical Services (Scotland) Bill, debate on important amendments was curtailed because time was at a premium.



It is the job of the Parliamentary Bureau and the Parliament to respond to such matters. I am sure that Lord George Foulkes would not want the bureau to be accused of trying to stifle debate by curtailing time for important back-bench speeches. I hope that I have persuaded him on why we want to move the starting time to 9 am. The approach was recommended by the parliamentary authorities and unanimously agreed to by the Parliamentary Bureau.

**The Presiding Officer:** The question is, that motion S3M-5663 be agreed to.

*Motion agreed to,*

That the Parliament agrees that "09:00" be substituted for "09:15" in Rule 2.2.3 for the purpose of allowing the meeting of the Parliament on Thursday 4 February 2010 to begin at 9.00 am.

**The Presiding Officer:** The next item of business is consideration of business motion S3M-5662, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a revision to the business programme for Thursday 4 February.

*Motion moved,*

That the Parliament agrees the following revision to the programme of business for Thursday 4 February 2010—

delete

9.15 am Parliamentary Bureau Motions

*followed by* Stage 3 Proceedings: Marine (Scotland) Bill

and insert

9.00 am Parliamentary Bureau Motions

*followed by* Stage 3 Proceedings: Marine (Scotland) Bill—[Bruce Crawford].

*Motion agreed to.*

**The Presiding Officer:** The next item of business is consideration of business motion S3M-5664, 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 10 February 2010

2.00 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* SPCB Question Time

2.20 pm Preliminary Stage Debate: Ure Elder Fund Transfer and Dissolution Bill

*followed by* Stage 1 Debate: Control of Dogs (Scotland) Bill

*followed by* Scottish Government Debate: The Local Government Finance (Scotland) Order 2010

*followed by*

Business Motion

*followed by*

Parliamentary Bureau Motions

5.00 pm

Decision Time

*followed by*

Members' Business

Thursday 11 February 2010

9.15 am

Parliamentary Bureau Motions

*followed by*

Stage 3 Proceedings: Home Owner and Debtor Protection (Scotland) Bill

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

Equal Opportunities Committee  
Debate: 3rd Report 2009: Female  
offenders in the criminal justice  
system

*followed by*

Parliamentary Bureau Motions

5.00 pm

Decision Time

*followed by*

Members' Business

Wednesday 24 February 2010

2.30 pm

Time for Reflection

*followed by*

Parliamentary Bureau Motions

*followed by*

Scottish Government Business

*followed by*

Business Motion

*followed by*

Parliamentary Bureau Motions

5.00 pm

Decision Time

*followed by*

Members' Business

Thursday 25 February 2010

9.15 am

Parliamentary Bureau Motions

*followed by*

Scottish Government Business

11.40 am

General Question Time

12.00 pm

First Minister's Question Time

2.15 pm

Themed Question Time  
Rural Affairs and the Environment;  
Justice and Law Officers

2.55 pm

Scottish Government Business

*followed by*

Parliamentary Bureau Motions

5.00 pm

Decision Time

*followed by*  
*followed by*

Members' Business—[Bruce  
Crawford].

*Motion agreed to.*

## Parliamentary Bureau Motion

17:03

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of Parliamentary Bureau motion S3M-5665, in the name of Bruce Crawford, on approval of a Scottish statutory instrument, the Loch Ryan Port (Harbour Empowerment) Order 2009.

**The Minister for Parliamentary Business (Bruce Crawford):** I do not want to incur the wrath of the Presiding Officer, so I move,

That the Parliament agrees that the Loch Ryan Port (Harbour Empowerment) Order 2009 be approved.

**The Presiding Officer:** Patrick Harvie has indicated that he wants to speak against the motion.

17:04

**Patrick Harvie (Glasgow) (Green):** I am sorry Presiding Officer—it is me again, but I will be quick. When the Transport, Infrastructure and Climate Change Committee considered the order, I was surprised that the Minister for Transport, Infrastructure and Climate Change, who was giving evidence, could not answer some relatively obvious questions. The committee agreed to write to the minister to seek further information on, for example, impact on future transport modelling and climate change emissions. I hoped that the minister would provide the information before the Parliament was asked to approve the order, and I hope that before we vote the Government will at least tell us when the information will be provided to the committee that is responsible for the issue.

17:04

**The Minister for Parliamentary Business (Bruce Crawford):** I am aware of the issues that Patrick Harvie has raised and I understand why he raised them. The Transport, Infrastructure and Climate Change Committee considered the order at its meeting only a few days ago, on 26 January. After the debate, the motion that the committee recommend the approval of the order was agreed to by division, from which Patrick Harvie abstained.

I assure Patrick Harvie that the Minister for Transport, Infrastructure and Climate Change is more than aware of the issues that he raised at the meeting and is committed to providing the information as soon as possible.

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

## Decision Time

17:05

**The Presiding Officer (Alex Fergusson):** There are three questions to be put as a result of today's business. The first question is, that amendment S3M-5637.1, in the name of Andy Kerr, which seeks to amend motion S3M-5637, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill, be agreed to. Are we agreed?

**Members:** No.

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

**For**

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Margaret (Glasgow Baillieston) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Foulkes, George (Lothians) (Lab)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gordon, Charlie (Glasgow Cathcart) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Henry, Hugh (Paisley South) (Lab)  
 Hume, Jim (South of Scotland) (LD)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kelly, James (Glasgow Rutherglen) (Lab)  
 Kerr, Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 McArthur, Liam (Orkney) (LD)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McConnell, Jack (Motherwell and Wishaw) (Lab)  
 McInnes, Alison (North East Scotland) (LD)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Mulligan, Mary (Linlithgow) (Lab)  
 Murray, Elaine (Dumfries) (Lab)  
 O'Donnell, Hugh (Central Scotland) (LD)  
 Oldfather, Irene (Cunninghame South) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)

Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stewart, David (Highlands and Islands) (Lab)  
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Tolson, Jim (Dunfermline West) (LD)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Whitton, David (Strathkelvin and Bearsden) (Lab)

#### AGAINST

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

Watt, Maureen (North East Scotland) (SNP)  
 Welsh, Andrew (Angus) (SNP)  
 White, Sandra (Glasgow) (SNP)  
 Wilson, Bill (West of Scotland) (SNP)  
 Wilson, John (Central Scotland) (SNP)

**The Presiding Officer:** The result of the division is: For 59, Against 66, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that motion S3M-5637, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill, be agreed to. Are we agreed?

**Members:** No.

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

#### FOR

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

Salmond, Alex (Gordon) (SNP)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Smith, Elizabeth (Mid Scotland and Fife) (Con)  
 Somerville, Shirley-Anne (Lothians) (SNP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow Govan) (SNP)  
 Swinney, John (North Tayside) (SNP)  
 Thompson, Dave (Highlands and Islands) (SNP)  
 Watt, Maureen (North East Scotland) (SNP)  
 Welsh, Andrew (Angus) (SNP)  
 White, Sandra (Glasgow) (SNP)  
 Wilson, Bill (West of Scotland) (SNP)  
 Wilson, John (Central Scotland) (SNP)

#### AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Margaret (Glasgow Baillieston) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Foulkes, George (Lothians) (Lab)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gordon, Charlie (Glasgow Cathcart) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Henry, Hugh (Paisley South) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kelly, James (Glasgow Rutherglen) (Lab)  
 Kerr, Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McConnell, Jack (Motherwell and Wishaw) (Lab)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Mulligan, Mary (Linlithgow) (Lab)  
 Murray, Elaine (Dumfries) (Lab)  
 Oldfather, Irene (Cunninghame South) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Whitton, David (Strathkelvin and Bearsden) (Lab)

#### ABSTENTIONS

Brown, Robert (Glasgow) (LD)  
 Finnie, Ross (West of Scotland) (LD)  
 Hume, Jim (South of Scotland) (LD)  
 McArthur, Liam (Orkney) (LD)  
 McInnes, Alison (North East Scotland) (LD)  
 O'Donnell, Hugh (Central Scotland) (LD)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)

Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Iain (North East Fife) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Tolson, Jim (Dunfermline West) (LD)

**The Presiding Officer:** The result of the division is: For 66, Against 45, Abstentions 14.

#### *Motion agreed to,*

That the Parliament agrees that the Budget (Scotland) (No. 4) Bill be passed.

**The Presiding Officer:** The third and final question is, that motion S3M-5665, in the name of Bruce Crawford, on approval of a Scottish statutory instrument, be agreed to.

#### *Motion agreed to,*

That the Parliament agrees that the Loch Ryan Port (Harbour Empowerment) Order 2009 be approved.

## Broadband Availability

**The Deputy Presiding Officer (Alasdair Morgan):** The final item of business is a members' business debate on motion S3M-5291, in the name of Peter Peacock, on improved availability of broadband. The debate will be concluded without any question being put.

### *Motion debated,*

That the Parliament welcomes the UK Government's commitment to improving availability of broadband as detailed in the Digital Britain report published in June 2009; welcomes the commitment to deliver a Universal Service Broadband Commitment of 2Mbps by 2012; welcomes the proposed public support for the network of tomorrow to allow for access to next generation broadband; considers the Western Isles of Scotland to be the worst area in Scotland in terms of broadband coverage and one of worst in the United Kingdom as a whole; is concerned at the disadvantages that rural areas of Scotland suffer in terms of economic, business and educational development when broadband services are inadequate, and would welcome a positive response to the report and the delivery of improved and reliable broadband services for every Scottish broadband customer.

17:08

**Peter Peacock (Highlands and Islands) (Lab):** I welcome this further opportunity to debate broadband. It is an important issue for many of our areas, as we know from a recent debate. I will focus on the "Digital Britain" report and try to explore some of the answers to the challenges that we know exist, rather than dwell on the problem, because the debate in Murdo Fraser's name a couple of months ago adequately rehearsed many of the problems that we and our constituents face.

I warmly welcome the "Digital Britain" report, particularly the bit of it that relates to broadband. It is the first explicit recognition that the private markets will not provide for large parts of the United Kingdom, particularly areas that many members who are present represent. That is particularly the case in the Highlands and Islands, where investment is at its highest and yet the returns from the marketplace are at their lowest, because of population dispersal and the low population: there is no return on the investment, so it is not going to happen.

The report explicitly recognises the need for public investment because markets are not able to provide. That follows a long line of past initiatives by previous Governments—Conservative and Labour—here and at UK level. Indeed, the current Scottish National Party Government is carrying that forward in the Scottish context. I was pleased this week to see the Tories recognise that there is a need for public intervention—there was a policy announcement in the south about that.

The report sets out an explicit minimum universal service commitment—2Mbps for everybody in the UK by 2012. That is quite modest by modern standards, but it is still challenging for many parts of Scotland. It is hugely important for many people whom I represent—and for people who are represented by other members who are present—who currently do not have anything like that capacity. I welcome the £200 million fund to help to achieve that.

The report further recognises that the next thing to look at after the 2Mbps commitment is next-generation access and superfast broadband. The UK has announced a £1 billion fund to move towards that. Although there might be disagreement between the Tories and the Labour Party at UK level about how to fund that, there is, nonetheless, an agreement that there is a requirement for funds.

In the short term, it is vital that the Scottish interest in all that be represented to the unit that is looking at the issue in the south. There is a network design and procurement group that will help to use up the £200 million. It is vital that the Scottish Government play a role in representing Scotland's interests to that group. There is not just a Scottish interest: there needs also to be a regional view, and local pictures have to be developed throughout Scotland, which will help to build up the national picture. We have to identify blockages in infrastructure, pinch points and the backhaul capacity issues that we need to resolve if we are to move forward.

The report highlights the Western Isles as having the worst broadband connections in the UK in many respects. There is also an issue with the connection between the Western Isles and the mainland and the backhaul capacity across the Minch. That is only one of the things that might require to be funded out of the £200 million.

I met the UK minister a few weeks ago. I arranged a meeting of various Scottish interests to talk to him about these things. He is aware of the issues and he has some insight into them. I understand that the Minister for Enterprise, Energy and Tourism will be meeting the UK minister in a few weeks to talk about these things. The Scottish Government has a strong role to play in making a case for a very big share of the £200 million. I would not support talk of a per capita share, because our needs are greater and we are further behind many parts of the UK. We require a good slug—to use a technical term—of that £200 million. In due course, we will also need a good slug of the £1 billion that is coming along.

The Scottish Government has a key role in developing a digital Scottish vision from current strands of policy, many of which are evident. A lot of people have a lot of ideas about how to solve

the problems, which need to be pulled together in a public policy for Scotland.

Some of the new thinking would allow us—particularly, believe it or not, in the Highlands and Islands—to leapfrog the 2Mbps commitment and move pretty quickly to superfast broadband. We have some of the funding streams in place. There is the £200 million, the £1 billion that is coming along, and the LEADER programme that the Government is pursuing here. The wider rural development programme might be able to contribute, too. That could achieve for Scotland far more than the 90 per cent coverage that the report envisages next-generation broadband will cover.

We already have public investment in place. The Highlands and Islands and the south of Scotland had the pathfinder investments in our schools, libraries and other public buildings paid for—with spare capacity in the system. I encourage the opening of access to that spare capacity. Highland Council would be a key player in that, as would Cable & Wireless, which bought Thus, which made the original investment. I encourage the minister to encourage those bodies to provide access to that.

We have communities that are thirsting for improvement and which have the capacity for self-help. We have technical advances: Professor Buneman of the University of Edinburgh is doing interesting work with wireless technology, and I spoke to a guy from Skye last week who is putting wireless technology into campsites across the Highlands and Islands. He is using a local aggregation point to deliver a signal wirelessly, with potentially very high bandwidth.

We need to help those communities to make use of such technology and to access the funding for it. Models of support are available that have worked. In the past, the Highlands and Islands Enterprise community land unit has helped communities to purchase their land, and the community energy unit has helped communities to get involved in community renewables. Perhaps it is time for a community broadband support unit to help communities to take advantage of the technology that exists.

We know what the challenges are. “Digital Britain” commits us to public interventions, and public funds are available at Scotland level for that. Communities are anxious and willing to make progress, and there are technical advances that would enable them to leapfrog current expectations. All that desperately needs to be pulled together at Scotland level, quickly and coherently, to ensure that we can access the digital Britain funds. I encourage the minister to do that. He should work with councils, with Scottish Enterprise, with Highlands and Islands Enterprise and even with other political parties—there is

consensus on some of the issues across the parties, although there are differences, too. He should also work with the private interests that have insights into and interests in the subject.

Only by limiting our own imagination and vision will we hold ourselves back. I can see a clear way forward and I am personally more than happy to contribute to the policy’s development. I urge the minister to act quickly on those and a range of other issues in order to see whether we can find some innovative and clear solutions to take us forward faster than anybody currently believes is possible.

17:16

**Dave Thompson (Highlands and Islands) (SNP):** I thank Peter Peacock for his opening speech. As an MSP for the Highlands and Islands—a part of the country that has the most to gain from the introduction of modern communications technology—I have taken a close interest in the provision of internet links in the Highlands and Islands. As we all know, a secure route to the information superhighway is every bit as important for communities, schools and businesses in the north of Scotland as is badly needed investment in the area’s physical transport connections.

With businesses able to market their goods and services internationally, with college and university courses increasingly being delivered online and with medical expertise being shared over the internet, it is vital that the technology that is capable of removing the disadvantages of distance be made available to the country’s most remote communities. That is why the announcement in September by the Cabinet Secretary for Finance and Sustainable Growth of £3 million from the Scottish Government to upgrade more than 50 telephone exchanges throughout Scotland to internet-ready capability was so warmly welcomed not just by me, but by the many constituents who have contacted my office to communicate the need for exactly that improvement. We are making good progress in very difficult times, and Jim Mather is to be congratulated on that.

Some of those constituents run bed and breakfasts or food businesses and need to be online to advertise their activities and take bookings. [*Interruption.*] Others use the internet to keep in contact with friends and relatives all over the world, and many find that the internet opens the door to continuous education from pre-school right through to postgraduate level. All are inconvenienced by the fact that their outdated dial-up connections mean that their telephones are engaged while a member of their household or business is online. The upgrading of their local

telephone exchange would remove that inconvenience and would allow them, for the first time, to challenge for business on a level playing field with their competitors, regardless of their location.

Mr Swinney's first allocation to the national roll-out of internet-ready facilities has resulted in many more exchange upgrades than the 50 that were planned: 71 exchanges have been upgraded in partnership with BT, serving areas all over Scotland that would previously have been regarded as remote or isolated. Although not all the constituents who contacted my office had their internet connection problems solved by Mr Swinney's first tranche of funding, that was only the first step. This week, the good news continued with the announcement that a further eight exchanges—from Applecross, Kinlocheil and Glenelg, in my region, to Whitsome, in the Borders—are to be upgraded. The good work continues and moves on.

That demonstrates the Scottish Government's on-going commitment to the process of laying down this vital infrastructure throughout Scotland so that its benefits can be shared by all. *[Interruption.]* For far too long, residents and businesses in the Highlands and Islands and other rural areas have been told that the downside of living in such beautiful surroundings is that their remoteness from major population centres means accepting that their businesses will be disadvantaged when they try to contact customers, and that their children will have to leave home if they want to continue their education.

Now, for more or less the first time, the Scottish Government is providing the infrastructure that is needed to help to improve the economy of remote and rural areas, and to help to end the depopulation that was once caused by the need for young people to move away. That is why I urge members to join me in reminding Peter Peacock that although Westminster's "digital Britain" initiative is a welcome additional step—I hope that we can all work together to take best advantage of that, and I agree with him that we need a far bigger "slug" of the £200 million, based on population alone—the Scottish Government is already working with BT to open access to modern broadband communications and to widen the participation of our remote and rural areas in the worldwide web. *[Interruption.]*

**The Deputy Presiding Officer:** Clearly, someone in the chamber is connected to the internet or we would not be getting interference on the microphone.

17:20

**Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab):** People will have heard me speaking in previous debates on broadband about the difficulties in the rural parts of my constituency. I welcome the opportunity today to discuss the issue again. Peter Peacock made an excellent speech about how we should take things forward. We have heard about the issues for local businesses and for people who want to access education, and other reasons why people would want to be on the internet. There is general agreement throughout Parliament that we ought to be concerned about what has been described as the digital divide. Today we had a briefing from the Scottish Trades Union Congress, in which Grahame Smith, the general secretary, usefully pointed out that

"The scale of the challenge is considerable and"—

if we are trying to get everyone connected to the internet—

"will not be met by the market alone."

I want to mention a village in my constituency—Rankinston in East Ayrshire. I welcome to the gallery Lisa Ross and her husband Duncan, who have been at the forefront of local activity, through Rankinston community council, to set up a project to make the village a wi-fi hotspot. Rankinston has around 300 residents, a high percentage of whom are unemployed or retired, and it is estimated that around 25 per cent are in education. It would be fair to say that the villagers often feel isolated. There is literally one road in and one road out. They have recently lost their post office and their village shop, and people complain about the lack of buses and transport links to the area. After a fairly concerted campaign, we managed to save the local school. Life in the village tends to revolve around the community centre. The community association puts out a monthly newsletter and, 18 months ago, it set up a website, not only to try to keep people in touch locally but to ensure that ex-Rankinston residents around the globe have access to information about what is going on in the area.

The problem is that many residents do not have access to a computer, and even if they were able to afford a computer, they would be unable, individually, to afford a broadband subscription. That is why the community aspires to make use of the village as a centre for the internet: for education purposes—to get young people involved in homework clubs—and to offer connections for young people with people in other areas. The community plans to set up an internet cafe, which would be at the centre of the wi-fi hotspot.

The village has been able to secure funding from the Coalfields Regeneration Trust, and has

worked hard to ensure that laptop computers will be available. It plans to have classes to encourage people who have not yet been involved in the internet to understand it and to get involved. It also hopes that, as was suggested earlier in a different context, visitors might be encouraged to come to the village. The technology could boost tourism and other business interests.

That is the first part of the process that the community wants to get under way. However, in order to make maximum use of those ideas, it needs to boost the established broadband signal and ensure that it is available throughout the village, which it has not been up until now. Peter Peacock's idea of a community broadband support unit would very much benefit a community such as Rankinston. There will be no point in the villagers doing all that hard work to access the hardware and get it into the area if people are still unable to access a decent enough broadband speed to make it worth while. As it was put to me, there would be no point in someone having access to the BBC iPlayer if they had to leave their computer switched on overnight in order to download a whole programme.

I hope that the report is taken forward, and I look forward to hearing what the minister has to say about the support that might be on offer to villages such as Rankinston and others in my constituency, which want to do something for themselves. They do not expect everything to be done for them, but they seek some help and support from Government, where possible.

17:25

**Murdo Fraser (Mid Scotland and Fife) (Con):** I congratulate Peter Peacock on securing a debate on the important subject of broadband. He was kind enough to contribute to my members' business debate on broadband in December, and I am happy to return the favour this evening.

The same day that I held my members' business debate, we heard an announcement from the Scottish Government on the upgrading of around 70 new rural exchanges. I did not notice a similar announcement today; perhaps that shows that I am more persuasive with the Scottish Government than Mr Peacock is, or perhaps—and more likely—he has just been unlucky with his timing, as it is the day of the budget vote.

**Peter Peacock:** I am pleased to tell the member that the pattern has continued, as a much more modest, but still significant and helpful, announcement was made either yesterday or today.

**Murdo Fraser:** I am grateful to Peter Peacock for clarifying that—I must have missed it. I am sure that the minister will elaborate in due course.

I declare a personal interest, as I moved house last week and spent many dismal hours battling on the telephone with BT to try to get the existing broadband connection transferred to my name. I am pleased to say that that has now eventually been resolved; I am grateful to Ian Shanks of BT for his endless courtesy and patience, and his personal intervention. That was my experience of dealing with broadband, but it is a mere shadow of what I know some of my constituents have to go through.

I have spoken to many constituents in Angus and Perthshire since my members' business debate took place in December. Although many of them welcomed the announcement about upgrading the exchanges, many have pointed out to me that that is only part of the solution. There are still widespread problems with broadband availability in rural and remote parts of Scotland, and I will be interested to hear an update from the minister today—if he has time—on the progress of the exchange upgrades. The first of those was due to be completed by March this year, and we are still waiting on a date for the upgrading of the Fern and Menmuir exchanges in Angus.

It is frustrating for people in rural areas to see the continual improvement of broadband connectivity in our cities while they cannot get broadband access at all. My colleague Elizabeth Smith pointed out that in Madderty in Perthshire, where she lives, she has no access to broadband at all. It is the two-tier system of broadband connectivity that frustrates so many people in rural areas. Peter Peacock refers in his motion to the situation in the Western Isles, which the "Digital Britain" report identified as one of the problem areas. It is that lack of service in rural areas that is most frustrating when we see the cities powering ahead with superfast broadband.

Peter Peacock was kind enough—clearly, he is in generous mood tonight—to refer to the announcement this week by the Conservative party at Westminster that, if elected, by 2017 we will make the United Kingdom the first major European country to have internet speeds of up to 100Mbps per second. We intend to allow private investors from companies such as Carphone Warehouse and Sky to be given permission to use BT cables to provide the service.

That will allow the market a greater opportunity to deliver. However, crucially, we have also said that if the market does not deliver, a Conservative Government will extend the 3.5 per cent levy on the BBC licence fee that is currently being used for digital switchover to pay for broadband expansion. That will mean that media organisations will drive forward greater broadband speeds, and it will allow cabling in rural areas to be extended, which



will be paid for by private investors with the licence fee making up the shortfall.

We believe that we must end BT's local loop monopoly and allow other operators to move in with their own ducts and fibre cables, which is an approach that has proved successful in countries such as Singapore and South Korea. Rural communities in particular would welcome those improvements. Investment in broadband in rural communities is essential, and we need to end the two-tier approach. I look forward to hearing the Scottish Government's attitude in response to those initiatives.

17:29

**Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** I congratulate Peter Peacock on bringing this evening's debate to the chamber. It seems not a day or two ago that, in another place, we talked about the issues when we were councillors together. He quite correctly painted a picture of the scene as it is today. When he said that the private market will not provide, he was spot on. We need to get a good slug of the £200 million.

Taking up the theme of Peter Peacock's intervention on Murdo Fraser, I note that, as Peter pointed out, the Scottish Government has indeed announced that a further eight exchanges will be upgraded. Having raised the issue of Drumbeg in my speech in the debate in December—indeed, having intervened on the minister and received a positive response—I am gratified to see that Drumbeg was added to the list of exchanges that will be upgraded. That means an enormous amount. Not a great number of people are affected, but the issue is about equality of access, and I am grateful.

I, too, pay tribute to Ian Shanks, although not for helping me with my personal telephone line. For a number of years, he has engaged and worked with MSPs and other concerned people. That is invaluable in a public servant of his calibre. We are grateful.

I do not intend to patronise businesses by saying that they must access broadband, because they are the ones who are pushing for it. When they get the upgrade and it is available, they are in there quickly. However, arising from the provision of broadband are a number of issues that build on what Peter Peacock has already said. The trick is to get other businesses to relocate to the Highlands and Islands by saying, "Look, there is broadband, there are schools and there is a quality of life that is unmatched in almost any other part of Britain, so come north. Come to us." It is getting that message over that is the tricky part. The enterprise network does its best, but it is not

always about big companies. A one-man publishing outfit can still make a difference, and the collective sum of such businesses can boost the local economy in a way that is really quite remarkable for such remote areas.

Dave Thompson mentioned the transport infrastructure. I would argue that that also relates to broadband provision, because we can put in broadband, but if the road network is not of the standard that it should be, that can fly in the face of a business deciding to relocate. That is about the A9 being upgraded. It is about the non-trunk road network, as administered by councils in Scotland, being kept up to scratch and improved. That is becoming difficult given the financial problems that we face at present. I have mentioned this so many times, but it is about post buses, and it is even about investing in people's ability to get to the Skye campsite that Peter Peacock mentioned, where there is wireless provision. Those issues are attached to broadband and we should not forget them.

I am grateful for the work that has been done. I pay tribute to Highlands and Islands Enterprise, which invested in the physical infrastructure to enable broadband to be possible. We look to the future but, at the end of the day, broadband is a method of keeping the lights on in the straths and glens in my constituency and, most important, a method of keeping the people there, including the youngsters with their futures ahead of them. I commend the minister for the decision and look forward to working closely with him. The matter transcends party-political divides. It is a simple, straightforward service that can make or break rural communities.

17:33

**Rob Gibson (Highlands and Islands) (SNP):** I congratulate Peter Peacock on giving us a chance to talk about broadband in the context of the "Digital Britain" report. However, I could not sign his motion because I have huge problems with what the report proposes, much of which does not add up. I will deal with some of the problems in my speech, and I hope that the minister will reflect on them.

First, I am happy to welcome the upgrades to eight further exchanges. The areas that have been identified have an improving situation at the moment. Apparently, the Highlands and Islands, which I represent, has on average 95 per cent ADSL coverage, which is a higher average than Britain or Scotland as a whole. However, the level of that access is so low that Cathy Jamieson's remarks are pertinent about the time that it would take to download a programme. The BBC iPlayer is the common standard. If someone cannot watch a programme on it instantly, they do not have a

broadband system that is worthy of the name. Also, the limited capacity in exchange activate areas might be limiting broadband take-up.

When last year I carried out a major consultation exercise in the more remote parts of the Highlands and Islands and Orkney, I had a very large response rate—about 30 per cent of households—from the IV27 postcode, which is north-west Sutherland. I was amazed by people's concern that the current system could work at the level that Cathy Jamieson highlighted.

A number of the proposed remedies just will not work. Is it physically possible to meet the universal service commitment of 2Mbps to every household within the allocated time and, if so, how much will it cost? Indeed, the problems of cost have been highlighted by Highlands and Islands Enterprise and in the Analysys Mason report, which suggests that the 50p levy on phone lines should be able to deliver to in excess of 90 per cent of the UK and 85 per cent of the Highlands and Islands. However, no timescale has been specified in that respect. About 95 per cent of the Highlands is already connected, but the challenge is to connect all the remotest areas, which at the moment do not have the service, and provide a level playing field for them and the people whose service is not at the same megabyte level. That proposal is still in the air.

As for the 50p levy on phone lines, what about mobile broadband? Why can we not have a more progressive form of getting the funding? We should be able to introduce that but, of course, we are unable to raise taxes. London is proposing the measure in the Finance Bill, but it is questionable whether the current Government will be in power after May. What is going to happen? Again, we have been left up in the air.

In fact, the question really needs to be answered, because the levy is to be made on copper lines. Will the many people who already have fibre optic and wireless technology—and who have the fastest broadband service—have to pay under the "Digital Britain" proposals, or will it be those whose service is provided along the poorest, longest and thinnest copper wires? I am very concerned about that.

As far as extending 3G mobile coverage is concerned, we should be able to tap into what has happened, for example, in the Faeroes, which receives its service from a fibre optic cable that goes from Scotland up past Orkney and Shetland. However, there are no proposals in that respect in "Digital Britain".

Above all, we have to recognise that the STUC was right when it said that the level of funding in Scotland must be increased, and we need to find some realistic way of securing that. I am sure that

the Scottish Government will serve the Scottish interest but I hope that the HIE report, which will be published in April, contains some practical solutions to these problems, and not a wish list such as the one that is set out in "Digital Britain".

17:37

**Mary Mulligan (Linlithgow) (Lab):** I, too, congratulate Peter Peacock on securing this debate. Whether it is used for work, education or leisure, fast, efficient broadband is important to many people and, indeed, many of our constituents.

I feel like an interloper in this debate not just because I do not have the technical expertise that Rob Gibson has so ably displayed but because so many of the members speaking tonight are from Scotland's more remote and rural parts. However, I want to highlight a number of issues that have arisen in Westfield, a small village in my constituency in the middle of Scotland.

Despite the village's location in the middle of the central belt only a few miles from the M8 and the M9, the residents of Westfield have, until the past year, been unable to access broadband because—we were told—the exchange could not cope with the extra demand. In the past 12 months, however, Avanti has put in place a scheme to provide that service. I acknowledge the part that the minister has played in developing the scheme and thank him for patiently replying to my many letters highlighting on-going problems.

However, although the minister has tried to help, some problems remain. For example, one constituent who has used the Avanti scheme to access broadband for her work has found reception to be patchy and difficult. She was told that that was due to the position of her house, to the trees and to a whole number of other factors, none of which, it seemed, could be resolved. She did not want the trees cut down—even if the farmer had agreed to do so—and is therefore left with an unsatisfactory service for her work. I find it hard to believe that there is not a technical remedy to that problem.

Only this week another constituent told me that his son, who works in information technology, said that his broadband was seriously slow. My constituent, who is due to renew his annual contract, wonders whether he is wasting his money and whether he is getting the service that he should be getting.

As has been said, BT recently stated that it intended to upgrade exchanges. Although I am happy for everybody who is included in those upgrades, I do not believe that Westfield is included. I understand that BT said, in response to a letter, that it will upgrade exchanges only where

there is an economic case for doing so—in other words, only where it will make money. I know that the upgrade of the local exchange would benefit my constituents in Westfield, so I ask the minister to consider the matter further and see what support he can give BT so that it upgrades exchanges where it benefits the community and individuals, rather than just benefiting the providers financially.

I look forward to hearing the minister's reply. Work still has to be done throughout Scotland, but a start has been made and I hope that all our constituents will be able to benefit further.

17:41

**Alasdair Allan (Western Isles) (SNP):** I thank Peter Peacock for securing this members' business debate on what is an important issue, not least, as he mentioned, for my constituency.

I strongly agree with Mr Peacock's view that broadband is essential to the economic and social wellbeing of Scotland's rural areas, and in particular its island communities. In some senses, that statement is testimony to the sheer scale of change that Scotland's islands have seen in recent decades. It is worth calling to mind the fact that a good few parts of my constituency did not have electricity, far less television, until as late as 1970.

Why, the metropolitan cynic might ask, is it reasonable for the islands to expect broadband now? It is reasonable for a number of reasons to do with fairness and for simple reasons of survival. For Scotland's remote communities not to have broadband is to cut them off from a whole range of opportunities. It prevents people from working from home or pretty much anywhere else in the community, it impedes business start-up and survival, and it prevents schools from accessing the benefits of large areas of the curriculum as it is delivered elsewhere.

Without overly rehearsing the history of the situation, I believe that there is no doubt that a serious error was made some years ago when just over 20 areas in my constituency were left without exchanges that were capable of delivering broadband. The previous Scottish Executive tried, and the current Scottish Government is trying, to address that injustice through the provision of wireless broadband, delivered by connected communities. I understand that the previous Executive pursued the wireless option because even if the exchanges had been upgraded, a substantial number of people would still have been unable to access broadband because their homes are too far from the exchange for the technology to work. Let there be no doubt that in some parts of the Western Isles a wireless or satellite solution

will remain the only feasible option, but a much smaller minority of households would have had to rely on those options if fairness had been exercised when exchanges were enabled elsewhere.

Mr Peacock's motion implies the frailties of connected communities, some of which are borne out in my mailbag as the local MSP. However, judging from the evidence of my mailbag, I venture that the picture is a little more complex than it might at first appear. First, the complaints that I get about broadband come from at least three distinct groups. The first group is people who are impatient for connected communities—the wireless option—to put up masts in their community. Some people may hate wireless broadband but, in the interests of a complete picture, I should say that I have also been grilled by a hall full of people in Harris imploring me to get connected communities to come to their part of the islands immediately.

The second group is people who want improvements to connected communities' service, whether by making it more reliable or cheaper, or by ensuring that someone is on the end of the phone to fix things when they go wrong.

The third group is people who are calling for a boycott of connected communities and, by implication, a boycott of broadband altogether until exchanges are upgraded. That is the smallest group. However, let there be no doubt that a serious mistake was made when the exchanges were not upgraded.

I agree that there are many potentially positive aspects in the "Digital Britain" report. I merely say that, if Lord Carter's review rights the wrongs that exist, it will find a welcome in the Highlands and Islands, but if, to meet the universal broadband obligation, it seeks to impose a levy on the very households that do not enjoy such an entitlement, it will struggle to be taken to people's hearts.

I thank Mr Peacock for bringing the debate to Parliament and for highlighting an issue that is of concern to my constituents.

17:45

**The Minister for Enterprise, Energy and Tourism (Jim Mather):** I, too, congratulate Peter Peacock on securing the debate and on his comments, which were constructive and useful, as has been acknowledged by members of all parties. There is broad cross-party support for what Mr Peacock had to say. However, I am keen that we should not lose sight of the fact that availability of basic broadband in Scotland is at more than 99 per cent, which is attributable directly to interventions by the Scottish Government and the previous Administration and

which puts Scotland in a better position than most countries in Europe. Our broadband reach project is delivering a basic service to so-called broadband not-spots and has brought broadband to more than 2,300 Scottish households and businesses in many rural areas. Our current policy of provision of basic broadband to all on demand is better than the policies in most of the rest of the UK.

In addition, with BT, we are making progress on upgrading capacity-limited exchanges, all of which are located in rural areas throughout Scotland. Yesterday, we announced that a further eight exchanges have been added to the programme, which takes the total to 79. As for Murdo Fraser's specific point, the date for the upgrading of the Fern and Menmuir exchanges was confirmed yesterday—I believe that it is May 2010, but I would prefer to confirm that in writing for the member, just to make sure that I have it correct. I am confident that many people in those communities, including householders and businesses that need competitive advantage in the economic downturn, will benefit greatly from the initiative.

I was taken by Cathy Jamieson's points about Rankinston. The pulling together that is already happening there is highly commendable. The key point is that that community might well benefit from LEADER broadband funding when it becomes available. The intention is to allow communities to apply for funding where there is a community benefit element. The community broadband catalysts that are the Scottish Government's telecommunications officials would be happy to provide further information and help make progress on that.

A lot is happening on the technology for the next generation of broadband. Scottish Government officials are at an advanced stage of developing a specification for a research project to help give us an evidence-based broadband policy for the future, which we believe is an utter prerequisite. In the same process, we are ensuring that we make better use of the broadband and information and communications technology that is currently in place in Scotland. We also want to address some of the non-economic factors. I suspect that it was implicit in what many members said that we must address not only economic issues, but issues to do with education, health and care of the elderly.

Peter Peacock's focus on "Digital Britain" is welcome. I will not rehearse the components, but I welcome his support and the fact that he sees, as I do, the potential to leapfrog and take advantage of the various sums that are coming forward. We can do that if we pull together and address the legitimate caveats, concerns and issues that Rob Gibson raised and which I suspect other members

have, too. We need to get those issues out in open forum, so I will take Rob Gibson up on that and try to trigger that imagination.

I was particularly taken with the point about taking advantage of Scottish ingenuity and technologies to address Scottish need. I like to think that doing so gives the Scottish companies a better chance of exporting their technologies and selling them elsewhere. When Scottish companies make the sales call to Australia or New Zealand and are asked, "Who is using it back home?", if there is no decent answer, a big trapdoor can open.

I am due to meet the UK minister for digital Britain, Stephen Timms, on 22 February to discuss the interest of Scottish telecoms in "Digital Britain". I will weave into that discussion not just Peter Peacock's comments, but those of other members. I will tell him members' thoughts about focusing on the relocation potential that is provided by broadband and the balance that can be achieved.

I take on board the Western Isles issue. Members will know that we have been listening and conveying that message, as has Highlands and Islands Enterprise. It is reviewing the long-term strategies for the future vis-à-vis connected communities, and is expected to reach a decision on that by April 2010. I think that it has identified strong signals emerging about niche internet service providers and related service suppliers now being attracted to the area to take advantage of the infrastructure that is provided through public sector efforts. It has informed me that there are good prospects of private sector customers in the area being able to take advantage of strong competitive offerings across the connected communities network in the near future. We will watch what happens with interest and see what we can do to drive it forward.

The LEADER programme is coming to a point at which there could be further advantage. David Thompson and Peter Peacock made an eloquent case for a better than pro rata share of funding. We are full square behind that. Peter Peacock mentioned a number of entities, including local councils. It would be helpful if members suggested who they see as the stakeholders who ought to be in the room to debate how we can take the matter forward and get cohesion. Addressing pinch points at the local and regional levels and a process of continuous improvement greatly appeal to me. If we can address the pinch points we will move forward to a better place. In the process, we can address issues that Rob Gibson raised to do with why there is only 90 per cent coverage and what we might do to ensure that there is fairness as we proceed.

**Peter Peacock:** I understand the point about 90 per cent coverage and have made it clear to the minister that I am after 100 per cent coverage. However, we should not fall into the trap of thinking that, because we are talking about 90 per cent coverage at the UK level, we should have anything less than 100 per cent coverage in Scotland.

**Jim Mather:** I am 100 per cent behind that and want to put my efforts behind achieving it. I see that matter in the same way that Jamie Stone sees the relocation potential that broadband provides and in the same way that Alasdair Allan sees broadband—he sees the issue as being survival, growth, connecting our remote areas to the planet and restoring the balance.

I know from my constituency that people aspire to have well-paid and satisfying jobs in wonderful locations that offer a high quality of life, fantastic amenities and great education for their children. We need to build on that, and I will certainly press to ensure that we get the best possible result when I talk to Stephen Timms later in the month.

*Meeting closed at 17:53.*



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