



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 23 June 2010

Session 3

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Scottish Parliament

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[The Presiding Officer *opened the meeting at 14:00*]

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 Frances Hume, the development and education officer of the Scottish Inter Faith Council.

Frances Hume (Scottish Inter Faith Council):

I first became involved in interfaith dialogue in 2004, when I attended an interfaith youth retreat on the beautiful Holy Island off the coast of Arran, which was hosted by the Scottish Inter Faith Council. I must admit that the thought of a weekend of dry theological discussion with serious minded religious youth did not exactly fill me with glee. However, I was pleasantly surprised that what I found instead was a group of enthusiastic and vibrant young people from all faiths who had a passionate commitment to making a positive difference in the world. Together, we planned a national interfaith youth conference that we entitled "Service above Self", reflecting the various ways in which our faiths motivated us to care for our fellow human beings and the planet.

Watching the news as a young Christian teenager, I developed a strong awareness of all the things that were not right with the world. I was constantly bombarded by crises on a global scale, such as wars and environmental pollution. I developed an awareness of how closely we are all interconnected through our economic systems, trade and use of natural resources. Despite our advances, we remain fragile and vulnerable in the light of limited natural resources, damaged ecosystems and climate change.

Holy scriptures across the faiths encourage us to be stewards of the earth's resources, to live simply and selflessly so that all can share in a fair and just society and world community. Interfaith dialogue reminds us that we are all interconnected, that we share common values and that, despite our different cultures and beliefs, we can practise what we preach and be a positive and united force for change in the world.

The Scottish Inter Faith Council brings together the religious leaders of Scotland to discuss pertinent issues, such as reducing climate change and homelessness. On Christmas day, religious leaders brought members of their communities together to help at a Salvation Army homelessness drop-in centre, which is evidence of

how people of faith can be united for the common good.

I believe that we live in a crucial and exciting time in the earth's history. Despite our weaknesses and limitations, we can decide how our actions will impact on the future of our world. Scotland is leading the way in both interfaith relations and climate change policy, and it is my vision that we can be a beacon of hope for the rest of the world and for future generations to come.

United Kingdom Emergency Budget and End-year Flexibility

The Presiding Officer (Alex Fergusson): The next item of business is a statement by John Swinney on the United Kingdom emergency budget and end-year flexibility. The cabinet secretary will take questions at the end of his statement, so there should be no interventions or interruptions during it.

14:04

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): I am grateful for the opportunity to set out the Scottish Government's response to yesterday's emergency budget. Before doing so, I will take this opportunity to inform Parliament of the provisional Scottish Government budget outturn for 2009-10.

At all times, it is essential that we maximise the value of every public pound, as we take forward programmes to support economic recovery and deliver high-quality, efficient public services.

As a demonstration of this Government's sound financial management, I can report to Parliament that the provisional outturn for 2009-10 is expenditure of £29,523 million against a departmental expenditure limit budget of £29,570 million—an underspend of just £47 million. That sum is in line with the patterns of recent years and represents approximately 0.2 per cent of our departmental expenditure limit budget, which is equivalent to less than half a day's spending by the Government. Taking into account the drawdown for 2009-10 and this year's £47 million underspend, our end-year flexibility balance will total just over £300 million.

The underspend of £47 million represents our headline underspend figure and measures our performance in managing the Scottish block of public expenditure. It ensures that resources are targeted as necessary to support the Scottish economy during these difficult times. However, in announcing that achievement, we recognise that there is no room for complacency. The efficient and effective management of our budget remains a key characteristic of the Government, and it will prove invaluable as we move into a fundamentally different outlook for the Scottish budget in the years ahead. Yesterday's budget provided further clarity on the scale of the challenge that we are about to face, and I will now respond to the Chancellor of the Exchequer's statement.

There can be no denying that yesterday's United Kingdom emergency budget statement outlined the stark reality of the current state of the UK public finances that were left by the previous

UK Government, and the sobering outlook for public spending and taxation in the years ahead. Forecasts that were produced by the new Office for Budget Responsibility and published in yesterday's budget show that net borrowing this year is forecast to be £149 billion, or 10.1 per cent of gross domestic product. That is the highest rate of borrowing in the G20.

Public sector net debt is forecast to peak at 70.3 per cent of GDP in 2013-14, which is its highest level since the 1960s. Central Government debt interest payments are forecast to reach £66.5 billion in 2015-16, which is approximately 9 per cent of total public spending. To provide context, I note that that is equivalent to twice the Scottish Government's total budget for this year.

That is an unprecedented challenge, and a period of fiscal consolidation is inevitable. The recent crisis and instability in the eurozone highlights the harsh reality of market forces in that respect. The failure to set out a credible plan for reducing debt runs the risk of a sharp increase in the cost of borrowing, higher interest rates and a lack of investor confidence.

The Scottish Government agrees that there is a clear need to deliver sustainable public finances and to set out a credible consolidation plan. However, given the current outlook for the economy, the Scottish Government is concerned that the UK Government has reduced spending too far and too fast, which has the potential to jeopardise our economic recovery. The recovery in Scotland, the UK and most advanced economies has been supported by the co-ordinated actions of Governments through a combination of monetary and fiscal policies. Those actions protected economies during the worst recession since the 1930s. However, cutting back more quickly and more deeply, as the chancellor has set out, increases the risks to recovery.

Figures that were published in the budget show that the policy decisions that the chancellor has taken will lower the short-term growth prospects for the UK by 0.4 percentage points over the three years to the end of 2012. The cumulative reduction in output over the next two years is equivalent to £7 billion, in 2009 prices, of lost output from the UK economy.

Overall, growth is forecast to be modest this year. Reducing public support so significantly and so quickly rests on the assumption that the private sector has recovered sufficiently to drive the recovery. However, that is by no means assured. The full effects of recent increases in unemployment and continuing pressures in bank lending are forecast to continue to weigh heavily on private consumption, business investment and net trade. In the short term, reducing public demand means lower output and lower growth.

That will translate into reduced employment, which is now forecast to be 100,000 per year lower between 2011 and 2014 than what was forecast prior to the budget.

Prioritising public expenditure reductions in the short run and pulling even more money out of the economy than was previously planned will run the risk of undermining not only the recovery but the plans for fiscal consolidation. Leading economists such as Danny Blanchflower have already highlighted the risk that cuts that are too deep and too fast have the potential to develop into a vicious cycle of cuts and lower growth.

The experience of other countries provides caution. In 1997, Japan increased its sales tax as the economy was emerging from a prolonged economic slowdown; that move contributed to the economy falling back into recession three months later for a further 20 months.

Securing Scotland's recovery is the Scottish Government's top priority. That is why we have decided not to impose further cuts on the Scottish budget in the current financial year beyond the £500 million cut that has already been put in place by the previous UK Government.

In his statement yesterday, the chancellor outlined plans for the programme of consolidation. By 2015-16, he plans to implement a combination of tax rises and spending cuts that is worth £128 billion, of which 77 per cent will be from cuts in public spending and 23 per cent will be from tax rises. Almost two thirds of that fiscal tightening was inherited from the plans of the previous UK Government. On taxation, the bulk of the fiscal tightening will come from the increase in VAT and the changes in national insurance that were announced by the previous Government. Those measures will have a significant impact on Scottish households. The increase in VAT alone will increase the tax burden on the average Scottish household by approximately £380 a year, with households in the bottom income decile seeing some of the largest tax rises as a proportion of their income.

The chancellor also set out the broad combination of the spending cuts that will be implemented during the next spending review period. Table 1.1 in the red book details the chancellor's plans to implement a further £32 billion of spending cuts by 2014-15 on top of the £52 billion of cuts that were announced by the previous UK Government. Cuts in benefits and welfare measures are expected to reach £11 billion by 2014-15, which represents a third of the additional spending cuts that the chancellor announced.

The chancellor also set out his aggregate plans for total UK departmental expenditure limits in the

four years of the next spending review. Although we will not know the precise impact that those cuts will have on the Scottish budget until the comprehensive spending review is published in the autumn, it is clear that spending on public services is going to fall sharply. The chancellor's announcement means that the total UK departmental expenditure limit will fall by an average of 3.5 per cent a year in real terms over the next four years. That means that, by 2014-15, total UK DEL will be 15 per cent, or £59 billion, below its 2009-10 peak. When that is combined with the cuts that have already been implemented this year and the further cuts that are planned for 2015-16, we now face six years of consecutive cuts in departmental spending, which is the longest sustained period of spending cuts since current records began in 1948.

Given the UK Government's commitment to protect health and overseas aid from cuts, the budgets of some Whitehall departments will be cut by 25 per cent or more during the next four years. That compares with the cuts of 20 per cent for unprotected departments that were planned under the previous UK Government.

It is clear that the major challenge that we face in the years ahead is the fallout from the fiscal consolidation plan. The prospects for consolidation and the likely impact on Scotland are things that we have set out to the Parliament ever since the scale of the fiscal challenge became apparent in late 2008. In April, we published analysis by the Scottish Government's chief economic adviser that was based on the projections in the previous UK Government's budget in March 2010. Those forecasts predicted five to seven years of real-terms budget cuts and a total adjustment period of 13 to 15 years. Given the scale of the adjustment that is now planned and the Office for Budget Responsibility's revisions to the previous UK Government's forecasts, it is clear that we are likely to be at the upper end of the chief economic adviser's forecasts.

We have acted early to respond to that challenge. To ensure that our public services are high quality, continually improving, efficient and responsive to local people's needs, we started to streamline Government, direct more funding to the front line and give power back to local councils and communities. We are already taking action to deliver efficiencies and release cash for front-line services. We are on track to deliver our stretching efficiency savings target of £1.6 billion. We have confirmed savings of £839 million, or 3.1 per cent of the 2007-08 DEL baseline, exceeding our £534 million target by more than £300 million.

Our centrally held marketing budget has been reduced by more than £5 million, which represents a cut of more than 50 per cent. We have cut our

administration budget by 5 per cent. We have active control of staff head count and robust limits on the use of consultants. We have reduced central Government travel costs by 25 per cent, and we have set a prudent course on public sector pay, with freezes in ministerial and senior civil service pay and action to reduce bonuses. Ministers have also written to public sector leaders throughout Scotland to emphasise the need for prudence and efficiency now in all our spending to help to prepare for the future.

We are committed to transparency in our budgets. Just last week, we published for the first time a detailed record of all expenditures above £25,000. In February, we established the independent budget review, which has a vital role in setting out the way ahead in preparing for a new financial climate. There will be a review report in July. The conclusions that are reached about the choices that we face will be of enormous assistance as we develop and consider our future spending proposals with Parliament and more widely with our local authority partners, public sector organisations, the third sector, the private sector and the people of Scotland.

The Scottish Government welcomes the opportunity to feed directly into the UK spending review over the summer. We will argue for an approach that protects growth in the economy and for spending reductions in areas that we regard as providing poor value, to ensure that support can be targeted towards protecting key front-line services. We will also work with the UK Government on restraining public sector pay.

However, it is clear that, as a country, we face an unprecedented challenge. All of us must play a role and work together in the best interests of the people of Scotland. Our aim is to deliver a budget for 2011-12 that secures the support of Parliament, local government, businesses and the public; which focuses on protecting the livelihoods of those in work and promotes opportunities for those who are out of work or are threatened with redundancy; and which protects, as far as possible, our ability to deliver vital public services. That is why we will engage in an open conversation with all parties and the people of Scotland about how we can protect our society's values, our front-line services and our economy before we set out our draft budget later this year.

Let me close by setting the budget strategy in a wider context. It is clear that we face significant challenges in the years ahead, but we are once again faced with responding to the actions of a UK Government in Westminster dictating policy in Scotland. Recent developments have emphasised the case more than has ever been emphasised before for much greater fiscal responsibility for Scotland. With greater fiscal responsibility, we

would be able to take decisions not only on how we respond to the current crisis but on how we ensure that we are never again faced with the situation that now confronts us.

Today, Scottish Government statisticians published the latest "Government Expenditure and Revenue Scotland" report. That report showed that, in 2008-09, including a geographical share of North Sea revenue, Scotland ran a current budget surplus worth £1.3 billion, or 0.9 per cent of GDP. In the same year, the UK as a whole ran a current budget deficit worth £48.9 billion, or 3.4 per cent of GDP. That was the fourth consecutive year of current budget surplus in Scotland, which is worth a cumulative £3.5 billion.

With greater fiscal responsibility, we could take the necessary steps to support economic recovery and ensure that growth is the driver that moves us out of the current difficulties. Despite cross-party support throughout Scotland, the chancellor has, for example, decided to reverse plans to use the tax system to secure the international competitiveness of Scotland's world-renowned games industry. The commitment in the budget to investigate how the tax system can be used to introduce a fuel price stabiliser and to offset the high cost of road fuels in rural areas is a welcome step forward, but it could be delivered with greater certainty and more quickly if the Scottish Parliament were responsible for such choices.

It is not just about business and growth, although they remain key levers. Full fiscal responsibility would also give members of the Scottish Parliament the opportunity to make our own choices about welfare reform, public spending and the fairness of the tax system. I am heartened by the growing body of people throughout Scotland who recognise that fact and make the case that we should exercise those responsibilities for ourselves.

The Presiding Officer: The cabinet secretary will now take questions on the issues raised in his statement. I will allow 30 minutes for such questions, after which we must move to the next item of business.

Andy Kerr (East Kilbride) (Lab): The UK budget is a traditional right-wing Tory budget. For purely political reasons, the Tories are going further and faster in closing the deficit than is necessary. In doing so, they are damaging the recovery and putting people at risk. The budget includes regressive measures that will have the biggest impact on those who are least well off. The VAT increase, which the cabinet secretary highlighted, is a good case in point. The richest 10 per cent spend £1 in every £25 of their income on VAT but, for the poorest 10 per cent, the figure is £1 in every £7. Of course, it is not just the tax measures that affect those who are least well off—

there is also the impact of the massive cuts that are proposed for our public services. The Office for Budget Responsibility's own figures show a reduction in economic growth for this year and next and the loss of 100,000 jobs as a direct result of Osborne's budget.

Here in Scotland, for the past three years, the Scottish National Party has been trailblazing on behalf of the Tories. Even though its budget has been increasing by more than £1 billion per annum, and despite the fact that it enjoyed an inheritance of £1.5 billion from Labour, the SNP cancelled the Glasgow airport rail link and cut jobs in our hospitals and schools. Instead of planning to waste millions of pounds on referendums and spending money on the disaster that is the Scottish Futures Trust, which has brought us the Salmond slump, should it not allocate that precious resource more appropriately? *[Interruption.]*

The Presiding Officer: Order. The cabinet secretary's statement was listened to with total courtesy. I ask that the questions be treated in the same way.

Andy Kerr: You will be lucky, Presiding Officer.

If the SNP cannot be trusted in the good times, when there were £1 billion increases every year and there was £1.5 billion in the accounts—it blew the lot—how can it be trusted in the tougher times? There is also the mythology around the GERS report, through which the SNP Government has skewed the figures so that they suggest that our Scottish economy should rely disproportionately on the price of one single commodity—oil.

Murdo Fraser (Mid Scotland and Fife) (Con): Will Mr Kerr take an intervention?

The Presiding Officer: No, Mr Kerr will not—Mr Kerr needs to ask a question.

Andy Kerr: The Finance Committee, including its convener, the SNP's Andrew Welsh, has said that it is time for the Government to come clean on the measures that it will take in Scotland.

The Presiding Officer: I must press you for a question, please.

Andy Kerr: Is it not about time that the cabinet secretary engaged seriously with the Parliament and the people of Scotland? Will the Parliament see a draft budget by September this year—not "later this year", as the cabinet secretary said in his statement—to allow us to plan for the years ahead?

John Swinney: Mr Kerr mentioned the use of end-year flexibility, which, if he will pardon the pun, is a point that he has laboured for some considerable time. There was £1.5 billion of end-

year flexibility available when I became the finance minister, but the previous Government had already committed £655 million of that to be spent during 2007-08. In the succeeding years, I drew down £313 million in 2008-09 and £400 million in 2009-10, as I have set out to Parliament. That strikes me as an orderly use of resources compared with the way in which the £655 million was committed by the previous Government in 2007-08.

Mr Kerr asked when the Government will set out its budget measures, but even he would accept that I cannot set out my budget until I know what the numbers from the UK budget will be. The chancellor—helpfully, I must say—confirmed that the comprehensive spending review will be announced to the House of Commons on 20 October. I imagine coming to Parliament with my budget within about four weeks of that announcement, which will allow me to formulate and finalise the Government's plans for its budget once the full financial information is to hand. No one could object to ministers waiting to have the numbers that matter on this occasion.

Mr Kerr rails against what he described—if I wrote it down fast enough—as a "right-wing Tory budget". As I said in my statement, the current UK Government inherited a financial mess from its predecessor. The UK Government is certainly accelerating the pace of public spending cuts. As I said, the chancellor has announced an additional £32 billion of spending cuts by 2014-15. However, that is on top of £52 billion of cuts that were already announced by the Labour Government before it left office in May 2010.

Derek Brownlee (South of Scotland) (Con): I thank the cabinet secretary for the advance sight of his statement.

The looming spending reductions will be a big test for the Government, but they will be more than that—they will be the biggest test for the Parliament since devolution. How we deal with the cuts and engage with the public will be the real test of whether devolution has made a difference to the way in which politicians engage with the public on difficult issues.

Given that we now know the date of the UK comprehensive spending review and the limit of what the spending reductions will be, and given that the cabinet secretary has rightly pledged to engage with the UK Government over the summer—he has suggested that he will argue for spending reductions in areas that he regards as providing poor value; I presume in the UK Government budget rather than his own—could we not have something similar for the Scottish Government budget? I appreciate that he cannot publish the whole thing, but could we not have an indication of where the spending squeeze might be? Is it time to drop the overallocation, which was

designed to minimise the underspend? Finally, did I just hear the representative of a party that left this country with a £160 billion deficit this year criticise the Scottish Government for a £1 billion deficit?

John Swinney: Mr Brownlee heard correctly, but I will leave the *Official Report* to speak for itself on that point.

On Mr Brownlee's first point about wider engagement with Scotland and how the cuts will test the Government and the Parliament, it is important that we have the broadest possible discussion about the challenges that we face. That is precisely why I established the independent budget review in February in response to a suggestion by Mr Brownlee and why that body has invited contributions to its deliberations from across different sectors, the political parties and a range of different communities in Scotland. I certainly intend to ensure that the conclusions of the independent budget review will be the subject of intense debate in Scotland after the review is published. The Government will be fully engaged and active in that debate with the people of Scotland.

Mr Brownlee will understand that some material factors will affect the outcome of the UK comprehensive spending review. How the UK Government decides to undertake its spending review and how it intends to change budgets at departmental level in the UK Government drives directly the composition of the spending settlement for Scotland. That is why I intend to take up the opportunity that has been given to us by the UK Government to engage in discussion about the comprehensive spending review. That did not happen with the previous spending review, so I welcome this opportunity. It will have a material effect on our final budget numbers.

Mr Brownlee asked me whether it is appropriate to have an overallocation in the budget in the years to come. That is a material point that I will consider in setting the budget. The overallocation has helped us to manage the public finances to low levels of underspend, but we have to keep that facility under review in the years to come.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I, too, thank the cabinet secretary for advance sight of his statement.

Will the cabinet secretary confirm that the budget was overallocated by £100 million, which means that the underspend was £147 million? Although he has deferred £320 million of reductions in this year's budget, £348 million is sitting in deposit. People will be confused by that. What are people to make of yesterday's Government press release that says that we are

facing the threat of "a spiral of decline" when today's press release says that

"Scotland's public finances are in a very healthy position"?

Am I right in saying that, in his 15-minute statement, the cabinet secretary must have forgotten that another result of the budget is that 2 million basic rate income tax payers in Scotland will gain from the increase in the personal allowance, lifting nearly 100,000 of the lowest earning people in Scotland out of income tax? Did he also forget to mention that the link with earnings has been restored for pensions, helping 1 million pensioners in Scotland? Finally, if he now points to the urgent need for independence in the managing of the Scottish economy—he said in his statement that he thinks that the top priority for the people of Scotland in the current financial situation is independence—when will the Government introduce a referendum bill?

John Swinney: As Mr Purvis clearly knows, overallocation is an open point in the Government's budget-setting process, and I seem to recall answering questions about it from the Finance Committee. I am not sure whether I have answered such questions in the chamber, but Mr Brownlee just referred to the overallocation. The overallocation was clearly and prominently set out as part of the Government's financial management strategy. It was designed to ensure that we minimise underspend. I make no apology for setting up a financial management arrangement that allows us to deliver manageable underspends and, as a flipside to that performance, to deploy resources effectively to support economic recovery and front-line services.

Mr Purvis contrasted my words yesterday about the UK budget and the dangers contained within it, and what was said about the output of Government expenditure and revenue in Scotland. I simply point out to Mr Purvis that the GERS report sets out a dispassionate analysis of the current state of the public finances of Scotland. The UK budget accelerates a process of public spending reductions which, in the judgment of the Scottish Government and various other people, involves a fiscal consolidation that is too fast and too far at this stage in the economic recovery. I know that Mr Purvis is an avid reader of all my press releases, given his question today. He would have seen in the press release that I issued yesterday that I welcomed a number of measures that the UK Government set out, including protection for people on low incomes and pensioners.

This Government will bring forward its independence referendum bill to Parliament at the appropriate opportunity. I assure Mr Purvis that we are actively engaged in making the argument to the people of Scotland that one of the

opportunities that have been lost to Scotland is the ability to control our own resources and generate the type of economic growth that we should be able to deploy and which we could expect to have if we had control over the financial levers. That opportunity was restricted for us by the decisions of the UK Government yesterday, and I have set out to Parliament my regret about the decisions that have been taken.

The Presiding Officer: We come to open questions. We will get everybody in as long as questions and answers are reasonably tight and focused.

Linda Fabiani (Central Scotland) (SNP): Labour cut Scotland's funding and the Lib Dems and Conservatives are cutting it even further. Scottish growth is seriously threatened by all the UK parties. Meanwhile, as the cabinet secretary said, the latest "Government Expenditure and Revenue Scotland" report shows that Scotland's public finances generate far more income than we spend—a Scottish surplus, as opposed to a UK deficit. Does the cabinet secretary agree that now, more than ever, the case is made for Scottish independence?

John Swinney: I agree with Linda Fabiani. The inherent issue, which I raised in response to Mr Purvis, is that if we have control of the financial levers, we can take responsibility for delivering the type of economic growth that can deliver the prosperity for which people in Scotland are crying out. That is the very straightforward prospect that the Government offers the people of Scotland.

David Whitton (Strathkelvin and Bearsden) (Lab): I am sure that, being the reasonable man that he is, the cabinet secretary recognises that a surplus is shown only if one does not include spending on schools, hospitals and roads. In fact, Scotland's budget actually shows an estimated net fiscal deficit of £3 billion when the necessary capital is included, rising to £3.8 billion when one includes just a per capita share of the money that the UK Government spent saving Scotland's two biggest banks. Does that not just make a complete and utter nonsense of the cabinet secretary's campaign for fiscal autonomy?

John Swinney: I am not surprised that Mr Whitton has such a depressing outlook on the world. The figures are really pretty clear: in the 2008-09 financial year, Scotland had a surplus of £1.3 billion and the UK had a deficit of £48.9 billion. To me, that makes the case very clearly that Scotland is in an inherently strong financial position and, therefore, should not be put off by the doom-mongering of Mr Whitton and all his colleagues.

Kenneth Gibson (Cunninghame North) (SNP): I congratulate the finance minister on securing a record low underspend yet again.

Does the minister agree that, given that the economy is still in an extremely fragile state, it is vital that as much money as possible is invested in sustaining economic recovery? What progress has the Scottish Government made on securing borrowing powers and a guarantee from the chancellor that we will be able to draw on the £185 million of fossil fuel levy moneys that the Treasury holds and were denied to Scotland by the previous Labour Government? With declining resources while we remain in the UK, how will the Scottish Government optimise public expenditure to ensure the continued delivery of services?

John Swinney: Borrowing powers are material to the discussions that we have undertaken with the UK Government. Those discussions are ongoing. We will keep Parliament informed of the progress of those discussions, just as I am sure that the UK Government will make its announcements on the fulfilment of the commitments that it set out in the Queen's speech.

Mr Gibson also raised the issue of the fossil fuel levy. Again, the issue remains a work in progress. There is a commitment in the coalition agreement to review the treatment of the levy. I have suggested to the Treasury a mechanism that could be utilised to ensure that the fossil fuel levy is deployed as part of public expenditure in Scotland in a fashion that is additional to the departmental expenditure limit that is the nub of the issue. I hope to receive a positive response to that suggestion.

Ms Wendy Alexander (Paisley North) (Lab): The cabinet secretary indicated that he may not be able to publish a final Scottish budget until the second half of November, which is later than ever before in the history of devolution. By doing so, he will deny every parliamentary committee a proper scrutiny role. Is his mind open to receiving representations from the Parliament, business organisations, local government and the rest of Scotland on the desirability of a draft budget as usual in September? That would allow proper scrutiny of what he himself called

"the longest sustained period of spending cuts since ... records began".

John Swinney: On committee scrutiny and the timetable, it is a bit absurd for me to be criticised for suggesting the orderly process of me bringing to Parliament a draft budget a month after the comprehensive spending review that gives me the numbers that underpin that budget. My predecessors always set out the importance of relying on the budget numbers from the United Kingdom Government. We can all make estimates

and assumptions about the numbers, but the numbers that matter are those that we get from the UK Government. Also, as I said to Mr Purvis, many of the questions can be affected by the way in which the UK Government conducts its spending review process.

I have been in correspondence with the convener of the Finance Committee about the fact that I expect the budget to be available later this year. I have assured him of the Government's willingness to be available for committee scrutiny in the most open way possible. As I confirmed in my answer to Mr Brownlee, I am open to representations in light of the publication of the independent budget review report and some of the choices that it will throw up for us. As I said in my statement, when the independent budget review report is published, I will listen very carefully and engage actively in discussion with business organisations, local authorities, the third sector and the private sector. In light of that, and with the information from the comprehensive spending review, I will set out the budget to Parliament.

Gavin Brown (Lothians) (Con): The cabinet secretary said:

"we will engage in an open conversation with all parties and the people of Scotland".

When he gave evidence to the Finance Committee, I understand that he stated that his department had carried out work to plan for a potential in-year budget reduction. Will he publish that work?

John Swinney: As Mr Brown knows, I have taken the decision not to make in-year reductions to budgets. That is the position of the Government and we will adhere to it. I am committed to engaging in a wide discussion with the broadest range of stakeholders on how we will address the challenges. Clearly, that must involve dialogue within the Parliament, given that the Parliament ultimately has to take the decisions on the composition of the budget. A willingness to engage in that broad discussion should be broadly welcomed in Scotland.

Joe FitzPatrick (Dundee West) (SNP): After years of lobbying, the previous Westminster Government finally conceded the need for tax incentives for video games development. However, the cabinet secretary will be aware that, in his final budget, the previous Labour chancellor made no financial provision for such incentives. Does the cabinet secretary agree that that made it easier for the Conservative-Liberal coalition to renege on the cross-party pre-election promises that were made to the industry, thereby placing Scottish jobs, especially in my constituency, at risk? What representations does the Scottish Government intend to make to ensure that one of

Scotland's exciting new industries is allowed to compete fairly on the international stage?

John Swinney: In advance of the budget, I raised with the chancellor Mr FitzPatrick's point about the importance of the tax incentives that the previous Government committed itself to consider. As I said in my statement, it would have been preferable if those incentives had been provided. I will be happy to make representations to the UK Government on the issue. We must ensure that we find adequate opportunities to encourage the development of innovative industries in our country. That is at the heart of the Scottish Government's agenda. We will discuss the issue with the UK Government.

Iain Smith (North East Fife) (LD): Can the cabinet secretary explain why he spent so long poring over "Government Expenditure and Revenue Scotland" to find the one figure that backed his case, while ignoring all of those that referred to the capital budget in Scotland? More important, in his statement he made significant criticism of the UK's public finances, especially the estimate for public sector debt of 70.3 per cent of GDP. What percentage of GDP does he think public sector debt should be, and how quickly should we get to it?

John Swinney: Mr Smith must consider the evidence that I have set out today, which indicates that the rapid reduction in public expenditure will injure economic recovery in Scotland. Sadly, that will become increasingly clear over time. I am not arguing that there should be no fiscal consolidation—I accept the need for it—but I question the pace at which the United Kingdom Government has moved in that respect. When we make our representations—I know that Mr Smith has some influence in these matters—it is important that we do so with a view to ensuring that the interests of the Scottish economy are protected and assured. That is the Scottish Government's approach to the debate on this question.

Rob Gibson (Highlands and Islands) (SNP): Is there any inkling in the emergency budget of the influence of the Liberal Democrats regarding means to support the exciting prospects for developing our green energy interests, such as a reduction in transmission access charges, which are most acute in the Highlands and Islands?

John Swinney: The issue of transmission charges is a significant part of the dialogue that we have pursued with the United Kingdom Government. At the start of the week, I received a letter from Chris Huhne, the Secretary of State for Energy and Climate Change, in which he set out a co-operative approach to resolving such questions. We look forward to co-operation in that respect.

On a number of occasions, I have made the point to Parliament that the fossil fuel levy offers us a focused and specific opportunity to invest in the development of the renewables sector in Scotland. Statute requires us to spend the resources from the fossil fuel levy on renewable energy development; that is the obligation on and the intention of the Government. I hope that we can find a mechanism for achieving that. As I said in an earlier answer, I have suggested such a mechanism to the United Kingdom Government, to ensure that we have access to resources from the levy but in such a fashion that they are additional to the departmental expenditure limit total.

Margo MacDonald (Lothians) (Ind): Does yesterday's budget not show that, if we are to have fiscal responsibility that provides the Parliament with real—not pretendy—power, so that we can customise economic policies to suit our distinctive and different needs, as opposed to the needs of the economy south of the border, we will need not only tax-raising powers but control of pensions and benefits, as those have a significant influence on the level of demand, especially when we take into account the size of our public sector and the cuts that we know are coming? I am interested to find out what the cabinet secretary thinks about that suggestion.

John Swinney: At the conclusion of my statement, I think that I addressed Margo MacDonald's point, with which I am in agreement. Full fiscal responsibility would give Parliament the opportunity to make our own choices about welfare reform, public spending and the fairness of the tax system. I accept Margo MacDonald's point—all of those questions are interrelated. Given the limitations on our powers and responsibilities, we cannot take the set of comprehensive decisions that we would wish. However, the approach that I have set out today and the clearly advertised aspiration of the Government address Margo MacDonald's point.

Jamie Hepburn (Central Scotland) (SNP): As the cabinet secretary has said, the GERS report sets out the case for independence, and I agree. Does he agree with me that that case is further strengthened by the figures from the Organisation for Economic Co-operation and Development, which show that the UK's national debt is 59 per cent of GDP this year? It is only 1.6 per cent in Denmark. Sweden has a 13.1 per cent surplus, Finland has a 46.4 per cent surplus and Norway has a 143.6 per cent surplus. Is it not the case that Scotland could not only survive but thrive with independence?

John Swinney: Mr Hepburn's question underlines the point that I have shared with Parliament—that the details of the economic condition of the United Kingdom are hardly an

advert for the fiscal prowess and stability of the United Kingdom. We were told on many occasions—I certainly was during my political activity—that somehow the United Kingdom was in a much stronger financial position. No objective individual could look at the financial mess that the previous Labour Government created and say that the United Kingdom is in anything other than a very poor financial state. That strengthens the argument that Mr Hepburn has put forward for Scottish independence.

Housing (Scotland) Bill: Stage 1

The Deputy Presiding Officer (Alasdair Morgan): The next item of business is a debate on motion S3M-6513, in the name of Alex Neil, on the Housing (Scotland) Bill. We are fairly tight for time, so I will not allow members to overrun by more than a few seconds.

14:48

The Minister for Housing and Communities (Alex Neil): It is with great pleasure that I open the stage 1 debate on the Housing (Scotland) Bill. I begin by thanking the Local Government and Communities Committee for its care in taking evidence on the bill, and in particular for seeking out the views and opinions of tenants and other service users. I very much appreciate the committee's recognition of the efforts that the Government has made to capture the views of tenants and other stakeholders. I am continuing to work with stakeholders, through a bill sounding board that I have established. I thank that board's members for their contributions to our regular meetings and for the constructive way in which they have engaged with me and with each other in debating how best we can strengthen and improve the bill as it progresses through the Parliament.

The bill that is now before us is part of the Government's response to the challenges that we face in housing. It has its origins in "Firm Foundations", this Government's first major discussion document on the future of housing in Scotland, and it is the culmination of the extensive consultation that we initiated with that document. As members will know, we recently published a new discussion document, "Housing: Fresh Thinking, New Ideas", to encourage debate on how to continue to make progress by applying new ideas in response to the much harsher climate that we now face. It encourages everyone to think radically about all aspects of housing policy, and I hope that members across the Parliament will contribute vigorously and with imagination to the debate.

The bill demonstrates our willingness to implement radical solutions to the problems of inadequate supply and poor quality in housing. It has three main objectives: to safeguard and improve the supply of social housing, through reforms to the right to buy; to improve the value of social housing, by modernising the regulation of social housing; and to improve conditions in private sector housing, by strengthening local authorities' ability to regulate private sector landlords and deal with disrepair. In addition, the bill will provide for us to address the question of unauthorised tenancies, in light of the recent report of the repossession working group. It will

remove the absurd anomaly under which our servicemen and women are unable to form a local connection in the areas in which they were based during their service in the armed forces to enable them to get on the housing list.

I welcome the committee's endorsement of the bill's objectives and its support for the bill's general principles.

The proposals to reform the right to buy attracted significant interest from the committee and others. They also attracted near-universal support among stakeholders, including tenant representatives, landlords and housing professionals. The key element of the reforms is the end to the right to buy for new social housing and for new tenants in social housing. In effect, that means that the right to buy will wither on the vine over time.

Quite rightly, the committee subjected such significant and radical reforms to exhaustive scrutiny, probing the Government's position and testing the views of stakeholders. The committee's support for the proposals following that rigorous consideration is most welcome, for the simple reason that if the Parliament agrees to the reforms, it is projected that sales will gradually reduce by a fifth. Over a 10-year period, that could mean that up to 18,000 houses will be saved for social renting that would otherwise have been sold off. That is the equivalent of three years' worth of new supply in the sector.

In addition, without the reforms and the confidence to invest that they will provide, we would be unable to kick-start a new generation of council house building. We have already announced £50 million of funding and we will shortly announce allocation of a further £25 million. In all, that will help councils to start work on more than 3,000 new council houses by March next year.

We are working with the Convention of Scottish Local Authorities, the Scottish Federation of Housing Associations and others to ensure that new council house building plays a continuing role in meeting the need for affordable rented housing in the years ahead. Those are real benefits, which are made all the more valuable by the knowledge that other means of safeguarding and improving supply are coming under increasing pressure.

Mary Mulligan (Linlithgow) (Lab): What measures will the minister put in place to ensure that added pressure is not put on rent payers to ensure the provision of new council houses?

Alex Neil: As Mary Mulligan knows, in the third tranche of funding we are providing £30,000 per unit, compared with £0 per unit just two or three years ago. That is the best way of ensuring that

we do not need to jack up rents to fund the new housing.

On modernising regulation, it is as important to ensure that the total stock of social housing delivers value for tenants and taxpayers as it is to safeguard and encourage the supply of social housing. Social housing in the ownership of councils, housing associations, co-operatives and the like still accounts for a quarter of all housing in Scotland and represents historical public investment that goes back generations. The bill provides a new framework for regulating that valuable national asset, by creating a Scottish housing regulator, which will be an independent body that has the objective of safeguarding and promoting the interests of tenants, homeless people and other service users, and by introducing a Scottish social housing charter, which will require the approval of the Parliament and will set the outcomes that all social landlords should deliver for their tenants.

The committee is keen that the new regulator should have a role that goes beyond dealing with poor landlords and actually drives up performance across the board. I share that objective, and the bill addresses that point by giving the new regulator the duty to monitor, assess and report on the performance of all social landlords. Those assessments and reports will serve two purposes. First, they will encourage self-improvement among landlords by giving them and their tenants the ability to compare performance and identify areas of relative strength and areas where improvement is required. Secondly, they will form the basis for the regulator to intervene—for example, by setting performance improvement targets—whether for individual landlords, groups of them or the sector as a whole.

I am pleased that the committee shares the Government's broad aims for the bill's provisions. I look forward to working with the committee at stage 2 to improve the bill. As requested by the committee, I have written to the convener setting out our position on a number of issues that it raised in its stage 1 report. I want to mention in particular unauthorised tenancies. Our plans are based on the repossession working group report that was published last week. The group made clear that legal protection for unauthorised tenants in repossession cases in Scotland is already stronger than that in England, but it recommended that part of those protections should be put on a firmer statutory basis. We will therefore propose an amendment at stage 2 to provide for that and to address the concerns that have been expressed about the current marker provision in the bill.

The committee raised a number of significant issues around the private rented sector provisions, particularly whether the provisions should remain

in the bill or be transposed into the forthcoming private housing bill. I am in dialogue with the committee on the matter, and once that dialogue is complete we will reach a conclusion about exactly where the proposals best fit. However, it is not just a matter of tidier or neater handling arrangements; there is a need to respond proactively to the growing concerns about the impact that rogue landlords are having on some of our most vulnerable communities. Those concerns will be familiar to many members from their constituency correspondence. Certainly, it has become clear, not least through the evidence gathered by the committee, that rogue landlords threaten the fabric of communities such as Govanhill in Glasgow. We need to crack down on such landlords and ensure that local authorities have the powers to tackle them. If we do not, such landlords will not only continue to make people's lives a misery and undermine the wellbeing of many neighbourhoods, but tarnish the reputation of the private rented sector as a whole.

We need that sector to play a greater role in meeting the country's housing need, particularly given the future financial prospects for public budgets. However, the sector can do that only if families can be confident that it offers them decent, quality accommodation and if neighbourhoods and communities are satisfied that there are proper safeguards against poor landlords. We plan to work during the summer on a package of measures that will provide those safeguards and support the great majority of private landlords who act responsibly and provide decent accommodation.

Clearly, in the time remaining this session, there will be a limit on the extent of any measures that we can bring forward. Our aim, therefore, will be to develop a package of priority measures that target rogue landlords. We will decide, in light of further discussions with the committee, on the most appropriate vehicle for doing so. However, for those suffering from the effects of rogue landlords, it will be the fact of our acting that matters, not the means. In the case of Govanhill, our actions include last week's announcement of £1.5 million to revitalise the area and £300,000 for an enforcement squad to root out rogue landlords.

I am grateful to the Scottish private rented sector strategy group and its chair, Professor Douglas Robertson of the University of Stirling, for the group's work in developing consultation on the proposed private housing bill. It is my intention that the group will continue to play a key role in the Parliament's development and consideration of that bill.

The Housing (Scotland) Bill is an important piece of legislation that is intended to improve the supply and quality of our housing. I commend the

bill, and our motion in support of it, to the Parliament.

I move,

That the Parliament agrees to the general principles of the Housing (Scotland) Bill.

15:00

Duncan McNeil (Greenock and Inverclyde) (Lab): As convener of the Local Government and Communities Committee, I am pleased to present the key conclusions from our stage 1 report on the Housing (Scotland) Bill. On the committee's behalf, I thank all those who gave evidence to us. In particular, I thank the minister's officials for responding to our numerous requests for additional information. I also thank my fellow committee members for their hard work in considering the bill. Last but not least, I express my gratitude for the support that was provided by the committee's clerks and researchers.

The Housing (Scotland) Bill proposes to introduce another layer of housing legislation in Scotland. The bill includes a range of new provisions and amends a number of previous acts, but it seems that the Parliament will need to consider yet further housing legislation, as the minister has made a commitment to introduce another housing bill later in the session. The committee believes that it would have been preferable to have consolidated many of the provisions in the Housing (Scotland) Bill with those that will appear in the proposed private sector housing bill. We would have preferred to consider the changes to existing legislation in their totality. In our view, that would have been a far simpler approach than the one that the Scottish Government has pursued.

The committee acknowledges that the Government carried out an extensive and inclusive consultation with stakeholders in preparing the Housing (Scotland) Bill. However, the committee is concerned that there was no evidence of direct engagement with tenants other than through those stakeholders. We hope that the Scottish housing regulator will do better in taking up the challenge of consulting tenants directly, because we believe that it is crucial that the views of tenants, not just of their representative bodies, are taken into account in determining social housing priorities.

In its stage 1 report, the committee decided to focus its consideration on four key issues: the modernisation of social housing regulation, the reforms to the right to buy, the amendment of legislation on private sector housing, and issues relating to the licensing of houses in multiple occupation and to the protection of unauthorised tenants. Whereas my committee colleagues will cover specific aspects of the bill in their speeches

this afternoon, I will outline the committee's key conclusions and recommendations.

The bill's proposals on the modernisation of social housing regulation were broadly welcomed by the witnesses who gave evidence. The committee supports the provisions that will establish the Scottish housing regulator and confer on the SHR its objective and functions. The committee concurs that a single regulator will provide the simplest and most effective means of ensuring a consistent approach to the regulation of all social landlords and the services that they provide to tenants. Furthermore, the committee recognises that the inclusion of the objective for the regulator to safeguard and promote the interests of persons who are or who may become homeless will support efforts to tackle homelessness. The committee also considers that the role that housing associations can play in wider community regeneration is important and should be recognised by the Scottish housing regulator in the implementation of its objective.

The evidence that the committee heard on the Scottish social housing charter demonstrated widespread support for the charter among stakeholders. The provisions seem to satisfy the demands for flexibility in balancing national outcomes with—this is an important point—local needs. The charter will also provide a means of raising standards in social housing. However, the committee calls for as much direct consultation of tenants as possible in the preparation of the charter.

The second area that the committee focused on was the reforms to the right to buy. The committee noted that

“the Scottish Government has ensured that those tenants with an existing right to buy retain that right”

but, as the minister noted, the bill will end the right to buy for new tenants who enter the social rented sector, reform the pressured area designation and end the right to buy for new-supply social housing.

In general, those three proposals were welcomed in evidence to the committee, although there were some differences of opinion. Some stakeholders called for more measures to ensure the retention of housing stock in the social rented sector, while others expressed concern about the effect of loss of receipts from sales. The Scottish Government has taken into account situations in which tenants could be disadvantaged by the reforms and has included exemptions to protect them.

There was overwhelming evidence from a variety of organisations testifying to the complexity of the legislation on the right to buy. The committee concurred with those organisations

that, if enacted, the bill would further complicate the position, so it was of the view that

“it will be particularly important to communicate the right to buy provisions clearly to tenants so that they have an accurate understanding of their entitlement to right to buy.”

The third area that the committee considered—the amendment of legislation on HMO licensing and the extent to which it would address the problem of rogue landlords and the flaunting of licensing requirements—turned out to be one of the most challenging. The committee took evidence in the knowledge that additional provisions were likely to be introduced in subsequent legislation but without knowing the exact nature of those provisions.

It was established that the success of the register requirement has been patchy, with more proactive local authorities achieving high registration rates. Particularly notable is the fact that not a single landlord has been prosecuted for failing to register since the relevant legislation was enacted. The lack of prosecutions has had the effect of allowing bad landlords to continue to operate outwith the system, which has meant that protection for the most vulnerable tenants has been limited. It appears that, as it is currently framed, the bill will not address that issue.

The committee was of the view that increasing to £20,000 the penalty for failing to register might act as a further deterrent to landlords who do not register, but it felt that unless a greater incentive was provided for local authorities to pursue a prosecution, that provision would not have the desired effect. We believe that the requirement for landlords to register needs to be promoted and that additional methods should be used to identify unregistered landlords. Those methods could include sharing data and requiring letting agents to check landlord registration and to provide information on the identity of landlords to local authorities.

When it considered the proposals on houses in multiple occupation, the committee came to the conclusion that the legislation on HMOs was complicated and dislocated, which we believed clouded its original purpose and hindered the capacity of local authorities to deal with the problems with HMOs in their areas. The committee welcomed the new provisions in the bill as a means of further protecting groups such as migrant workers and felt that the provisions could tackle the breaches of planning control that often result from landlords trying to maximise the letting potential of a property. We took the view that local authorities must use the tools at their disposal in housing and planning legislation to support sustainable communities and maintain private sector housing.

The final area that the committee considered was that of the protection of unauthorised tenancies, which was rendered difficult by the fact that the committee had to report on the bill at stage 1 before the repossession group had completed its work and reported. Nevertheless, the committee concluded that it was important to strengthen and clarify the legal position of tenants in relation to repossessions when there is an unauthorised tenancy. I note that the repossessions group's report was published last week and the minister covered the issue in response to the committee's stage 1 report.

The committee raises a number of significant issues in its report, and I am sure that my committee colleagues will provide more details about some of them during their contributions to the debate. With the caveats that I have mentioned, the committee supports the general principles of the bill and recommends to the Parliament that they be approved.

15:10

Mary Mulligan (Linlithgow) (Lab): I always welcome the opportunity to debate housing in the chamber. I do not think that it is an exaggeration to say that if someone's housing is not what they want or need, many other things in their life will be unsatisfactory too.

On the basis that housing is important, my main criticism of the bill is that it is unambitious. Although it addresses important matters such as the Scottish housing regulator and private landlord registration, it avoids some critical issues, such as whether the Scottish Government supports housing associations. First it cut their funding, then it partially reinstated it, then it cut it again. How do housing associations know where they are? I am sure that letters on housing management, allocations and antisocial behaviour issues make up much of the postbags of many members of the Scottish Parliament. However, I do not want to be negative, so I will move on to talk about the bill.

Labour members will support the proposed changes to the right to buy and to pressured area status. Those are proportionate measures to deal with the increased demand that we have seen, partly, although not completely, because of the financial recession, and they maintain the right of the many tenants who have paid their rent for years to have the opportunity to buy their home. Let us be clear. The measures are amendments to the right-to-buy scheme that was substantially and significantly altered by the Housing (Scotland) Act 2001, which introduced the modernised right to buy and pressured area status. We need to look only at the reduction in the number of houses that have been sold to see the impact of that legislation.

In supporting the measures in the bill we need to acknowledge that they raise some problems. They will lead to more complex legislation, as Duncan McNeil said, and landlords will need to be clear with tenants about their rights. There is also an issue around loss of receipts. It might not be as big an issue as Mr McLetchie will claim, but local authorities that depended on those receipts to finance modernisation and major maintenance programmes face a financial gap that could impact on existing tenants.

Tricia Marwick (Central Fife) (SNP): Surely the member is aware that when the houses are sold in the first place, the capital debt is left on those houses and it is up to existing tenants to pay it out of their rent. Does the member not think that that is equally unfair?

Mary Mulligan: It is almost as unfair as the burden that has been put on council tenants during the past three years, when they have seen record increases under the Scottish Government.

I agree with the Local Government and Communities Committee that it was unfortunate that the private sector housing elements were to be spread over two bills, but we are where we are and I do not want there to be further delays when there is agreement that we need further legislation.

Some of my biggest concerns are in relation to landlord registration. The Antisocial Behaviour etc (Scotland) Act 2004 created a duty on all private landlords to register with their local authority. The intention was that local authorities would assess whether the landlord was a fit and proper person, in the same way as is done for taxi drivers or window cleaners, and that that would give tenants some comfort. That has not been effective. Although responsible landlords have registered and paid their fees, others have not, and local authorities have not fulfilled their responsibility to enforce the duty. My concern is that the bill's proposals will not change that. We support the proposals for more information to be provided and for increased fines, but where are the incentives or, indeed, the penalties for local authorities that do not promote and enforce registration? Some local authorities do not even have designated enforcement officers.

Other measures can be taken against unregistered landlords, including rent penalty notices. Although Glasgow City Council has issued 462 such notices, 17 local authorities have issued none. Are all their landlords registered? Do they know that rent penalty notices exist? Not even Glasgow is perfect. There has been much discussion about areas—the minister mentioned Govanhill and I know that Charlie Gordon will return to this point—where landlords are behaving appallingly. Why has Glasgow City Council not

issued a management control order? Have any other local authorities used them? My point is that there is legislation in place to deal with the non-registration of landlords and bad practice. If it needs to be strengthened or amended, the bill should do that, but I do not think that it does.

I will highlight a couple of areas in which amendments at stage 2 might strengthen the bill. Shelter has made a strong case to include an assessment of support needs for homeless people. That would be helpful for the individuals concerned, particularly in reducing repeat homeless presentations and in helping people to maintain their tenancies. I also see benefits for the wider community. We are probably all aware of situations in which tenants are not having their additional needs supported and are thus causing significant problems for tenants round about them. I will return to other measures in my summing up.

The legislation to address challenges in housing is to be welcomed, but the bill could do more. Although Labour will agree to the general principles of the bill, I urge the Scottish Government and other MSPs with an interest in housing to lodge amendments at stage 2 that will make the bill more effective. I welcome the fact that the minister has already indicated that he will do that in relation to irregular tenancies, but there are additional elements that could be included.

15:17

David McLetchie (Edinburgh Pentlands) (Con): This is an omnibus measure, covering many different aspects of housing in both the public and private sectors. It contains many provisions that we Conservatives would support, such as the creation of a Scottish housing regulator and attempts to address issues relating to houses in multiple occupation and landlord registration, which merit reform, as other members have pointed out. All that said, the centrepiece of the bill is the so-called reform of the right to buy to which we take the strongest possible exception.

For those who like to peddle myths about Scotland in the 1980s and 1990s, the committee's investigation has brought to light some inconvenient truths, as Al Gore would put it. For example, in the 10 wasted Labour years between 1997 and 2007, a grand total of 580 council houses were built in Scotland, yet table 6 of the committee's report reveals that, in every year during which Mrs Thatcher was Prime Minister, at least three times that number were built by Scotland's councils. The SNP Government's efforts have not been much better. It likes to boast of its new council house building programme, but in 2009-10 it managed only 270 council houses—a big improvement on Labour, certainly, but nowhere near the scale of the Conservative

achievement. Those are inconvenient truths for some. They were certainly inconvenient for the minister, who blithely told the committee that the Government was building a record number of new social houses in Scotland—a statement totally contrary to the facts, as is noted in paragraph 107 of the committee's report.

That was not the first retreat that the minister had to make on his so-called evidence. He said:

“the right to buy is unfair to remaining tenants and puts an additional burden on them.”—[*Official Report, Local Government and Communities Committee*, 28 April 2010; c 3094.]

The same myth was peddled earlier by Trish Marwick. That is wrong because, as the Scottish Government subsequently admitted in evidence, the decision on the use of right-to-buy receipts was actually one for the recipient councils, and the burden of debt would increase only if they chose to use the receipts for other purposes, such as building new council houses or improving the existing stock, as opposed to paying off existing debt, which they were not required to do.

The greatest of those myths is that homes sold are homes lost, as if they were all towed out into the North Sea and sunk, as opposed to continuing to be homes for the people who live in them.

We have an affordable housing programme that spans not only social housing for rent, but housing that is available to buy on a shared equity or shared ownership basis. In fact, the Government is spending more than £40 million on such schemes this year. All of that is born of a desire to help people on modest incomes to own their own home. Why, then, do the Scottish National Party—and others in the chamber—object to people owning the home in which they have lived for more than five years before qualifying for a modest discount under the modernised right-to-buy scheme? There is no logic to that whatsoever. The enactment of the right to buy is the one measure that has done more to make housing affordable for ordinary working people in this country than any other measure enacted by any Government before or since.

The specific proposals that are set out in the bill are modest in relation to the right to buy. As the minister repeatedly told the committee, the Stalinist tendency in Scottish housing wanted the Government to go much further. However, as the minister also repeatedly told the committee, the Government is prepared to go further, and there were broad indications, in terms of the use and abuse of pressured area status and of the extension of the exemption from the right to buy that is presently given to housing associations, that the Government would look favourably on that.

Coupled with the fact that the modernised right-to-buy maximum discount has been frozen at the figure of £15,000 since 2002 and that the number of people with the Tories' much more generous preserved right to buy is declining, this Government, with the support of Labour and the Liberal Democrats, is hell-bent on killing off the right to buy altogether, in another entirely typical betrayal of the working class.

That would be a major error. It was a major error when the bill was introduced, and it is an even greater error when we consider the shape of budgets to come in Scotland. The key issue is that of sale receipts. As regards council houses, the Finance Committee drew attention to the fact that the proposal would lead to a loss of revenue in the order of £100 million. There was a huge variation in the assessment of the impact on housing associations, with the SFHA suggesting that the impact could be a loss of up to £300 million, while the Government said that sale receipts would be barely one tenth of that. It turned out that both views were based on assessments that were done by the Government within the space of three years, which hardly filled any of us with confidence that there is a proper evidence base for any of the proposals.

In contrast to that, we know that receipts from the right to buy amounted to nearly £7 billion, which, in real terms, is in excess of £11 billion.

Although its priorities have still to be finally determined, the affordable housing budget in Scotland is likely to shrink if the Scottish Government gives the same priority to health spending and schools in Scotland as Her Majesty's Government has done in England.

Against that backcloth, it is madness to spurn the opportunity to use the receipts from the sale of homes to sitting tenants to build new homes for rent to people in housing need. An affordable home is an affordable home, whether it is rented or owner occupied. Selling homes to sitting tenants makes very little difference to the availability of social housing to others.

The proposals in the bill are built on myths and prejudice. They should be rejected, and so should this bill, so long as they form part of it.

15:24

Ross Finnie (West of Scotland) (LD): If anyone in the chamber was in any doubt about whether there is any coalition between the Conservatives and the Liberal Democrats at Holyrood, Mr McLetchie's speech has disabused everyone, including me, of any such notion. I feel enormous relief that that is the case.

David McLetchie: Shared.

Ross Finnie: The response is noted, and most welcome. I am glad that it is on the official record.

The bill is complex, and it is disappointing in some ways. It was begun with good intentions, and I know from hearing the minister speak on the bill that he is well aware of the need to address some aspects of the way in which we regulate housing.

Despite those good intentions, however, we appear to have progressed only on some issues, which have been included in the bill. As Duncan McNeil made clear in his remarks, some measures were still being developed while the committee was considering the bill, and the issue of the private rented sector once again became prominent.

Like Mary Mulligan, the Liberal Democrats do not wish to delay matters simply to address concerns about the private rented sector, but there is an issue there. As a Parliament, we must take seriously not only the abuses in the private rented sector, but the economic reality. One of the fall-outs of the recent financial crisis is the need not necessarily for people to be able to get back on the old mortgage treadmill, but for this country to have a much healthier rented sector.

For that to be attractive, however, a number of the fundamental issues that undermine the sector must be addressed. I would have hoped that the Government would have taken a more holistic look at the way in which we respond to the economic crisis and recognised that.

I turn to the specific provisions in the bill. My own party has a long track record on the right to buy, while those who are to the right of me are more interested in what was originally a right to a discount, although that has of course been modified.

I say to David McLetchie that I was part of an administration in Inverclyde District Council that conferred a right to buy, but we took account of the social and economic circumstances at the time we did so—which was 1978 in our case and 1979 in David McLetchie's case. I tell him directly that things have moved on. Even if he wishes to take credit for changes that have been made, he must recognise that the whole composition of the housing market has changed.

Making an argument now as to why we should simply continue as things are, on the basis of an argument that was largely projected and advanced in 1978, does not stand up to proper scrutiny. Having moved on, we must give more attention to people who need affordable housing, and seriously question the purpose of why we build houses.

That is why Liberal Democrats will support the measures for reform, although my colleague Jim Tolson will speak about some anomalies in the legislation that must be addressed.

We are particularly pleased about the provisions for regulation, which is necessary and overdue. The committee's report points to a number of areas in which greater clarity is required, and some of the organisations that submitted briefings for the debate have made it clear that, although there are still issues to be resolved, a regulator is nevertheless required.

That leads us to the issue of regulation with regard to unauthorised tenancies. I am pleased that the minister has told us that he is thinking about the issue and will bring forward further proposals. However, I tell him that that is really the purpose of the pre-consultation: those proposals should be before the committee and the Parliament before we are asked to consider the bill at stage 1. We are getting things a little out of order, and it would have been helpful if that had not been the case.

The Liberal Democrats support the need to address the issue of houses in multiple occupation, to provide for regulation and to give powers to a regulator, and to look more closely at how we address the issues of homelessness and housing standards. However, as the committee's report makes clear, a large number of areas will require further attention at stage 2. If we have the Government's co-operation, we will support it, but it must respond adequately to the many issues that Duncan McNeil detailed in his speech. Those issues are also mentioned in the committee's report, which points to areas in which much more work is needed. The bill could make a difference to housing in Scotland, but it will not do that unless it is amended considerably at stage 2. Nevertheless, we will support the general principles of the bill.

15:30

Bob Doris (Glasgow) (SNP): I begin by thanking my fellow committee members for the robust scrutiny that we carried out in preparing our stage 1 report, and by thanking the committee clerks and researchers for the excellent support that we received from them. Our convener, Duncan McNeil, mentioned that, and also the constructive way in which the Scottish Government and those who gave evidence to the committee engaged with us.

During our evidence-taking sessions, it quickly became clear that there is almost overwhelming support for reform of the right to buy. There is support for the right to be ended for new tenants and for existing tenants who choose to enter new-

build properties. Some people wish to go further, but the committee believes that the proposed changes represent a balanced approach to reform.

The social experiment of the Thatcher Government's right-to-buy reforms in the 1980s undoubtedly benefited some—I do not deny that. However, I believe that they fundamentally undermined social housing at its core. Despite that, the sector is starting to drive forward positively once again. I pay tribute to local authorities and housing associations, which are often the main target of frustrated tenants who have struggled to get suitable accommodation, often because of the right to buy. Councils and housing associations have continued to do all that they can to support social housing in our communities. There is no better example of that than the new generation of council houses in Scotland. There will be about 3,000 new council houses in Scotland under the Scottish Government. Under the previous Scottish Executive, I believe that there were about six. The rebirth of council houses in Scotland is clearly something for which the Scottish Government should be thanked. The proposed reform of the right to buy has clearly been a major incentive in achieving that goal.

In the 1980s, the right to buy changed social housing from being a housing option of first choice for many people to being a housing option of last resort. I am proud that such dogma has finally been ended. The right-to-buy reforms pushed a “home ownership at all costs” dogma through Scottish society and helped to fuel an unsustainable housing market, from which we are only now reaping the whirlwind.

Johann Lamont (Glasgow Pollok) (Lab):

Does the member share the concern of members on my side of the chamber about the rise in rent levels? It makes renting a council house untenable for some people in work and makes council housing a last resort. Partly what drove the uptake of the right to buy in the 1980s was the fact that people were paying less for a mortgage than they would have paid in rent. Now rents are going up and debt levels might be going up as well. How would the member address that?

Bob Doris: Rent levels in the social rented sector are kept under constant review. The member would be better to focus on the housing benefit reforms of the Conservative and Liberal Democrat Government at the UK level, which will be deeply worrying for many vulnerable people in the social rented sector.

For every house that is sold under the right to buy, housing debt of about £7,000 remains. That must be serviced by rental income from the remaining tenants, who are often in the most challenging accommodation to repair and sustain.

That is a challenge, and it is unfair to those who did not buy houses under the right to buy. It is a denial of choice for them.

I turn to another aspect of the right to buy. Understandably, the Housing (Scotland) Bill takes into consideration those who have been forced to leave their homes due to demolition works. In Glasgow, there are significant numbers of them. Many of those tenants will move to new-build houses, and in those circumstances they will retain the right to buy. I ask the minister to review that, because it is possible that the record levels of investment that the Scottish Government is giving Glasgow for new-build social housing might not sustain the social housing legacy that they should provide. Ultimately, the money could subsidise a new generation of high-quality social rented houses that would be lost under the right to buy. I ask the minister to reflect on the matter and consider it further.

The provisions on tackling rogue landlords have also received much attention. More powers are needed to tackle such landlords effectively. The private sector housing bill that will be introduced in the autumn will no doubt make a significant contribution in that respect, but existing powers are not being exercised. It is important to ask why that is the case. For instance, to date there has been no criminal conviction of a rogue landlord who has failed to register and meet the standards that are required in the landlord registration schemes that councils currently operate. The fine at the court's disposal is £5,000. Under the bill, fines will increase to £20,000, but the size of the fine is irrelevant if there are never any prosecutions. Would a £100,000 fine make any difference if there is no enforcement? It is clear that we need to tackle that issue.

I suspect that a local authority would have to spend considerable time and effort and make a considerable financial commitment to pursue and achieve a conviction, and a conviction in any criminal matter is not a foregone conclusion. However, any fine that a court imposed would not be passed to the local authority; rather, it would go to the UK Exchequer. The system should be reformed. Money that is raised through criminal fines that courts have imposed on rogue landlords should be used to support local authorities to monitor and regulate the private housing sector. In increasingly challenging financial times, we must find ways of supporting councils to meet their responsibilities. Allowing them to retain court fines would be a strong incentive and would provide such support. There would be zero cost to the UK Exchequer. I have written to our new Secretary of State for Scotland, Michael Moore, to ask him to back my calls for that money to be retained by Scottish local authorities for enforcement in private

housing. That would cost the UK Government nothing.

I commend the principles behind the bill and hope that it will be supported in the stage 1 vote.

15:36

Patricia Ferguson (Glasgow Maryhill) (Lab): I, too, thank the clerks, the Scottish Parliament information centre and the witnesses who participated in our evidence-gathering sessions on the bill.

As Mary Mulligan said, Scottish Labour welcomes many of the bill's provisions. However, we believe that work will need to be done at stage 2 to make the bill truly fit for purpose. Many of the areas that it covers will also feature in the private sector housing bill that is to be introduced in the Parliament later in the session. We are not yet 100 per cent sure where the private sector housing bill will take us and how the two bills will link together, which makes proper consideration of the Housing (Scotland) Bill challenging. However, we are considering that bill today, and most of my remarks will necessarily be about it.

Before I focus on the bill's specific provisions, I have to say that the bill is no substitute for more and better homes and that the Government's decision to cut the housing association grant again is a real blow.

In its stage 1 report, the committee was keen to make the point, as Duncan McNeil has done, that, although there has been reasonably extensive consultation with stakeholders, the Government has relied on those who represent tenants rather than attempted to speak to tenants themselves. That is not a criticism of the Scottish National Party Government in particular; I suspect that it has followed the pattern that has been laid out. I accept that tenants organisations are important, but I know that the most successful homes that have been built in my constituency are those in which the tenants have had a real say. I suspect that that holds true for housing legislation as much as it does for house design.

A Scottish housing regulator will be established under the bill. That has been broadly welcomed, but several witnesses suggested that the regulator should be tasked with promoting the interests of those who are homeless or might become homeless—that should be one of his or her objectives. They suggested that those who were previously deemed to have been homeless and had succeeded to a tenancy should receive assessment and support that are appropriate to their needs. I say to the minister that far too many people re-present as homeless because they have been unable to sustain a tenancy. I wholeheartedly agree that that vicious circle needs to be

brought to an end but add my voice to the voices of people who argue that the regulator must recognise the role that housing associations play in community regeneration. Many housing associations undertake that important role, and they should be supported in doing so.

Many witnesses were concerned that the change in the criteria for the registration of social landlords could be detrimental to smaller and community-based housing associations. It is important that the minister and the Government demonstrate their support for such organisations, particularly given the recent grant cut.

The bill aims to strengthen the provisions of the Antisocial Behaviour etc (Scotland) Act 2004 that apply to landlord registration, which is welcome, as members have said. The implementation of landlord registration schemes has been patchy throughout Scotland, with few landlords being refused admission to the list and little done to enforce the provisions, which exist to protect people from unscrupulous landlords. The Government proposes that the penalty for acting as an unregistered landlord should increase, and the committee has agreed with that. If that acts as a deterrent, that will be a good thing, but I have a nagging doubt that it does not really matter whether the fine is £5,000 or £20,000 because, if registration is not enforced, the fine is irrelevant. Enforcement is the key.

We must find a way of identifying registered landlords. Perhaps we need to give them a trademark, such as that used by plumbers and other professionals. However, the bottom line is that local authorities must be supported and encouraged to use the law when they have cause to do so and to share information with other agencies, for example in relation to housing benefit, so that they can pursue rogue landlords.

I share the committee's view that there should be a duty on letting agents to advise landlords that they are required to be registered. However, I believe that we should go further and should consider making it an offence for a letting agency to market properties when it knows that the landlord cannot demonstrate registration. I ask the minister to respond to that in his closing speech.

The bill looks to strengthen existing legislation on houses in multiple occupation. I thank Jean Charsley of Hillhead community council for her most informed evidence to the committee. It is important that we get the legislation on the issue right. We must address the gaps that exist between planning law, landlord registration and HMO licensing, because the damage that is being done to many of our communities by unfettered HMOs is impossible to overstate.

In several areas of Glasgow, we have flats—it tends to be flats—in which hallways have been made into kitchens and cupboards have become bathrooms. The services for those alterations do not conform to the normal stacking arrangements in such tenemental properties, which can create dreadful problems for the people who live below. I accept that it is difficult to legislate on the issue and that a balance must be struck between those who have a long-term stake in a community and those who are looking for affordable housing close to a university or college, but we will build up longer-term problems in those communities if we do not act now.

The bill will help local authorities to control the HMOs in their area better, but I very much hope that, as part of the proposed private sector housing bill that is to follow, the minister will consider the definition of a property and conclude that the sharing of services is not the only consideration that should be taken into account. I look forward to seeing that new bill when it is introduced. I hope that, between the two bills, we can do the right things.

15:43

Ted Brocklebank (Mid Scotland and Fife) (Con): The Housing (Scotland) Bill deals largely with the right to buy and housing in the public sector, but there is a proposed amendment to the houses in multiple occupation licensing regime. That is welcome but, as Duncan McNeil's committee found, it does not go far enough in addressing concerns about the prevalence of HMOs in certain areas and the impact of that on sustainable and mixed communities. I intend to devote the few minutes that I have to highlighting some of the housing problems that many communities face, especially those with large student populations.

Sandra White, Mike Pringle, Margo MacDonald, Pauline McNeill and I gave evidence to the Public Petitions Committee in support of some 40 petitioners from Glasgow, Edinburgh and north-east Fife. We gave evidence about householders living in fear, not only of those living in adjacent HMOs, but of the dangerous reconfiguration of HMO flats, particularly in tenement buildings. Of course there are good landlords, but some appear blatantly to flout existing regulations, and councils appear to interpret the legislation differently, which makes the operation of HMOs a virtual penalty-free zone for unscrupulous landlords. Those who gave evidence to the Public Petitions Committee were unanimous in their view that an extensive review of the legislation that covers HMOs is required.

I will outline some of the problems affecting the town where I make my home, St Andrews, a burgh

well known to the minister. Students from the University of St Andrews now comprise almost half the town's population. The ancient heart of St Andrews, arguably the most complete medieval town centre in Scotland, is now almost entirely given over to student flats. Some streets in the town have as few as eight permanent residents and 35 HMO flats, which means that there could be as many as 140 HMO bed spaces in one street. That is the level of HMO density that Fife Council's licensing authorities apparently find acceptable.

Many of the houses in the historic quarter are listed, but a large proportion of them are owned by absentee landlords and there is growing concern about the lack of maintenance of buildings and gardens in what is arguably one of the most important tourist venues in Scotland. Students and other young people have an absolute right to safe and secure accommodation. Some landlords—not all, but especially those who reconfigure old property, load-bearing walls and plumbing—are profiteering from those young people while simultaneously putting them at risk, as Patricia Ferguson outlined.

Addressing only the safety, security and wellbeing of tenants overlooks the fact that HMOs do not exist in isolation; they are situated in communities where other tenants are also affected. To be effective, HMO legislation must address the impact on communities of all the problems associated with the concentration of HMOs and other good neighbour issues. It is helpful that licensing authorities may now refuse a licence where planning permission has not been obtained, but that does nothing to protect communities already affected by an overwhelming density of HMO properties, as in St Andrews, parts of Edinburgh, Glasgow and elsewhere.

Without planning controls, HMOs tend to congregate in certain streets and buildings, negating all efforts to retain community cohesion. Moreover, there is absolutely no logic to the present arrangements that treat HMOs located in houses differently from those situated in flats. Planning permission must apply equally to both property types. Failure to subject all HMOs to planning consent will simply result in some properties remaining under the planning radar and will direct pressure for conversion to HMOs to property types not subject to planning consent. Such matters have been recognised in Northern Ireland and south of the border, where legislation has been introduced that requires all HMOs, as defined in the Housing Act 2004, to be subject to planning permission.

I pay tribute to the minister, who has given me a fair and sympathetic hearing when I have raised such matters with him directly. Whether he can

convince his officials that it would be excellent common sense to follow the Westminster example when the housing bill dealing with the private sector comes before us in the autumn remains to be seen. I look forward to it.

15:48

Tricia Marwick (Central Fife) (SNP): I start by recognising the record of this SNP Government on housing. Some 5,308 community houses were completed last year—the highest number since 1995, when there was a Conservative Government, as David McLetchie pointed out. What Mr McLetchie did not mention, however, is that between 1982 and 1997, the other 15 years of the Conservative Government, the Tories built fewer houses than the 5,308 that the SNP built last year.

I turn to the housing association issues that some Labour members have raised. They say that the housing association grant has been cut, and that is true, but building costs have also gone down. I point out to Labour members that in 2009-10, the SNP Government built 5,566 housing association homes, which was more than in any other single year since devolution.

The most important news is that councils have started to build houses again. In the last four months of 2009, 107 council houses were built in Scotland compared with only 40 in the whole of England. Once more, councils have the confidence to build houses because this Government made it clear in our manifesto that the right to buy would be abolished for new tenants. The bill before us fulfils that commitment while preserving the right to buy.

Mary Mulligan: Does Tricia Marwick accept that the introduction of the prudential borrowing scheme was the catalyst for the newly built council housing?

Tricia Marwick: I disagree. I am quite sure that no council would be building council houses if it thought that they could be sold off through the right to buy. The evidence from local authorities shows that they would say exactly the same thing.

It is quite right that we are abolishing the right to buy for new tenants, but it would be quite wrong if we were to remove that right from existing tenants.

Despite what David McLetchie said, the Conservatives did not introduce the right to buy in Scotland. The new towns in Scotland already had their own form of the right to buy, but they did not have the right to buy at below the cost of building the house. Will the minister accept an amendment at stage 2 to provide that no house, regardless of the discount, can be sold for less than it cost to build? That would go a long way towards

preserving the new social rented houses that are being built. I welcome the Government's proposal in that regard.

I turn to the vexed question of the private rented sector. I am glad that Cathie Craigie is here, because she and I have spoken often about the problems that we have in the new towns with the private rented sector. I welcome the Government's proposals to introduce a private sector housing bill, but I agree that it is appropriate to introduce measures on landlord registration now. In saying so, I am aware that the existing landlord registration scheme was introduced as part of the Antisocial Behaviour etc (Scotland) Act 2004. The Labour-Liberal Democrat Government decided to do that rather than wait for the Housing (Scotland) Bill that followed. I repeat what I said then: the Labour Party's decision to include landlord registration in a bill on antisocial behaviour was bizarre. I have not changed my mind on that with the passage of time.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I thank Tricia Marwick for taking an intervention. Regardless of what piece of legislation was used at the time, there is legislation that local authorities can implement, but they are not doing so. Why is the SNP Government not insisting that local authorities use the legislation that they have?

Tricia Marwick: I am coming to the question of enforcement. It is disappointing that local authorities are not acting on that legislation, because they claim that they need clarity, which the Government is going some way towards providing in the bill. However, in my view, councils could do more to enforce existing legislation. There is absolutely no doubt that councils are not using the powers that are available to them.

The minister knows of my frustration at Fife Council's inability to deal with private landlords in Glenrothes who have bought up maisonette flats, which are in an appalling condition. The council is registering those landlords, who are presumably fit to be registered and will take no action to deregister them. Then there is the problem of the landlords who are not registered in the first place. Fife Council says that 99 per cent of all private landlords are registered. It seems to me, therefore, that we have a tick-box exercise that involves registering landlords without looking to see whether they are fit to be registered. People are renting out the flats and creating conditions that are, quite frankly, appalling and are impacting on the whole community in Tanshall. I hope that when the private sector housing bill is introduced the minister will include proposals that will require councils to act against such landlords, because they are simply not doing so at the moment.

I will finish with a point that I made in 2006, when we were discussing the then Housing (Scotland) Bill. Many members have said how complicated the landscape for housing now is—and indeed it is. We need a consolidated housing bill to bring together all the existing legislation on housing and put it in one place. The Labour Party and the Liberal Democrats introduced a raft of housing proposals. Unfortunately, they did not put in the finance to back them up. I see that this Government is also introducing a number of housing bills and pieces of legislation. We need it all to be put in the same place. I look forward to hearing a commitment from the Government to bring together all the housing legislation in the one place to make it far easier for everybody involved in housing to know exactly where it all is.

15:55

Charlie Gordon (Glasgow Cathcart) (Lab): I welcome the opportunity to speak in the debate. I will focus my remarks on the private sector provisions in the bill. For the avoidance of doubt, I make it clear that the Govanhill area is not in my constituency. That said, my area includes several previously stable communities where people now suffer chronic problems of antisocial behaviour that are caused by the private tenants of rogue private sector landlords. In those communities, the housing type is cottage flats—sometimes also known as four-in-a-block flats—which, although a commendable housing design in some respects, undoubtedly means that people have to live cheek by jowl with their neighbours.

The response to repeated reporting of antisocial behaviour problems to the local authority, which is responsible for landlord registration among other things, has been that enforcement action is problematic owing to perceived gaps in the legislation. The gaps that the authority has mentioned include the lack of a means of proving that a tenancy exists and of published details of landlords who are refused registration or are deregistered for previous defaults. Constituents also report that supposedly respectable private letting agencies do not bother to check landlords or, indeed, tenants; they are interested only in their fee.

When a local councillor was walking one of the affected streets to have a look the problem, he was spotted by some of the antisocial tenant element and threatened. They shouted at him, “You cannae dae anythin’ about us.” Many of my constituents are aware that legislation to plug the gaps is key to effective enforcement action—action that could restore to them the quality of life that they enjoyed before; a quality of life to which they have a right.

My constituents have invested many of their hopes in this bill, not in another bill at some indeterminate time in the future. In his letter to the convener of the Local Government and Communities Committee, the minister floated the option of shifting further legislation on rogue landlords to a separate bill, at a future date. He also said that he wanted to take a maximalist approach to cracking down on rogue landlords. I agree with the latter objective, but we should not make the best the enemy of the good by delaying some legislative action until we think that all legislative action is possible. Indeed, I am not entirely clear why we cannot take a maximalist approach to the bill here and now—today.

For hundreds of my constituents, any delay in legislative action means many more days when their enjoyment of their own home is ruined by antisocial behaviour—not all day, but at some point in each and every day. That is happening and yet the miscreants tell us as well as local councillors, “You cannae dae anythin’ about us.” Let us help to stop that outrage as soon as possible.

15:59

Jim Tolson (Dunfermline West) (LD): I thank members, clerks and officials for their valued assistance in preparing the committee report on the bill.

The previous Executive established the ambitious target to eradicate homelessness by 2012. However, not only are there 142,000 households on council waiting lists across Scotland but the housebuilding industry is unable to keep up with the growing need for housing, particularly in the social rented sector. For years, Shelter Scotland and the Scottish Federation of Housing Associations have been saying that an extra 10,000 homes per year need to be built if we are to meet the 2012 target, yet, in 2009, only 5,308 new social homes were built.

One of the best ways to prevent homelessness is to provide help and guidance to those who present as homeless, to help them to sustain a tenancy. A simple assessment of support needs from the start will save many tenancies, prevent repeated homelessness and minimise the impact of homelessness.

However, if we are to solve Scotland’s housing crisis, much more affordable housing, especially in the rented sector, is desperately needed across Scotland. There is an overwhelming case for abolishing the right to buy for new-build council and social landlord houses, as the bill proposes. We are pleased that the Scottish Government has listened to the Liberal Democrats and is legislating to remove the right to buy new-build social

housing. Ending the right to buy in respect of new-build properties and new tenancies will stop the loss to the private market of much-needed affordable homes for rent.

The bill allows some tenants to retain the right to buy if, for example, they become an owner-occupier or move into the private rented sector for a period. I question why a tenant who voluntarily moves to a property in the private sector should be allowed to regain the right to buy if they move back into public sector property. In such a case, they would be able not only to count their previous period as a tenant towards their right-to-buy discount but to include their period in occupation of private sector housing in the minimum qualifying period and for right-to-buy discount entitlement purposes.

My other concern relates to the modernised right to buy that was extended to housing associations under the Housing (Scotland) Act 2001, with all housing associations with charitable status being granted a 10-year exemption until September 2012. The bill includes no provisions to amend or continue that. The Liberal Democrats believe that the exemption should be continued indefinitely, as both the SFHA and Shelter have argued.

The Liberal Democrats support the proposals to extend the period for pressured area status to a maximum of 10 years and to enable local authorities to designate the types of houses that they wish to retain for social rent, given the particular pressure on larger households. That welcome step will allow local authorities to plan strategically, giving them further autonomy in developing and implementing their housing strategies to suit the needs of their areas.

I want to protect housing stock numbers as much as possible, so I would like the Government to go further to protect our housing stock. It should take on board some of the suggestions that Shelter and the SFHA have made. In particular, Shelter Scotland has suggested additional provisions that it would like to see included in the bill, including better support for homeless people, with the aim of sustaining tenancies. The Local Government and Communities Committee noted that there was merit in those suggestions and recommended that the Government gather more evidence on them, with a view to lodging amendments at a later date.

Although both the committee and the main stakeholders have welcomed the proposals in the bill for an independent Scottish housing regulator, there are still areas on which the Government will need to provide more clarity. Those include the issue of how the regulator will use regulatory intervention to address the most poorly performing registered social landlords. Various bodies have

expressed concern about a system of regulation that depends heavily on self-assessment and about whether the required level of resources will be made available to enable the body to function properly.

Like many members, the issue that comes up in my casework most often is that of social housing—more accurately, the lack of it and sometimes its poor quality. Living in rundown, overcrowded, damp housing has a knock-on effect on people's lives, affecting both physical and mental health, as well as a long-term effect on the educational achievement of children in such households. Figures from Shelter show that children living in poor housing, whether it be overcrowded or temporary, are twice as likely as other children to leave school without qualifications. Sorting out Scotland's housing issues will be difficult, but the bill is a start.

With the introduction of the bill, the Government has made some welcome steps. However, more needs to be done if it is to have a real impact on the Scottish housing crisis.

16:04

John Wilson (Central Scotland) (SNP): In today's debate, members will draw on their own experiences, especially of dealing with constituents who come to their surgeries with a range of problems. In my experience, those problems relate largely to housing issues.

As other members have said, the Local Government and Communities Committee held a number of evidence-gathering sessions when considering the bill. The bill's main policy thrust is

"to improve the value that social housing delivers for tenants".

That includes reform of the right to buy and improved regulation.

Some aspects of the bill aim to put into legislation the recommendations that were made by the repossession group regarding protection of unauthorised tenancies. Although there was cause for concern regarding the power to introduce secondary legislation, as the Local Government and Communities Committee says in its report, I know that the Scottish Government will endeavour to produce more detailed proposals now that the repossession group has made its recommendations clear.

The committee recognised that much more work needs to be undertaken on the landlord registration aspects of the bill. The Government proposes to increase the penalty for an unregistered landlord to £20,000. It is clear that a less-than-robust approach has been taken towards private landlords in the past. That said,

the recent announcement by the Scottish Government of increased investment in Govanhill indicates its desire to adopt a more proactive approach.

I know from the experience of my constituents that many areas are blighted by a proliferation of buy-to-let landlords who are not concerned by antisocial behaviour legislation—or by any legislation, for that matter. Unregistered landlords need to be dealt with. During evidence sessions, it became apparent to the committee that enforcement action by local authorities under the landlord registration scheme is patchy at best—in some places, it is non-existent. For example, in one year, South Lanarkshire Council issued 334 rent penalty notices, whereas North Lanarkshire Council issued none. The figures also show that there were no reports to procurators fiscal by any Scottish local authority regarding any private landlord.

I come now to the meat of the bill and the reform of the right to buy. I might be one of the Stalinist tendency to which David McLetchie referred—although I do not often call myself a Stalinist. The Conservatives' homage to privatisation in the form of the right to buy is clear. The figures cited in the committee's report indicate a complete reversal of fortune for public authority housing provision, with only 326,000 dwellings in 2009 in comparison with more than a million dwellings in 1979. I argue—and have stated in the chamber previously—that we have had not so much a housing policy as a tenure policy in the past. The home-owning democracy that was promoted from the 1980s comes at a significant and, at times of economic uncertainty, increasingly human cost.

The bill proposes to end the right to buy for all new tenants. As a member of the Local Government and Communities Committee, I was struck by the support for that proposal from witnesses and people who responded to the consultation. The bill also attempts to address some of the concerns about service delivery for tenants, especially where tenant participation is regarded as a box-ticking exercise, rather than as effective community empowerment.

Best practice and performance among social landlords are key elements of the bill. The role of the Scottish housing regulator will have real significance.

Many housing associations are undertaking financial viability exercises and, in relation to scrutiny, I have been concerned for some time that many RSLs that operate in the same locality are paying high salaries to directors or chief executives. Remuneration levels in the sector are high: for example, £48,000 to £57,000 for a director of a housing association with a stock of about 300 houses. The February 2009 issue of

Social Housing highlighted the issue of salaries among the top 25 Scottish RSLs. On average, staff costs increased by 8.5 per cent in 2008. The proposal to give the Scottish housing regulator detailed powers to set performance targets for social landlords is to be welcomed.

I note from yesterday's emergency budget that housing benefit will be capped at £250 a week for a one-bedroom property and at £400 a week for a four-bedroom property, although the UK Government was referring mainly to rent levels in London. Yesterday's announcements also contain a proposal to cut by 10 per cent the housing benefit that is paid to anyone who has been registered as unemployed for more than a year. That will have a significant impact on income levels for local authority provision and the registered social landlord sector.

I welcome the stage 1 debate and the broad principles of the bill, and I look forward with interest to scrutinising the amendments that the Government and members will lodge at stage 2. I thank everyone who provided written and oral evidence. I also thank the committee clerks, SPICe and colleagues on the committee, who assisted me in reaching a better understanding of the issues that the Parliament must tackle to resolve some of the major housing issues in Scotland.

16:10

Karen Gillon (Clydesdale) (Lab): I thank the Local Government and Communities Committee for the report and the information in it. The bill is important and I welcome the opportunity to speak in the debate.

I speak not as a member of the committee but as the constituency member for Clydesdale. I do not expect that my postbag and surgeries are very different from those of other members. Two main complaints come up. The first is the length of time that it takes people to secure a tenancy in the social rented sector, whether that is through the council or a housing association.

Many people who come to see me are living with family members, often in an overcrowded situation. There is a clear need to look again at that group of tenants. In rural constituencies such as mine, people often want to stay in the villages in which they were brought up. They do not want to pick a particular street or part of the village, but they want to stay in the village. However, as things stand, it is difficult for such people to gain points and move up the housing waiting list. There is a need for some element of local direction or discretion to support such people to find housing in the communities in which they were brought up,

thereby incentivising young families to stay in the area that they know.

People who live in expensive private rented accommodation make up another group that I encounter. Many such people receive housing benefit, and John Wilson was right to ask how the reductions in housing benefit that were announced yesterday will impact on them. Many of them pay rent at a level that is probably way above what the house is worth, although that is the level that can be charged in the area. If housing benefit is reduced, perhaps rent levels will similarly reduce. However, the changes might plunge people into a situation in which they are unable to fund their tenancy and must present to the local authority as homeless, which will cause additional issues for us. I welcome the provisions that will strengthen the regulation of landlords, as far as they go, but it would be helpful to be able to see the private housing bill that the minister seeks to introduce.

The second most common complaint is about antisocial behaviour and the impact of antisocial tenants on individuals and communities. Just last week, four different families raised with me the behaviour of the same tenant, who is well known to me as a result of various breaches of other tenancies as a result of antisocial behaviour. The tenant is on the merry-go-round of the council's never-ending duty to provide him with a house. As Charlie Gordon said, some people think that they are untouchable.

Let me give members another example of an applicant for housing. He is a 19-year-old who was previously in care and first presented as homeless in 2005. During the past four years he has been provided with accommodation in 17 different establishments. In almost all instances he has lost his accommodation due to threatening behaviour or violence. Six months ago he was placed in a dispersed flat and a range of support was provided. During his time in that accommodation there were numerous complaints of antisocial behaviour, which culminated in his being arrested and charged with serious assault after allegedly stabbing a young man. After a short period in prison he was placed in another dispersed flat. Despite the high level of support that is on offer, that applicant for housing continues to act in an unacceptable manner, and it looks like he will lose his accommodation again. He has received a high level of support throughout the period that I have described.

I welcome the measures that South Lanarkshire Council has taken through the breaking the cycle project and the negotiated entry into secure tenancy project, which provides support to those with a history of substance misuse. I also welcome the Shelter Scotland families project. However there seems to be a group of people on a merry-

go-round of antisocial behaviour that we have not managed to deal with. I am happy to support Shelter's proposal that we have a needs-based assessment at the beginning of the process. However, we also need to have a serious debate about what happens at the end of the process. If someone has had the assessment and support but still refuses to address their antisocial behaviour, what do we do? At what point do we put the needs of the community ahead of the needs of such an individual? At what point do we say that enough is enough?

There may be a right to a tenancy, but it comes with responsibilities, and some people simply do not want to accept those responsibilities. None of us in the chamber would put up with a merry-go-round of antisocial tenants next to us in the streets that we live in; if we are honest, none of us would be expected to put up with that. However, other people in other streets in Scotland are expected to put up with that. No one would disagree that we need to increase the supply of social rented housing, and it goes without saying that we need to take much stronger enforcement action against unscrupulous private landlords and provide greater support to those who become homeless. However, we must deal with the growing perception in parts of Scotland that the only way in which someone can get a social rented house is for them to make themselves homeless. If they then display antisocial behaviour, no one will be able to do anything about it other than simply move them somewhere else. That is not good for the communities that I represent and it is not good for this Parliament. If we are honest, all of us can and must do more through the bill and other legislation that is coming, on which I hope that members will work together.

16:17

Anne McLaughlin (Glasgow) (SNP): I have listened with interest to my colleagues from all parties. I have listened, too, with not a small amount of pride because the SNP introduced this major piece of legislation. I am also proud of the cross-party co-operation that has taken place and the determination of politicians on all sides to ensure that we meet the commitment to house everyone by 2012.

There is no point in repeating all that has been said, but there is a point in repeating some of it. Like many of my colleagues, I view the reform in Scotland of the right to buy with great pleasure. When in government, the Labour Party left many of Margaret Thatcher's key policies in place. However, the SNP is committed to ridding us of one such policy that severely depleted the social housing stock and no doubt contributed to the increase in homelessness. None of us needs to be

reminded of the countless tales of misery caused by the lack of social housing and affordable housing. However, we must remind ourselves constantly that waiting lists are not abstract, because every name on them represents a constituent who is living in conditions that they do not deem acceptable—they are almost always right about that. My criticism is not of those, including my parents, who took the opportunity to buy their council home, but of those who disgracefully sold off much-needed homes.

I welcome to the chamber members of Croftfoot housing action group, from the south side of Glasgow. Croftfoot is a great area, with solid housing stock and good people, but problems have emerged there that threaten the social and physical fabric of the area. For example, some private landlords refuse to repair or even maintain properties and communal areas. Their attitude seems to be, "I don't live there, so I don't care." No more will they be able to get away with that. I pay tribute to people such as those from Croftfoot who have lobbied politicians, held public meetings and lived and breathed this bill and the proposed bill on the private rented sector.

I back the call in the briefing notes that all members received from Shelter Scotland for better support for homeless people, once they have been housed, to help them sustain their tenancies.

I want to mention a group of people who I believe should get the same support but who too often slip through the net: people who live with mental health problems. I recently met a constituent—I will call her Michelle—who had a fantastic housing association house for her and her family in a very sought-after area. She suffered years of abuse as a child, but she got on with her life, found a job that she loved, married a husband she presumably loved and had four lovely kids. They built a life for themselves in that housing association house.

Recently, something happened to Michelle—something that brought it all back—and, as a consequence, she suffered from severe post-traumatic stress disorder. She also developed bipolar disorder, which might have been triggered by the trauma of reliving her childhood ordeal. Traumatized and confused, she told the housing association that she was giving notice and moving her family away. The housing association accepted that without question and gave the property to another tenant. Of course, Michelle instantly regretted the decision, but she felt that she then had no choice.

I understand that the housing association staff were in a difficult position and that they are not social workers. I also know that not all tenants want their landlord to know their personal business. However, I do not understand why there

is no obligation—not even a moral obligation—on housing associations to ensure that decisions such as those that Michelle made are not simply, as in Michelle's case, a cry for help. Her decision was a huge mistake that has cost that family dear.

Another constituent, whom I will call Jim, is also bipolar. He has good insight into his condition when he is well, but when he is going through a manic or depressive episode, he really struggles. Jim had an antisocial neighbour, although I am not sure that "antisocial" is an adequate description for someone who smears excrement over a neighbour's front door. When Jim became unwell, he simply felt that he could not cope with that neighbour so he gave up his tenancy. The housing association accepted that and gave the house to someone else. Jim ended up in a homeless shelter. That is just wrong.

Such issues need to be addressed, and I believe that social housing providers should have some obligation to tenants with identified mental health problems. That could mean something as simple as a requirement on the housing association to help such tenants to access support that it cannot provide before a final decision on the tenancy is reached. I know that the issue is difficult and that a fine line must be trodden, but we simply cannot wash our hands of such people in the belief that they are not our problem. Some might suggest that I want people with mental health problems to be given better treatment than other tenants, but that is like saying that someone in a wheelchair who has adaptations to their house is treated more favourably. The issue is simply about equality. Tenants with mental health problems should be given additional support so that they are treated not better than but equally to other tenants.

In conclusion, the Housing (Scotland) Bill gives the Parliament a chance to stop the haemorrhaging of Scotland's social housing out of the social housing sector. The bill will allow us to make progress on tackling a number of key issues that affect our constituents, such as my colleagues from Croftfoot, who simply want to preserve their neighbourhood. In addition, the bill affords us an opportunity to address new issues. For those reasons, I support the bill and the motion that is before us today.

The Deputy Presiding Officer (Trish Godman): We move to wind up speeches.

16:22

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Taking the speeches in reverse order to start with, I compliment Karen Gillon on getting to the heart of much of what we do as MSPs. She outlined, succinctly and correctly, not only the issue of antisocial behaviour

but the length of time that it takes for people to get a house or home, which is something that all MSPs write letters about.

When Karen Gillon said that people want to stay in their village, I think that she got to the heart of the issue that David McLetchie failed to mention. Some villages in the Highlands just do not have any more houses in the social rented sector because the houses have all been sold off. For example, in the small Easter Ross village of Portmahomack, which is very beautiful and is beside the sea, a one-bedroom pensioner's house that was sold off some years ago was more recently sold for a price that went into the hundreds of thousands of pounds. Even local people with money who do not need social rented sector housing could not afford that sort of thing, so what chance does the young person or old person who needs social rented housing have of getting such a house in the area? That is precisely the issue that we face in the Highlands, which is why I supported the legislation that the previous Administration introduced and why I will support the bill that is before us today.

Taking the speeches now in their correct order, if I may, I am glad that Alex Neil, in giving an outline of the bill, twice referred to improving the bill as it progresses through the Parliament. That is the right approach and I give him praise for that, because I believe that we can work together and make the bill still better. He said that "Housing: Fresh Thinking, New Ideas" provides us with radical thinking. He also said that the new Scottish housing regulator will drive up performance across the board. That will be the acid test as we come to finalise what the regulator will do and as we dot the i's and cross the t's of the legislation.

Duncan McNeil said that the views of tenants were paramount. That is absolutely true. On Monday of this week, in preparation for the debate, I went round the doors in two housing estates in my home town of Tain. When I asked people what they thought, antisocial behaviour and the waiting list—the time that people have to wait, even though they might have too many bairns in the bedrooms—were two of the issues that came up. Duncan McNeil was correct when he, like other Labour members, said that housing associations could play a bigger role in community regeneration. As a constituency MSP, I acknowledge that message, which strikes a chord in communities in extremely remote areas, such as my constituency, where, until recently, the housing association has often been virtually the only player in the game.

Mary Mulligan was correct when she said that housing underpins everything else. That is true, as was apparent on my visit in my home town of Tain. If we get the housing wrong, numerous problems,

whether with health or antisocial behaviour, follow from that.

I have already touched on what David McLetchie said.

I am full square behind what Ross Finnie said. He and I have talked at great length about the idea that ownership and mortgages are not necessarily for everyone. Over recent decades, we got well off beam in pursuing home ownership. We all have constituents who went into the mortgage sector who, frankly, were never going to be able to afford it. Before the credit crunch, moneylenders persuaded people, in a quite wicked way, to buy a bigger house and borrow more, and look where we are now. There is nothing wrong with rented housing. The trick, as Ross Finnie and I have discussed, is to get the private sector to play the game. An enormous number—as many as 70,000, it is thought—of privately owned houses in Scotland could be used to provide rented accommodation. It is not necessarily correct for everyone to get on the mortgage ladder.

Bob Doris referred to the situation that I have just outlined as the home ownership "whirlwind", which is an accurate description. He also mentioned the proposed rise in the fine for failing to register to £20,000, which is probably quite correct.

Patricia Ferguson talked about tenant participation and, like others, made the crucial point that letting agencies that knowingly handle properties that belong to unregistered landlords should be called to account. As someone said—I am sorry, but I cannot remember who it was—such agencies are interested only in getting the fee. They need to be clobbered, because that is deeply irresponsible and just gets people into trouble.

As the father of three former students, two of whom were educated at the University of St Andrews, I associate myself entirely with Ted Brocklebank's remarks. I regret to say that one of my daughters very nearly burned down her flat for all the wrong reasons to do with multiple occupancy. Her poor father had to pay something of a bill to put that flat right, but we all learn from our experience.

Charlie Gordon, apart from speaking in a dialect that is not recognised in Caithness and Sutherland—although I understood him, because I worked with Glaswegians at Nigg in my day—quite rightly pointed out that when it comes to rogue landlords, there are gaps in the legislation. I am sure that we have all raised that issue with our local authorities. Despite the best intentions of their legal services departments, it is not necessarily possible for action to be taken. As an aside, I point out that legal services departments

are often overstretched from the point of view of the budget, resources and time that they can throw at dealing with such matters.

I see that my time is up, so I commend the bill to Parliament. My party supports it. Of course work must be done at stage 2 to fine-tune the bill and make it better still, and I hope that that can be achieved.

16:28

Alex Johnstone (North East Scotland) (Con):

I am tempted to start by asking, "Where do I start?"

It has been an interesting debate. I have come to the Housing (Scotland) Bill slightly later than some, but I have read through the paperwork that has been produced, including the stage 1 report. I was interested to find out that, as has emerged during the debate, members' views on the bill are less than unanimous. A popular view, which a number of members have expressed, is that although the bill might be necessary, it needs to be changed. Even the minister has expressed doubt about whether some issues should be tackled in the bill or in the subsequent bill to deal with the private rented sector that he is planning. In other words, the bill seems to be a bit of a work in progress.

However, I intend to go through the issues and talk to them from a Conservative point of view. I want to be constructive and inclusive and to make some clear statements about where the Conservatives are coming from.

I am interested to hear the views that have been expressed about private landlords and the private rented sector. Indeed, it is characteristic of the debate that there is, as ever, hostility to anything that contains the word "private". What worries me greatly about that is that the minister has made it clear that the private rented sector has a major part to play in providing affordable housing for rent in Scotland in the years to come. In fact, with the difficulties with long-term finances that yesterday's budget set out, it is inevitable that if we are to make progress in the sector, we need to bring in more private money, more private investment and more private capital. For that reason, it is essential that we do nothing, in the bill or in any subsequent legislation, that would have the effect of reducing the amount of housing that will be available in the future through private landlords in the rented sector. There are plenty of historical examples of how failure to regulate appropriately has meant that we have lost the contribution that the private sector can make.

I welcome some of the things that have been said about landlord registration. It is obvious that the existing legislation has not functioned. Many of

the people whom I have talked to say that those landlords who have been involved in the process have been self-selecting because they are good landlords anyway, and that the fees involved have simply been a tax on responsible landlords. The existing legislation is not achieving its objective and, although I hear everything that has been said about the experiences in Govanhill and other places, and I fully support the position that has been taken on them, over the rest of Scotland, where the problems are perhaps different, the scheme has been equally ineffective, so it requires to be reviewed.

As we talk about some of the other provisions in the bill, I must move on quickly to the issue of the right to buy. Members will not be surprised to hear that I believe that the right to buy was the single most important driver for social change in Scotland in the past 50 years and that, as such, we must respect the contribution that it has made. However, even in today's debate, we have failed to recognise that contribution, and I will make one further point on that. We have heard a number of contributions, including an extremely good speech from Karen Gillon, who pointed out some of the problems that we have in our communities today. However, the safest and most sustainable communities to be found anywhere in Scotland are those that started out as high-quality housing estates that were built for rent and in which significant numbers of houses passed into the private sector. Those mixed-tenure communities have made great progress in dealing with issues such as antisocial behaviour, and they are genuinely safe communities throughout most of Scotland.

Tricia Marwick: Will the member take an intervention?

Christopher Harvie (Mid Scotland and Fife) (SNP): Will the member give way?

Alex Johnstone: I do not think that I have time to take an intervention, unfortunately.

The Deputy Presiding Officer: You have plenty of time.

Alex Johnstone: I will take an intervention from Mr Harvie.

Christopher Harvie: The member has sincerely praised the high quality of Scottish public housing. Will he extend the same level of praise to the private estates that have been put up in the past 15 years that are barely reaching grade C for European thermal efficiency measures?

Alex Johnstone: The member raises an area that I do not intend to go into today, but in which we might find a great deal of common ground sometime in the future.

Jamie Stone: Will the member take another intervention?

Alex Johnstone: No, I am not prepared to go further down that road.

I need to address another issue that has been raised during the debate—the idea that the selling of publicly owned housing for rent into the private sector has somehow added to the burden of public debt. Local authorities had the opportunity to use the receipts that they accrued through the sale of such property to reduce their housing debt. If they did not take that opportunity, that was their decision, which was not forced upon them by anyone else. Spurning the opportunity to bring in money through the sale of council property to additionally underpin the programme of building and restoring of existing property that is possible under current circumstances is an act of neglect that will cost tenants in Scotland in a way that has not been seen previously. We must take every opportunity to bring new money into the social rented sector, and that opportunity has been missed.

Another issue that I must touch on is houses in multiple occupation. That issue, which was ably addressed by Ted Brocklebank and members in other parts of the chamber, needs to be dealt with. The news that Ted Brocklebank has been able to discuss the matter in detail with the minister already indicates that there are genuine opportunities to move on and achieve something in that area.

We need to achieve safe, sustainable communities; we need to provide affordable housing by a range of means; and we need to consider how we provide sustainable mixed-tenure communities for the long term. The bill throws up huge opportunities, and we will continue to work to ensure that those opportunities are taken. However, the Stalinist tendency and the hostility towards anything that has been proposed by the Conservatives in the past—regardless of how obviously successful it has been—have introduced an element of discord into the debate that makes it impossible for the Conservatives to support the bill at stage 1. Consequently, we will vote against it. Nevertheless, presuming that we are unsuccessful, we look forward to dealing constructively with the opportunities that will be afforded at subsequent stages.

16:36

Mary Mulligan: I was going to say that it has been a good debate, in which many pertinent issues have been raised. I think that Mr Johnstone must have written his summation before he listened to the debate. I sometimes felt that the bill, the committee report and the witnesses'

statements had not been completely understood; therefore, I cannot move on to the substance of the debate without responding to Mr Johnstone. It is not that Labour members are opposed to anything private; it is that the Tories continue to display their aversion to anything public. We saw that yesterday. Let us be clear: it is not just in public estates that we see antisocial behaviour. Antisocial behaviour is even more difficult to deal with when it occurs in an owner-occupied property, as we do not have the kind of sanctions to deal with that that we have in the public sector.

However, let us move on and be more positive. I referred earlier to Shelter's suggestion that we should have an assessment of support needs for homeless people and how that could be provided. Several members have addressed that.

Karen Gillon raised the issue of allocations and antisocial behaviour. She wants allocations to recognise local connection. I know that there was an allocations working party; I ask the minister what that came back with in relation to addressing some of the issues around people wanting to stay in particular areas to give or receive family support, for work or for whatever reason. There seems to have been a reduction in the number of allocations on the basis of local connection and I wonder whether the working party has commented on that.

Anne McLaughlin talked about people with mental health problems needing assistance; I welcome her raising of that issue, which needs to be addressed. Shelter's proposal includes such provision, although it would not necessarily be provided by the housing association or the local authority. A relevant agency could be flagged up that would provide that kind of support, and even the provision of a pathway to such support could lead to that assessment working. The points that she made were very pertinent.

As I said in relation to Karen Gillon's points, we should consider the issue around sensitive lets. In no way do I want to dilute the homelessness legislation, of which we are all justly proud, but there are concerns that other reasons for allocation—whether overcrowding or local connection—are not being prioritised. We need to ask whether there is an issue about the interpretation of homelessness legislation that creates the tension in the allocation systems, and whether the bill could be amended in a way that could address that.

Other possible amendments could include something to strengthen the role of the Scottish housing regulator in respect of its inspection of housing associations, and its wider role in economic regeneration and environmental issues. Many of our housing associations have been successful in such areas, but the regulator might

want to include that in its programme of inspection.

A further subject for inclusion by means of an amendment might be party flats; that issue has been raised frequently by my colleague Sarah Boyack. I know that the minister has had discussions with Sarah Boyack and some of the local authorities about the matter. The committee accepted that the issue might be a problem in places such as Edinburgh and Glasgow, but noted that it is not such a problem elsewhere—Alasdair Allan said that it was not a problem in the Western Isles, for example.

In his opening speech, the minister made a great deal of the fact that, in introducing the bill, he had taken account of the importance of the views of stakeholders, and Duncan McNeil said that it was essential to involve tenants in the construction and implementation of legislation. It is important that we recognise that there are housing professionals who have strong views about where the bill should be going, and we need to listen to them. However, we also need to be a bit more imaginative about how we consult tenants. Again, housing associations have a good record of continual and regular consultation with tenants. The Parliament should adopt that approach so that not only representatives but the tenants themselves can feed into the legislation that we construct.

The minister mentioned the provisions for local connection for service personnel. That issue has not been raised much this afternoon, not because people do not think that it is important but because there was general consensus in the committee about the need to take it forward.

I welcome the new council houses that are being built. I have no problem with that. Indeed, Labour-controlled Midlothian Council has led the way in council house building in Scotland. However, I raise again the point that I raised in an intervention about the pressure that we are putting on rent payers in terms of building new housing. I heard what the minister said about the £40 million that would be made available to support council building but, as the figures that were issued in response to a freedom of information request show, rent increases over the past three years have been substantial, and the pressures that we are putting on individual rent payers need to be addressed before the situation gets out of hand and council tenants find themselves trapped on housing benefit because they cannot afford the rent that they have to pay. As John Wilson said, we know from the statements that were made yesterday around housing benefit that that benefit will not be endless. Therefore, we need to recognise that rents should be set at an affordable level.

The other side of that is the impact on local authorities, whose debt levels continue to increase. The rent payer services that debt and bears the burden of it—we need to take account of that. While interest rates are as low as they are at the moment, the situation is fine, but if they start to increase, local authorities that have overstretched themselves could find themselves in some difficulty.

A number of members raised the issue of local authority landlords; it is important that we get that right and reinforce the existing legislation. Charlie Gordon said that we need to make progress with the legislation that is before us, and I hope that we will do so.

Ted Brocklebank and Patricia Ferguson raised issues around HMOs. We need to push on with the legislation on that, and introduce the planning legislation to run alongside it. We must ensure that we regulate HMOs and create a balance of housing in our communities.

We support the provisions for a Scottish housing regulator and a Scottish housing charter, and we support all those who have said that the consultation of all tenants will be crucial to the success of those measures.

We have had a good debate today, and I look forward to working with all those members—not only those on the Local Government and Communities Committee—who have for a long time taken an interest in housing in their communities. It is an important issue, and we should give it due regard.

16:46

Alex Neil: I begin by expressing my gratitude to David McLetchie for keeping me regularly posted on the result of the match between England and Slovenia. At the moment, the score is 1-0.

The Deputy Presiding Officer: It is 1-0 to whom? *[Laughter.]*

Alex Neil: It is to England, Presiding Officer. I was keeping that until the end of my speech.

On a more serious note, Ross Finnie said that the Government should respond adequately to the points that the committee made in its stage 1 report. I give an undertaking that we will seek to do that by responding not only to the committee's report, but to our on-going discussions with stakeholders through the bill sounding board. We will listen to and review the content of this debate, as a number of members have made practical suggestions that we will pursue not only in this bill but in the bill that we are planning on private rented housing.

As the Tory party is the only party that is likely to vote against the bill tonight, I will set the record straight on a number of issues relating to the right to buy. I fully appreciate that David McLetchie and his colleagues are ideologically committed to the principle of the right to buy. However, as several members—including Ross Finnie—have pointed out, the issue concerns not the right to buy per se, but the right to buy at a substantial discount. The negative impact of the discount is felt on public finances, and in particular on the availability of future funding for future housing.

I have the greatest respect for David McLetchie and Alex Johnstone. However, in referring to paragraph 109 of the committee's report, Mr McLetchie heavily criticised the points that Tricia Marwick and other members made about the average outstanding debt of £7,000 per house that is sold off. He confused the outstanding value of the debt with how the receipts are applied. He is right that it is for each council to decide how to use the receipts that are gained from right-to-buy sales. The council can decide to use those receipts to invest in new housing, to upgrade the quality of existing housing or to pay off the debt. However, the outstanding figure of £7,000 refers to the situation after the receipts have been applied to the debt. In other words, if a council sells off a house at a £15,000 discount, and it uses the receipts from that sell-off to put down against the debt, an outstanding debt of around £7,000 per house on average still remains. That debt has to be paid off by those who are still renting, or, if it is not paid off, they have to pay the interest and eventually pay it out.

David McLetchie: Is the minister seriously suggesting that if all the receipts from sales were applied to pay off the debts on the houses that were built, there would still be a debt of £7,000 per house left?

Alex Neil: Yes—that is the figure.

David McLetchie: That is totally at variance with what you said in your answer.

The Deputy Presiding Officer: Sorry—can we not have an argument about that?

Alex Neil: It is not. That is the point—there is a misunderstanding on the Tory benches about the financial implications.

I also correct Mr McLetchie, as Tricia Marwick did, on the building of council houses. I refer specifically to council houses not including those built by new towns, Scottish Homes or Government departments. He referred to council house building at the end of the Thatcher period and compared it with the subsequent period. I point out that, in the year when Mrs Thatcher came to power, 4,755 council houses were built in Scotland. Mrs Thatcher resigned—or, more

accurately, was pushed out—in 1990, and in that year 1,046 council houses were built in Scotland. By any calculation, there was a significant drop in the number of council houses that were built during that period.

With all due respect, the Tories have got it wrong on the right-to-buy receipts, and they have also got it wrong—

David McLetchie: Will the minister give way?

Alex Neil: I cannot give way to the member again.

The member also mentioned the £100 million. Leaving aside the fact that he takes a very narrow view of the financial implications of the right to buy, it is a fact of life that the £100 million that is estimated in the financial memorandum refers to a period after 2015, so it cannot possibly act as a barrier to the £2.5 billion investment programme that is in place to bring social housing in Scotland up to the quality standard by 2015.

I turn to the issue of landlord registration and enforcement. The current regime—I am not making a party political point—is one that we inherited. We agree with those who say that there needs to be a far more robust approach to the implementation of the current legislation. That legislation gave local authorities powers, but the powers are not duties, therefore there is wide variation in how effectively the landlord registration regime is being implemented. I have raised that continuously with COSLA. Following the consultation on the proposed private rented sector bill, we are looking at the feedback that we have received and we will publish the analysis of the results within the next week or so. I was particularly taken by Glasgow City Council's submission on the need for additional powers to enforce landlord registration, and we are seriously considering that.

Patricia Ferguson and Charlie Gordon mentioned making it an offence for letting agents knowingly to market unregistered tenancies. As I have said, we consulted on the proposed bill and we sought views on powers to allow local authorities to require letting agents to provide a list of properties that they rent out. Also, the private rented sector strategy group is looking as part of its work plan at the role of letting agents and how they are regulated. We take those points on board and we will seriously—

Patricia Ferguson: Will the minister take an intervention?

Johann Lamont: Will the minister take an intervention?

Tricia Marwick: Will the minister take an intervention?

Alex Neil: I have a queue. We will seriously look at Patricia Ferguson's proposal.

Patricia Ferguson: In doing that, will the minister take account of my other point that letting agents need an easy way to check that a landlord is registered, as do those who are looking to rent a property? Might it be possible to have some kind of trademark or branding?

Alex Neil: That is also a sensible suggestion and we are prepared to consider it.

Tricia Marwick: The minister talked about registration. As I have pointed out, Fife Council claims that 99 per cent of its landlords are registered. That is good news, but the problem that we have is a lack of enforcement and deciding whether or not landlords are fit to be registered. They have been registered, and there is no willingness to deregister them. Will the minister please consider that matter?

Alex Neil: Indeed. That is exactly the kind of area that the new private rented sector bill will contain proposals on. Among the proposals that we are considering is a more robust definition of what constitutes a fit and proper person to be registered as a landlord. I am particularly keen to consider landlords' responsibilities for tenants who engage in antisocial behaviour, particularly those who do so regularly.

Johann Lamont: There is an issue to do with private landlords who perceive their job to be an investment and not a business and therefore do not take their responsibilities seriously. As well as considering letting agents, I urge the minister to consider housing benefit departments, which should not pay out housing benefit for properties that are not registered.

Alex Neil: The problem is that housing benefit is a reserved matter and what we can legislate on is restricted. However, I am prepared to consider anything that is within our powers. When we publish the private rented sector bill, we will take into account the points of view that have been expressed in this debate and in the consultation. We are considering enforcement, and we will include in our forthcoming bill additional provisions for more robust enforcement.

I say to Ted Brocklebank that I have, as he knows, regular discussions with him and other MSPs who have a particular interest in the HMO legislation. As he knows, we have already laid the statutory instrument to implement part 5 of the Housing (Scotland) Act 2006 by the end of August. That will be a significant landmark in making progress towards ensuring that HMOs are properly policed, controlled and regulated. *[Interruption.]*

The Deputy Presiding Officer: Will members stop talking to each other, please?

Alex Neil: The Government has been listening and will continue to listen to what is said on all of those issues, and it will consider any sensible proposals that are made outside or inside the chamber.

I want to mention one or two issues to do with housing associations. Again, I do not want to be too partisan. The reduction in the housing association grant was referred to. The target subsidy per unit, which we have recently reduced, is related to the actual cost of provision. In the recent period during the recession, there has been a 20 per cent reduction in social housing construction costs. It is sensible that the housing association grant target subsidy reflects that reduction in construction costs. The important point is that, if we can reduce the cost per unit without affecting the quality, we can build significantly more units for the same amount of money.

Mary Mulligan: Will the minister take an intervention?

Alex Neil: I have already taken several interventions.

To back up what I have said, I should point out that housing associations built just under 5,000 new houses in Scotland in 2009. The idea that any reduction in HAG has resulted in a reduction in performance in respect of housing starts therefore does not stand up to scrutiny.

There are many other issues, which I do not have enough time to cover. I accept many points that members have made about the importance of housing legislation controlling antisocial behaviour, particularly in the private sector. In designing the final provisions of the private rented sector bill that we will bring before members in September, we will be mindful of the need to include in it provision to try to bring under control the level of antisocial behaviour that has resulted from rogue landlord activities in different parts of Scotland.

Housing (Scotland) Bill: Financial Memorandum

17:00

The Presiding Officer (Alex Fergusson): The next item of business is consideration of motion S3M-6056, in the name of John Swinney, on the financial resolution for the Housing (Scotland) Bill.

Motion moved,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Housing (Scotland) Bill, agrees to any expenditure, charge or payment of a kind referred to in Rules 9.12.3(b)(ii) and 9.12.4 of the Parliament's Standing Orders arising in consequence of the Act.—[*Alex Neil.*]

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

Business Motion

17:00

The Presiding Officer (Alex Fergusson): The next item of business is consideration of business motion S3M-6628, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, which sets out a business programme.

Motion moved,

That the Parliament agrees—

(a) the following programme of business—

Wednesday 30 June 2010

9.15 am Time for Reflection

followed by Parliamentary Bureau Motions

followed by Stage 3 Proceedings: Criminal Justice and Licensing (Scotland) Bill

2.30 pm Continuation of Stage 3 Proceedings: Criminal Justice and Licensing (Scotland) Bill

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 1 July 2010

9.15 am Parliamentary Bureau Motions

followed by Stage 3 Proceedings: Crofting Reform (Scotland) Bill

11.40 am General Question Time

12 noon First Minister's Question Time

followed by Members' Business

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

2.55 pm Finance Committee Debate: Budget
Strategy Phase Report

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

Wednesday 8 September 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 9 September 2010

9.15 am Parliamentary Bureau Motions

followed by Scottish Government Business

11.40 am General Question Time
12 noon First Minister's Question Time
2.15 pm Themed Question Time
Finance and Sustainable Growth
2.55 pm Scottish Government Business
followed by Parliamentary Bureau Motions
5.00 pm Decision Time
followed by Members' Business

and (b) that, for the purposes of Members' Business on Thursday 1 July 2010, "at the end of First Minister's Question Time" be substituted for "at the end of the meeting following Decision Time" in Rule 5.6.1(c) of Standing Orders.—[*Bruce Crawford.*]

Motion agreed to.

Parliamentary Bureau Motion

17:00

The Presiding Officer (Alex Fergusson): The next item of business is consideration of Parliamentary Bureau motion S3M-6629, in the name of Bruce Crawford, on approval of a Scottish statutory instrument.

Motion moved,

That the Parliament agrees that the draft Budget (Scotland) Act 2010 Amendment Order 2010 be approved.—[*Bruce Crawford.*]

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

Decision Time

17:00

The Presiding Officer (Alex Fergusson):

There are three questions to be put as a result of today's business. The first question is, that motion S3M-6513, in the name of Alex Neil, on the Housing (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (Aberdeen North) (SNP)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Allan, Alasdair (Western Isles) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brown, Keith (Ochil) (SNP)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Campbell, Aileen (South of Scotland) (SNP)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)
 Constance, Angela (Livingston) (SNP)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Don, Nigel (North East Scotland) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Eadie, Helen (Dunfermline East) (Lab)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 FitzPatrick, Joe (Dundee West) (SNP)
 Foulkes, George (Lothians) (Lab)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Charlie (Glasgow Cathcart) (Lab)
 Grahame, Christine (South of Scotland) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Harper, Robin (Lothians) (Green)
 Harvie, Christopher (Mid Scotland and Fife) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Hepburn, Jamie (Central Scotland) (SNP)
 Hume, Jim (South of Scotland) (LD)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Adam (South of Scotland) (SNP)
 Kelly, James (Glasgow Rutherglen) (Lab)
 Kerr, Andy (East Kilbride) (Lab)
 Kidd, Bill (Glasgow) (SNP)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Central Fife) (SNP)
 Mather, Jim (Argyll and Bute) (SNP)

Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West of Scotland) (SNP)
 McArthur, Liam (Orkney) (LD)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Tom (Hamilton South) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McKee, Ian (Lothians) (SNP)
 McKelvie, Christina (Central Scotland) (SNP)
 McLaughlin, Anne (Glasgow) (SNP)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McMillan, Stuart (West of Scotland) (SNP)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morgan, Alasdair (South of Scotland) (SNP)
 Mulligan, Mary (Linlithgow) (Lab)
 Murray, Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 O'Donnell, Hugh (Central Scotland) (LD)
 Park, John (Mid Scotland and Fife) (Lab)
 Paterson, Gil (West of Scotland) (SNP)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Robison, Shona (Dundee East) (SNP)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Alex (Gordon) (SNP)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stewart, David (Highlands and Islands) (Lab)
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow Govan) (SNP)
 Thompson, Dave (Highlands and Islands) (SNP)
 Tolson, Jim (Dunfermline West) (LD)
 Watt, Maureen (North East Scotland) (SNP)
 White, Sandra (Glasgow) (SNP)
 Whitton, David (Strathkelvin and Bearsden) (Lab)
 Wilson, Bill (West of Scotland) (SNP)
 Wilson, John (Central Scotland) (SNP)

Against

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

The Presiding Officer: The result of the division is: For 96, Against 16, Abstentions 0.

Motion agreed to,

That the Parliament agrees to the general principles of the Housing (Scotland) Bill.

The Presiding Officer: The second question is, that motion S3M-6056, in the name of John

Swinney, on the financial resolution for the Housing (Scotland) Bill, be agreed to.

Motion agreed to,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Housing (Scotland) Bill, agrees to any expenditure, charge or payment of a kind referred to in Rules 9.12.3(b)(ii) and 9.12.4 of the Parliament's Standing Orders arising in consequence of the Act.

The Presiding Officer: The third question is, that motion S3M-6629, 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 draft Budget (Scotland) Act 2010 Amendment Order 2010 be approved.

Farm Payments (Penalties)

The Deputy Presiding Officer (Alasdair Morgan): The final item of business today is a members' business debate on motion S3M-6312, in the name of Liam McArthur, on penalties on farmers.

Motion debated,

That the Parliament considers that the tightening of enforcement of cross-compliance rules for farmers, particularly in the Highlands and Islands and elsewhere in Scotland, has resulted in new and higher levels of penalties due to unintentional errors in livestock paperwork and a new interpretation of land eligibility rules governing claims for Single Farm Payment (SFP) or Less Favoured Area Support Scheme (LFASS); considers it unsatisfactory that many farmers and crofters have been left uncertain of how to properly fill out their 2010 application forms for SFP and LFASS in time for the 17 May 2010 deadline because of a lack of clarity in the new interpretation of the land eligibility rules; believes that there is a manifest injustice when anyone is penalised where the interpretation of rules have been changed without proper notice and explanation, and supports the call from NFU Scotland for the introduction of an immediate amnesty on penalties associated with eligibility of land for support scheme purposes and for moves to reduce the impact on farmers and crofters of the tighter interpretation of the rules.

17:03

Liam McArthur (Orkney) (LD): On the eve of the Royal Highland Show at Ingliston, I am delighted that Parliament has an opportunity to debate an issue of importance to farmers, crofters and our wider rural community. Colleagues from all parties have struggled to cope with the multitude of parliamentary engagements that are being held this week, sometimes simultaneously, to coincide with the show week. I am therefore all the more grateful to those who have made time to participate in the debate, particularly those who have signed my motion. I know that some members may have reservations about the terms of the motion, which is on the way in which penalties are levied on farmers, though I hope that the debate will provide reassurance about the intentions that lie behind it.

Of course, no disagreement exists over the need to ensure that those who are guilty of defrauding, or attempting to defraud, the public purse are brought fully to book. The level of public funding that goes to support our farmers and crofters through the single farm payment, the less favoured area support scheme and other schemes is in the region of £600 million. Those who are in receipt of that funding must rightly be held accountable for how it is used. That is not simply a reflection of the challenging economic times in which we find ourselves. As I am sure the Minister for Environment will be quick to point out, the

threat of serious fines and disallowance of subsidy by the European Commission is also very real.

I accept that entirely, as I do the suggestion that, given the outcome of the recent audit inspections elsewhere in the United Kingdom, it was inevitable that the rules and how they are applied in Scotland would come under scrutiny. Like Scotland's farming industry leaders and those they represent, I find it less easy to accept how that has been done and the impact that it is having on farmers and crofters who, in many cases, have done absolutely nothing wrong.

Before considering the specific issues surrounding livestock paperwork and eligible land, I am happy to acknowledge the steps that the Government has taken on penalties and appeals. The Kinnaird review, which reported to ministers in late 2008, made a series of sensible recommendations, almost all of which the Government was happy to accept. The claim then was that the changes would make inspections simpler and fairer, while ensuring that penalties in the case of any failures were more proportionate.

Unfortunately, the experience of farmers and crofters of the way in which the rules that apply to eligible land are being interpreted flies in the face of that bold claim. As former NFU Scotland president Jim Walker made clear in a recent *Scottish Farmer* article, the Kinnaird report

"was announced in a fanfare of excitement about cutting red tape, but it now appears it wasn't worth the paper it was written on as the same minister who accepted the recommendations promptly ignored them."

To paraphrase the First Minister, the red tape agenda, like the respect agenda, is not just about words. It needs to be backed up by action and deeds.

Indeed, talking of respect, I have learned in my short parliamentary career to date to be wary of ministerial answers, in either debates or correspondence, that begin, "With the greatest respect". That generally precedes a torrent of abuse masquerading as a response.

The Minister for Environment (Roseanna Cunningham): Oh!

Liam McArthur: So began a recent letter to me from the Cabinet Secretary for Rural Affairs and the Environment on the subject of eligibility of land, and my low expectations were not disappointed by what followed. Mr Lochhead—not Roseanna Cunningham—went on to claim that arguments against the approach that the Scottish Government has taken are founded on a series of misunderstandings, a claim itself that is riddled with inaccuracies. I am not arguing, and never have, that land eligibility criteria have changed; rather, I am arguing that the approach that is taken

by the Scottish Government to enforcing the rules demonstrably has.

Audit concerns and the threat of European Union penalties are real, but that is an argument for setting out clearly what the new approach will be and how it will be enforced. However, it now appears that changes in the approach by the Scottish ministers and their officials happened after inspections were carried out and applications made in 2009. In a letter to my colleague George Lyon back in April, Commissioner Ciołoş confirmed that the issue of land eligibility was discussed by the relevant management committee only at the end of 2009. That means that, for those who made applications in May 2009, penalties incurred through the inclusion of areas of bracken or gorse have been applied retrospectively. Such an approach is simply unfair.

The predicament that faces farmers and crofters who look to make applications under the SFP or LFASS is perhaps best summed up by a Campbeltown farmer who contacted the NFUS recently. She pointed out that the integrated administration and control system guidance documents, up to and including those issued in 2009, made no reference at all to bracken or gorse. Scottish Government officials, she said,

"have accepted all our claims, bracken and all, without deductions or comment from 2005 to 2009, thereby proving that they have previously interpreted the regulations in the same way as we have".

As it is clear that the goalposts for the 2009 scheme shifted after inspections had been carried out and applications submitted, one would have reasonably assumed that the Government would have been geared up to prevent similar problems arising in 2010. However, although in his letter to me last week Mr Lochhead disputes that farmers and crofters lacked clear guidance, it is well documented that guidance notes were issued only a couple of days ahead of the 17 May deadline for applications to be submitted this year. Not surprisingly, in many cases the notes arrived after that deadline had passed. Perhaps unfortunately for ministers, one place where the post could not cope with the Government's just-in-time delivery strategy was the residence of one Mr James Walker. However, he was far from alone in being affected, and there remains a great deal of anger among farmers and crofters who have been left exposed to the possibility of penalties for completing their single application form and IACS forms incorrectly as a result of confusion over the stricter enforcement of eligibility rules.

I agree that such penalties are not inevitable, but the threat for many is very real indeed. There is also a risk, identified by RSPB Scotland, that action may be taken by some farmers to remove gorse or scrub at times in ways that run counter to

wider environmental objectives. I therefore urge the minister to look again at the possibility of an amnesty for those affected by penalties in 2009 and to consider a more measured response to any problems that arise this year.

Likewise, I firmly believe that a more proportionate approach is needed to the way in which penalties are applied for errors in livestock paperwork. Again, changes to the way in which the rules are applied were inevitable following a critical EU audit of the penalty system back in 2008. However, figures released by the Scottish Government suggest that the total value of penalties has increased more than fivefold between 2008 and 2009, a rise which cannot possibly reflect accurately the extent of the problems of fraud or misreporting.

NFU Scotland cites the example of cattle passports. Although failure to return the passport of an animal that has died can result in a penalty being incurred, the same is not true for passports that are returned in error for animals that are still present on a farm. The logical conclusion of that is that, to avoid the risk of losing 3 per cent of their single farm payment, farmers might be best advised to return all their cattle passports and seek to recall only the passports for the animals that are subsequently identified as being part of their herd. That position is simply ludicrous. So, too, is the fact that under the current rules, having three failures in a herd of 1,000 or more animals is treated in exactly the same way as having three failures in a herd of 10. Those shortcomings must surely now be addressed.

We must achieve value for the public funds that are invested in our farming and rural communities. However, the disproportionate and punitive way in which some penalties are being applied is a cause for concern. I am pleased that the Parliament has the chance this evening to debate this issue and I hope that, on the eve of what looks set to be a sun-kissed Highland show at Ingliston, the minister will see her way to radiating common sense and compromise in her response.

17:10

Dave Thompson (Highlands and Islands) (SNP): I congratulate Liam McArthur on securing this important debate. I have every sympathy with farmers who find themselves in a position of non-compliance and subject to penalties for breach of the support schemes and I instinctively back more proportionate penalties.

The large increase in the level of penalties is worrying. Penalties appear to be way out of line with the seriousness of the errors committed. I therefore support the efforts of the Scottish

Government to get the United Kingdom and EU authorities to have another look at this issue.

One of the problems is that, although the basic rules have not changed, it appears that the penalty matrix has. The effect of that is that the 3 per cent reduction applies to a lower category of infringement. I presume that that change was made as a result of the critical EU audit of the penalty system in 2009, which ruled that our inspectors were being too lenient.

Another problem was that the guidance that the Scottish Government issued came out very late in the day. I hope that that will be rectified in future, so that everyone knows exactly what is required of them at an early date.

One of the crucial things that we must bear in mind when considering this issue is animal health. As a former animal health officer, I am fully supportive of efforts to ensure a robust animal health regime. In that respect, the compliance requirements of the EU state that a case of non-compliance that constitutes a direct risk to public or animal health shall not be considered as minor. That is important, given that animal health issues appear to feature quite prominently as non-compliance issues. Apparently, 60 per cent of cattle discrepancies are due to the following four reasons: movements not reported to the British cattle movement service within three days; passports for dead animals not returned to the BCMS within seven days of death; farm records with missing or inaccurate information; and animals incorrectly tagged.

Liam McArthur: Dave Thompson has helpfully set out the main risks to animal health. However, as I suggested in my speech, there is a possibility that one could return the passports for all the animals in one's herd and recall only those for the animals that are subsequently identified in one's herd. Presumably, that scenario, too, has animal health implications.

Dave Thompson: I am very well aware of the need for movement records to be kept accurately. Back in 2001, I was responsible for Highland Council's response to the foot-and-mouth outbreak. It is important that records are maintained and dealt with properly.

Although the reasons that are outlined are all related to animal health, they will not be the only ones. I am sure that everyone accepts the importance of animal health, but there is obviously a need for a debate to be had on the interpretation of which breaches of the rules should fall into the minor category and which should be treated more seriously. That is where Mr McArthur's point should perhaps be picked up.

Another area of contention relates to gorse and bracken claims, as some farmers misunderstand

the rules. Nothing has changed: EU rules stipulate that land must be arable, permanent pasture or permanent crop to be eligible for the SFP. Obviously, areas of impenetrable bracken are not eligible, but the Scottish Government has made it clear that less dense areas of bracken with growth below that can be grazed are eligible. That being the case, we must all redouble our efforts to ensure that all farmers are fully aware of what complies. We do not want to see farmers needlessly cutting back gorse and scrub in the mistaken belief that the land will be eligible only if that is done. Let us get the message across: if it can be grazed, it can be claimed.

Failure to tighten up the system would have led to the Scottish Government incurring heavy penalties, which would ultimately have led to less money being made available to all farmers. Although it is only right that conditions are attached to ensure public benefit when substantial amounts of public money are given out, it is also right that penalties for non-compliance should be sensible and proportionate. I am pleased that the Scottish Government has raised the matter with the UK and EU authorities with a view to reaching a sensible solution.

17:15

Peter Peacock (Highlands and Islands) (Lab):

Like Dave Thompson and other members who will speak in due course, I welcome the debate that Liam McArthur has brought to the chamber this evening.

Obviously, the issue is of real concern to many crofters and farmers who are caught up in the issues that Liam McArthur outlined. It is important that the Parliament has been given the chance to give the subject an airing and to hear the minister's response. It will help to clarify the Government position—indeed, anyone can read the *Official Report* of the debate. Liam McArthur set out the issues very well, as did Dave Thompson, who also addressed the issue of animal health. I will not repeat what they said; I intend to reinforce it. In so doing, I will concentrate on the issue of land, not livestock.

At the time that the issue was coming to the fore, the NFUS set out clearly its concerns. It said that it was concerned at

“the failure to provide Scottish farmers with proper guidance on the subject.”

Liam McArthur referred to the timing of the guidance. As he said, it was issued extremely close to the deadline, which meant that it was impossible for everyone to take account of it. The NFUS also said clearly that the

“ongoing confusion and uncertainty over what ground is deemed eligible and ineligible”

was “causing real concern” to the farming and crofting community and that individuals could suffer retrospective penalties as a consequence of getting it wrong, in addition to anything that may happen in future.

One particular concern that the NFUS pointed out is the interpretation and understanding of what constitutes bracken and gorse—how such land is counted in, or out—particularly given past practice on the issue. At the time, Jim McLaren rightly made it clear that land can be grazed at certain points of the year and yet be covered in bracken later in the year. He said that the critical question for the farmer is: at what point does the land move from being ineligible to eligible, or eligible to ineligible? The matter is one of fine judgment and interpretation and the answer will vary according to the part of country where the farmer resides, the altitude at which they farm, weather conditions and so on. If there is confusion on the matter—clearly there is—one can understand how farmers may inadvertently have made a claim that subsequently is deemed to be ineligible. They did so in good faith and in light of what was passed in previous years.

The NFUS set out a couple of ways in which it thinks the matter can be resolved. One option is to recalculate SFP entitlements in such a way that ineligible land is removed from the land base area; another is to take account of the slope of the land in any land base calculation. John Scott has regaled members of the Rural Affairs and Environment Committee on the latter subject in relation to his holding. I hope that he will do so again tonight as that will inform the Parliament more widely on the issue. The NFUS suggested a move away from the current flat-mapping system to one that takes account of the slope of the land. The NFUS said that it felt strongly that the goalposts had shifted and that that was unfair.

As Liam McArthur and Dave Thompson said, it is important that we have a system of compliance and that the system is robust. In its briefing for tonight's debate, the RSPB made that point clearly. It is also vital that the system is fair and is seen to be fair. For a system to be fair, it must also be clear, including to all its participants. People should not be penalised because of lack of clarity or ambiguity in the system.

The NFUS is a responsible organisation. It understands the complexities of farming better than almost any other body. It tends to work with and not against Government. It is also not overly critical when it does not have to be. If the NFUS calls for an amnesty on a matter, it does so not lightly, but after due consideration. In this instance, such is the level of concern that the NFUS has called for an amnesty. It has done so because of the issues that I have raised thus far. Tonight the

minister has an opportunity to set out clearly the Government's position, so that crofters and farmers can see what it is, understand the reasons for the actions that are taken and make up their minds. I look forward to hearing what the minister says when she winds up.

17:20

John Scott (Ayr) (Con): I declare an interest, as a farmer who is in receipt of agricultural support payments and has had penalties levied on his business because of a simple mistake. I congratulate Liam McArthur on securing this debate on a hot topic that is of huge concern to farmers and crofters throughout Scotland, nowhere more so than in the livestock sector.

Today's debate has been precipitated by the growing anger in the industry about the growing unfairness of the penalty system. The fivefold increase in deductions between 2008 and 2009 demonstrates the argument and makes the case that something needs to be done. It is unacceptable for £1,394,409 to have been deducted from our industry's receipts. The retrospective nature of some deductions is particularly disturbing.

Of course, penalties must be imposed if fraud is being perpetrated. However, if genuine mistakes have been made that are rectifiable, by correcting paperwork errors, and no harm has been done to livestock, the land or the environment, surely the time has come to take a fresh look at a system that can—and does—impose disproportionate deductions.

With the advent of sheep electronic identification, which means that so many more numbers will have to be recorded, it is even more important that a test of reasonableness be applied in imposing deductions. At the moment, numbers are not always accurately recorded by scanning systems. The scanning process will improve over time, and it is to be hoped that a completely accurate and paperless system of movement traceability for all livestock can be developed, but at the moment we are some way from developing, implementing or even being able to afford the holy grail of a movement system for livestock producers.

I turn to the issue of land use under integrated administration and control system rules and penalties. It is even more unfair for farmers to be penalised for mistakes by Government than for recording errors and mistakes by individuals. When inadequate guidance is issued, as has happened in the past, and new guidance is not issued timeously, as appears to have been the case this year, it is not acceptable for farmers to run the risk of being penalised for not being

adequately aware of the rules. That is why it is in the interests both of farmers and crofters and of Government to find and promote a different system that can recognise genuine mistakes and apply more reasonable penalties. The NFUS's suggestion that a fixed penalty—similar in style, if not in amount, to a parking ticket—be introduced would be a much more proportionate and reasonable response, and could be backed up by throwing the book at those who deliberately set out to defraud.

Peter Peacock defined neatly the grazing capability of land on which gorse and bracken are growing. As he said, early in the spring, grass grows on bracken and gorse-carrying ground, and grazing can and does take place. That is an odd and anomalous situation. We must clear up the issue of when grazing ground stops being grazing ground.

I congratulate Liam McArthur on bringing this matter to the Parliament's attention and look forward, as does he, to the minister's response.

17:24

Jamie McGrigor (Highlands and Islands) (Con): I declare an interest as a hill farmer of sheep and cattle since 1974. Anyone looking at the hairstyles of John Scott, who declared a similar interest, and me will see how we have suffered.

In my earlier farming days, the picture was happier. Plenty of young people were keen to work in the industry, there was plenty of teaching, there were reasonable subsidies and prices for livestock, and there was less paperwork. Above all, there was an attitude of helpfulness from my local department of agriculture and fisheries office in Oban with completing the forms and other paperwork that I and others found confusing. There was a pro-farming attitude, especially towards hill farmers, who were seen as the seedcorn for the fattening industry in the lowlands.

Due to the decline in farming, it is now very difficult to get enough people to gather sheep in large areas among the Scottish hills and glens. Some gatherings take more than a day, with huge acreages being covered by fewer and fewer people. Hopefully, the situation will improve now that we have slightly better prices, but at the moment, with the new EID scheme, sheep farmers are nervous about the severe financial penalties that might result from their not being able to show all their animals at short notice, which they might be called upon to do. The NFUS notes:

"The penalty levels are now significantly out of line with the seriousness of the error, in NFU Scotland's view, and a degree of proportionality must be factored in to penalty awards."

I hope that the minister is aware of the conundrum and will ensure that inspections show flexibility and allow time for compliance.

Dave Thompson talked about bracken, which is a curse in the Highlands, as it is difficult and expensive to clear. It often costs more to treat bracken-infested land than the land is actually worth. One solution could be to use free-range pigs, which root out the bracken and haul out the secondary root system in a most effective way. That is far more effective than spraying the bracken. However, although pigs eat bracken and other herbage, they are not considered by agricultural government to be grazing animals, so they do not attract payment under LFASS. That system of bracken clearance does not attract support even though it deals with the bracken problem while also producing income for the farmer and delicious free-range meat. Will the minister consider that method of bracken clearance, which could perhaps—

The Deputy Presiding Officer: The member is moving rather away from the motion, which is not about bracken clearing.

Jamie McGrigor: It is all—

The Deputy Presiding Officer: No—it would be helpful if you could just get back to the subject of the motion.

Jamie McGrigor: I will come back to it. With regard to possible penalties on land that might not attract IACS payments in the future, will the minister consider that method of clearing the bracken—using pigs—which could perhaps then go on to the menu of options under land management or under the Scottish rural development programme?

17:27

The Minister for Environment (Roseanna Cunningham): I acknowledge that the issues raised in the debate are of genuine concern to the industry. The Scottish Government has a duty to all farmers and crofters to safeguard the support that is vital to their livelihoods.

Agriculture matters to all of us. It employs nearly 10 per cent of the rural workforce. It provides 24 per cent of total inputs to our food industries. It maintains almost 80 per cent of the land, creating the landscape that draws so many tourists. Those are all good reasons why it is important not to take risks with the £660 million of agricultural support that is paid annually.

The Scottish Government is obliged by the European Commission to enforce strictly the obligations that are set in return for the subsidy that is paid, and it has very limited discretion to vary those requirements. Failure of financial

control is severely penalised through the disallowance of European funding for schemes, and it is essential to minimise that risk. Northern Ireland has just been hit with a £66 million disallowance; we do not want that to happen to Scotland.

Members should be aware that we were forced to tighten up the cross-compliance system because of audits elsewhere in the United Kingdom and Europe. That was to guard against the adverse consequences of disallowance. We need to keep the matter in context. Cross-compliance breaches result in a 3 per cent payment reduction, on average, which equates to £900 out of the average payment for those who are inspected.

Seventy-five per cent of all cross-compliance inspections and 65 per cent of all cattle identification inspections result in no penalties, so the majority of people are managing to comply with the rules.

Cattle ID and traceability will continue to be important. We need to know and be able to trace animal movements from birth to death, to support food safety and disease control. All cattle are required to be correctly identified and issued with a passport, in accordance with European regulations.

Liam McArthur: I listened closely to what the minister said about the 3 per cent penalty. It is clear that for some people the amounts that are involved are less significant. However, for people who have larger herds and are in receipt of larger single farm payments the trigger for penalties often represents a fraction of the overall herd, but the penalties can be significant.

Roseanna Cunningham: I will come on to proportionality, because that is important.

The majority of breaches are the result of failure to report movements and deaths, return passports to the British cattle movement service or keep accurate animal medicine records or haulage details for transported animals. The majority of the industry is able to comply, but some people can and should do better.

John Scott: Farmers are endeavouring to do their best, but notwithstanding their best efforts one in three or one in four farmers, depending on the subsidy regime, fails to comply, as I know from bitter experience. Given that farmers are failing to comply, although compliance is absolutely in their financial interests—and nothing concentrates farmers' minds more than that—does the minister accept that something must be wrong with the guidance or with the compliance regime?

Roseanna Cunningham: A number of things might be wrong, but John Scott and most

members who are present know that the vast majority of the issue is not in the Government's hands. It is important for everyone to remember that we cannot unilaterally make a change.

I agree with Liam McArthur that some farmers and crofters remain concerned. It is important to keep it in mind that we are working towards a more proportionate approach. Much work is being done in that respect. A difficulty with cattle numbers is that only one animal is needed to create a problem. I appreciate what people are saying, but one untraced animal can create a difficulty. To apply proportionality in relation to the numbers might be to overlook the fact that a single animal might create a big difficulty.

The Government is working towards securing a more proportionate regime. The Cabinet Secretary for Rural Affairs and the Environment raised the issue with the Commission directly a couple of months ago, in March, and raised the issue this month in conversation with the new Secretary of State for Environment, Food and Rural Affairs at the Department for Environment, Food and Rural Affairs. Indeed, the reason the cabinet secretary is not present for this debate is that he is in London, directly raising this issue, among others, in a face-to-face meeting with the secretary of state. The issues are at the forefront of our minds. A useful meeting took place between Government and Commission officials on 9 June, and officials are working out the details with UK colleagues. The details will be announced in due course.

The motion calls for an amnesty on penalties. I say again that it is the European Commission that fixes rules on eligible support and consequently on reductions that are imposed for non-compliance.

Jamie McGrigor: Does the minister agree that some of those regulations are not fit for purpose in Scotland and especially in the Highlands, and are better suited to the small fields of French, German and perhaps Greek farms? The Scottish situation is completely different. We have talked about difficulties with cattle numbers; the difficulties with sheep numbers are much greater.

Roseanna Cunningham: I am grateful for Jamie McGrigor's intervention. There is a constant debate about whether rules and regulations apply fairly to the Scottish situation. I hope that he and his Liberal Democrat colleagues will take the opportunity that they now have to lobby their secretary of state much more strongly and help us to make the changes for which we are arguing. It is important to say that.

The point that I was going to make about the amnesty is that it is not in our gift to create an amnesty—we cannot do it. Our difficulty is that if we tried to do so, we would end up with

disallowance. I hope that everybody here supports the on-going engagement with the Commission.

The motion describes the land eligibility issue, fairly, as one of the enforcement of regulations, but it also underscores that the rules about what constitutes eligible agricultural land have not, in fact, changed. Officials, in the company of European auditors, have too often found buildings, roads, lochs and so on claimed as agricultural land. We cannot defend that practice, nor accept the risk of significant disallowance of funding that comes with it. I hesitate to say it, but the flexibility that might have been allowed in the past will simply not be able to be applied.

Liam McArthur: I have heard about roads, sheds and lochs being claimed, but that is an extreme example that none of us would seek to defend. The point that all the speakers in the debate have made is that, in relation to bracken and gorse, there is a real issue about land sometimes being eligible, then becoming ineligible. The fact is that the guidance is issued very much at the hand of the Scottish Government and that is where many of the problems have resulted.

Roseanna Cunningham: I will come to that. I am trying to deal with the points that have been made. I say in passing that Peter Peacock's point about 3D mapping is interesting, but we are obliged to use the national mapping of the Ordnance Survey. If we move to any other system, we will be in breach of European Union rules. That is one of the difficulties that we are caught with.

European regulations define eligible land. The criteria that apply to the current principal schemes are the same as those for the predecessor schemes, so there is no question of moving the goal posts. The key point is that the land must be capable of having agricultural activity undertaken on it. I dare say that most people here read the letter from the Scottish Government's chief agricultural officer in *The Scottish Farmer*, saying that if you can graze it or mow it, you can claim it. That is the kind of fairly basic eligibility that has not changed.

Another point that was raised in the debate was about the information that is available to farmers. The application forms, for which the submission deadline was 17 May and on which all subsidy payments depend, have their own notes for guidance. The forms were issued to farmers on 15 March. The single farm payment scheme notes for guidance were issued separately, albeit later than had been planned. We have accepted that as a problem, and officials have apologised for that. I reassure members that lessons will be learned from the experience and used in the production of future scheme guidance. However, farmers were allowed to change land use declarations up to 30

May. The problem is that, notwithstanding that, the EU auditors now have their beady eyes on us, so the kind of amnesty suggested would just open us up to disallowances, as I said. We can undertake only very limited movement to try to do the kind of things to which people have referred.

Liam McArthur, I think, mentioned the red tape agenda. He is right to refer to that, because we grapple with it all the time. I am advised that land and farming inspections to confirm eligibility have reduced from 1,800—perhaps it was 1,500—to 1,100 per year. We are therefore making some inroads. It may not be fast enough or as much as one would hope, but at least we are getting there.

The Scottish Government's ambition is to see a sustainable farming industry that is supported by its full share of the available agricultural support. The very best of Scottish farmers are already very good at compliance. The challenge to us as a Government is to continue to work to ensure that their obligations are proportionate. We are, in fact, doing that as much as is open to us.

I hope that we can now rely on the support of the UK secretary of state and, indeed, on the rest of the industry to come up to the standard of compliance that is achieved by the very best of their fellow farmers and crofters. Everybody needs to keep it in mind, however, that we do not have a free hand; we have to comply with EU rules as much as anyone else does.

Meeting closed at 17:39.

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