



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 7 September 2011



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**ECONOMY, ENERGY AND TOURISM COMMITTEE**

**4<sup>th</sup> Meeting 2011, Session 4**

**CONVENER**

\*Gavin Brown (Lothian) (Con)

**DEPUTY CONVENER**

\*John Wilson (Central Scotland) (SNP)

**COMMITTEE MEMBERS**

\*Chic Brodie (South Scotland) (SNP)

\*Rhoda Grant (Highlands and Islands) (Lab)

\*Patrick Harvie (Glasgow) (Green)

Angus MacDonald (Falkirk East) (SNP)

\*Mike MacKenzie (Highlands and Islands) (SNP)

\*Stuart McMillan (West Scotland) (SNP)

\*Anne McTaggart (Glasgow) (Lab)

**THE FOLLOWING ALSO PARTICIPATED**

\*Jim Eadie (Edinburgh Southern) (SNP) (Committee Substitute)

\*attended

**CLERK TO THE COMMITTEE**

Stephen Imrie

**LOCATION**

Committee Room 5



## Scottish Parliament

### Economy, Energy and Tourism Committee

*Wednesday 7 September 2011*

[The Convener opened the meeting at 09:31]

### Decision on Taking Business in Private

**The Convener (Gavin Brown):** Good morning, everybody, and welcome to the fourth meeting in this session of the Economy, Energy and Tourism Committee. This is our first formal meeting after the recess and I welcome back all members. I welcome in particular Jim Eadie MSP, who is substituting today for Angus MacDonald.

There are six items on the agenda today. Item 1 is a decision on whether take item 6 in private. Item 6 is related to draft budget scrutiny—we will discuss potential candidates to be our budget adviser. On the basis that we will discuss individuals and whom we are going to select, the standard proposal is that we take the item in private. Are all committee members agreed with that?

**Members** indicated agreement.

## Work Programme

09:31

**The Convener:** Item 2 is our work programme. We had our business planning day in the Parliament on Tuesday last week. We spent the best part of a day with three panels—one on the economy, one on energy and one on tourism—and discussed the various aspects of our work. Afterwards, we had a discussion about what we will do in the short term and what we will look at in the longer term.

A paper has been produced that summarises the bulk of the things that we agreed. It is not meant to be an exhaustive list, nor is it meant to be a minute of everything that we discussed, but it mentions the three short-term priorities that we agreed: to respond to the Independent Commission on Banking; to hold an inquiry into the renegotiation of business gateway contracts; and our approach to the draft budget and spending review.

The paper also mentions a number of other things that we want to look at in the longer term. We ask members to note what is in the paper as the basis of our forward work programme. Are there any things that members think have been missed from the discussion or things that we agreed that are not in the paper? As I say, the paper does not cover everything that we discussed, but are there glaring gaps in it? I seek members' views.

**Rhoda Grant (Highlands and Islands) (Lab):** We had some discussion about energy prices, following on from our evidence session before the recess. I think that we agreed at least to keep a watching brief on that issue, if not to get an update.

**The Convener:** We did. The issue of fuel poverty was raised by every member in the discussion afterwards, so I think that we should add that to the paper. The short-term part of it is covered under paragraph 5, which says that we will focus specifically on fuel poverty in the budget process. However, you are right that we discussed the matter more widely than that in the context of the impending winter, so we should add it to the paper—that is a fair point.

**Chic Brodie (South Scotland) (SNP):** We asked the power companies whether they would be part of a working panel to look at areas in which we might help to reduce fuel poverty. Is that covered by paragraph 5 or is it a separate element?

**The Convener:** If memory serves me correctly, that was your final question to the power

companies. You asked for a yes or no answer, and each of them answered yes.

**Chic Brodie:** I do not know whether the committee still feels that that approach would be advantageous, but I agree with Rhoda Grant that we need to keep tabs on the power companies, which operate totally independently.

**The Convener:** We can add that in. I suppose that at some point we can write to them to find out whether they have actually done anything in response to your question.

**Patrick Harvie (Glasgow) (Green):** I have a slightly longer-term question. Obviously, the specific short-term items will be enough to keep us busy for the first half of the year and perhaps a little longer. When do you intend to come back and revisit the longer-term questions, looking at the rest of this parliamentary year and the priorities for the longer-term—the two or three years after that?

**The Convener:** My gut response to that question is to say “Fairly swiftly”. That was the mood of the committee last week. We did not make decisions last week because the Government’s legislative programme comes out this afternoon and we wanted to see what is in it. There was at least a hint that we might get a meaty piece of legislation to look at—I think that that was the description. We will know fairly quickly what we are getting—if anything. Thereafter, even if we are given something big to look at, we can consider what to do afterwards as we will have a rough idea of the timetable. Therefore, although we want to consider the long term fairly swiftly, I suggest that we wait until we see what comes out today.

**Patrick Harvie:** Thank you.

**The Convener:** Are members happy to note the paper as our work programme?

**Members** *indicated agreement.*

## Independent Commission on Banking

09:36

**The Convener:** Item 3 follows on from the paper on the work programme. The Independent Commission on Banking is due to report on Monday next week. We discussed the issue at our business planning day last week, and a paper has been produced about how we might approach it.

Our response has to be fairly swift and produced in the short term. The paper sets out what a short inquiry might cover, whom we might take oral evidence from and whom we might seek written evidence from, and it lays out a timescale for submitting our views to the Treasury by the end of September. We are invited to discuss the paper to see whether there are any additions to it or different views on how we might tackle the inquiry.

**Stuart McMillan (West Scotland) (SNP):** The paper is an accurate reflection of what we discussed last week, but paragraph 6, which proposes who we should invite to provide evidence, misses out credit unions. It is important to get information from them, bearing in mind that they have had also to pay, due to what happened in the past.

**The Convener:** That is a perfectly fair point. They made some specific points in our banking inquiry, and we can add some to the list of people to whom we will write to ask for evidence. If members have any specific credit unions in mind from their own constituency or region, I ask them to inform the clerks.

**Chic Brodie:** I am not sure whether we touched a raw nerve last week, but I received a communication from Michael Crow at RBS to explain the rationale behind some of the answers that we were given. I do not know whether everyone else received it; if not, I will copy it round the committee.

**The Convener:** I have had something. I think that each MSP may have been sent something, but—

**Chic Brodie:** It was specifically in response to the questions that we raised with Stephen Moir. I will copy it round anyway.

**The Convener:** Yes. Copy it round, and if it is duplication we can just delete the e-mail. Thank you.

Are there any other comments or things that we need to add into the work on the Independent Commission on Banking? Are there any glaring errors other than the one that Stuart mentioned?

**Members:** No.

**The Convener:** Okay. Are members content with the timetable and course of action?

**Members** *indicated agreement.*

## Business Gateway Inquiry

09:39

**The Convener:** Item 4 is on the business gateway inquiry in relation to the contract renewal process. Again, a draft approach paper has been sent round committee members in advance. We agreed that we would look at the issue following a number of submissions and comments. The terms of reference and proposed remit are set out in the paper, along with prospective witnesses and a rough schedule. Does anyone want to comment?

**John Wilson (Central Scotland) (SNP):** The only thing that is missing from the paper before us is a request for written submissions. We seem to be going to the usual suspects and do not seem to have any way of getting the experiences of those who have attempted to use the business gateway and who have had an adverse reaction from it, if I can put it that way. It would be useful if we could call for written submissions to see whether we get any feedback from individuals or organisations that have tried to use the business gateway and have found it difficult or virtually impossible to do so.

**The Convener:** I agree. I had a very brief discussion about that with our clerks in the minutes before the meeting. The paper does not say that we will seek written evidence, but the understanding was that we would do that. You are right—we should definitely seek written evidence, especially given the short timescale that we will be working to.

**Stuart McMillan:** Bullet point 6 in paragraph 10 asks:

“How can the contracts be designed to promote consistency of service provision across the country?”

That is certainly one of the main concerns that members had in last week’s discussions, but I do not know how we can ensure that there is consistency of service provision across the country, because it is people who deliver the service. A framework can be put in place and the same set of criteria can be used across the country when staff are recruited, but it is individuals who deliver the service, not machines, so I do not know whether we will get an answer to that in our inquiry.

**The Convener:** Maybe the use of the word “consistency” is not quite right. There is not meant to be identical treatment across every local authority because there are local differences and flexibilities are required. I think that what that bullet point is getting at is that there ought to be a basic minimum standard that anyone who uses a business gateway service is entitled to expect.

There are bound to be differences, so maybe the wording needs to be amended.

**Jim Eadie (Edinburgh Southern) (SNP):** Consistency is not the same as uniformity.

**The Convener:** We do not mean “uniformity”. We should do some rewording to ensure that there is absolute clarity.

**Rhoda Grant:** John Wilson’s point was about contacting businesses that have used the business gateway, whether their experiences have been good or bad. Frankly, I do not think that businesses—we are talking about small businesses—are sitting watching our web page. A start-up business may not have joined the Federation of Small Businesses. Maybe we could draft a wee press release to put out to the local papers to let businesses know what we are doing and to encourage them to participate.

**The Convener:** I am surprised and disappointed to hear that you think that people are not sitting watching our meetings or reading the *Official Reports* of them.

You are right. We will be speaking to the FSB, which will tell its members what we are doing, but there will be businesses that have just started up that are not members of the FSB or a similar organisation. Issuing local press releases is a good idea. In addition, members will know from their mailbags and inboxes of businesses that are unhappy with the business gateway, as well as of businesses that are happy with it. We can assist in ensuring that the voices of those businesses are heard.

**Patrick Harvie:** Looking at the list of potential witnesses, I wonder whether there is any possibility of finding someone who does not have a direct interest in the current support system but who, perhaps from an academic point of view, has looked at comparable systems in other European Union countries, say. It might be useful to get an overview from someone who does not have a direct interest in the system.

**The Convener:** Yes. If anyone can suggest people who might fall into that category, please feed that information in and we will see whether we can add them to the list of witnesses in the proposed timescale.

09:45

**Mike MacKenzie (Highlands and Islands) (SNP):** What concerns me in general is that it seems to me, as a new member, that there is a tendency to be a bit anecdotal and subjective about all this stuff. When we get witnesses in they give us their perspective. I would be much more interested in looking at hard data and economic data, if any were available, that allow us at least to

begin to form a view on how effective the business gateway has been and to monitor any progress in the future, instead of taking an anecdotal approach.

**The Convener:** That is right. We always want what is called “best evidence”, and in many cases hard data is clearly best evidence. In the past our problem has been getting that hard data. In many instances it simply does not exist or, if it does exist, people are not willing to tell us about it. We have come up against that issue a number of times, but you are right that any hard data that we can get will obviously make it a better inquiry. We will make that specific point in the request for evidence.

**Chic Brodie:** I have two points. I agree with Patrick Harvie that the witness list is perhaps a bit narrow and does not allow us to get some real objectivity, which is what we are trying to do with small businesses and start-ups. We got the “Business Gateway National Evaluation and Future Arrangements for the Delivery of Business Gateway” from ecogen, which has a lot of facts—or so-called facts—in it. It would be instructive to have that organisation in to give evidence, because although the report is a good read if you want to go to sleep, we need to question some of the bias that is in the system.

I also agree with Patrick that we need to get a bit more objectivity about what we are trying to achieve with the business gateway. The Scottish local authority economic development group is important. I would also like to get a view from Scottish Enterprise—I know that it is in the premier division as opposed to division one. It would be helpful to get information on how the matter is viewed now, after the business gateway and Scottish Enterprise split up.

**The Convener:** We can add Scottish Enterprise and others to the list for written evidence. What the committee is up against is the timescale. If we had been doing this six or seven months ago, we could have spent a good couple of months on it, had everybody in and done a more comprehensive piece of work. When we discussed the issue at the business planning day we faced the prospect of doing nothing at all or carrying out a fairly short, focused inquiry so that what we say can have influence and make some difference. We should cast our net as widely as we can, bring in everybody that we can and do the best job that we can, given the timescale.

**Chic Brodie:** I understand that, but the danger is that we will have a short, focused look at the business gateway that does not promote some of the fundamental changes that I believe are necessary, given the experiences and communications that I have had, and that we will



roll the thing over and carry on for another three years with the same or similar contracts.

I would like to see something in the terms of reference about how outcomes will be established for the business gateway—that would answer one of Stuart McMillan's questions—and who sets them. With all due respect to local authorities, some are good at setting outcomes and some are not, and some local authorities know about business and some do not. We need to look at what is expected of the business gateway, who will establish the outcomes and how that will all be measured and monitored.

**The Convener:** On the specifics, who are you saying we should invite in or seek evidence from who is not on the list?

**Chic Brodie:** If we can and if we have time, I would like us to invite ecosgen—

**The Convener:** Ekosgen.

**Chic Brodie:** And Ecorys—whoever produced the report to which I referred; I see that three companies were involved.

An input from Scottish Enterprise might also be worth while, although I take Patrick Harvie's point that it is maybe too close and that we need somebody who can stand back and say, "This is what has been successful elsewhere."

**The Convener:** We will take those suggestions on board. The suggestion to invite Ekosgen, as the author of the report to which you refer, is particularly helpful.

**Mike MacKenzie:** A further area of inquiry that strikes me as having some merit is to seek evidence of how far local authorities' being responsible for the business gateway and business start-ups has made local authorities' policy and practice more business friendly, particularly towards start-up businesses. The major change is that that work is now being undertaken by local authorities, whereas previously it was undertaken by the enterprise agencies. Part of the underlying thought behind that change was that it would make local authorities more business friendly. It would be interesting to take evidence—if any evidence were available—to see whether there has been any effect in that regard.

**The Convener:** I commend to you the previous committee's report. We conducted a full inquiry into the changes over about six months, taking a wider perspective on whether they had worked. If you have not seen that report, it would be worth your reading it.

On the specific inquiry into business gateway contracts, if we go much wider than the given remit in the timescale that we have, there will be a

risk that we will end up not saying anything concrete. Nevertheless, your point is definitely one to keep an eye on.

**John Wilson:** If we are going to ask Scottish Enterprise to participate in the inquiry, it is incumbent on us to ask Highlands and Islands Enterprise to participate as well. I have said it before and I will say it again: the two organisations have had a different ethos in working with communities, organisations and businesses. I know from experience that Highlands and Islands Enterprise has had a more localised approach to development, whereas Scottish Enterprise is—as, I think, Chic Brodie described it—in the premier league. It would be useful for us to do that, but I do not know how we can extend that invitation without having panels that are too large for us to deal with.

That brings me back to my earlier point about written submissions. If we ask organisations that are coming to give evidence to make written submissions before they do so, that will help us to pick out some of the pertinent questions that we may want to ask them. There are a number of issues that we should be developing and taking forward, hopefully influencing the future agenda of the business gateway.

**The Convener:** You are right that HIE will have a slightly different perspective on the matter for the reason that you outlined, but also because the contracts were not transferred to the HIE areas until six months or a year later. There was a different timescale initially, so HIE may well have a different perspective on the matter.

**Anne McTaggart (Glasgow) (Lab):** I want to go back to a point that Mike MacKenzie raised earlier. I am one of the new kids. Has the norm been for the process to run from the end of September to the end of the next September? Is it a full year's process? Who will monitor the people who are currently providing the service in the community? I am well aware that they will be trying their best to win the contract again, but who will monitor the quality of the service? A year is a long time for staff to be devoted to trying to win the contract.

**The Convener:** Do you have a specific suggestion or proposal?

**Anne McTaggart:** Does the Scottish Executive look at that? Does it monitor the quality of what is being delivered out in the community?

**The Convener:** I am looking at our terms of reference again. The last bit in the second-last bullet point asks:

"Are there cost implications of re-tendering or a potential for disruption to service delivery?"

We will ask that question specifically in the letter that we will send out asking for evidence. Would that take care of some of your point?

**Anne McTaggart:** Possibly—sorry.

**The Convener:** The terms of reference are not exhaustive.

**Anne McTaggart:** Has the process always been a full year? Could it be reduced to make it more effective?

**The Convener:** Well, we can ask that question. I do not know the answer to your question on the exact timescale. This is the first retendering of the business gateway contracts since the move, so there might not be an answer to your question, but we can ask it.

**Anne McTaggart:** Thank you.

**Rhoda Grant:** Anne McTaggart was talking about quality. In seeking written submissions we should perhaps ask how quality is currently measured, so that we can see the peaks and troughs that occur during the retendering process.

**The Convener:** Okay.

**Chic Brodie:** I know that the minister is coming to give evidence. As someone who believes that business gateways should—at least in some way—dovetail with local and national strategy, I think it might be instructive if he provided us with the outline of the Government's business strategy first, so that we can see who is complying with it and who is not.

We will have that from SLAED—or the various elements of it—as well. It is a small point, but we need a canvas on which to pin where we think the business gateways are, which might be helpful in terms of knowing where they fit in the jigsaw.

**The Convener:** You would like to see that in written evidence from the minister before he comes in.

**Chic Brodie:** Yes.

**The Convener:** Okay. I thank everybody for their helpful suggestions. We have boosted the inquiry slightly and it will be quite a good one. Are members content to proceed along the lines that have been set out, coupled with what has been added?

**Members** *indicated agreement.*

## Business in the Parliament Conference and Scottish Trades Union Congress Seminar

09:56

**The Convener:** Item 5 is really two items: the business in the Parliament conference, and the joint seminar with the Scottish Trades Union Congress. I will take them in the order in which they are mentioned in the paper that has been circulated, dealing with the conference first.

There have been discussions involving our clerks, Scottish Government officials, business organisations and others, and it is proposed that the next conference will be held in May of next year. A theme focused around entrepreneurship and internationalisation has been thought up and developed by those on the steering committee, with the idea of looking specifically at the step-by-step stages of company growth. It is for members to look at the clerk's paper and see whether there are any specific concerns or comments that they want to feed in, and then to invite the convener and clerks to take things forward.

**Rhoda Grant:** I have a question about context. I am new to the committee, so this is the first time that I am considering the issue. It struck me from reading the paper that the conference is very much a Government-led initiative, and that we are being consulted on it. When we discussed it before, it appeared to be a committee-led initiative, so I want to know what our role is.

From looking at previous programmes, it appears to me that the conference consists of sessions led by Government and not so much by the committee, and to focus very much on Government. I am puzzled as to how the conference comes together. I am not taking a negative point of view; I just want to be clear in my mind about what we are trying to do and what our role is.

**The Convener:** It has certainly struck me before that the conference is very much a joint event involving Government and Parliament—specifically this committee, but also the wider Parliament, in that every MSP is invited to attend and to nominate a business in their constituency or region to take part.

In my view, the event involves Government, Parliament and the business community. The term “business community” is defined widely, as it covers not just profit-making businesses, but anyone who is involved in any type of enterprise, whether it is profit making or not. The STUC has been involved too, as have colleges, universities and so on. It is meant to be a joint initiative.

In the past, the committee has not in practice dealt with that much of the detail in terms of deciding exactly how the timetable will work. A broad theme has been approved, and the work has then been delegated to the clerks to take forward.

It seems from looking at the programme for the previous event that about half of the discussion sessions were led by a Government minister and half by a member of this committee. There was also a panel session to which three or four members of the committee and two ministers contributed. It is meant to be a joint event.

10:00

**Chic Brodie:** I want to stress internationalisation. In a previous life, I attended two of these conferences and found them to be very good. I am not saying that it was only the great and the good of Scottish finance who were there, but given the overall situation—indeed, given the implications of the current international economic and business situation—I wonder whether we should spread our wings a bit and look to bring in renowned international businessmen, businesswomen and financiers to provide a different perspective on what we are trying to achieve.

**The Convener:** I have just been told privately that that has already been discussed and is on the cards. I think that if we are to discuss internationalisation what you say clearly makes sense.

**Chic Brodie:** And we should not aim too low with regard to the people we try to get.

**The Convener:** Agreed.

**Stuart McMillan:** With regard to internationalisation, will there be a focus on a particular sector, or will we just examine the wider economy? Thinking back to one of the reports that the previous committee undertook, I remember that at one point a couple of members had a eureka moment about the need to manufacture more. The issue is not so much the service economy or the financial sector; the fact is that we need to manufacture more. It is widely thought—indeed, this has been widely written about—that the economy can be improved by ensuring that we manufacture and sell more. However, exporting raises other issues such as payment dates. For example, when members of the previous committee visited Catalonia, we were told that one of the drawbacks with exporting there was that it can take up to a year to be paid. That might well put some companies off going into that market. We should not take a narrow perspective on this issue and instead ensure that we encompass all

aspects. Personally, I would like a large focus on the manufacturing sector.

**The Convener:** The proposal is to be as wide as possible for the simple reason that we want to attract as many delegates as we can from across the spectrum. If we picked only one sector, we would rule out the attendance of a lot of other people.

You make a perfectly reasonable point about manufacturing. Over the course of the day there might be at least six discussion sessions, some of which would break down into sectors. The issue might be an excellent one to run in a discussion session but, as I say, the proposal is to make things as wide as possible to ensure maximum uptake.

**Mike MacKenzie:** My point, which is also about widening things out, relates to the previous item. One problem seems to be the low rate of start-ups. I draw an analogy with the housing market, which stagnates when first-time buyers cannot get on to the first rung of the ladder. The same happens in business, and I hope that the scope of the event will include someone who can speak on that aspect of entrepreneurship.

**The Convener:** When you talk about first-time buyers, is that just an analogy? Are you talking about microbusinesses?

**Mike MacKenzie:** I am actually talking about start-up businesses. It was an analogy.

**The Convener:** I was just double-checking.

Again, with those helpful suggestions, are members content to allow us to continue with the preparations?

**Members indicated agreement.**

**The Convener:** As for the date of the event, which is to be held next May, my only comment is that the council elections are scheduled for 3 May. I guess therefore that if we want lots of MSPs to attend, the event will have to take place after that date.

**Stuart McMillan:** The paper says that more MSPs need to attend the event. I went to the previous conference. Such conferences are an opportunity for businesses—not only in the private sector but in all sections of the economy—to speak directly to MSPs and raise issues; the programme also has a structured element. I encourage as many MSPs as possible—not just from the committee but from the whole Parliament—to attend at least part of the event, because doing so is imperative to driving the Scottish economy forward.

**The Convener:** That is agreed. Step 1 is to set as soon as possible a date that people can put in their diaries months in advance, so that the fact

that the conference is on a Friday does not hinder their attendance. It is incumbent on committee members to speak to their groups and to ensure that everyone in their groups nominates a business and commits to turning up for as much of the day as they can.

Under the same agenda item, we move on to the proposed joint event with the STUC—information about it begins on page 2 of the paper that we just discussed. Our clerking team and STUC officials have discussed the event, which the STUC would like to take place in the week commencing 20 February next year, to coincide with trade union week.

The STUC has suggested four themes without stating a strong preference for one—they are presented as four equally good options. It is for us to consider the STUC's proposed timing and themes and to see whether we prefer one of the four themes, although we will ask the STUC whether it really wants one of the four themes. What are members' views on the timing and the suggested themes?

**Patrick Harvie:** I will speak up in favour of the first of the four options—I accept that they are not in order of priority in the paper. The question whether the Government's economic strategy is achieving what it set out to achieve is pretty central. The Administration is at the beginning of a new five-year term, so I am sure that it will consider over the next couple of months where its economic strategy is going and how it will develop in the next few years. I have mentioned the current review of the national performance framework, which is related to that question. I imagine that we will by February have much more sense of where that is going, so the timing might be useful. Such a discussion would be pretty central to issues in which the STUC, the trade union movement, the Government and the Parliament have a shared interest.

**The Convener:** So one member has a particular interest in the first option—growth versus the golden rules. Do any other members have preferences? I think that all four options are pretty good.

**Rhoda Grant:** I quite like the option that Patrick Harvie identified and the third option, which covers employment, given that we were told during our business planning day that employment provides a good way to gauge wellbeing and how the economy is doing. How to get people back to work, and how to get young people in particular into work, is one big issue that we face. However, I do not propose an alternative to the first option—I am torn between those two options.

**The Convener:** So you think that both those options are particularly good.

**Chic Brodie:** Given my background, I have a bias towards manufacturing. I mentioned internationalisation earlier. It is fine to look at the financial sector and the Scottish economy, but that cannot be done in a vacuum, given how we operate—although I hope that that will change. It would be instructive to look forward rather than back. Unemployment is critical, but we need to consider the Scottish economy and the financial sector in the grander scale of things and the knock-on effect of that on matters such as manufacturing and unemployment. I support the fourth option but with more consideration of international implications and looking forward.

**Stuart McMillan:** I like all four suggestions, but the two that stick out for me are the fourth and the second. I like the fourth option because the banking commission report will be published on 12 September and we have already discussed this morning the fact that we will keep an eye on it. I know that it will take time to put the event together, but I do not think that we should rule out that option if the seminar is to be held in February. On the manufacturing option, I return to the point that I made earlier: if we are going to move the economy forward, we have to manufacture and export more.

**Mike MacKenzie:** I have a strong preference for option 4, in as much as the failure of the banking system is the reason why we are in recession. That has occupied a certain amount of attention, but it is evident that we still do not have a banking system that is fit for purpose to support economic areas such as manufacturing. Until we get that system right, we will not solve the problems of the economy. It strikes me that we have made limited progress in getting a banking system that is fit for purpose, and that is where I think we should apply our focus.

**Rhoda Grant:** I would not say that option 4 is not important, but I ruled it out because we will be doing a short inquiry into the issue. We are focusing on it already, and the previous event focused on manufacturing, whereas the other two options are new, different and of equal importance. That is why I went for those two options rather than the ones on banking and manufacturing. We will be carrying out work on the financial sector in our own inquiry, so we could become repetitive, whereas the other options are equally important and need to be looked at.

**The Convener:** If there are no other specific comments, I propose that, given that the event is a joint one, we go back to the STUC to say that all four are good suggestions and to ask whether it is equally keen on all four or has one that it really wants to do. We can tie its response in with our remarks today and see which one comes out.

**Members indicated agreement.**

**The Convener:** That is the end of the public part of the meeting as we agreed to take item 6 in private.

10:12

*Meeting continued in private until 10:20.*



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