



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 19 January 2011

Session 3

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

Time for Reflection

The Presiding Officer (Alex Fergusson): Good afternoon. Our first item of business this afternoon is time for reflection. Our time for reflection leaders today are Mimi Evans-Agnew and James Clements, pupil and former pupil of Hyndland secondary school in Glasgow.

James Clements (Hyndland Secondary School, Glasgow): Presiding Officer, ladies and gentlemen, we thank you for the privilege of delivering this time for reflection. My name is James Clements, and beside me is Mimi Evans-Agnew. I am a former pupil at Hyndland secondary school in Glasgow, where Mimi is currently completing her studies. In September 2009, we were given the opportunity to visit Auschwitz-Birkenau as part of the Holocaust Educational Trust's lessons from Auschwitz project. For both of us, what began as an historical trip turned into a quite incredible emotional journey that forced us to explore what it means to be a human being and a member of society.

The camp is very difficult to describe to those who have not been there, and not just the physical attributes, but the feeling of the place. There were glass cases full of human hair, shaved from the victims and bought by German companies to make cheap clothes. Perhaps the most poignant of all were the children's barracks, where the gaudy murals on the walls contrasted dramatically with the utter bleakness of the surroundings. Those are things not easily forgotten, because they say so much about the capacity of humankind for hate.

The trust organised for us to hear Zigi Shipper, a Holocaust survivor, speak. He described how the course of his life was changed forever by the events of the Holocaust and how, aged just 14, he found himself in Auschwitz. Much more than figures and statistics, such stories show how catastrophic the Holocaust was, but they also illustrate how individuals can transcend tragedy and take something positive from it. Above all, they remind us of the infinite power of hope.

Mimi Evans-Agnew (Hyndland Secondary School, Glasgow): Ladies and gentlemen, the theme of this year's Holocaust memorial day is untold stories. The vast majority of victims were

Jews, but we must not forget the other groups who were persecuted by the Nazis, such as political opponents of the Nazi regime, homosexuals, Roma and Sinti, who also have stories that are too often left untold. There will of course come a point when there are no survivors left and therefore no one to tell their stories. For every one story that is recorded in literature or film or through families, many thousands remain, and will forever remain, untold—children whose voices were snatched away from them in the coldest, cruellest way imaginable.

At least 1.1 million people were systematically slaughtered at Auschwitz alone. The most poignant part of visiting the camp for us was that it made that rather abstract number into real flesh and blood. We saw photos of people and families laughing, smiling and loving one another. Imagine those were your family snapshots; now imagine that that is all that is left of them.

Holocaust memorial day is next week. We need to ensure that the Holocaust never becomes an untold story, no matter how uncomfortable it is to retell. The Holocaust exposes the worst of humanity, but only in remembering can we ensure that hate, intolerance and prejudice are never again allowed to thrive. I will end with some words that I remember from a rabbi whom I met on my trip, who said:

"In order to face the challenges of the future, we must address the past".

Domestic Abuse (Scotland) Bill: Stage 1

The Presiding Officer (Alex Fergusson): The next item of business is a debate on motion S3M-7719, in the name of Rhoda Grant, on the Domestic Abuse (Scotland) Bill. The debate is oversubscribed. If all members stick strictly to the time that they are allocated, we will manage to fit everybody in.

14:05

Rhoda Grant (Highlands and Islands) (Lab): It gives me great pleasure to speak to the motion that asks the Parliament to support the general principles of my bill, the Domestic Abuse (Scotland) Bill. I am hugely grateful for the help that I have received in taking the bill this far. It has taken a long time to get here.

After the last election, I had lunch with Maureen Macmillan. As we chatted about what she would do with her time, she said, "Rhoda, there is a little thing that you could do for me." She went on to explain that, to her mind, there were some gaps in the Protection from Abuse (Scotland) Act 2001. Although that act was introduced as a committee bill, Maureen had proposed it and was instrumental in steering it through the Parliament. The next time that Maureen asks me to do a little thing for her, I will be a lot more wary. That said, it did not take long for her to persuade me that something had to be done. I embarked on the bill way back then.

I am grateful for the support of the Justice Committee and the Minister for Community Safety on sections 1 and 3 of the bill, the evidence in support of which was overwhelming. Section 1 makes non-harassment orders, which provide robust protection for victims, much easier to obtain. Current civil non-harassment orders are granted only when a course of conduct can be shown, which means two or more instances of abuse. I am clear that one instance of abuse is one too many; protection should be available at that point.

Section 3 makes the interdicts that protect a victim of domestic abuse more robust with powers of arrest. Currently, when those interdicts are breached, it is left to the victim to pursue the abuser through the courts for contempt of court. That is not tenable, when the victim is afraid for their life. Section 3 makes a breach of those interdicts a criminal offence, so any breach will be dealt with by the police and the criminal courts; the victim's role will be that of a witness. That removes the stress and onus from the victim and provides the police with the tools that they need to deal quickly and effectively with on-going abuse. In

2009-10, 57 per cent of cases that the police recorded were repeat offences. Stopping repeat offending will protect the victim and be of benefit to the police and, ultimately, the public purse.

Sections 2 and 4 are more controversial. Section 2 provides legal aid without the need for contribution from victims who are seeking the protection of these orders and interdicts. Section 4 defines domestic abuse. Although the vast majority of victims qualify for legal aid, particularly following the increase in the income allowance, a small minority do not. Some victims who flee abusive situations have no access to the documents that prove that they are eligible for legal aid. In those cases, victims are often unable to take out orders for their own protection. Also, those who do not qualify on financial grounds may not have access to their own money or property.

The very nature of domestic abuse is an abuse of power. Normally, it starts with controlling behaviour that may not amount to physical abuse. Alienating friends and family and removing financial independence and the freedom to interact with other people are all examples of such behaviour. Those steps, along with undermining self-esteem and independence, prevent the victim from seeking help when the violence begins. At the point of flight, very few victims have control over their finances. Victims are also afraid to access bank accounts for fear that they may leave a trail that could lead the perpetrator to them.

Section 2 removes the barriers that people face in seeking and obtaining the protection that they need. Neither the committee nor the minister is keen on the solution that I have proposed in the bill. I am eager to hear alternative approaches that will provide the same protection in the situations that I have outlined.

Robert Brown (Glasgow) (LD): As the member rightly points out, this is a controversial area. Perhaps the way to tackle it would be to deal with the practical issues that relate to the Scottish Legal Aid Board. For example, there may be ways of tackling people's inability to access their own resources. Indeed, that may already have been taken account of. Would that not be a more fruitful way of doing things than to unbalance the legal aid system?

Rhoda Grant: I do not believe that what I propose would unbalance the legal aid system. However, I take on board the member's comments. I have been in talks with the minister on this point to try to find solutions on which the whole Parliament can agree and that will provide people with the protection that they seek while the needful provisions of the bill continue to progress through the Parliament.

Section 4 is probably the most controversial section of the bill for those who enthusiastically support the bill's aims. The definition of domestic abuse that is currently in the bill is wide, and most supporters are keen for it to be narrowed or removed. The only definition that can really be agreed to is the current definition in guidance, but it is almost impossible to draft that legally. I therefore have two options: to remove the definition to allow the normal meaning of the term to be used, or to attempt to redraft the definition.

There are problems with both approaches. Withdrawing the definition is workable but would leave the bill open to interpretation, which would mean that, ultimately, domestic abuse would be defined by case law. However, providing a definition is also tricky. Defining abuse is not really an issue, because it has already been defined in the Protection from Abuse (Scotland) Act 2001. The problem comes when we try to define domestic. Many would argue that it covers only those who cohabit in some form, if it is used with its ordinary meaning. However, we know that domestic abuse can occur in relationships that have not yet reached the stage of cohabitation and that it happens after relationships have ended. At the moment, I think that we should remove the definition and include in the bill a name for interdicts relating to domestic abuse, which would make them quite different from other interdicts that may be sought.

I am interested in hearing members' views on the most controversial elements of the bill—sections 2 and 4. I believe that the aims of those sections are just as important as those of the other sections in the bill, but I enter the debate with an open mind on how we can achieve them. If the Justice Committee or the Parliament vote down section 2 at stage 2 or stage 3 without taking steps to find a solution to the problems that the section seeks to address, we will leave victims with no protection. None of us would wish to find ourselves in that position.

I move,

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

14:12

Bill Aitken (Glasgow) (Con): An evaluation of all Scottish civil protection orders was carried out in 2003 and identified problems, which fell into two main categories: access to justice and a failure to provide a robust response to breached orders. The bill attempts to address those problem areas in relation to domestic abuse.

The Justice Committee met on four occasions to consider the bill and to take oral evidence from witnesses, who included representatives of

several women's aid organisations, the Law Society of Scotland, the Association of Chief Police Officers in Scotland, the Crown Office, various legal representatives, the Scottish Government and Rhoda Grant MSP. I also visited the domestic abuse court in Glasgow. I am grateful to Sheriff Raeburn for taking the time to discuss with me the work that the court undertakes. I thank all those who gave evidence to the committee and congratulate them on the quality of that evidence. At this juncture, I also thank members of the clerking team, especially Anne Peat, for all their work on the bill.

With regard to access to justice, the bill inserts a new section in the Protection from Harassment Act 1997 to remove the requirement to show a course of conduct before a non-harassment order is granted in civil proceedings involving domestic abuse. That will bring civil provisions into line with criminal provisions and remove the requirement for a victim to go through a period of repeated abuse before being able to access an order. Evidence received by the committee showed wide support for the proposal.

There was some debate in the committee about the meaning of the word "harassment" and whether it implied that the conduct would have to occur on more than one occasion. After discussion, the committee came to the conclusion that the conduct would not have to take place on more than one occasion—an opinion shared by the minister, who declared that he was "reasonably satisfied" after considering the matter at length.

While agreement on the new section was reached without much difficulty, section 2 was a bit more problematical. It seeks to amend the Legal Aid (Scotland) Act 1986 to make legal aid available without means testing or the levying of a contribution in respect of all applications for an interdict with a power of arrest or for a non-harassment order, where domestic abuse is involved. The committee felt that there were a number of problems. It appears that, if the financial eligibility test for civil legal aid cases involving domestic abuse is removed for pursuers, it would contravene article 6 of the European convention on human rights and the principle of equality of arms. Much of the evidence to the committee suggested that removing that test for pursuers would create an obligation to remove it for defenders, too.

Rhoda Grant stressed that section 2 would not create an automatic right to legal aid for pursuers of civil protection orders, as pursuers would still have to show that they had a legal basis for the case in question, and that the case was reasonable. Despite her assurances, the committee came to the conclusion that section 2

would not represent equality of arms. Consequently, it would contradict the approach of the Scottish Legal Aid Board, which is to provide said equality. The committee is not persuaded that arguments contrary to that have any substantial merit.

With regard to section 2, at a fundamental level, it was argued whether the removal of the means test would represent an efficient use of public expenditure in the current climate. Concerns were also raised about the pressure on the civil legal aid budget.

Victims of domestic abuse deserve quick, robust and effective legal protection and access to justice, either through the criminal law or through civil remedies. The committee recognises that, in some cases, there must be adequate access to legal aid for that to be provided.

The committee agreed with various witnesses that singling out domestic abuse cases as requiring special treatment compared with other family law cases could be problematic. The committee shared the concerns of witnesses in that respect and, in the light of those concerns, we made the decision not to support the progression of section 2 into statute.

I will move on to the current failure to provide a robust response to breached orders. Section 3 makes it a criminal offence, with powers of arrest, to breach an interdict in domestic abuse cases. That new criminal offence will be punishable on summary conviction by imprisonment for a term not exceeding six months or by a fine not exceeding the statutory minimum. Section 3 was generally welcomed, and it is common sense. It will give victims the additional protection that is necessary and send out a strong message that Scotland is taking robust action to address the problem of domestic abuse.

In many cases, the granting of an order will be sufficient to deter offending behaviour, but we require to reassure ourselves that we are doing everything possible and that the powers of the courts are adequate. The low uptake rate in relation to breach of interdict cases suggests that the current measures are not adequate. In the words of the Crown Office:

“At times, the current process can seem a bit toothless.”—[*Official Report, Justice Committee*, 26 October 2010; c 3643.]

The committee therefore fully supports a criminal sanction for breach of a domestic abuse interdict being put in place to give victims proper protection. The committee is of the opinion that, when that measure is implemented, the criminal standard of proof, together with corroboration, must apply.

The final substantial section of the bill, section 4, defines in statute what constitutes domestic abuse. Currently, no statutory or common-law definition exists. The member in charge, Rhoda Grant, has highlighted the difficulties that can be caused by that. From the evidence, it was quickly apparent that the proposal had sparked a range of views. We look forward to the discussions that will take place at stage 2 and, we hope, a reconciliation of the problem.

14:18

The Minister for Community Safety (Fergus Ewing): I congratulate Rhoda Grant on introducing the bill, and I should perhaps also congratulate Maureen Macmillan on what appears to have been an extremely effective—not to mention ingenious—piece of delegation of all the hard work to Rhoda Grant. I also thank the Justice Committee for its work, which has been extremely useful for the consideration of the bill.

Domestic abuse is abhorrent, repellent and a stain on Scotland. There has been a change in attitudes over the years, but we still have a very serious problem. In 2009-10, the police recorded 51,926 incidents of domestic abuse. That is a shocking figure, which shows why we need to consider further legislation.

The Government supports section 1, which removes the need to show a course of conduct. I am grateful to the committee for its summation of the evidence in that regard, including that from Scottish Women's Aid, which argued that the existing law is both ineffective and inaccessible.

We have concerns about the costs and other aspects of section 2, as Rhoda Grant said. For that reason, we do not support section 2, nor, indeed, does the Justice Committee. We agree with the reasons that the committee's convener set out in his exposition.

Section 2 seeks to remove the legal aid means test when applicants are seeking a protective order to tackle domestic abuse. SLAB advised us that the potential costs are hard to estimate. We estimated the costs on the basis of rises in the number of orders sought. If demand for orders increased by 10 per cent, the estimated extra cost would be £529,000; if the increase was 20 per cent, it would be £725,000; and if the increase was 50 per cent, it would be £1.3 million—a not inconsiderable sum. Those arbitrary rates of increase were selected at random by SLAB to give an indicative figure for what the extra costs might be. The increase in demand for orders could be much higher than 50 per cent. It is ironic that the more effective the legislation is, the greater the cost will be.

It might be that people are currently put off from raising actions because of misunderstanding and unnecessary fears about whether legal aid will be available. I hope that we can address the matter by providing clearer information, and I have written to Rhoda Grant today along those lines. I will share that correspondence with the committee. We are anxious to continue the good working relationship that we have enjoyed with Rhoda Grant during the progress of the bill thus far, and we will seek to provide her with what further information from SLAB we can. I hope that that will address the point that Robert Brown made when he intervened during Rhoda Grant's speech.

Only a proportion of the costs would arise as a result of section 2 but, given the committee's report and the potentially very large overall costs, I urge Rhoda Grant to delete section 2.

We support section 3, on the criminalisation of breaches of domestic abuse interdicts with a power of arrest. We have pointed out some technical matters, which Rhoda Grant is considering, and we are happy to work with her and the committee on those points.

On section 4, the definition of domestic abuse is too wide. The committee's report tends to the conclusion that a definition is required. We also tend towards that view.

We continue to work with Rhoda Grant and the Lord Advocate and we very much hope that we can find a solution to those matters.

14:22

Richard Baker (North East Scotland) (Lab): I commend Rhoda Grant for introducing the bill. There is no doubt that rates of domestic abuse in Scotland remain unacceptably high and that further action needs to be taken to protect the victims of that crime. Too many people in our country, particularly women and children, live in fear of domestic abuse. That needs to change.

There has been progress through the domestic abuse courts, which were established during the previous session of the Parliament, and through the actions of the police and procurators fiscal in their approach to prosecuting the people who are responsible for domestic abuse. However, we need to do more. The bill will institute new measures, which will make a difference for victims of domestic abuse. That is recognised in the report from the Justice Committee, which once again has provided a fair and informed evaluation of a bill that it was asked to scrutinise.

It strikes me as important to remove financial impediments from people who would seek civil remedies against the activities of people who engage in domestic abuse, and it strikes me that

victims of domestic abuse are worthy recipients of legal aid. Those principles have driven Rhoda Grant's proposal to remove means testing for legal aid from domestic abuse victims who are applying to a civil court for an interdict with power of arrest or for a non-harassment order.

That approach did not win favour with the committee, although Rhoda Grant made it clear that in her view the bill would not create difficulties in the context of equality of arms between pursuer and defendant. I acknowledge the concerns of the committee and the Government about the legal aid budget in the current context of public sector spending, but I hope that progress can be made in subsequent stages of the bill, so that we can be reassured that no victim of domestic abuse will be excluded from taking action in the courts on the basis of financial capability.

The Labour Party did not support the Criminal Justice and Licensing (Scotland) Act 2010. An important aspect of that decision was the legislative presumption against custodial sentences of three months or less, and we remain concerned about the impact of that measure on the victims of domestic abuse. However, we supported the Scottish Government's proposals to remove the requirement to show a course of conduct amounting to harassment for criminal non-harassment orders, as we believed that it would benefit victims of such offences.

In the same way, the bill removes the same requirement for the granting of a non-harassment order in civil proceedings that involve domestic abuse. That, too, will benefit victims of abuse, who will not now have to suffer a series of offences before they can obtain such an order.

The proposal in section 3 to make it a criminal offence to breach an interdict with a power of arrest in domestic abuse cases also gives further protection to victims, provides further penalties for offenders and should receive support.

Both those proposals require a definition of domestic abuse or the approach that Rhoda Grant described in her opening speech. However, I appreciate that there is further dialogue to be had between her and the minister on that, and I hope that matters can be clarified at stage 2. I welcome their continuing dialogue on the bill.

Although the committee does not agree with the legal aid provisions, the stage 1 report shows that we can achieve parliamentary consensus on other important measures that are proposed in the bill. I hope that we will do so and that the bill will proceed. If it does, it will represent another important step forward as we seek to do more to tackle domestic abuse and offer better protection in the law for domestic abuse victims in Scotland.

14:26

John Lamont (Roxburgh and Berwickshire) (Con): Like others, I pay tribute to Rhoda Grant for bringing this important bill before us.

Of course, we would all rather that we did not have to debate how to tackle domestic abuse in our society. However, the sad fact is that it has become an all-too-regular part of Scottish society. Indeed, the police currently record on average 142 incidents of domestic abuse each day, despite the efforts of many—including Government agencies and voluntary groups—to raise awareness of domestic abuse.

Because domestic abuse still pervades too much of our society, it is right that we support the main policy objectives of the bill: to increase access to justice for the victims of domestic abuse and to enable the police and prosecutors to provide a more robust response to breached civil protection orders, which, in turn, may deter abusers from further abusive action.

The Conservatives believe that much of the bill will provide additional protection to victims and send out a strong message that Scotland is taking strong action to address domestic abuse. Therefore, we support its general principles and will support it at decision time.

I will highlight one issue about which we have concerns: it is important that we state exactly what is meant by domestic abuse. Scotland's national strategy to address domestic abuse recognises that domestic abuse can take the form of physical, sexual or mental and emotional abuse. That is important when we remember that we need to tackle not only domestic violence, but the various types of controlling behaviour that can have a terrible effect on relationships.

Section 4 provides a statutory definition of domestic abuse. There needs to be clarity in the definition, particularly as it might result in criminal sanctions. The Law Society of Scotland has expressed a number of concerns about the proposed definition, particularly in relation to the inclusion of the phrase:

“an established relationship of any length”.

We are sympathetic to the Law Society's view that the definition should perhaps be removed altogether and, instead, the courts should use the broad definition contained in the Protection from Abuse (Scotland) Act 2001 and the broader general dictionary definition.

Although figures show that there has been a 4 per cent decrease in incidents of domestic abuse in the past year, the scale of the problem is still staggering. The police recorded more than 50,000 incidents of domestic abuse in 2009-10.

Anyone can be a victim of domestic abuse, regardless of ethnic background, income, gender or age. However, the statistics tell us that the vast majority of domestic abuse incidents are perpetrated by men against women. As is often the case, such figures do not paint the full picture of the consequences of such behaviour. Each incident is harrowing for the victim and can ruin relationships. Domestic abuse also affects others—particularly children, who often witness the abuse and can be left with massive emotional and sometimes physical scars.

I hope that the debate signals that more action to tackle the problem of domestic abuse is required and that the Parliament is taking it.

14:30

Robert Brown (Glasgow) (LD): I, too, congratulate Rhoda Grant on taking the bill successfully through to stage 1. Doing so takes considerable work and skill, to say nothing of persistence. The bill is on a topic that continues to be anxious and complex. Levels of abuse between partners are worryingly high across Scotland.

The bill tackles tricky legal and practical issues with its aim of improving the recourse that is available to victims of domestic abuse, who are primarily—but not always—women. The Parliament has a clear commitment to a zero-tolerance approach to domestic violence, and the bill will enhance the legal protections that are available.

The Justice Committee was right to recommend rejection of the legal aid provisions in section 2, which seek to allow pursuers to have state-funded legal aid in domestic abuse cases regardless of their means. The section does not meet tests of equality of arms and it proceeds broadly on a false basis. However, scope exists to improve arrangements when people have practical issues such as difficulty in accessing money. That could be dealt with through the Scottish Legal Aid Board.

The legal aid issues are one matter, but the reforms that sections 1 and 3 suggest are a different story. Those sections will fill significant gaps in the armoury of protections that are available to the victims of domestic abuse. Section 1 brings the law on the requirements for civil non-harassment orders into line with the criminal law. I retain doubts as to the difference that removing the requirement to prove a course of conduct will make in practice, because it will still be necessary to establish that the course of behaviour that is complained of is likely to continue, but the change is nevertheless helpful.

The substantial provision in section 3 is the main element of the bill. It makes breach of an interdict to which a power of arrest is attached a

criminal offence in its own right. I know from my experience as a solicitor in matrimonial cases that the current arrangements of arrest for two days for breach of interdict in such cases can be powerful—that resolves, or gives respite in, a significant number of cases. In other cases, protection is given because the offender is arrested for conduct that is a criminal offence and is locked up or subjected to bail conditions. However, in the cases that are more significant but which fall short of substantial criminal activity, the arrangements are too weak. The new provision in the bill will fill a gap.

I say that with two conditions. First, proof of the breach should be on the criminal standard of beyond reasonable doubt with corroborated evidence, because such cases will proceed on breach of interim interdict when the conduct that is complained of has never been subject to or tested by proof in court. Any other arrangement would unbalance the law and risk injustice.

Secondly, I take the view, as the minister tends to, that we need a satisfactory definition of domestic abuse for clarity and for enforcement of any orders that emerge. People must know where they stand. The issue is more complex than it looks, but the committee was right to agree that the definition should be based on the normal accepted categories of partners that are used in other situations rather than on a widened or narrowed list or on what is in the bill, which does not do the trick. I have no doubt that abuse takes place in non-partner cases—between mother-in-law and son-in-law, siblings, parents and children, remoter relatives or flatmates who have no relationship—but the law must have focus and purpose, particularly when it imposes criminal sanctions. The focus is on partners, when emotions are heightened and the power situation is often unequal, as Rhoda Grant said. For others, other remedies and perhaps a different focus are available.

The Liberal Democrats are pleased to add our support to the bill, with those observations. I urge the Parliament to support the bill at stage 1.

14:34

Stewart Maxwell (West of Scotland) (SNP): Like other members, I begin by congratulating Rhoda Grant on getting her bill to stage 1—that is no mean feat—and by thanking the clerking team and the witnesses, who greatly assisted the Justice Committee through the stage 1 process.

It is fair to say that the committee's view was that the bill was a bit of a game of two halves. We very much supported sections 1 and 3 but were much less supportive of sections 2 and 4.

I will begin with section 1, "Amendment of the Protection from Harassment Act 1997", in its support of which the committee was unanimous. It seemed anomalous to many of us that the requirement to show a course of conduct before a non-harassment order could be granted had been removed in criminal cases but that that had not been done in civil proceedings involving domestic abuse. It is entirely reasonable for such an amendment to be made. Our support for that change was unanimous.

There was also unanimous support for section 3, which, if the bill were enacted, would relieve victims of domestic abuse of the burden of taking forward any proceedings, because the criminal justice system would take over that responsibility. That is welcome.

Others have mentioned the burden of proof, and I agree that the normal criminal standard of proof, together with corroboration, should apply.

I turn to section 4 and the definition of domestic abuse, which caused considerable debate on the committee and, I am sure, outside it. The issue is difficult to resolve to everyone's satisfaction. The committee did not support the definition in the bill, and I agree with its position. In particular, it did not support the definition's extension to the perpetrator's parent, child, grandparent and so on.

As the Family Law Association told the committee, there is a clear problem with what section 4(1)(a)(ii) means when it refers to

"a partner in an established relationship of any length".

That must be resolved before the bill can progress.

I agree with the committee's report on whether a statutory definition of domestic abuse should be provided but, like many other members of the committee, I am not of closed mind on whether the whole of section 4 should be removed and we should stand by the broad definition of abuse in the Protection from Abuse (Scotland) Act 2001, as the Law Society and others suggested, which does not create a problem. That leaves the problem of how we define "domestic". Clearly, we could rest on other definitions in existing guidance or the common law, as well as the dictionary definition, which John Lamont mentioned. That issue still has to be resolved, but there are ways forward. I strongly agree with Robert Brown that we should deal with the practical issues that the bill has thrown up rather than accept some of the legal definitions and solutions in the bill.

The most contentious part of the bill was section 2's proposed amendment of the legal aid provisions. I do not agree with what section 2 proposes, and I think that it should be removed for a number of reasons, which several members

have outlined. Particularly relevant is the equality of arms issue. I cannot support the idea that the proposed protection should apply only in domestic abuse cases.

The Presiding Officer: You must close, please.

Stewart Maxwell: Other matters of family law are equally important, so I do not support section 2.

14:38

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): Like every other member who has spoken in the debate, I want to pay tribute to my colleague Rhoda Grant for her efforts in bringing her bill to the Parliament. I also thank Maureen Macmillan for maintaining her interest in the issue and for pushing Rhoda to introduce her important bill.

Sadly, domestic abuse is not a new affliction that affects only Scotland. It is widespread across the globe and is cross-societal. Such acts of violence have been carried out throughout history, and are still being carried out today.

Many forms of domestic abuse are instigated by alcohol or drugs, frustration or embedded resentment. Although each act is hateful, it is often cloaked under a false banner of love. I believe that all of us have a responsibility to say that domestic abuse in all its forms is unacceptable and must be outlawed in our society.

We have seen the figures and they are frightening. The number of reported cases—it is important to use the word “reported”, because many cases of domestic abuse go unreported—jumped from just over 35,000 in 2000-01 to more than 53,500 in 2008-09. It could be argued that that is because we have had advertising campaigns on the issue and people are more aware of it, but we cannot be sure about that.

As difficult an issue as this is to tackle successfully, the proposals that are laid out in Rhoda Grant's bill will go some way towards protecting the victims of this criminal act, whatever form it takes.

It is not your doing, Presiding Officer, but the business managers have given us a short space of time for the debate, so we do not have time to go into all the sections in the bill. I will therefore concentrate on a couple of them.

Victims of domestic abuse often live in fear in the aftermath of an attack, even when non-harassment orders have been issued; they fear that the perpetrator of the abuse will return, and in many cases they do. That is why it is important that the requirement to show a course of conduct before a non-harassment order is granted should be removed. I firmly believe that that could act as

a deterrent to aggressors who choose to return, with there being a greater chance of their facing stringent criminal charges.

As other members have said, the definition that is proposed in section 4 caused some discussion, and the committee heard interesting evidence on the point. Some concerns were raised by Scottish Women's Aid and other organisations that represent women in particular. When such organisations, including those that I have worked with for a long time, raise concerns, it makes me want to look very closely at them. I have sympathy with Rhoda Grant for putting the proposed definition in the bill, but I also have sympathy with Scottish Women's Aid and other organisations that have raised concerns.

The bill seems to extend the definition of domestic abuse to other family members, such as grandparents and children. As much as it should be accepted that domestic abuse impacts on all family members, there is a chance that by broadening the scope of the definition we will create a legal definition that Scottish Women's Aid called

“potentially different and, therefore, unworkable”.

I do not want us to do anything like that; I want to ensure that the work that Rhoda Grant has done in preparation for the bill is totally and fully scrutinised, and that we come up with a solution that will be approved by all those who have been involved.

The Presiding Officer: I must stop you there, I am afraid. I am sorry to have to do so, but as you said, I am somewhat constrained in my actions.

14:42

Nigel Don (North East Scotland) (SNP): I start by apologising for arriving a few minutes late; that has been the order of my day.

I congratulate Rhoda Grant on introducing this very important bill. I will reflect on only three elements because, as usual, I have no desire to repeat what has been said before, although I agree with it all.

We are in a situation in which the existing remedies are commonly regarded as being inadequate and ineffective, which is precisely why it is important that the bill has been introduced. I wonder whether the Parliament spends enough time looking out for situations in which remedies are inadequate and ineffective. It might be part of what we should be doing to look around and ask where we should be legislating rather than waiting until something comes to us.

It is one of the tenets of legal aid that a person either gets it or they do not. During evidence

sessions, we heard about how the legal aid system is an all-or-nothing system. The free-at-the-point-of-need concept in the national health service is similar, and yet we have recently been through a process of ensuring that, on rare occasions, the NHS is capable of allowing a patient to pay for certain medicines that would not be available under the NHS. That process was pushed through with the help of the Public Petitions Committee, on which I sit. I entirely understand the principle, but perhaps the principle should allow exceptions rather than just being taken as the principle.

I wonder whether we should still be considering whether protection orders should, of themselves, qualify for legal aid. I recognise the equality of arms issue, and I know that it would be difficult because there are complexities, but as one of my bosses once said to me, "If it wasn't difficult, I wouldn't have to pay you so much."

I also reflect on section 3 on the breach of interdict with a power of arrest. The change is long overdue and—again—I am looking at a situation in which the previous remedies have been plainly inadequate and the solution turns out to be very different. The bill will put the onus on the civic authorities, most notably the police, to enforce the citizen's rights, rather than expect the citizen herself—as it mostly is—to enforce them. That is plainly what we as a Parliament should be legislating to do: it is exactly what we are here for. However, I wonder to what extent we go looking systematically across how we operate and at our legal system to find the situations in which we should intervene.

I raise the issues, as I have done before, because we do not get the opportunities in our debates to consider such more philosophical points. We have to pick them up—as we always do in our legal system—in the detail of the cases that come before us. I wonder about some of the ways in which we bring forward legislation and the things that we look for.

14:45

Bill Butler (Glasgow Anniesland) (Lab): I rise to support the motion in the name of my Labour colleague, Rhoda Grant. I first congratulate the member on bringing to Parliament a bill that, if enacted, will undoubtedly better the lot of the victims of domestic abuse, which is a repellent and totally unacceptable form of behaviour. Rhoda Grant is to be congratulated on her hard work and commitment in producing a progressive piece of putative legislation.

The Domestic Abuse (Scotland) Bill seeks to widen access to justice for victims of domestic abuse, and to produce a more robust and reliable

response to breached civil protection orders. There can be no doubt that domestic abuse continues to be, as the minister put it, "a stain" on Scottish society.

Domestic abuse in all its forms is underreported, but the figures that we have demonstrate the worrying extent of the problem. In Scotland in 2008-09, 53,681 cases of domestic abuse were reported to the police—an 8 per cent increase from the number that were reported in the previous year. The figure reflects the year-on-year rise of reported incidents since 1999-2000, the first year for which data are available. There is no room for complacency, even though there was a 4 per cent decrease in reported cases last year. For instance, repeat victimisation rates remain high, despite a fall from 61 per cent in 2008-09 to 57 per cent in 2009-10.

Those are shocking statistics, and they represent flesh and blood victims—who are, overwhelmingly, female—who suffer physical and sexual abuse from partners or ex-partners. The crimes range from assault and physical attack to acts that degrade and humiliate women and are perpetrated against their will, including rape. I believe that Rhoda Grant's bill will tackle deficiencies in the current law and support those who are victims of such gross and barbaric behaviour.

Section 1 will remove the course of conduct that is required for a non-harassment order to be granted by either a civil or criminal court. It will introduce a new section—section 8A—to the Protection from Harassment Act 1997 that will remove the requirement to show a course of conduct before a non-harassment order can be granted in civil proceedings involving domestic abuse. That provision means that someone will need to prove evidence of only one occasion of harassment and not that such conduct had taken place repeatedly.

The Justice Committee correctly recognised

"the wide support, including from the Government, for removing the course of conduct requirement for civil non-harassment orders."

The committee correctly endorsed that change in its report. No one would wish to stand in the way of a reform that would remove the requirement for a victim to go through a period of repeated abuse before being able to access an order, which is completely unjust and unacceptable. Section 1 represents a reform that is rational, sides with the victim and, frankly, is long overdue.

Having said that, I agree with the committee's view that, because section 1 will apply only when conduct leading to a non-harassment order's being sought amounts to domestic abuse, a statutory definition of domestic abuse is likely to

be required for the section to be operational. Other members have referred to the challenge, and I look forward to the necessary amendments being lodged at stage 2 to deal with that important interconnected matter.

I am glad to record my support for the committee's backing for section 3, which creates a criminal offence when an interdict with power of arrest is breached. That will remove from the victim the burden of pursuing a contempt of court through the civil court and will instead place it—rightly—on the shoulders of the authorities. It is a civilised and progressive provision that is worthy of unanimous support.

I urge all colleagues at decision time to vote for the principles of the bill at stage 1. The principles should attract comprehensive backing as they are worth while and noble.

The Presiding Officer: We come to closing speeches, but members still have only four minutes. I call Mike Pringle to be followed by Bill Aitken.

14:50

Mike Pringle (Edinburgh South) (LD): Like many other members, I congratulate Rhoda Grant on introducing the Domestic Abuse (Scotland) Bill. Any bill requires a huge amount of work. Scotland has developed an international reputation for its work on violence against women and, in particular, on domestic abuse. It is vital that that work be driven forward, which is why the Liberal Democrats welcome this afternoon's debate on Rhoda Grant's bill.

I reiterate the two main policy objectives of the bill. The first is to increase access to justice for victims of domestic abuse and the second is to enable police and prosecutors to provide a more robust response to breached civil protection orders.

I turn to the committee's stage 1 report. Its conclusion was to support section 1, which will remove the course of conduct requirement. The Criminal Justice and Licensing (Scotland) Act 2010 removed the precondition to show a course of conduct amounting to harassment for criminal non-harassment orders. Section 1 has received wide support on the basis that it will bring civil provisions into line with criminal provisions, and will remove the requirement for a victim to go through a period of repeated abuse before being able to access an order. The Law Society of Scotland agreed that removing the course of conduct requirement is sensible and will make the process easier.

Section 3 will make it a criminal offence to breach an interdict with a power of arrest in

domestic abuse cases. This new criminal offence would be punishable on summary conviction by imprisonment for a term not exceeding six months, a fine not exceeding the statutory minimum, or both. The responsibility for raising court proceedings in the event of a breach of a civil interdict would no longer be at the insistence of the victim.

The committee accepts that, in many cases, the granting of a protective order will be sufficient to deter the behaviour that is complained of, and that the current two-day detention under existing powers of arrest provides a useful respite to victims. However, the committee fully supports the view that a criminal sanction for breach of a domestic abuse interdict is necessary to give the many victims whom other members have mentioned proper protection. The provision will represent a strengthening of the current system and the committee is firmly of the view that the criminal standard of proof, together with corroboration, must apply.

As we have heard, section 2 deals with legal aid. The committee was not persuaded that there was a sufficiently compelling basis for singling out domestic abuse cases from other cases. The convener, Bill Aitken, has laid out extremely well why the committee does not support section 2.

I agree with the minister that, surely, in this day and age, whoever we are, wherever we are and regardless of our situation or personal circumstances, we must all have a right to protection from violence. Domestic abuse is unacceptable in the 21st century and we must all continue to work together to tackle this continuing problem. As Robert Brown said, we will support the general principles of the bill tonight at 5 o'clock.

The Presiding Officer: I apologise. I was misinformed that Mr Aitken would be closing for the Conservatives. It will, in fact, be John Lamont—although you still have only four minutes, Mr Lamont.

14:53

John Lamont: Thank you, Presiding Officer.

This has been a very useful debate. It has given us the opportunity to raise an important issue while highlighting some of the technical concerns that we have about the bill.

I have already highlighted our concerns about the definition of the term "domestic abuse" in the bill. Section 2 has also been highlighted by a number of members: we, too, have serious concerns about attempts to make legal aid available without means testing. At a time when difficult decisions must be made about the use of

public resources, we do not think that that would be a sensible move. There is an argument that, if the financial eligibility test for legal aid in cases involving domestic abuse were removed for pursuers, that would contravene article 6 of the European convention on human rights and the principle of equality of arms. We are not persuaded by the arguments in favour of doing that and do not think that they have any substantial merit, especially as the additional cost to the legal aid account could be significant.

I have great sympathy with the view that people who need to take legal action to protect themselves from domestic abuse should be able to do so regardless of cost; however, with the legal aid budget coming under pressure in the current financial climate, it is important that we take a responsible view of the use of public funds.

We believe that passing a new act of Parliament is not the only answer to the problem of domestic abuse. There must be a culture shift, so we welcome steps to help with the prosecution of people who commit domestic abuse.

We need to increase confidence in our criminal justice system and in social services. In order for prosecutions to be successfully brought, our courts need to have confidence in the disposals that are handed down. In order to act as a deterrent against further offending, and to protect victims, community sentences need to be more robust, with clear consequences for those who defy them. Furthermore, the courts need to have access to short-term custodial sentences, which can often provide the respite that victims and families need. Those are, perhaps, arguments for another day, but it is important that we bear in mind the bigger picture, as we consider how best we can effectively tackle domestic abuse.

Despite some concerns, we will support the bill at decision time tonight. I again congratulate Rhoda Grant on what she has achieved so far.

14:55

James Kelly (Glasgow Rutherglen) (Lab): Like others, I pay tribute to Rhoda Grant for the amount of work that she has put in while getting the bill to this stage and for the work that she has done in Parliament in recent years to highlight domestic abuse.

If we compare modern Scotland with the Scotland of 50 years ago, we can see that we have made some tremendous advances. We have technology that enables people to communicate with the other side of the world, and we have the internet, which is great for our young children who are learning in schools. However, as Cathie Craigie pointed out, there has been a widespread problem with domestic abuse throughout history

and, sadly, as we get into the 21st century, the problem still exists. Although there has been a small decrease in incidents of domestic abuse in the past year, which is welcome, there were still more than 51,000 cases. As Bill Butler pointed out, many cases go unreported. As the minister said, that is a stain on modern Scotland and the Parliament has a duty to act on it.

The bill contains some important elements that can make a difference and will give some respite to victims of domestic abuse. In particular, section 1 will remove the requirement to show a course of conduct before a non-harassment order can be granted by either a civil or a criminal court. As Rhoda Grant said to the committee, domestic abuse is difficult to prove. It is often committed at home, so there is no corroboration. If the requirement to show a course of conduct remains, many victims will suffer.

Also important is section 3, which will make it a criminal offence to breach an interdict. The bill also addresses a shortfall, in that the common-law interdicts are difficult to prove. As Bill Aitken pointed out, there is low uptake of them. The bill will, therefore, address a current gap.

On section 4, the committee heard much evidence about the definition. In her opening speech, Rhoda Grant said that she continues to wrestle with the issue. There is no doubt that, if we can arrive at a proper definition, that will make things easier for lawmakers, better for victims who are trying to progress their cases and better for the accused, who will have more of an understanding of what they are being taken to court in relation to.

Many members have spoken about section 2, which deals with the removal of means testing with regard to claims involving domestic abuse cases. I believe that the section, as drafted by Rhoda Grant, is well intentioned. I know that Rhoda Grant intends to continue talks with the minister on the issue, and I hope that some means can be found to address the concerns that have been raised by the committee.

As Nigel Don said, we have a duty to examine areas in which legislation is currently ineffective, and there are some quite clear gaps around domestic abuse. The passing of the major parts of the bill will make a difference. It will send a signal to the perpetrators of domestic abuse that their behaviour is unacceptable.

I urge the Parliament to support the general principles of the bill at 5 o'clock this evening.

14:59

Fergus Ewing: This has been a useful debate, and we can now focus on the issues for discussion at stage 2.

The first of the two contentious issues relates to costs. It is reasonable to assume that all members recognise that any Government must pay regard to the costs of any legislative measure that it considers, especially where it is difficult to estimate with clarity what those costs will be. The Domestic Abuse (Scotland) Bill is one such example: it will have costs, and they are difficult to quantify.

Only a proportion of the costs will arise as a result of section 2, but there are, nevertheless, compelling reasons why that section should be deleted, especially in the light of the committee's report. First, there are technical problems with section 2. As I understand it, the intention is that the means test would be disapplied only in respect of applications for protective orders against domestic abuse. However, in many cases the protective order will be part of a multi-crave action. It will not stand alone, but will be part of a wider action in which the pursuer is asking for a variety of things from the court. Disapplying the means test for protective orders only in multi-crave actions would mean that the means test would, I presume, be applied for those other craves in the action. That would create pretty serious technical problems, as SLAB testified in its evidence to the committee.

Secondly, the importance of providing timely advice to victims of domestic abuse is recognised on all sides of the chamber. It is not clear that there are barriers in the system to the provision of such advice. The written submission from SLAB states:

"The position in 2008/09 was that, of the 1371 financial assessments completed by the Board in cases containing at least one crave relating to a protective order, 97%"

—that is, almost all cases—

"were assessed as eligible, 77% with no contribution. Only 3% of applicants (43 cases) were assessed as ineligible. In 2009/10, this percentage had fallen to 1% as a result of the"

very wide

"extension of financial eligibility",

which this Government, with the support of the Justice Committee and parties in the chamber, put forward. In other words, making legal aid more generous means that the number of people who would be affected by the presence of a means test would be 1 per cent. There are very few cases in which that would be a practical issue.

On sections 3 and 4, I understand the concerns about the definition. The definition as drafted is too wide and could mean that the focus on domestic abuse would be lost. Equally, however, we must ensure that the legislation is clear on what constitutes a criminal offence and what does not. That was encapsulated in paragraph 91 of the

Justice Committee's report, which is a model of clarity, and members have repeated the arguments that are contained therein during today's debate.

The Government will continue to work with Rhoda Grant to devise workable solutions. She has received, and I have seen a copy of, a letter from the Rt Hon Elish Angiolini QC, the Lord Advocate, which states:

"Without a clear definition of what amounts to domestic abuse, there is the possibility that such interdicts will be challenged on their facts. Although this will be an issue to be addressed by the civil court, it should be highlighted that such challenges may result in motions to adjourn any criminal proceedings until the issue has been resolved."

That letter will, of course, be shared with all members, but the Lord Advocate has already highlighted the technical difficulties that are contingent on the lack of a definition and the need for, or at least the desirability of, the presence of a definition in the bill for the reasons that the committee ably articulated.

In conclusion, the Government welcomes the bill, section 2 should be removed and the Government will continue to work very cordially with the member in charge.

15:04

Rhoda Grant: I thank everyone who has spoken in the debate. It has been a constructive debate and I have found it to be very helpful. Members, including Cathie Craigie, spoke about the impact that domestic abuse has had on our society. Although the bill is a step in the right direction, it is widely recognised throughout the Parliament that we have to do an awful lot more to tackle domestic abuse.

Some members spoke about non-harassment orders. I know that Robert Brown has concerns about harassment, and indeed about non-harassment orders. He talked about repeat victimisation in the future, and that is part of what a non-harassment order is about—it is about stopping future victimisation. Section 1 of the bill, on non-harassment orders, and section 3 will work closely together, in that they will give the victim and their legal representatives a choice of interdicts and orders. They offer similar protection, but there will be a choice and it will be down to the victim and their legal advisers to decide how best to use it.

Others talked about the course of conduct requirement. I agree that its removal will protect victims from constant abuse. They will be able to seek a non-harassment order following the first incident of abuse, which will prevent people from being victimised repeatedly.

Section 2 is obviously the most controversial section of the bill. I agree with Fergus Ewing that it is difficult to tie down the costs and figures. We were working with figures that were given to us by SLAB, and it was difficult to extrapolate which cases actually dealt with domestic abuse. Indeed, the figures that we provided to the committee included both defenders and victims because we were unable to pull the figures apart. We believe that some of the figures that are being banded about are unrealistic. If they were realistic, there would be a huge unmet need, and that would be echoing around the chamber.

As I said, it is difficult to quantify incidents and it would be useful if the minister would consider how we can go about doing that. Some of the blocks might occur when a victim goes to a solicitor for help. The solicitor might deem that an application for legal aid might not be warranted and therefore put the person off. We need to find out where the blocks in the system are, and that is what section 2 seeks to do. It would be helpful if those issues could be looked at.

Nigel Don mentioned equality of arms. I agree that it should not be beyond the wit of man to sort this out. I made available to the committee a lengthy document on the matter, and I am willing to make it available to any member who wishes to see it. Having looked at the legislation, we truly believe that equality of arms is not an issue. If members want to see the arguments in full, I am happy to provide them. I have only six minutes to wind up the debate and it would probably take me twice that to go through them, so I will not do that now. There is underreporting of incidents, so that would add to the costs, but this is more about how we deal with domestic abuse and the fear that prevents victims from coming forward than it is about access to finance, so it might not hide an untapped burden on the legal aid budget.

I suppose that what we have to consider is whether we really have to look at budgetary constraints when we are looking to protect people. Many people have lost their lives due to domestic abuse, so we need to stop it. Although we all recognise that budgets are tight, we need to ensure that we do that. My preferred option is that domestic abuse is not tolerated in our society, that the police deal with it, and that no victim needs to use the legislation for their own protection because we, as a society, will protect them. However, we are some way from that.

Members have supported section 3, but issues were raised about criminal evidence and criminal burdens of proof. The breach of an order under section 3 will be a criminal act. It will have to come under criminal evidence and it will have to have a criminal burden of proof, which is proof beyond reasonable doubt. It is quite different from the civil

burden of proof that will be used to take out the order in the first place. Breach of the order will be criminal. I do not intend in any way to try to change Scots law on the back of a member's bill. That would be biting off a lot more than I could chew.

I turn to the definition of domestic abuse, because I am quickly running out of time. I listened to what members said, and I think that there is a growing consensus about using the definition of abuse that is already in legislation and about allowing domestic to gain its broad dictionary definition. The term is already used in legislation; the Family Law (Scotland) Act 2006 uses the term "domestic abuse" but does not seek to define it. If I were to try to define it in this bill, that would impact on future legislation.

The Lord Advocate said in her letter:

"While the terms of the interdict will be a matter for the civil proceedings, to avoid any difficulties in the criminal context, the interdict will require to make it clear that the Sheriff has deemed the conduct referred to in the interdict to amount to domestic abuse."

We are pursuing options around naming the interdict so that it becomes clear to the sheriff dealing with the breach that it is indeed a breach of an interdict for domestic abuse and that, in that case, it is a criminal offence rather than a civil offence. We will continue to pursue that with the minister.

I am very much aware that I am running out of time. I thank everybody who took part in the debate. Some members spoke about the impact of domestic abuse; John Lamont mentioned the impact on children. We need to tackle the issue; otherwise, future generations will have to live with it through their adulthood. We need to make a change and supporting the bill at this stage would help us to take one small step in that direction.

“Report on the public sector’s support for exporters, international trade and the attraction of inward investment”

The Deputy Presiding Officer (Alasdair Morgan): The next item of business is a debate on motion S3M-7716, in the name of Iain Smith, on the Economy, Energy and Tourism Committee’s “Report on the public sector’s support for exporters, international trade and the attraction of inward investment.”

15:11

Iain Smith (North East Fife) (LD): I am pleased to open this debate on behalf of the Economy, Energy and Tourism Committee. I thank my fellow committee members, the many people who gave evidence to the committee both in writing and orally and the committee clerks for their assistance in producing the report.

Everyone knows that exporting is very important for Scotland’s economy. We have a proud track record in exports and the attraction of inward investment. We can all think of the many companies that are involved with the iconic products that Scotland exports around the world, most notably Scottish whisky but also other products such as salmon, shortbread and Tunnock’s caramel wafers and teacakes—we even sell Irn Bru to the other side of the old iron curtain in Russia. We have many iconic companies—leaders in their field—in the oil and gas sector, particularly in the servicing sector, in which companies are working across the world. We have companies such as Aggreko, one of the leading suppliers of temporary power across the world, Clyde Blowers and many others, which are all significant. Of course, in the financial services sector, companies such as Standard Life have major international presence. Even with the problems that our banking sector has had, some of our banks are still major world players. All those companies are important and are part of ensuring that Scotland’s economy flourishes.

One of the key points that was raised in our inquiry was that not enough Scottish companies are involved in exporting. One of the key aims of our inquiry report is to try to find ways to encourage more to become involved. The stark fact is that Scotland has 8 per cent of the VAT-registered companies in the United Kingdom but only 5 per cent of the companies across the UK that are involved in exporting. Frankly, that is not enough.

It is recognised that exporting has a major benefit for companies in relation to both their

ability to grow and improving how they operate, so that they become much more productive. We all seek to gain those benefits.

We concluded taking evidence just before the summer and published our report just after the summer. The reason why we undertook our inquiry at that time was because we recognised that at a time of economic recession, growing exports was one way in which Scotland’s economy could get through the difficult economic times.

The inquiry also fitted in with some of the Scottish Government’s key purposes. The First Minister stated in November 2007 that the purpose of the Scottish Government was to create

“a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth”

and that the Scottish Government’s immediate growth target was to raise Scotland’s gross domestic product to the UK level by 2011—it will need to get moving pretty quickly on that one.

In the longer term, the Scottish Government wishes to match the GDP growth rate of small, independent European Union countries by 2017. The committee believes that if the Scottish economy is to recover and meet those goals, international trade will be a key part of that recovery.

We held the inquiry over a six-month period, and talked to people in the public sector’s key bodies, such as Scottish Development International, many firms involved in exporting, the Scottish Council for Development and Industry, chambers of commerce and others. We were also able to review how similar trade support agencies carry out work in places such as the south-west of England, Wales, Flanders, North-Rhine Westphalia and Catalonia.

We highlighted some of the Scottish economy’s key problems. In June 2010, the Ernst & Young ITEM club stated that Scottish exports had fallen by 30 per cent since 2000 despite a doubling of world trade volumes. Although there were some improvements in exporting in the earlier parts of last year, there was again a small fall in Scottish exports in the third quarter of 2010, which is the most recent quarter.

I turn to the key issues that we identified. An issue that we considered was the overall strategy for trade support and the strategies of bodies such as SDI and the enterprise agencies. We found from the feedback from businesses that, although some firms have received high-quality support from public sector bodies, not enough companies are asking for such advice in the first place. In short, not enough companies are being supported to make the first leap into exporting. It is important to note that I am not necessarily talking about

exporting to places such as China, India or other emerging markets. In fact, the majority of our companies are not even looking at England, let alone overseas or our near neighbours in the rest of the European Union. As I said, SDI has indicated that 5 per cent of UK exporting companies, compared with 8 per cent of VAT-registered companies, are based in Scotland. We are underperforming in exports relative to our share of the UK's company base. The committee concluded:

"we need to ensure that the public sector's trade and investment policy and our support schemes are focused on increasing the number of firms, especially SMEs, prepared to grow their business through an increased involvement in international trade."

The offices that Scottish Development International runs are, of course, key resources that are supposed to help Scottish firms to trade internationally. We heard a lot about the good work that they do, and we were very impressed by the staff whom we met in an office in Germany. However, overall, we concluded:

"SDI's physical presence outwith Scotland is"

too reliant

"on static, geographically-fixed locations for its offices and staff whilst Scottish companies and business people in reality need help and advice on-the-ground in more countries than can be served by the current network."

For example, central and eastern Europe and the whole of the Baltics are dealt with by offices that are based in Düsseldorf, and the SDI staff for south Europe and Africa, excluding South Africa, are based in Paris. Offices for dealing with much of the rest of the world are based in London. Those are not very useful geographic locations.

We wanted to look at a plan that might change the nature of the arrangements. We concluded that we do not want what already exists to be dismantled, but a low-cost and innovative alternative is needed. We considered things such as the Scotland House model in Tallinn in Estonia and whether we could build a wider network of Scottish trade counsellors, perhaps building on the globalscot network. That would not necessarily require offices to be established; rather, we would be looking at the good will of Scottish companies that already work in overseas markets to provide help and support to those trade ambassadors. The committee said:

"The core principle behind an expansion of Scotland's overseas network should be a 'maximum coverage for minimum overheads' approach."

I am pleased that the Government indicated some support for that approach in its response.

We see the co-location of Scottish trade counsellors in UK embassies and other UK offices throughout the world as useful. I also mention free

desk space from global Scots, which would be extremely helpful.

We must recognise that SDI is not the panacea for all problems, and that it cannot be all things to all men. It must intervene primarily only where the public sector or private sector firms are not already assisting Scottish companies. We do not want to waste scarce public resources on things that others are already doing well. Therefore, our second key conclusion was:

"SDI must ensure that it does not unnecessarily duplicate or crowd out the type of advice and support that is currently being provided by other bodies in Scotland be they commercial companies or otherwise."

In that respect, we were particularly interested in the Scottish exporters advice service, which has now been launched through Scottish Chambers International, with the support of the SCDI and SDI. That is a useful way forward. The service was being launched when we were having our inquiry.

SDI should seek principally to provide services that others do not. In our view, SDI is better placed working alongside others where necessary and contracting or subsidising, or signposting companies to, the advice and services that others provide.

Overall, our central recommendation in relation to increasing international trade and exports is that SDI has to update its strategy, business models and the services that it offers so as to focus those on ensuring that Scotland achieves a step change in the number of Scottish companies that see exports and international trade as a route to future success. That should be the agency's primary focus. We want the Scottish Government and SDI to give consideration to the wider set of more detailed ideas that we have set out in our report, such as the suggestion of using the Scottish Investment Bank to support companies that are trying to get into exporting for the first time.

I conclude by wishing Anne MacColl, the new chief executive of SDI, well in her new post. The committee was critical of the time that it took to fill that key position—it took almost a year from when the post became vacant. Of course, we wish her well and hope that she can drive forward some of the changes that our report proposes. We look forward to welcoming her to the committee in the near future so that she can report back on how SDI will respond to our report and how her agency will turn things round to get Scotland's exporting the way that we want it to be for Scotland's economy.

I move,

That the Parliament notes the conclusions and recommendations contained in the Economy, Energy and Tourism Committee's 8th Report, 2010 (Session 3): *Report on the public sector's support for exporters, international*

trade and the attraction of inward investment (SP Paper 485).

15:21

The Minister for Enterprise, Energy and Tourism (Jim Mather): I welcome the report and the opening speech by the convener of the Economy, Energy and Tourism Committee. We have officials here noting the ideas, and I take the convener's points about trying to achieve a step change and being open to other ideas as we go forward.

The report addresses a key priority of the Government—that of increased sustainable growth. Given that further internationalisation of our economy is a fundamental part of the Government's economic strategy and that it will continue to be critical as we move forward on the path of economic recovery, the issue will continue to get the attention that the convener has called for. Inward investment in its current form, which sees us focus on high-value-added jobs, clearly boosts productivity and helps to secure long-term commitments, thereby contributing to the sustainable economic growth that we all want.

Now, with the appointment of Anne MacColl as the new SDI chief executive, which Iain Smith mentioned, we have a leader in place with a strong track record, including successful business and overseas experience, who is capable of maintaining momentum and achieving yet more for Scotland and SDI clients. As a further indication of the crucial nature of the role, at the time of the appointment, the Cabinet Secretary for Finance and Sustainable Growth wrote to the enterprise agencies re-affirming the Government's vision for SDI as being to drive the growth of the Scottish economy and to promote Scotland as an attractive place in which to do business, invest, learn, live and work.

Hence, we have set SDI the following four core objectives: engaging at business and institutional level to attract inward investment; supporting international trade; ensuring the leveraging of Scotland's world-renowned education sector; and supporting Scotland's overseas promotion. That necessarily means more collaborative working with a range of partners in the public and private sectors, which has been a factor in SDI's success to date. Meanwhile, a positive meeting of the SDI board was held earlier this week. The board will provide SDI with strategic support and advice to help deliver its objectives.

Mainly as a by-product of elements of our electronics industry relocating in the past 10 years, Scottish export performance has been patchy. However, I am heartened that, since 2005, Scotland's overseas exports have increased by 20 per cent and that the figure held up into 2009,

even though there was an overall decline of 12 per cent in world trade. I genuinely believe that those results validate the committee's finding that the support that SDI offers its clients continues to be highly valued. In my frequent visits to SDI client companies, I get similar direct positive feedback, which is evidence that SDI's customer focus delivers real and tangible benefits for those businesses.

However, there is a need to encourage more Scottish companies to begin to export, particularly as all the evidence suggests that many companies overestimate the risks and costs of international trade and grossly underestimate the benefits, thereby failing to exploit the opportunities that are there for the taking. That is why last September we launched smart exporter, which is a joint initiative between Scottish Development International, Scottish Chambers International and the European social fund. The initiative aims to upskill some 12,000 individuals and will contribute to SDI and its partners supporting more than 8,000 companies over the next three years. The scheme will materially assist many more Scottish businesses to access international markets.

We are keen to help those small and medium-sized enterprises that have already taken their first steps into overseas markets and need further support to expand their horizons and consolidate progress. That is particularly the case in relation to helping businesses to move on and penetrate emerging fast-growing markets that may present new and testing challenges to market entry. The recent announcement welcoming Scottish salmon exports to China for the first time is an example of how world markets continue to become more open, thereby creating new opportunities for Scottish business.

The education sector is a key asset for Scotland. Consequently, SDI is working with, and will continue to work with, universities and colleges to help them succeed internationally. That objective is underpinned by the likes of the University of Strathclyde business school's announcement in October that it is opening an overseas campus near Delhi in partnership with SKIL, an absolutely pioneering Indian infrastructure firm that specialises in education and medical services. That highlights that the global reputation of Scottish education, and its potential to export such excellence overseas, is real and tangible.

In the current conditions, I agree with the committee that the balance of activity between support for Scottish businesses to export and inward investment is about right. However, the situation varies significantly across industries. For example, the food and drink and education sectors have a mainly export focus, whereas the

immediate priority in taking advantage of the huge potential for renewables relies on Scotland attracting significant foreign investment. Coupled with its acquisition of Artemis Intelligent Power, the announcement in December that Mitsubishi Power Systems Europe is to establish a presence in Scotland through the creation of a centre for advanced technology to pioneer green energy technologies is therefore very welcome. Overall, that £100 million investment capitalises on Scotland's strengths in both innovation and offshore energy generation.

In listening to the committee, I agree that, in respect of inward investment, SDI should concentrate on attracting specific types of foreign investor whose presence will strengthen key growth sectors, broaden supply chains, become rooted in place, deliver added-value jobs and expand opportunities for the future. The First Minister's recent announcements that Barclays Wealth is creating 600 new financial services jobs in Glasgow and that Amazon is creating 950 jobs in Dunfermline and Gourock are good examples of how that approach is being delivered. Both companies already have a presence in Scotland, which shows the benefit of ensuring that we continue to work closely with foreign-owned companies. That is a function of the house calls that we make on companies during recess times in particular.

We are working assiduously to ensure that we understand the issues facing those companies to the extent that we can reward their decision to invest here—we try to help them in every way that we can to make it a rewarding experience. We also anchor them in our economy by encouraging the expansion of opportunities and the extension of national and local supplier links, as well as links to the greater ecology of the business environment in Scotland.

Internationally, SDI is one of the few promotion bodies that combine trade and investment in the same organisation. That is now emerging as a key strength that is based on customer empathy, on building connections and relationships and on the sound track record that SDI has delivered, while always recognising that there is scope for improvement. SDI's overseas sales force is based in 22 regional offices in our main overseas markets, and there is a particular alignment with markets that are of importance to Scotland's key growth sectors.

I will develop some of the issues that the convener raised in his speech, including fixed locations and how we can use the UKTI footprint—a footprint that gives us access to more than 150 offices that cover 98 per cent of the world in gross domestic product terms. Scottish Development

International is committed to ensuring that it leverages more from those existing assets.

Scotland is fortunate in having an effective business diaspora in the shape of the 600 global Scots whom the convener mentioned. We are able to tap into that resource to the benefit of Scottish business.

There was a good example of that this year at the offshore technology conference in Houston, Texas, where 70 one-to-one meetings took place between Scottish businesses and global Scots, who made themselves and their connections available to those businesses. We recognise that it is critical that we harness the private sector wherever it lives, whether at home or abroad.

As I said, that aspiration is greatly assisted by the fact that SDI is genuinely well respected both by its clients in Scotland and, importantly, by our global Scots. Like the committee, I believe that it is clear that SDI has a central leadership role to play and that, consequently, it is reasonable to look to SDI to strengthen that pivotal role and to co-ordinate the resources of other public sector partners and the private sector to deliver more trade and investment opportunities for Scotland.

Members know that the Government is committed to the sustainable economic growth of the Scottish economy that I mentioned at the start of my speech. It follows that supporting companies to internationalise and attracting foreign investment are critical; I echo much that the convener said when he opened the debate. I am pleased that the committee's report demonstrates broad agreement with the direction of travel for achieving that by harnessing the combined efforts of SDI, individual businesses, trade and business organisations and the wider public sector. That could and should include the Parliament and individual members. All of us have a duty in our day-to-day constituency work to encourage more businesses to expand their markets and positively to promote Scotland as a business location of choice.

Along with other members and my ministerial colleagues, I will continue to play an active role in promoting Scotland, both by holding talks with inward investors and by opening doors for Scottish companies overseas, even beyond the remaining time that I have in my current role. The key point is that the scale of the opportunity is immense. I had a cathartic moment when hosting the Indian Chamber of Commerce and the Indian economics minister, as I realised that we, a jurisdiction of 5.1 million people, were talking to a jurisdiction with a population of 1.2 billion—or, at least, to its 300 million affluent people and many millions of key business leaders. The opportunity in China is also immense. When Scotland engages properly with China, we can expect to see things happen. In the

meantime, there is hard work for us to do. During the debate, we hope to learn some lessons on which we can act as we move forward.

15:32

Lewis Macdonald (Aberdeen Central) (Lab):

As the convener said, the Economy, Energy and Tourism Committee set out to look at the performance of the Scottish Government and its agencies, but we quickly realised that we also needed to look at the underlying culture of Scottish business—not just how the private sector performs when it comes to earning a living in the wider world, but how Scottish companies think about the whole question of operating in global markets.

Having lived and worked in Aberdeen since the mid-1970s, I am accustomed to a local business culture in which the world oil price is the single most important influence on economic activity and in which the export of goods and services to other oil provinces around the world is already more important for many Scottish companies than the money that they can earn in the North Sea.

The consequences of that local culture go beyond the oil and gas sector. When small businesses, the supply chain and working men and women think in terms of a global marketplace and a global workplace, it becomes easy to promote exports in other parts of the economy, too. Families in which one partner works in west Africa or central Asia for six months of the year and communities in which the biggest employers are inward investors or local companies that thrive on export earnings are wide open to a culture of trade to prosper.

In life sciences, for example, US corporates jump at the chance to locate at Foresterhill and to recruit Aberdeen's star researchers. Those Aberdeen scientists think nothing of going to California or Boston for a few years or of working internationally while continuing to live in Aberdeen. When the committee took evidence in Aberdeen, we saw for ourselves how that global outlook works. Three of the witnesses were Jimmy Milne of the Balmoral Group, Duncan Skinner of the Production Services Network, which has since merged with the Wood Group, and Gillian Black of OPITO, the oil and gas skills academy: in other words, a local entrepreneur who sells home-grown expertise and manufactures all over the world; a management buyout company that has since merged with its main local competition to create a global-scale service company based in Aberdeen; and a skills academy, funded by employers and trade unions, that has grown to the point of having a global hub in Dubai and providing accreditation to the training of oil and gas workers from the middle east to Mexico.

That is how an exporting economy should work, but is not a culture that is to be found across Scotland. As the committee convener said, Scotland as a whole punches below its weight relative to the rest of Britain when it comes to the number of firms that are engaged in exporting and the value of export earnings.

Some of the witnesses whom we expected to give evidence to the committee did not do so, on the basis that many smaller firms do not regard overseas markets as critical to their overall success. Even as the committee was conducting its inquiry, we were surprised by the long delay in the appointment of a chief executive to Scottish Development International, despite positive words from ministers about the importance of exports to the Scottish economy. The appointment of Anne MacColl took almost an entire year, and the question is bound to be raised whether the leisurely pace of that appointment process indicates that there really is a high priority for SDI in the thinking of the present Scottish Government. Perhaps when he speaks again at the end of the debate, the minister can shed some more light on why an internal appointment took quite so long to put in place.

The good example of Aberdeen's export outlook holds lessons for businesses elsewhere in Scotland, for education and training providers and for government and the public sector.

A number of us were fortunate enough to see for ourselves how other countries and regions approach the whole area of export promotion and operating in global markets.

The devolved Government of Catalonia is very active in export promotion, and we discovered that looking outwards from Spain is part of what defines Catalan culture and the Catalan economy. We also discovered lots of enthusiasm for doing business with Scotland, which it would be good for both economies to pursue further. We discovered that Scottish companies that deal with Catalonia can get good support from UK agencies and diplomatic staff, but that the nearest SDI office is in Paris. Indeed, staff from Paris were expected to support work in Catalonia—as well as in lots of other places—but they can do so only occasionally.

That example of a dynamic potential market for Scottish goods in Barcelona, with very little Scottish public sector presence there, was a powerful argument for finding new ways of delivering that presence without diluting the excellent work that SDI already does in a limited number of places around the world. The areas that are currently missed out in the SDI network are not confined to southern and eastern Europe. In the global economic recovery, some of the highest growth rates in the past two years have been in

parts of South America, central America and Africa, which do not have a single SDI office between them. It is right and indeed critical to look beyond staffed and permanent SDI offices to see how services can be delivered to exporting companies with a minimum of overhead costs.

I was pleased to hear the minister acknowledge that closer working with UKTI and with UK embassies and consulates will be essential if we are to get the best possible global coverage. It is vital to Scotland's interests that those agencies continue to deliver despite the current UK Government's cuts to its own public agencies.

Closer working with Scottish Chambers International, SCDI, global Scots and established Scottish exporters can also be part of extending SDI's reach without breaking the budget or reducing the vital support that is currently provided in places such as Houston and Beijing. Like the committee convener, I look forward very much to SDI's new chief executive bringing forward her plans about how to strengthen the infrastructure of support for Scottish exporters abroad.

I look forward, too, to a time when exporting is a genuine priority for all sectors of the Scottish economy. The energy sector in Aberdeen and export-oriented industries such as Scotch whisky and Scottish salmon are examples that the rest of Scotland's economy needs to follow. The job of the Scottish Government and its agencies is to help make that happen, and I hope that the Economy, Energy and Tourism Committee's report points the Scottish Government and its agencies in the right direction as regards future work.

15:39

Gavin Brown (Lothians) (Con): I thank the committee clerks, our committee convener and my fellow committee members, who all took part in an inquiry that was ultimately produced in the finest committee fashion—without a division, and in a highly consensual manner.

I will divide my speech into two parts: an examination of how we are doing as a country when it comes to exporting and inward investment; and a consideration of the conclusions of the committee's report with regard to how we can do better and how we can ensure that 2011 and 2012 are better than 2009 and 2010.

The point has been made that overall the results over the past decade or so have been pretty mixed. It is more important to consider a decade's results than it is to comment on a particular quarter or one or two announcements—albeit that they are good announcements. A look at how we performed over 10 years gives us a stronger and better indication of how we are doing.

The two broad areas of exports and inward investment are related but must be examined separately. We do not have a great track record on exports over the past decade or so. In 2001 we had 9 per cent of UK overseas exports; in 2009 we had 7 per cent of UK exports.

Jim Mather: I spent my life in the information technology industry. In the period up to the millennium we had many component manufacturers, such as IBM, Compaq, Hewlett-Packard and Digital, which was artificially skewing the Scottish economy. Such companies then began to reduce production in Scotland or move it elsewhere. Does the member acknowledge the special circumstances of the time?

Gavin Brown: I acknowledge that what the minister described was a factor. From memory, I think that at one point those companies accounted for something like 40 per cent of our manufactured exports and that the rate went down to about 27 per cent. It did not go down to zero though, and the phenomenon does not explain the entire decrease.

In 2001 we had £17 billion-worth of exports; by 2009 the figure had dropped to £15 billion. A loss is bad news for any part of the country, but Scotland was the only part of the UK that experienced a cash loss in relation to exports over the period. Wales and Northern Ireland experienced small increases. London experienced a small decrease over the period, which was bizarre, but Scotland's decrease was pretty sizeable.

The picture on inward investment over the decade is better. In 2000 we had 18 per cent of UK foreign direct investment, so we were punching well above our weight, as we continued to do in most years until 2007. In 2008 and 2009 we had only 8 per cent of UK foreign direct investment, which represents a big fall from 18 per cent, but if we consider our performance over the decade we find that it was pretty creditable. SDI ought to be congratulated on that. However, we must ensure that foreign direct investment does not remain at its 2008 and 2009 levels. I hope that some of the measures that the minister announced will take us some way towards increasing the level of inward investment.

Let us consider what we could do better. I highlight, as I think that the committee highlighted, the need to get far more companies in Scotland, particularly SMEs, exporting. The Bank of Scotland suggested last year that only a third of SMEs do any exporting at all and, more worrying, that only 2 per cent of the SMEs who do not export have any intention of doing so. We must achieve what the minister described as a step change in that regard. That is the single most important thing that must happen.

I welcome the smart exporter programme, which was launched last autumn and is due to run until 2012. The initiative represents a good example of collaborative working, although it is too early to tell how it will go. I think that the programme is projected to reach 8,000 companies throughout Scotland. I hope that that aspiration comes to fruition.

When the committee was writing its report it was my understanding that the smart exporter programme could not apply to the Highlands and Islands Enterprise area, because of the way in which the European funds are sourced. There were hopes that that would change, but I have not heard such a change being announced. It is possible that I have missed the announcement. I would welcome a response from the minister on the point.

It must be a central and core purpose of SDI not just to focus on the companies that it currently deals with but to get far more companies, particularly SMEs, exporting. In his letter to the committee on 12 October, the cabinet secretary said that, as soon as the new chief executive was in place, he would ask that person to write to the committee on the points that it had made, and on that specific point in particular. I ask the minister to pledge in his closing speech to take that forward. It is important that we get movement before the Parliament dissolves.

The report is positive. There are many suggestions in it and other members will touch on other suggestions that have been made. The picture has been mixed over a decade. We must get more companies exporting; if we can do that, we will pull Scotland forward.

15:45

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I am not a member of the committee but have simply read its work and followed some of its proceedings, so I have found it interesting to hear the emphasis that committee members have placed on some of the report. Gavin Brown set the context well when he examined the trends. I commend the committee for an extremely constructive and practical report, and will touch on some elements of it.

I will make some observations about the exporting environment and mention some of the challenges and opportunities that businesses have in Scotland, as well as address some of the institutional matters and some of the ways in which the Liberal Democrats believe that the Government can further support the development of exporting.

I will also discuss whether there should be targets. The committee considered that question

closely and decided to discuss the matter in a slightly different way, rather than take an outcome-based or target-based approach.

It may be obvious, but it is clear that internationalisation in our trade is not a new phenomenon for Scotland. International trade and promoting Scotland abroad are part of our rich economic heritage.

I am a member of the Selkirk Merchant Company, which is one of only two—I think—remaining merchant companies in Scotland. It was established to raise funds for the Darien adventure and has been in existence since 1694. The company has on its banner and promotional material images of a bygone era for global trade but, since then and to the present day, we have had some outstanding, internationalised and outward-looking businesses doing work in the global environment. However, that environment is changing fast. The coming decade and next generation will be different, even from the ones that have just passed.

The minister rightly gave examples of his experience with the Indian Government. Just over four years ago, I was part of a delegation that visited Delhi. The Government was interested in the Scottish oil and gas industry, which Lewis Macdonald mentioned, but what stuck with me was our discussion about further education. The Indian Government's priority at that stage in the discussions was not our world-leading higher education sector but our excellent further education sector. The Government representatives asked how many young people in my constituency study further education, and I gave them the number of school leavers who would go on to do so. The Indian minister said to me that he believed that there was the potential of 200,000 young Indians going on to further education for every place in a further education institution in India.

Jim Mather gave figures for the difference in scale between our population and India's. Similarly, the scale of India's economic might is extraordinary.

The situation is similar with China, which sees the potential for its economy to expand. It is estimated that China will be the largest English-speaking country next year. If we think that we somehow dominate the English-speaking trading market, we should remember that one of the largest countries in the world will also be the largest English-speaking country in the world. More young people in China leave higher education with a first-class degree than the entire number of people who enter higher education in Scotland.

That is the context in which Scotland and its businesses will trade. Those are our global competitors, whose niche market will probably be bigger than the entire dream of our export opportunities. That is the sort of potential that exists. Scotland has two strategic choices. We can recoil from that and see such situations as global threats against which we must hunker down and protect ourselves, or we can see them as stunning opportunities. I hope that the consensus in all the parties in the Parliament is that they are opportunities—I know that that is the view of the Scottish Government, the Labour Party and the Conservatives. In the froth of political debate—even in an election year—perhaps growing our export opportunities in the world is one economic policy that can bring all the parties together. The report is a good start.

The textile industry is represented in my constituency. I am wearing a suit of Holland & Sherry cloth. Holland & Sherry operates in the United Kingdom and Chile and it can export the finest quality cloth anywhere in the world. Why on earth should it be based in Peebles, in Tweeddale, in Scotland? It is there for several reasons—because it has established a reputation and trust and because its workforce is geared up for and knowledgeable about the international community.

We benefit from a strategic position in the world for transport. We also have what many other countries envy: our people. We have excellent leaders in our exporting businesses in all the sectors that Lewis Macdonald mentioned, but we do not have enough of them. We have challenges, and not only in protecting and growing our opportunities in Europe and the United States, which are by far our biggest markets. The committee said that China is our 15th biggest export market, and it has opportunities to grow.

We must address robustly the structures that we should put in place in the next decade. I know that the committee did not want to set an absolute target for growth, but consideration of targets by value and by number of businesses for growing our export opportunities in the next decade has merit. As Gavin Brown said, the decade trend is in the wrong direction, even if we recognise what the minister said about the electronics industry in the early 2000s.

The Liberal Democrats initiated a debate in the Parliament about restructuring agencies. That proposition is more radical than proposals that the committee considered and perhaps goes beyond the inquiry's remit, but we are pretty convinced that we must examine robustly whether we obtain best value for the resource that Scotland's Government and Parliament have the opportunity to spend. That is why we suggest that VisitScotland's promotion of Scotland abroad and

SDI's functions could be brought together, so that we have a smarter operation around the world. Much of that thinking was based on an approach from Highlands and Islands Enterprise and VisitScotland. High-yield tourism for high-worth individuals is a key part of the Highlands economic strategy for inward investment. If high-worth individuals are persuaded to visit, the chance of persuading them and business leaders to provide inward investment is greater.

We are at one with the Government on leadership mentoring for individual businesses. We are at one with the committee's argument that we need to use all our levers more flexibly. If we are to meet our aim of growing our exports in the next decade, we need to set the challenge of growing them radically. We do not believe that the current framework provides the flexible and bespoke support that our businesses need to reach our aims. We hope that we can work on that constructively across the parties, because all of us can gain from the shared outcome for our economy and our local communities—whether they are involved in the textile industry in Peebles, oil and gas in the north-east, the financial services sector in Edinburgh or the renewables industry on the west coast. The report must be the start of a process—it is certainly not the end.

15:53

Stuart McMillan (West of Scotland) (SNP):

Lewis Macdonald said that Scotland punched below its weight on exporting and that several companies did not provide evidence to the committee because they felt that exporting was not a vital part of their business. That is exactly why committees need to have evidence from international sources whenever possible, to ensure that they have comparative information in order to move Scotland forward.

I thank the clerking team for its hard work and dedication throughout the inquiry. The committee ensured that a wide range of voices and opinions was heard, which was certainly advantageous to the inquiry.

The committee has produced a piece of work that is helpful to the debate about Scotland's exporting and importing status. The debate is timely, coming, as it does, just a week after the announcement that Amazon is to create another 950 new jobs in Scotland—750 in Fife and 200 at the existing facility in Gourrock—as well as 1,500 seasonal opportunities at Christmas time. Those jobs have been warmly welcomed—rightly so—and it is noticeable that SDI has been given tremendous credit for their creation.

The committee's report and inquiry dealt with many areas that I could touch on, some of which

have already been addressed and some of which I expect to be addressed later, but I will touch on two. The first area is education and foreign languages. I studied French and German throughout school and university. I had the opportunity to study in France and Germany, as well as in Sweden, but I will not embarrass myself by saying anything in French or German, certainly not in front of Professor Harvie.

Iain Smith: What about saying something in Swedish?

Stuart McMillan: Maybe later.

Studying abroad was a wonderful experience, but learning the language by living in the country was vital. It was an excellent experience for my personal development, and it is one that I would like even more people to have.

At university, there were opportunities for non-language-course students to study abroad in English, not the host language. I found it extremely surprising that very few people took up those opportunities. I would have thought that it would have been clear that living abroad is a life-changing experience.

The benefits of education and foreign language learning were always clear to me, but they were solidified during our inquiry. Scotland's history is one of trading and Scots travelling the world. My experience at university indicated that we had lost some of that zest for trading and travelling.

I was delighted that, at the outset of the inquiry, Dr Alison Hiley of Confluence Scotland highlighted the importance of language learning and translation services. Translation services are not cheap, and business translation activities go far beyond just being able to speak a language. Scotland faces a huge challenge in grabbing that bull by the horns and ensuring that foreign language education is fundamental in our education system. It is also vital that the public sector organisations that sell Scotland work towards ensuring that language skills are fundamental rather than just an add-on.

Internationalising the nation through foreign languages will not happen overnight or in a four-year parliamentary session. The key point is that public perception needs to change. If we look at smaller European countries such as Sweden, Denmark, Norway and Switzerland, to name just a few, they realise that foreign languages are not just educationally beneficial, but are fundamental in business activities and selling their countries.

There was a report on "Newsnight" last night on the teaching of Mandarin in an elementary school in Carolina. Jeremy Purvis mentioned China. The fact that pupils in such schools are learning Mandarin from the age of five is the result of a

realisation that the world is changing and that being able to speak other languages, particularly those of Brazil, Russia, India and China—the BRIC countries—will become even more vital.

My second point is about the SDI representatives who work for Scotland out in the field. It is welcome that when the report was written, Scotland had increased the number of such representatives from 51 in 2005 to 80.5. Having more people working to promote Scotland through SDI should provide greater rewards to our economy, but the extent to which SDI staff should have flexibility was highlighted in the report. Should they work in fixed locations or should they cover more countries? That issue has already been mentioned.

Given that we will have limited and, indeed, shrinking resources in coming years, it will always be a case of prioritising those resources. We must ensure that we have effective cover in the target nations while ensuring that we do not spread ourselves too thinly or, conversely, fail to target enough countries.

Other countries and regions have their own models, which we can look at and learn from. As one of the committee members who met representatives and, indeed, the President of Catalonia, I found it interesting to hear about what they perceived was the best way to promote Catalonia internationally. Closer to home, the Welsh Assembly Government brought its model in house to a department instead of having arm's-length bodies undertaking the work. We need to find a Scottish solution rather than just replicate arrangements elsewhere. Our report indicates support for the current set-up of SDI, but we must not rest on our laurels.

We can always strive for something better, although I am sure that the mess that is the global economy will provide some serious challenges for SDI, as will things that are outwith SDI's control, such as the rising cost of raw materials leading to increased costs for exporting products that are made in Scotland. There are also the current issues of VAT increases, and increasing fuel costs leading to higher distribution costs and higher costs for the consumer, as well as potentially higher interest rates.

It is clear that SDI is serving Scotland well but it has, and will have in the future, serious challenges to face. I look forward to the rest of the debate and the minister's summing up. I hope that we can give unanimous support to the greater internationalisation of Scotland. Our economy needs to grow and we already have major iconic brands and industries. We are in a good position to weather the current economic storm but we must remain focused on the job.

16:00

Marilyn Livingstone (Kirkcaldy) (Lab): In November 2007, in one of the new Administration's first policy documents, the First Minister stated that the purpose of the Scottish Government was to create

"a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth".

I know that the convener used that quotation, but it is worth restating the ambition. If we are to achieve that, there is no doubt that a strategy of increasing Scotland's exports and enhancing inward investment is crucial. That is why the Economy, Energy and Tourism Committee undertook an inquiry to investigate strategy and policy within the public sector in Scotland, and the allocation of resources to help Scottish firms to internationalise their business and attract inward investment.

I, too, welcome the 950 new jobs that Amazon has created, 750 of which will be in Fife. I warmly welcome the role that SDI and my local council played in attracting those jobs to Fife.

The inquiry started in March 2010 and lasted approximately six months. The committee received more than 40 submissions in response to its call for evidence. As the convener said, we would have liked to receive more responses but that is indicative of what is happening throughout Scotland. I thank everyone who took part, and I thank the clerks for their support. Everyone in Scotland has welcomed the inquiry and recognised the need for it.

Analysing the evidence, it is clear that the Scottish economy has become more service orientated and more reliant on domestic demand. However, the committee became convinced that the need to support and expand exports and international trade, and to attract inward investment, are all the more important to the growth of our economy. If the Scottish economy is to recover as quickly as possible, the committee believes that a focus on international trade and inward investment is necessary. As Jeremy Purvis and Lewis Macdonald said, during the next decade, we need to put in place a strategy that is fit for purpose in the century that we live in.

The investment agency Invest in Fife aims to

"promote and position Fife as a first-class business and investment location. We work hard to attract new business opportunities from the UK and from overseas whilst also working to support our homegrown businesses - helping them to grow and to prosper in Fife."

In 2009-10, inward investment in Fife was £97 million for major projects including the Fife energy park, and John Smith business park in my constituency, which has recently secured £6.2

million in funding for infrastructure, including funding from the European regional development fund of around £1.57 million.

We need to ensure continuing support for our businesses. As many members have said, the amount of such support is now shrinking so we must look at new and innovative ways of supporting our businesses. The renewables sector is, quite rightly, recognised as an increasingly important source of inward investment. In Burntisland in my constituency, as I have mentioned many times, Burntisland Fabrications Ltd is one of the leading suppliers of support structures for offshore wind turbines in Europe, and it is a world leader in the development of offshore structures in deep water. That has given the company an international reach and boosted Fife's economy. In November last year, BiFab secured a £12 million contract for renewables to design and manufacture two substation foundations for a wind farm.

Although that performance is welcome, the evidence that the committee received and its analysis of the long-term trends for exports and inward investment show that Scotland's performance is increasingly mixed. In the year to March 2010, the value of Scottish exports increased by 3.5 per cent to £14.8 billion, outperforming the rest of the UK. According to Ernst & Young, however, the figure has fallen 30 per cent, with exports now accounting for around 20 per cent of Scotland's GDP compared with around 30 per cent for the rest of the UK.

Similarly, analysis of inward investment projects attracted to Scotland relative to the rest of the UK shows a deteriorating picture. Scotland's share of inward investment projects has fallen over the past five years relative to England, Wales or Northern Ireland. Although Scotland is the second most attractive destination for inward investment after the south-east of England, the number of such projects attracted to Scotland has fallen. During the same period, eight out of the other 10 regions across the UK have witnessed net growth. We must look at that and improve, and we need the Government to bring forward a comprehensive strategy to deal with that.

As well as there being contrasts with firms in other regions of the UK, there are differences between companies in Scotland and the assistance that is available to them in increasing their exports and inward investment. Some firms have received high-quality support from public sector bodies such as SDI, but we heard that not enough companies are asking for advice in the first instance—the convener mentioned that point, but it is very important to repeat it. Larger, more active and better-resourced companies are more knowledgeable about what SDI and other

agencies can offer, while others, particularly SMEs, are less aware of how the public sector can help them and, crucially, seem less willing to ask for assistance.

The Scottish Government must address that issue because the success of SMEs is crucial to our economy, with SMEs making up 99 per cent of all businesses and employing more than 1 million people. We must ensure that the public sector's trade and investment policy and our support systems are focused on increasing the number of firms that are prepared to grow their business through an increased involvement in internationalisation.

The committee concluded that there are actions that the Scottish Government must take to develop the wider economic advantages that Scotland should be offering to attract new talent and business to Scotland. Someone—Stuart McMillan, I think—mentioned the quality of our skilled workforce, to name but one of the attractions. The committee's central recommendation for increasing international trade and exports is that SDI needs to update its strategy, business model and the services that it offers to ensure that Scotland achieves an increase in the number of Scottish companies that see exports and international trade as a route to future success.

The Scottish Government must support international trade and inward investment through policy in the public sector to allow businesses such as BiFab, Forbo-Nairn and MGt in my constituency to continue to create employment and to contribute to Fife and Scotland's economic development. I hope that the committee's report will be unanimously supported at decision time.

16:08

Christopher Harvie (Mid Scotland and Fife) (SNP): Scottish trade and investment are just as critical today as they were in the 1970s when oil and gas were first exploited in the North Sea.

The low-carbon and renewables challenge alone is comprehensive. It involves leading-edge original research, which we do extremely well; renewable generation in the powerful currents, waves and tides of the northern North Sea, which could yield at least 86GW, and in the north Atlantic; and the development of carbon capture and storage, based on filling up the gaps left by the extracted hydrocarbons of the North Sea with carbon pumped in from the power stations of northern Europe. It also involves modifying our housing stock and retail developments to minimise our carbon footprint and, possibly the most intriguing of all, planning Scotland's marine transport future in the light of the north-east passage north of Siberia, which will revolutionise

communications between the far east and Europe, and its demands for break-bulk centres in the Orkney and Shetland islands combined with renewables activity.

There are also downsides. We must prepare for peak oil, which will be with us a lot sooner than we think, and for climatic disasters caused by the ways in which our ecology is changing even before we manage to introduce a low-carbon settlement.

In order to attract funding to meet those challenges, Scotland needs, above all, international partners. The Economy, Energy and Tourism Committee's report highlights that. We must remember that, in 1981, about 30 per cent of our GDP still came from manufacturing, whereas it is now scarcely half that, when we really need it.

Bilateral co-operation in economy and tourism is also crucial. In our railway system—particularly in the Highlands—we have one of the great tourist attractions of Europe. Why can we not market it on the scale that the Swiss market their Glacier Express, with 12-car trains running through the Engadin valley once every hour in contrast to a two-car unit puffing its way towards Mallaig four times a day? Why do we not co-operate with other countries in putting on a Scottish equivalent to the Norwegian Hurtigruten, which is one of the great tourist attractions, running from Bergen into the Arctic circle? That is an all-year-round attraction to one of the otherwise most remote parts of Europe. Other countries are, ironically, reviving and developing the technologies and industrial manufacturing in which Scotland once dominated the world. When one sees a film of the Darjeeling and Himalaya railway puffing up towards Everest, one realises that the little engines were built in Springburn.

Although Scottish Development International undertakes valuable work in increasing international and bilateral trading, Scotland would benefit greatly from a stronger Scottish representation abroad that was independent of the UK and the Foreign Office. UK priorities such as nuclear power and Trident do not always concur with Scotland's interests. I appreciate the support of SDI's offices from the Cabinet Secretary for Finance and Sustainable Growth, stressing maximum coverage from minimum overheads. However, as Stuart McMillan pointed out, many of our allies are and will be not just Scottish students who go to study abroad, but the thousands of foreign students who are educated in Scotland.

Lewis Macdonald: In spite of the points that he has made, does the member accept that the minister is right when he says that the UKTI network allows far greater coverage and support for Scottish companies abroad than could possibly be delivered by SDI alone?

Christopher Harvie: That type of relational representation might well be better developed if we did it jointly with the Norwegians or the Germans, who have a direct interest in the exploitation of the North Sea. That is just a point for consideration.

We also require innovative financial solutions that are focused on Scotland and orientated towards Scottish SMEs and local authority investments. The banking crash in 2008 showed us that the strategies and conduct of large banks inside and outside the UK were basically the same—they were fundamentally irresponsible and flawed. Their development since has not inspired confidence. An alternative, based on co-operative principles, is required to strengthen the Scottish SME sector and the co-operative sector in particular, combining industrial infrastructural investment with retail banking.

Jim Mather mentioned India. We should remember that the man whom Jawaharlal Nehru said influenced him almost as much as Mahatma Gandhi was the Scottish town planner and social theorist, Patrick Geddes. When one thinks of him, one remembers the triads in which he used to think. His makers, movers and menders are not just what we ought to try to be; we have a duty to represent that type of activity in a difficult period not just for us, but for the rest of the world.

16:14

Stewart Stevenson (Banff and Buchan) (SNP): Like others, I congratulate the committee on its work. Like Jeremy Purvis, I have come to this from outside the process and have read the report with some interest.

Paragraph 237 of the report says that not enough companies are looking for assistance. We must remember that there is a fundamental difference between the approach of the public sector and the approach of the private sector. The public sector is, essentially, risk averse—that is something that we need to change—thinks strategically and looks, generally, to the long term. The private sector, on the other hand, is highly entrepreneurial and opportunistic and tends to look to the short term. Sometimes, the two sectors make quite uncomfortable bedfellows. When we add them together, we can subtract one from the other and end up worse off, or we can benefit from the hybridisation that arises from their diverse approaches. It is quite difficult to achieve the latter, but we should certainly try to do so.

Paragraph 247 addresses the need for SDI not to

“duplicate or crowd out the type of advice and support that is currently being provided by other bodies in Scotland”.

That is a self-evident truth that we should take on board.

Fundamentally, we have a two-way street, just as there is a two-way street between the public and private sectors. There is a benefit to us from bringing trade and companies to Scotland and there is a benefit to our getting out and investing and engaging elsewhere.

Paragraph 241 talks about SDI's physical presence. I am not in as much sympathy with the points that are expressed in this paragraph as I am with others. In the past three and a half years, I have met SDI people in various locations and spoken with them about what they are doing, and I have always been struck that, although they might have an office in Düsseldorf or wherever, they spend a great deal of time elsewhere. I had 1,303 nights as a minister, but I spent only 467 of them at home; the rest were out and about—and not many of them were holidays or party business. I am sure that the SDI employees work on a similar basis and that they spend a bit of the time in their home base but most of their time on the road. Indeed, one third of my 2,769 ministerial meetings were outwith Scottish Government offices.

Iain Smith: The member had too much time on his hands.

Stewart Stevenson: If only I had had more time. I will come back to that issue later.

The key point is that the location of the office is one thing but what is important is the location of the folk who are doing the job.

It is clear that the world is changing rapidly. I first visited China in 1978, and the change that I saw when I visited China as a minister in 2009 was fundamental. In Beijing, there are significantly more cars per household than there are in London, Edinburgh or Glasgow whereas, in 1978, there were probably no private cars at all in China. I visited a wind turbine manufacturer that is co-operating and working with Scottish interests—SDI was key to that arrangement. I visited an electric vehicle manufacturer, where I saw 400 vehicles that were going off to the United States. Ironically, I visited China's dedicated weather television channel, where I was given the opportunity to see how difficult it is to do a weather forecast. If only I had learned the lesson more thoroughly and remembered it a year later, but there we are. Ho hum—one has to learn from life.

Scotland is famed for its exports. On my world travels, I saw in Burma what is claimed to be the biggest Buddha in the world, which was sitting on a steel stand that was made in Motherwell. Similarly, the ferry that runs across Lake Titicaca between Peru and Bolivia was built on the Clyde. It had to be dismantled to be taken over there and then rebuilt, but it is certainly there.

The Liberals in particular should be proud of the Scotch whisky industry. Lloyd George introduced the requirement—to restrict supply during the first world war—that whisky must be kept in bond for three years. That improved the quality of the brand by eliminating the rotgut and, as a second-level effect, laid the foundations for the Scotch whisky export industry. There are still brands today that state that they are exported under British Government supervision. Of course, Lloyd George's secretary was Frances Stevenson, so he must have got the good ideas from somewhere.

Educational exports have gone up, as paragraph 248 mentions. I spent some time in the two years before I came to the Parliament lecturing at Heriot-Watt University and had students from more than 20 countries in my class. It is clear that Scotland has huge and very important international connections that we can exploit.

Jeremy Purvis talked about the merchant company that was founded in 1694. That brings to mind, as perhaps it does for Lewis Macdonald, the Aberdeen Shore Porters Society, which was founded in 1492 and claims to be the oldest business in Scotland. That tells us that in Aberdeen the business of exporting, the shore and the harbour have been important for a long time.

I say to Chris Harvie that I have been on the little train from Darjeeling to Ghum; so exciting was it that I kept the ticket. We have that kind of experience to sell to the world.

We should not beat ourselves up too much, as one can take different things from the figures. In table 3 on page 11, the committee provides us with the HM Revenue and Customs regional trade statistics. We can see that, excluding services such as banking and tourism and financial investments, the low in Scotland was £12 billion in 2006, and it has gone back up to £15 billion, albeit that our share is not doing so well. We should look to our successes as well as focusing on our failures.

As we approach 25 January, we should remember that our cultural icons, such as Robert Burns, can deliver a great deal for this agenda. I will be speaking in Bethesda in Maryland on Friday evening, but by internet—I will not be there physically. The modern technology world gives us new export opportunities, and we should try to make use of them.

16:22

Jeremy Purvis: I enjoyed that contribution from our very own global Scot, Mr Stevenson—I will take on trust at least the statistics that he relayed. I agreed with him on pretty much everything, and I will touch on a couple of those areas. The debate

has been very constructive—as it should be, because our responsibilities to support Scotland's businesses are very significant.

The minister began his contribution to the debate by rightly highlighting Scotland's success stories. There are many such businesses, and they do a fantastic job for us in difficult circumstances—indeed, in profoundly difficult circumstances in the past couple of years. They do sterling work for our economy and our communities, but there are not enough of them.

Our challenge is to create an environment in which more innovators and entrepreneurs can feel confident about doing business not only globally but, in the first instance, in Scotland. They need the support to help them to achieve their ambitions to trade in what will be, as I said in my opening speech, a global trading environment unlike that in any previous generation.

The committee's report centres on how SDI can be more flexible and user focused, and able to capitalise on a wider breadth of opportunities. The report uses the politically incorrect term "Heineken model"—I thought that committees were not really allowed to refer to the benefits of alcohol nowadays in Scotland. The Heineken approach, in which the Government's agencies reach the parts that other organisations cannot reach, is interesting. It raises an issue that has been mentioned in the debate, although perhaps not enough. Many of the support frameworks can be provided by businesses themselves—for example, export clubs, the chambers of commerce and informal groupings of businesses that trade in the same environment or in the same geographical area. They can learn lessons from their experiences in difficult trading environments and take advantage of opportunities. The Government cannot do everything—if we are going to meet our aims for growing the economy, Scotland's businesses need to be encouraged and supported through mechanisms by which they can support other businesses. The report made reference to that, which I welcome.

Recently, I was pleased to meet a delegation of Lithuanian businesses that came to visit the Parliament. The visit was arranged through a local company in the Borders. I was pleased to help them to make connections in my area with Borders College and Heriot-Watt University—this relates to a point that the minister made—and opportunities arose involving those institutions. It is interesting that a country such as Lithuania, which for many years had a very differently structured society, legal system, financial framework and regulatory framework from ours, was able to benefit from the approach that our public sector and education institutions have to professional training, skills and professional development, and from the assets of

Scottish institutions, such as transparency, rigorous auditing, trust, and our reliable legal system. We can export all those assets. In many of the key areas whose economies are growing—Stuart McMillan mentioned the BRIC countries—those are key elements that we have to translate into resource for Scotland.

Lewis Macdonald touched on whether we are providing the right levels of support to the right sectors, such as the oil and gas sector, and he discussed whether we should have a physical footprint or a more virtual presence. I agree with the thrust of Stewart Stevenson's approach to that, but I want to make a point about institutions. Yes, a lot of support can be done without institutions but, if we include the Duke of York in his UK role to promote trade and industry abroad, there are six bodies that can singly or jointly support Scottish international trade or promote Scotland abroad. We have SDI, UKTI, Scottish and UK Government officials, VisitScotland, and our network of embassies around the world. Some businesses that I have spoken to see that as a distinctly cluttered environment. There are blurred lines of responsibility for bringing trade missions together and for promoting and facilitating businesses, whether it is an embassy that does that or an individual agency either directly or through SDI or UKTI.

In my constituency, I have found that Prince Andrew's work has been the most effective approach in some instances because he can cut through many of the bureaucratic lines and focus on what the business needs. That relates to the point that I want to touch on with regard to SDI. I am concerned that there is still no clarity about the role of the chief executive of SDI. I am still not sure whether it is broadly an ambassadorial role or whether it is the executive leadership of an agency. Perhaps the minister will clarify that when he sums up.

I turn to the challenges that our companies face. I made no excuse for mentioning the textile industry in my opening speech and I want also to mention it in my closing speech. The cashmere industry still has huge potential for Scotland. It is finding things difficult, but it is an industry that I want to be very enthusiastic and positive about. I arranged a meeting last year between the minister and a cashmere business in my constituency. Regrettably, it went into administration, but a new company came out of that which is world class and has great potential.

The challenges for the cashmere industry begin with taking the raw product from the Indian subcontinent—Stewart Stevenson has probably visited or done trade in all the areas that I have mentioned. There are challenges in the fuel and transportation costs and in the regulatory

frameworks for international trade that are involved in getting the raw product to Scotland so that it can be processed, carded and spun. There are the manufacturing costs here in the United Kingdom, and the associated aspects such as the cost of labour and the difficulties with access to finance. Exporting businesses in many sectors have to make an outlay before they can get a return and, in the textile industry, there is a particular need for finance for yarn.

Beyond that, there are the difficulties in the markets in which such companies promote and seek to sell their products, and their return is vulnerable. When Lehman Brothers went down on Wall Street, we saw the results in the cashmere sector within a week, with the lack of trade. All those factors highlight the fact that this single business sector in Scotland is part of a national and international picture. As Stuart McMillan said, we cannot focus on a purely Scottish solution when so many other aspects are involved.

16:29

Alex Johnstone (North East Scotland) (Con):

I congratulate the committee not only on the quality of the report but on its timing. I believe that this is genuinely the right time for the report to come forward. The opportunities that we will be able to seize upon are very valuable. Before I get to my conclusions, I intend to go back over a considerable period of time, although I assure everyone that I will not go back nearly as far as Jeremy Purvis went; I will not be talking about the Selkirk Merchant Company's involvement in the Darien scheme—we can go too far sometimes.

The reason why we are where we are today in relation to inward investment and export is part of a long cycle and a result of a number of decisions that were made. Sometimes those decisions were extremely successful in the short term but left us in an exposed position in the longer term.

In the early 1990s, a Conservative Government and Scottish Office realised how important it was to create growth in the Scottish economy, and achieved it by bringing in large amounts of foreign investment. The companies, which we heard the minister list earlier, such as Hewlett-Packard, made substantial investments here, which created strong economic growth and high levels of export, which we are comparing ourselves against today.

However, that investment did not deliver in the longer term because, when recession came, the companies that had moved in here, which were often paid substantial grants to do so, were last in and first out. Their priorities lay elsewhere. It became clear that not only the quantity but the quality of investment was important. We have monuments to that in Scotland. Investments were

planned by Motorola, Hyundai, and Chunghwa—remember them?—that cost the taxpayer in Scotland but never delivered because they were never completed and never opened.

As we move forward, we need to consider why that happened. There was a recession but, as we moved on towards the end of the 1990s and into the new century, we got ourselves into a position where exports were always likely to be weak and inward investment was always going to be unlikely, simply because the value of our currency was too high. At one point, the value of the euro was 54p. At that stage, it was difficult to sell anything outside the UK economy, and certainly in Europe. Anything that we might wish to buy was much cheaper if it was bought in Europe. One thing for which we should praise Gordon Brown directly is that, in his 10 years as chancellor and three years as Prime Minister, he was never once tempted to take us into the single currency. Had we joined that currency at 54p to the euro, we would have been doomed to have been uneconomic for ever.

However, things are better now and the opportunity comes once again for Scotland to build on its exports and its reputation and attract inward investment. That is why I was particularly interested in Jim Mather's comments when he talked about SDI and its activities. He pointed out that not only does SDI have to attract investment from abroad, it has to attract the right kind of investment.

It is not so many years ago that the idea of large inward investment was dismissed entirely as a way out of our economic problems. I am glad to hear it being spoken of positively once again. However, we must learn from the mistakes of the past. In favourable economic circumstances, it can be a wonderful opportunity to build our economy and exports quickly by bringing in the investors that will deliver on the shortest timescale. We need to ensure that we do not make the same mistake a second time. When we attract investment to Scotland, it must be for the long term. We must find ways to ensure that the right types of company come here and that when they come here, they are here to stay. That way, we can guarantee employment over the long term and we can build Scotland's export future back towards the position that we were in 20 or more years ago.

It is also important to realise that change is cyclical and that, as we are outside the euro zone, currency valuations may fluctuate. However, if we do what we are good at and use the opportunities that our traditional industry provides and, more important, the opportunities that our high-quality further and higher education systems deliver

through valuable potential employees, Scotland will have tremendous opportunities ahead of it.

As I said at the beginning of my speech, the report has come at the right time. I believe that the recession that we have suffered is coming to an end. The figures that have been announced today on employment in Scotland—on falling unemployment and the rising total number of those employed—are an indication that the way ahead is not blocked with the disadvantages that we feared only a few months ago. The report has indeed come at the right time. Now is the time to go ahead and apply the principles defined by the committee to build a Scottish economy that will last for another 20 years at least.

16:36

Lewis Macdonald: Stewart Stevenson talked about his ministerial experience of promoting Scotland abroad. Six years ago, I was fortunate to lead a delegation to China from Scotland's devolved Government and its agencies. At that time, the Chinese Government was looking for a new overseas partner to deliver technical education in many of its 1,000 universities. The Scottish Qualifications Authority succeeded in that bid, and Scotland's relationship with China has gone from strength to strength since then.

My view of that visit is that Scotland was successful because of a unique combination of strengths, most of which hold good today. First, it offered quality. The SQA had a proven track record in accrediting school and further and higher education. Without that, nothing else would have happened. Secondly, the presence of a Scottish minister in the SQA delegation confirmed for the Chinese authorities that the agency came with the full backing of the Government. The importance of such an approach is huge, not just in China but in many other emerging economies. An endorsement from the Government offers the reassurance that prospective partners have credibility in their home country and that they will therefore last the course. One of the findings in the report is that ministerial presence or the participation of senior figures is helpful to trade missions in general, whether the product is educational standard setting or more traditional goods or services. That approach will be even more important in tougher economic times than it was in 2005.

The fact that we speak the English language is also an important advantage for Scotland. The report rightly emphasises the importance of more young Scots learning more modern languages, but it is important to recognise that the English language is the single most useful medium of communication in the 21st century. Scotland's schools and colleges must work hard on maintaining that clear advantage.

The International School of Aberdeen, which is mentioned in the report, and the Total French school, which is in my constituency, provide good models of what can be done with private sector resources, but it is critical that public sector schools continue to do their job if Scotland is to continue to be a partner of choice around the world. Local councils such as Aberdeen City Council that are seeking to cut budgets must beware of the temptation to make savings at the expense of English or other languages, as that will bring far more losses than savings in the longer term.

Another clear advantage that Scotland enjoyed in China in 2005 was the nature of our relationship with the rest of the United Kingdom. A devolved Scotland was clearly a partner that was capable of acting on its own behalf and reaching agreements with third parties on the basis of mutual respect and common interests. At one event, I was introduced as a representative of the country that produced Adam Smith, whose understanding of political economy informed Karl Marx and thereby the economic policies of the People's Republic of China. I took that as a positive interpretation of our historic connections over time. A devolved Scotland also offered the prospect of access to the resources and expertise of Britain as a whole, and it acted with the backing of the world's sixth largest economy. That balance of autonomy and access is a big advantage in the global marketplace, which is why the report highlights the importance of SDI acting in concert with its UK counterparts and with the support of British embassies and consulates around the world.

Stewart Stevenson: Will the member note that, on 25 October 2006, Tom McCabe was unable to give us any information about how often British embassies had supported the Scottish interest? I do not believe that there has been any information on that subsequently, or has there?

Lewis Macdonald: Statistical releases are one matter, but I can tell Mr Stevenson from my experience that, actually, the engagement of British embassies in supporting Scottish efforts abroad is commendable. I am sure that Mr Stevenson, from his experience, would confirm that.

Christopher Harvie suggested that we should instead act in concert with the Federal Republic of Germany, although of course I recognise that that is not the Scottish National Party's or the Scottish Government's official policy.

The report promotes the idea of marketing Scotland's universities and colleges overseas and highlights the role of the Scottish Government and its agencies in co-ordinating that. It is worth recording how much work has already been done in the field. Even in 2005, I met a representative of

the Robert Gordon University while I was in Beijing. The University of Aberdeen, which is in my constituency, also works hard there on recruiting Chinese students, and other colleges and universities from across Scotland do the same.

It is right, however, to emphasise the importance of involving new players in Scotland's overseas efforts, which is one of the key recommendations in the committee's report. That might be new training providers, other skills academies and colleges. With the right approach to export opportunities, they can emulate the success of OPITO in that field. It might also involve new businesses in the marketplace for selling goods and services. It would be good to see SDI engage with more and more Scottish businesses from across the economy to stimulate their interest in working outwith Scotland.

That will clearly require partnership working with Scottish Enterprise and Highlands and Islands Enterprise. At the Economy, Energy and Tourism Committee meeting this morning, we heard from both those agencies that they could add more value if they had more resources. I suppose that that is self-evident, but it would be interesting to know what impact ministers believe this year's further budget cuts to the enterprise agencies will have on their ability to promote the internationalisation of account-managed companies.

This morning, we also heard from HIE about the importance of new air routes and high-speed rail connections, particularly for the north of Scotland. Perhaps the minister will also comment on those issues, given that they, too, feature in the committee's report. Do ministers now support the committee's recommendation for a reformed air route development fund to strengthen Scotland's ability to build business relationships abroad and to attract inward investment?

We all agree on the importance of trade to Scotland's economic recovery. We now need to go beyond agreeing that it matters, build on the recommendations in the report and put a strategy in place to make those shared aspirations a reality. I believe that doing so will attract broad support.

16:43

Jim Mather: The debate has been genuinely worth while, with a good blend of positiveness, constructive ideas and constructive criticism. That is evidence that the Parliament is deadly serious about internationalisation, exports and attracting investment. It is important that we broadcast the message that there is a cross-party constancy of purpose on the issue. Scotland has to earn its way in the world and earn its right to endure and grow,

but we do that from a strong base. We have heard plenty of evidence in the debate that Scotland can and does compete with the best globally. The recent successes that I mentioned earlier with Amazon, Barclays Wealth and Mitsubishi show the strength and breadth of Scotland's world-class skills, research base and infrastructure. Scottish businesses continue to deliver world-class products and services, from whisky to exporting our oil and gas expertise.

The Government is committed to increasing trade from Scotland and increasing foreign investment in Scotland, but we know that we need to raise the ambition of more Scottish companies to go international, which is why we launched the smart exporter programme. Although the global recovery is still fragile, as is our recovery, there are key opportunities for Scotland. It is encouraging that, even through the financial crisis, Scotland's exports have grown.

In dealing with some of the points that have been raised, I will focus first and foremost on Lewis Macdonald's comments. He spoke of the Aberdeen culture, including an awareness of oil price and other issues such as the need to travel distances to work. The fact that that culture now manifests itself in life sciences is indicative that we now have a hot spot in Aberdeen. It may be that we can export that culture to other parts of Scotland. Indeed, when we look at the PSN, Balmoral and OPITO examples, the common denominator is earned credibility. Those companies have evolved and are export aware. Like the whisky industry, which Stewart Stevenson mentioned, those companies have improved in the process of engaging overseas companies.

The message of learning from Catalonia is a good and solid one. It links with Iain Smith's aspiration for us to see what we can do to activate more the globalscot model and perhaps to move to a virtual Scotland House model.

Both Lewis Macdonald and Gavin Brown mentioned the timing of the SDI chief executive appointment. I now have the full audit trail of how it happened, from the point at which SDI was chaired by Sir Neil McIntosh back in April 2010. There were things that happened and people who were involved, but to be totally open about the process would not be conducive to being courteous to those who were involved. However, we now have an excellent chief executive who has come to us with deep domain knowledge, having come through the ranks. A pattern is emerging in all this. We now have Lena Wilson at Scottish Enterprise, Alex Paterson at HIE, and Malcolm Roughead at VisitScotland. Those people have also come through the ranks. That carries an important inward message, particularly given that

the appointments were made through external recruitment processes and with due process.

Lewis Macdonald: I accept the minister's point. We would not expect him to put in the public domain every single aspect of the appointment process, but does he not recognise that there was a 12-month process to appoint somebody who was already on the team? Will he undertake to provide the Economy, Energy and Tourism Committee with further information on the process and why it took the time that it did?

Jim Mather: I am more than happy to do that. As a former auditor, I believe that the process stands up in audit terms. Given the sensitivities that were involved, the board handled the process properly and effectively.

We had very interesting inputs from Gavin Brown on how we are doing. Again, as a former auditor, I am keen that we should have a true and fair view. The whole electronics era artificially skewed exports from Scotland. We had Silicon glen, but foreign investment was always involved and those companies were not as heavily rooted as we would have liked them to be. They did not do much research and development in Scotland—indeed, they did not even make the vast majority of their components here. Looking back over that time, it is interesting to note that, if electronics are excluded from our manufacturing exports, there was a 12 per cent increase in the period from 2000. There has been a positive move forward.

Gavin Brown asked a very important question about HIE, which is dear to my heart and area. I can tell him that the application for European funding has not been concluded thus far, but SDI is providing smart exporter services informally in the HIE area. We expect the formalities to be concluded very shortly. I appreciate his focus on the matter. I also echo his call for the step change. We have seen the expanding nature of support in this area.

Jeremy Purvis commented on the process that we now face—the global opportunities, not threats—and gave us his view on how things are going. We need to accommodate the multiple truths that he and I see on the matter. In many ways, the synergies and niched focus that we are now getting from VisitScotland, SDI, Scottish Enterprise, HIE, SCDI—which is pro bono heavily involved in this—and Creative Scotland give us something potent. Working with them on a close basis, as I do, I can see that. We can expect to see more executive leadership from those bodies and a big push at the great salivating-inducing opportunities in India and China.

The recent Chinese visit was monumental. We had the Grangemouth PetroChina deal and Vice-

Premier Li Keqiang starting his United Kingdom visit in Scotland, which he describes as

“Land of miracles. Home of the brilliant”.

I can live with that image being broadcast in China. There is also a fascination with what we are doing in carbon capture and storage and what is happening at Pelamis Wave Power. The desire is to be involved with us on the wider climate change agenda. Although the pandas may not be strategic to long-term economic development, the fact that Vice-Premier Li made a gift of them to the people of Scotland and Edinburgh zoo is significant and shows that we are very much on his radar.

Gavin Brown asked whether support is being expanded. In 2006-07, SDI was supporting 625 companies; in the current year, it is supporting 909 companies. We are moving on a positive front. We will always have more to do and there will be a perennial push to do more, but we are strong in key sectors such as food and drink, oil and gas, financial services, transport—members will know of Alexander Dennis Ltd's recent deal with New Zealand—and engineering. Companies such as Castle Precision Engineering are truly world class.

There is now a great appetite to collaborate and co-operate across the private and public sectors, which is triggering the ability for us to learn from one another when we have successes, to share openings and opportunities, to introduce other Scottish businesses in order to augment products, to create joint ventures and, essentially, to unleash the makers, movers and menders of the Patrick Geddes era. I used to look after Hastie's and Kincaid's in Greenock, which did exactly that—they made, installed and travelled out to mend things, as and when that was required.

There are huge opportunities. We could talk about them for a long time. Happily, officials are here to capture all the good ideas that have been mentioned. We will monitor those ideas, feed them back to SDI and, in due course, feed back responses to them to the committee.

16:51

Rob Gibson (Highlands and Islands) (SNP): I am pleased to speak in this debate. I thank fellow committee members and all those organisations that gave the committee evidence that provided us with a global viewpoint. It has been an important and useful debate, ranging from the north-east passage to pandas. It has not always been cuddly, but it has definitely been consensual.

Members will be pleased to hear that I do not want to repeat all that the convener said in his opening remarks, but I reiterate that the background to the committee's inquiry into

international trade was to provide assurance that, in these times of strained public sector budgets, the public sector was providing the best possible suite of services to the business community to help it to trade internationally and to attract new business to Scotland. Members were well aware that Scotland has a tremendous track record of punching above its weight on these matters.

Some comments strayed far back into the past. The references to Darien and so on were interesting, but we should not forget that some of the first wealth was created from the slave trade and slave labour. There are many things to be learned from the way in which some of the companies that we exported went on to found globalisation, by moving from Hong Kong to Bermuda when times got difficult for the Hong Kong base. The global world in which we must work is a highly competitive place. Our home base is important to us as part of that story.

We took a great deal of evidence from many successful companies that are already exporting worldwide. In particular, I recall hearing from large and small companies about how bodies such as SDI have helped them. There are tremendous entrepreneurial spirits in firms such as Lössie Seafoods Ltd and Mackays of Arbroath, the jam manufacturers, whose representatives impressed us all with their zeal to sell their goods around the world as a way of breaking out of becoming prisoners of the large supermarkets. By their enterprise to globalise, they have shown the way.

The food and drink sector is one of Scotland's expanding success stories. In my region, the Highlands and Islands, there are many examples of firms that are excellent at exporting and of our supporting foreign firms to come to Scotland. This very day, we have heard from Highlands and Islands Enterprise about LifeScan's fantastic story of expansion in the Inverness area, which was helped by SDI and HIE.

VisitScotland has great opportunities to rebuild something that has been missing during the downturn—business tourism. We need large numbers of businesspeople to come here and understand what our opportunities are. Out of the top 20 places to visit, *National Geographic Traveler* magazine mentioned the Highlands as the world's number 2 tourism destination. Businesspeople have a great opportunity to come to the Highlands to see our culture, history and scenery and, I would add, to take in the potential for export.

It is important to dwell on some oil and gas history. To begin with, the sector in the North Sea took a while to become a base for exporting technology and know-how. I am sure that it will be the same with the renewables industry, but it is important to recognise that Mitsubishi, through its

partnership and its move into Scotland, has already shown that foreign inward investment can once again step in to help one of our fantastic growth industries. I expect some massive developments in knowledge and techniques in the export of renewables over the next five to 10 years.

It is a highly competitive world. During the committee's inquiry, we received information at first hand from Flemish, Catalan and North Rhine-Westphalia development organisations. It was important to see how they did things. One thing that I learned from the German visit and from speaking to the Flemish people was that their development people need to speak to ours a good deal more often. We spent some time saying to our people that they must speak to their development officers to secure some links so that we can find ways for synergies to take place, as Christopher Harvie mentioned. The committee heard from consular representatives from Iceland, Switzerland and Hungary, as well as from the Germans. That was very useful, as it raised the whole question of doing business with those places.

It is not simply the case that English is the best language to use. We have to speak some French, and we certainly need some German for dealing with two of our major trade partners. We cannot ignore that when it comes to the teaching of those subjects in our schools.

I read in a recent edition of the *New Statesman* that it is believed that China is spending about £12 billion per month on developing and improving its renewable energy sector. In addition to what I said earlier about the involvement of Mitsubishi with renewables here, that is why we need to drive forward the development of Scotland's renewable energy industry and infrastructure, aiming in particular at the Chinese market—£12 billion a month is an eye-watering amount.

I hope that there will be movement on port and harbour developments in my part of the world, so that we can retain our place at the forefront, as leading developers of marine energy systems. That is a part of the job that our internal economic development and enterprise agencies must see to, but they are assisted by SDI providing potential agents to help us.

One of the best examples of synergy between SDI and the private sector lies in the smart exporter programme, which was mentioned by a number of members. Primarily run by the Scottish Chambers of Commerce as a joint venture with SDI and the Scottish Council for Development and Industry, smart exporter provides a lot of companies with the first step to understanding how to go about things. I enjoyed the exchange about the relationship between the smart exporter

programme and my own area in the Highlands—it is an all-Scotland activity.

Members have made a lot of good comments in the debate, and we will be able to read them again in the *Official Report*. It is time, however, to draw the debate to a close. Robert Burns was mentioned earlier and we should note that, in one of his more depressed moods, in "Strathallan's Lament", he said:

"The wide world is all before us—
But a world without a friend!"

I agree with the first part of that, but Scotland is the world's friend. Our culture and verse is universally loved. Now, with our wonderful food, drink and environmentally friendly technologies, there is much that the world's friend can offer. The committee's report deserves members' support.

Scottish Commission for Public Audit

17:00

The Presiding Officer (Alex Fergusson): The next item of business is consideration of motion S3M-7660, in the name of Tom McCabe, on behalf of the Scottish Parliamentary Corporate Body, on membership of the Scottish Commission for Public Audit.

Motion moved,

That the Parliament agrees to the Scottish Parliamentary Corporate Body's proposal to appoint Stewart Stevenson MSP as a member of the Scottish Commission for Public Audit.—[*Tom McCabe.*]

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

Business Motions

The Presiding Officer (Alex Fergusson): The next item of business is consideration of business motion S3M-7728, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a revision to the business programme for Thursday 20 January. If anyone wants to speak against the motion, they should press their request-to-speak button.

17:00

The Minister for Parliamentary Business (Bruce Crawford): I inform members that the reason for the revision is to allow three Standards, Procedures and Public Appointments Committee debates to take place tomorrow afternoon, as a result of there having been no amendments lodged to the Historic Environment (Amendment) (Scotland) Bill. I am sure that members will quite like that news.

The Presiding Officer: They must do, because no one has asked to speak against the motion.

Motion moved,

That the Parliament agrees the following revision to the programme of business for Thursday 20 January 2011—

after

2.55 pm Stage 3 Proceedings: Historic Environment (Amendment) (Scotland) Bill

insert

followed by Standards, Procedures and Public Appointments Committee debate: 3rd Report 2010: The Interpretation and Legislative Reform (Scotland) Act 2010 and other subordinate legislation Standing Order rule changes

followed by Standards, Procedures and Public Appointments Committee debate: 9th Report 2010: MSPs Registrable Interests: Proposed Changes to the Code of Conduct

followed by Standards, Procedures and Public Appointments Committee debate: 10th Report 2010: Minor changes to Standing Orders—[*Bruce Crawford.*]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S3M-7729, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Wednesday 26 January 2011

2.30 pm Time for Reflection
followed by Parliamentary Bureau Motions
followed by Stage 1 Debate: Budget (Scotland) (No.5) Bill
followed by Business Motion
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Thursday 27 January 2011

9.15 am Parliamentary Bureau Motions
followed by Stage 1 Debate: Reservoirs (Scotland) Bill
followed by Financial Resolution: Reservoirs (Scotland) Bill

11.40 am General Question Time
 12.00 pm First Minister's Question Time
 2.15 pm Themed Question Time
 Finance and Sustainable Growth

2.55 pm Stage 1 Debate: Private Rented Housing (Scotland) Bill
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Wednesday 2 February 2011

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 3 February 2011

9.15 am Parliamentary Bureau Motions
followed by Scottish Government Business

11.40 am General Question Time
 12.00 pm First Minister's Question Time
 2.15 pm Themed Question Time
 Education and Lifelong Learning;
 Europe, External Affairs and Culture

2.55 pm Scottish Government Business
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business—[Bruce Crawford.]

Motion agreed to.

Parliamentary Bureau Motion

17:01

The Presiding Officer (Alex Fergusson): The next item of business is consideration of Parliamentary Bureau motion S3M-7730, on committee membership.

Motion moved,

That the Parliament agrees that Jim Hume be appointed to replace Robert Brown as a member of the Standards, Procedures and Public Appointments Committee.—[Bruce Crawford.]

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

Decision Time

17:01

The Presiding Officer (Alex Fergusson): There are four questions to be put as a result of today's business. The first question is, that motion S3M-7719, in the name of Rhoda Grant, on the Domestic Abuse (Scotland) Bill, be agreed to.

Motion agreed to,

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

The Presiding Officer: The second question is, that motion S3M-7716, in the name of Iain Smith, on the Economy, Energy and Tourism Committee's report on the public sector's support for exporters, international trade and the attraction of inward investment, be agreed to.

Motion agreed to,

That the Parliament notes the conclusions and recommendations contained in the Economy, Energy and Tourism Committee's 8th Report, 2010 (Session 3): *Report on the public sector's support for exporters, international trade and the attraction of inward investment* (SP Paper 485).

The Presiding Officer: The third question is, that motion S3M-7660, in the name of Tom McCabe, on membership of the Scottish Commission for Public Audit, be agreed to.

Motion agreed to,

That the Parliament agrees to the Scottish Parliamentary Corporate Body's proposal to appoint Stewart Stevenson MSP as a member of the Scottish Commission for Public Audit.

The Presiding Officer: The final question is, that motion S3M-7730, in the name of Bruce Crawford, on committee membership, be agreed to.

Motion agreed to,

That the Parliament agrees that Jim Hume be appointed to replace Robert Brown as a member of the Standards, Procedures and Public Appointments Committee.

Minerva People Ltd

The Deputy Presiding Officer (Alasdair Morgan): The final item of business today is a members' business debate on motion S3M-7578, in the name of Elaine Murray, on Minerva People Ltd, modern apprenticeship learning provider of 2010. The debate will be concluded without any question being put.

Motion debated,

That the Parliament congratulates Minerva People Ltd of Dumfries on winning the 2010 Modern Apprenticeship Awards in the Learning Provider category on 9 December 2010; considers that Minerva People Ltd is dedicated to giving young people the opportunity to work and train at the same time by providing training in management, childcare and hospitality; considers that this provides a benefit to local businesses and the local economy, and believes that the provision of skills and employment through the modern apprenticeship programme is essential to the recovery of the Scottish economy.

17:03

Elaine Murray (Dumfries) (Lab): I do not think that I have had the opportunity to welcome Angela Constance to her ministerial role, so I offer her my congratulations.

I am delighted to have the opportunity to celebrate a local success story, which ties in to the wider successes in, and importance of, vocational training and the modern apprenticeships scheme in Scotland. Minerva People started out as Minerva Training—a partnership between Tricia Hunter and Rosemary Slack. I welcome Tricia Hunter and her husband to the public gallery. Rosemary Slack retired from her post last year and is currently on holiday—I hope that she is somewhere rather sunnier than Edinburgh.

Rosemary and Tricia had both taken time out from work to bring up their children before returning to work part time in the training department of a small business in Dumfries. Prior to having their families, Rosemary had worked in her family's shoe retail business and Tricia had been a medical secretary. They started off by training themselves in the new information and communications technology of the time—things like fax machines, for those of us who remember that time. They took teaching qualifications and moved on to set up a new training centre for another local organisation. They then branched out and launched their own business in November 1998.

In the beginning, Minerva offered training in administration and office skills to skillseekers and modern apprentices, developing its own customised vocational awards, but it did not take Rosemary and Tricia long to start to expand their company.

In 2000, they branched out into recruitment. By the following year, the company had outgrown its premises and moved to larger premises—called Queensberry house, interestingly enough—in Dumfries High Street, adding an information technology suite and a training facility and becoming approved as a branded learndirect Scotland centre. Over the next four years, management, business start-up, retail, learning and development, call handling and IT were added to its mix of training opportunities.

When Minerva became a limited company, Tricia and Rosemary purchased the Pitman Training franchise for Dumfries and Galloway. That was rapidly followed by approval as a City and Guilds centre offering child-care qualifications.

In 2008, Minerva joined the Scottish Training Federation, working with Dumfries and Galloway Council to offer courses in developing management excellence. The following year, it was approved by Skills Development Scotland to offer training for work, and by the Scottish Qualifications Authority to offer management SVQs, or Scottish vocational qualifications. Last year, it was approved to deliver vocational qualifications in administration, management, customer service, learning development and child care, and it diversified further into hospitality.

Minerva currently employs 10 full-time, one part-time and four freelance workers. More than 1,600 trainees have received certificates, and more than 650 people have been helped into work. Those are pretty impressive statistics in a rural area.

Minerva has received many nominations and awards since 2000. It was a Scottish finalist for training centre of the year in 2003, for training provider of the year in 2004, for best practice in marketing in 2007 and for a learndirect Scotland award for best practice in 2008. Last year, it won the learning provider of the year category at the modern apprenticeships awards. Sadly, the bad weather at the end of the year prevented anyone from Minerva from going up to Glasgow to accept the award, although I understand that it was delivered to the company this week.

Moreover, many of Minerva's learners have received individual accolades. One of its learners won the young learner of the year accolade in 2006. The same year, the then Minerva Training produced the first Scottish student to achieve the new management level 4 national vocational qualification, the first Scottish student to gain the new administration level 3 award and the second Scottish student to achieve that award at level 2. Seven learners have been selected as learndirect Scotland champions, and one reached the Scottish final in September 2008.

One of Minerva's business clients—the Buccleuch Arms hotel in Moffat—won the small employer category in 2009 for its work with Minerva in developing its workforce.

Minerva People states that its vision is to be the “training and recruitment company that best understand the people and organisations within our region and exceeds their expectations though providing best quality, innovative services which are customer focused to ensure we are instinctively the first choice.”

I am delighted to have had a long relationship with Minerva. It was “instinctively” my “first choice” when a valued staff member had to take several weeks off work to recover from a tricky operation on her arm. Minerva recommended an excellent temporary replacement, who fitted in to our office extremely well. She went on from her temporary post with me to join the planning department of Dumfries and Galloway Council. I think that she fitted in pretty well elsewhere too, because she is now Tricia's daughter-in-law and recently made her a granny for the first time.

In 2004—I was speaking to Tricia about this today, and we think that it was in 2004—Tricia and Rosemary asked me whether they could bring some of their trainees up to the Scottish Parliament to celebrate their awards. I was pleased when, at fairly short notice, I was able to recruit the Deputy Minister for Enterprise and Lifelong Learning at the time, Allan Wilson; the then convener of the Enterprise and Culture Committee, Alex Neil; and Alex Fergusson, who was not Presiding Officer at the time, but was the MSP for Galloway and Upper Nithsdale. They all helped to present awards and to make the occasion especially memorable for the trainees. I think that Tricia and Rosemary must have enjoyed the trip, as they have been kind enough to invite me to present awards at subsequent ceremonies.

It will not surprise members to learn that when Tricia discovered that Dumfries and Galloway was not getting its fair share of the additional modern apprenticeships that had been negotiated by Andy Kerr and his team through the 2009 budget, she simply did not put up with it. She and I made phone calls and the situation was rectified fairly quickly and the funding was used successfully.

Minerva has been appreciative of the Government-funded initiatives that have supported it over the years. Indeed, in a recent e-mail, Tricia urged me to mention to my party

“the successes the additional modern apprenticeship places have had down here”.

Our skills spokesperson, David Whitton, will speak later. I do not think that he needs any convincing about the modern apprenticeship programme. Indeed, there is cross-party support for continuation of the programme in future years.

Minerva People Ltd is a fantastic example of lifelong learning in action. Rosemary and Tricia started to develop their skills when they began to work together in 1990. They worked for and achieved qualifications that enabled them to set up and grow their own business. That business has allowed more than 1,600 people in Dumfries and Galloway to participate in lifelong learning, to develop their confidence and to prepare themselves to achieve new opportunities. That is a great story. Two women who returned to work after they had both had eight years out to look after children saw and seized an opportunity, from which they created something.

When the recession is over, Dumfries and Galloway—and the rest of Scotland—will need a well-trained, skilled and confident workforce to enable our economy to recover and grow. Companies such as Minerva People Ltd will train and encourage that workforce.

Minerva was the Roman goddess of—among other things—wisdom, commerce and magic. The company is well named, because its story is a combination of all three of those qualities.

17:11

David Whitton (Strathkelvin and Bearsden) (Lab): I congratulate my colleague Elaine Murray on securing the debate and Minerva People on its achievement. As she said, none of the Minerva team could make it to the modern apprenticeship awards ceremony in Glasgow because of the weather, so I hope that tonight's debate and a mention in the Parliament will make up for that.

Training young people has been, is and will be a key part of Labour's economic strategy. The announcement today that the number of 16 to 24-year-olds who are out of work in the United Kingdom has reached almost 1 million—the highest number since records began in 1992—should give us all pause for thought.

The UK coalition Government is being urged to think again about ending the future jobs fund, which is due to run out at the end of March. That fund is one good way of getting over-18s into the job market. Scottish Labour has said that it will launch a Scottish future jobs fund to create 10,000 places if we succeed in the forthcoming election in May.

As Elaine Murray said, for the past two budgets we have argued for increased investment in modern apprenticeship places. I am pleased that the Scottish National Party Government eventually agreed with us and provided those places.

In the awards in which Minerva won the learning provider category, a host of other award winners covered a number of trades and professions. We

should congratulate them all. One winner whom I will single out is my constituent Suzanne Murray from Kirkintilloch, who came top in the non-traditional sector category for her outstanding work in a BT call centre. I commend to the chamber my motion S3M-7591, "Call of Success from Kirkintilloch", which acknowledges her award.

Training and education are the key to a job, and a job is the key to breaking out of the vicious cycle of unemployment and poverty. Companies such as Minerva help youngsters to break out of that cycle and should be commended for that. Terrific individuals such as Suzanne Murray, my constituent, show what someone can achieve with backing from their colleagues and their employer, and if they get training in the right place and at the right time.

The Deputy Presiding Officer: I call John Park.

17:13

John Park (Mid Scotland and Fife) (Lab): That caught me unawares, Presiding Officer—I thought that you would call someone else.

I congratulate Elaine Murray on securing the debate and Minerva People on winning its award as an apprenticeship provider. On the list of people who were up for modern apprenticeship awards are many organisations and companies with which I have been involved or to which I have spoken in the past three or four years and which all play their part. I have had the benefit of visiting the facilities of Scottish Gas and City Building (Glasgow) to see at first hand the difference that what they have on site can make for young people who are looking into apprenticeships and for people who have been in work and are considering adult apprenticeships.

I am keen to highlight one runner-up for an award: Jamieann Mielnik, who lives in Lochgelly in Fife. She works for Superdrug in Dunfermline. When I spoke to a Superdrug representative at an event that was held in the Parliament and heard that Jamieann was up for an award, I was keen to meet her and find out a bit about her experience.

It was clear that as an adult apprentice, Jamieann had been given an opportunity to get skills in the workplace that she might not have got had funding not been made available for adult apprenticeships. She had worked in Superdrug for nine or 10 years before she started a modern apprenticeship. She was someone who had all the experience but none of the qualifications to back it up. The apprenticeship represented a huge opportunity for her.

When I sat down with Jamieann on Friday, I learned a lot about what she has been through

over the past few months. It was quite clear that she has gained a lot of confidence and that that has changed her outlook on work. She is someone who had been in work for a while, who enjoyed her job and who saw it as one that she intended to stay in for a good while, but now she is thinking about developing herself outside the workplace and doing further qualifications while in work, perhaps through the modern apprenticeship framework, that will help her to move on in her career. Doing a modern apprenticeship has been a great, life-changing experience for her, and from speaking to some of her colleagues, I know that the recognition that she has received has been a great source of pride for her family. We do not always recognise that, behind all the figures and targets on apprenticeship places, there are real-life experiences that make a big difference to people.

The awards show that not just the traditional sectors but the non-traditional sectors have done really well with apprenticeships. When we talk about apprenticeships, people think that we are talking about areas such as engineering, joinery and construction, but the retail sector, which Jamieann Mielnik is employed in, is an extremely important sector to the economy and one in which, in the current economic climate, if the Scottish Parliament had not agreed to the provision of support for such activity and if the Scottish Government were not providing funding for it, those training opportunities might not exist. If that were the case, I think that large high street companies in the retail sector such as Superdrug would continue to train people, but it is important that employees get qualifications that are marketable outside the workplace and not just ones that enable them to stay with one employer, and that is what a modern apprenticeship is all about.

The other important point about large high street employers, particularly those in the retail sector, is that they have the capacity to provide support to smaller independent retailers. We should look into that a bit more. It has been possible for companies with large training centres in traditional areas such as construction and engineering to provide training to supply chain businesses in their sectors. We need to look at the development of similar arrangements in the retail sector. I think that more people like Jamieann Mielnik will have huge opportunities to gain qualifications and move on with their careers.

I again congratulate Elaine Murray on securing an important debate, Minerva on its achievement and everyone who was up for an award that night. I know that the event was not all that it could have been because of the weather, but it is important to recognise the good work that goes on throughout the year that is making a difference for the

hundreds of young people and adults across Scotland who are on apprenticeships.

17:18

The Minister for Skills and Lifelong Learning (Angela Constance): Today's debate highlights the importance to Scotland of the modern apprenticeship programme. From what Elaine Murray, John Park and David Whitton have said, it is clear that there is little doubt that, across the political parties, we all recognise the value of Scotland's apprenticeship programme. Apprenticeships are about capitalising on the aspiration of people all over Scotland and channelling it into creating a more successful economy.

Through the hard work and dedication of training providers such as Minerva People and hundreds of others across Scotland, we can convert aspiration into genuine achievement. That is why I am delighted to have the opportunity to close the debate, to support Elaine Murray's motion and, like others, to thank her for securing the debate. I warmly congratulate Minerva on its success at the modern apprenticeship awards in December. I, too, am sorry that the Minerva team did not get to accept its award on the night.

Like Elaine Murray, I was struck by the story of Minerva, which is one of two women returning to work. We should always celebrate success, particularly when we have an opportunity to celebrate the success of women in business.

The other thing that struck me about Minerva's story was that, although it has embraced technology through using e-profiles, Facebook, blogging and all the rest of it, it has not done so at the expense of the personal touch. I am interested to note that each and every apprentice is visited regularly on site at their workplace.

I would also like to take the opportunity to congratulate all the other winners and nominees who participated in the awards ceremony. I will spend a moment or two sharing with the chamber some of their remarkable stories and testimonies.

One of the winners was Thomas Rennie, who overcame a devastating bereavement to be selected to go forward to WorldSkills 2011 as a member of the United Kingdom squad. After sending more than 100 letters, Carrie Crawford chose to move 150 miles to start her dream job in fabrication welding. Carrie and Thomas are great examples of the determination of our young apprentices the length and breadth of Scotland. Of course, modern apprenticeships are not just for young people. Barry Adamson, the winner in the over-20 group, was able through the MA programme to change direction in his career after redundancy.

We also have a number of companies who have shown long-term commitment to the modern apprenticeship programme, such as Dales Engineering Services in Peterhead, which has been involved in the programme for 15 years and whose former apprentices are now making a significant contribution to the business at all levels. I also make a special mention of the apprentice of the year, Thomas Davidson, who has balanced caring commitments to his family with an extremely successful progression through his apprenticeship with the Scottish Rugby Union.

Those people are all committed to the apprenticeship programme and they deserve our commitment in return. The Scottish Government has demonstrated its commitment in maintaining high numbers of apprentices and making another 20,000 opportunities available this year, the majority of which are targeted at young people, although not exclusively. The Government has committed significant amounts of money to modern apprenticeships, investing around £60 million. We have invested at that level because we have made the apprenticeship programme a key component of Scotland's strong economic recovery.

As we have moved through the recession we have worked hard to ensure that apprentices whose employers run into difficulty have the opportunity to complete their training with an alternative employer. That is why we introduced and extended the adopt an apprentice and safeguard an apprentice schemes. The response of employers across Scotland to that has been superb and we have been able to support 1,000 apprentices whose apprenticeships were at risk.

I listened with interest to Mr Whitton's preference for retaining the future jobs fund at the UK level. He also spoke of his commitments here in Scotland. We have to be absolute in our commitment to tackling youth unemployment. The figures that were released today show that youth unemployment in Scotland is now at 17.9 per cent. Although that figure has plateaued and is marginally lower than the UK figure of 18.2 per cent, we are still talking about 70,000 unemployed young people in Scotland. The consequences of youth unemployment for individuals and for communities can have a long-term and devastating impact.

In tackling youth unemployment, the modern apprenticeship programme has distinct strengths, such as the employed status in the framework, the long-term training opportunity that it provides for young people, the opportunity that it gives them to improve their skills significantly and the fact that it gives them a qualification that they can be proud of. That is something that John Park spoke about eloquently: the pride that people who have

completed an apprenticeship have in the qualification that they receive.

The modern apprenticeship programme is well received, recognised and supported by employers, and we should be pleased that the most recent figures show a 70 per cent successful completion rate. We have a credible vehicle for moving ahead and tackling youth unemployment more effectively. I am also, of course, pleased that Elaine Murray secured more apprenticeship opportunities in her area—that is very important.

The apprenticeship programme is a collective effort. That is one of its strongest attributes. The programme requires commitment from participants, employers, training providers, funding bodies and the Parliament. Today's debate has highlighted that the commitment is in place at all levels, which is good news for Scotland, its people and its economy. I support and congratulate Minerva on its continued work with apprentices in Dumfries and Galloway and I once again thank Elaine Murray for lodging a motion to highlight its success.

Meeting closed at 17:26.

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e-format first available
ISBN 978-0-85758-434-2

Revised e-format available
ISBN 978-0-85758-447-2

Printed in Scotland by APS Group Scotland
