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Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 18 April 2012

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Scottish Parliament

Wednesday 18 April 2012

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

Time for Reflection

The Presiding Officer (Tricia Marwick): Good afternoon and welcome back. Our first item of business this afternoon is time for reflection. Our time for reflection leader is Andy Bathgate, who is the chief executive officer of Scripture Union Scotland.

Andy Bathgate (Chief Executive Officer, Scripture Union Scotland): Jesus Christ began his ministry with the words:

“The kingdom of God is near. Repent and believe the good news.”

What “good news” for Scotland’s young people does Jesus bring?

Members of this Parliament rightly value the children and young people of Scotland and, like you, we in Scripture Union Scotland want to make the world a better place for them and give them hope. We do that by helping Scotland’s children and young people to explore the Bible and respond to the significance of Jesus for their lives.

Jesus called his first disciples, saying that he would make them “fishers of men”. Although that concept might seem to be redundant in 21st century Scotland, it encapsulates something that is hugely important: Jesus called ordinary fishermen, not theologians, to team up with him in his purpose for the world. The “good news” is that we follow someone who thinks that we are important enough to partner him in his service to, and saving of, the world. There is something worth getting out of bed for that has huge impact and lasting value.

Scripture Union Scotland partners others in an annual event called “Strictly Come Praying”, which is regularly attended by 350 to 400 school-age young people. How is it that, among largely secularised young people, a prayer event still draws such numbers? I think that it is largely because those young people have discovered the excitement of following Jesus and of participating in his purpose for the world through prayer. Following the event, one teenager who had always dressed in black, as a statement of her negativity towards the world, began wearing brightly coloured clothes as an outward sign of a change of heart and her new sense of purpose.

We all need the confidence that arises from being loved. Talking about “the kingdom of God”

could sound authoritarian, but the rule of Jesus transforms people by love—not by harshness. We are called to “repent” but that means changing our minds and acknowledging that we do not know enough to run our lives, and that we are not independent entities. The king who can help us is no tyrant who looms over us, but someone who, in becoming a human being, understands us and cares enough to want to be with us. That is good news for everyone.

We finish with the prayer:

“May the Lord lead you into a greater understanding of God’s love and the endurance that is given by Christ.”

Amen.

Project Transmit

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion S4M-02623, in the name of Fergus Ewing, on project transmit. Members who wish to take part in the debate should press their request-to-speak buttons now.

14:04

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): This is a very important debate. Charging for access to the electricity transmission network is an area of energy policy that is rarely spoken about, but which is absolutely central to the future of electricity generation in Scotland. What is at stake is no less than the future development of renewable energy in the Western Isles and northern isles.

Our shared hope is for renewable energy to be an engine of economic growth with the potential to deliver high-quality jobs, significant inward investment and, not least, direct and lasting benefits to our communities—especially the most fragile communities on our islands, where clean energy resources are at their most abundant. However, the current charging regime discourages deployment of renewable energy projects in those areas of finest resource.

Its having previously recognised our concerns, it is highly disappointing to find that the new proposals for charging that the Office of the Gas and Electricity Markets has made in project transmit would continue to discriminate against the islands to a marked and grotesque degree. They would see charges of £1 per kilowatt for a connection to the grid in the south-west of England, £60 for Orkney, £67 for Shetland, and £77 for the Western Isles. Ofgem said that it has “less confidence” in its proposals as they would affect the islands. Why then make those proposals? Surely that is an extraordinary way to proceed and one that begs questions about Ofgem’s commitment to the process of change.

Ofgem will give its views on project transmit to its board in the near future, but it must do so on the basis that a fairer deal for the islands is an absolute necessity. As a Parliament, we must send Ofgem a strong message that leaving the islands in the “too difficult” box is not an option. *[Interruption.]*

The Presiding Officer: Mr Scott, you do not have your card in your console.

I will give you more time in compensation, minister.

Tavish Scott (Shetland Islands) (LD): Does the minister recognise that one of the deep

concerns is that large renewables businesses in other parts of the United Kingdom are arguing against any reform to the process that could assist renewables developments in the northern isles and Western Isles? What is the minister’s best measure for dealing with the companies that are arguing with Ofgem about the change that we need?

Fergus Ewing: Different companies will be affected in different ways. Today, with the support of Tavish Scott and all the other parties, I hope to argue that when the Ofgem board meets to consider the proposals, it must consider the anomalous consequences of accepting the draft proposals that would discriminate against the islands, as I have set out.

I recognise that there are pressures on Ofgem, but to make a proposal under which the islands would be subject to a 77 times greater cost than other parts of the UK is astonishing, so I hope that all parties can unite behind me. I want to depart from my script—as the Presiding Officer knows I do occasionally—to say that I welcome the support and engagement of all parties on the issue.

Mary Scanlon (Highlands and Islands) (Con): Does the minister acknowledge that the proposals that will be announced on 4 May are just proposals? They will go out for further consultation and the consumer code panel will look at their implications. It is unlikely that a final proposal will be made by the end of this year. Also, discrimination is not allowed under the two European Union directives on renewable energy and internal electricity markets, so the proposal will have to be reviewed before it is finally accepted.

Fergus Ewing: This is not the end of the process; that is Mary Scanlon’s point. Incidentally, I have deliberately not mentioned, nor have I addressed my remarks to, the United Kingdom Government. The process involves Ofgem, and I entirely accept that Ofgem is not at the end of the process.

However, we are at an important point in the process. The purpose of today’s debate is that Parliament can speak with one voice and deliver a clear message. That is why I sought and called for the debate; that is why I worked with all parties to broker a solution, as Tavish Scott knows from the meeting that I think Mr McArthur attended on 13 January in Inverness; that is why Robert Armour extended his services pro bono; that is why a compromise solution has been worked out; and that is why a huge raft of work has been carried out by people across the party divide in order to get a fair solution for the Western Isles and northern isles.

Sustained pressure from Parliament calling for a review of transmission charging in January 2010 in part has brought about the review. We therefore have the chance to press to see the matter through. Just before the debate, I spoke to Alistair Buchanan, who is the chief executive of Ofgem, and I once again reminded him of the need to find an equitable and enduring solution to the pressing issue of transmission charges. After a long and commendably transparent process—during which Ofgem commissioned a report from the University of Exeter that concluded that transmission charging is an effective and suitable means of encouraging renewables—Ofgem published final recommendations in December 2011.

Although the Scottish Government's preferred option of a postage stamp charge was ruled out—I am not alone in disagreeing with Ofgem's analysis that shows that the option would be too expensive for consumers—I welcomed in part the proposals for an improved and more cost-effective regime. The new proposals are not all bad; the costs for mainland renewable generators would fall from a staggering £28.53 per kilowatt to a much more realistic figure of less than £10, which is within the range that the First Minister called for in conversation and correspondence with Alistair Buchanan early on in the process.

Mary Scanlon: I notice that the minister favours the flat-rate charge. I am shocked by that, because Ofgem's briefing points out that such a measure would cost consumers in the north of Scotland an additional £30 a year while it would cost consumers in the south-east of England nothing.

Fergus Ewing: I am not sure that I entirely understand that point. I apologise for that. The point that I was trying to make was that the Government has compromised. We think that generators should be treated in the same way across the UK—that is the postage stamp solution—but we have compromised to try to get a practicable and deliverable result in recognition of the countervailing pressures that exist.

Yesterday's announcement of charges by National Grid again reminds us of the perverse outcomes that so-called cost-effective methods can still produce. Such outcomes demonstrate clearly that the basis of charging regimes in the Great Britain electricity market is inadequate; 20th century principles that reward those who are closest to centres of demand while penalising those who are further away from them should surely no longer hold. Successful Scottish generators, including the generators of the renewable energy that will contribute 40 per cent of the UK's renewables output by 2020, will be made to pay even higher charges than they pay at present to use the transmission network next year

and in subsequent years, in order to cover the cost of the generation gap from which England is suffering.

After our coal helped to power the industrial revolution in the 19th century and our North Sea oil and gas boom saw Aberdeen become a global centre of energy excellence and innovation, we find ourselves poised to exploit some of the most outstanding wind, wave and tidal energy resources in the world, but we cannot do that with a system that deters investment. Our island communities are among our most fragile. The renewables potential of the three main island groups is such that its full exploitation would provide jobs, investment and economic security that could underpin the sustainable long-term success of communities there. Those are absolutely priority matters for the Government.

I record my recognition of all the support from island MSPs in the long work that we have done on the issue. Ofgem acknowledged the problem in December, but has still not given a firm direction on how the problem should be addressed or resolved. It has proposed that the issue might be solved with additional renewables obligation certificates or by a cap on charges from the UK energy minister. At best, those would be stop-gap measures that in only a short time would create further uncertainty in an industry in which too much uncertainty already exists, thanks to the lack of clarity on electricity market reform. At worst, the proposals would take too long to implement and would be unworkable. As the First Minister has said, transmission problems should have transmission solutions. It is for Ofgem to deliver the solution through project transmit.

I see that I have come to the end of my time, Presiding Officer. I conclude by repeating that this is a very important debate. Ofgem is represented in the gallery and is listening to the debate. I hope that this will be an opportunity for every party in the chamber to add its support for the shared objective of finding a just, fair and workable solution that will unleash the massive potential that all our islands have to benefit themselves and the planet.

I move,

That the Parliament opposes the current locational charging approach, which levies the highest charges on electricity generators across Scotland, including the areas of the best renewable energy resource, and acts as a barrier to renewable projects that can benefit local communities and contribute to Scottish, UK and EU renewable energy and carbon-reduction targets; continues to support the Scottish Government's call for significant change to the existing charging regime, recognising that there remain strong arguments for change to a flat rate of charging for all generators; recognises and supports Project TransmiT, the independent review of transmission charging by Ofgem called for by the Parliament in April 2010; supports a transparent, thorough and effective

assessment for improvements in the charging regime; welcomes the emerging outcomes for both renewable and conventional generators on the mainland, which will move away from the current status-quo approach by reducing the scale of the variance in charges currently faced by generators in mainland Scotland; urges Ofgem to deliver effective change quickly; supports calls for Ofgem to deliver a pricing structure that does not penalise the development of renewable energy in the Western Isles, Orkney and Shetland, and further urges Ofgem to recognise that the significant renewable energy resources of these island groups have potential benefits for both Scottish and UK consumers that will be best met by their integration with the wider GB market.

14:15

Ken Macintosh (Eastwood) (Lab): I thank the Scottish Government for securing today's debate on project transmit and the minister for his opening remarks. It is fair to say that my colleagues and I have some fundamental concerns about the Scottish National Party's approach to energy, but today we want to put the focus on agreement rather than on disagreement. In particular, we, too, want the Scottish Parliament to unite in sending a strong message to the electricity regulator, Ofgem, on transmission charges: to treat Scotland and its islands fairly and to support the expansion of the renewables industry in this country.

Later this month or early next month, Ofgem will reach a decision on the various options that are open to it on electricity transmission charging. Project transmit is the independent review that has been commissioned by the energy regulator to lay out the choices that are before us. It has been asked to balance the move to renewables against security of supply and against cost. Ofgem states:

"The aim of Project TransmiT is to ensure that arrangements are in place that facilitate the timely move to a low carbon energy sector whilst continuing to provide safe, secure, high quality network services at value for money to existing and future consumers."

No one believes that the status quo is a viable option. The current transmission pricing regime was designed for an entirely different mix of electricity generation that was dominated by traditional energy sources including coal, gas and nuclear power. The further generators were from where electricity was needed, the more was paid to transmit the electricity. Given that greater distance pushes up the cost of transmitting electricity, not to mention the inefficiency and resultant energy loss of doing so, there is a certain logic in the current system of charging. Where that logic breaks down is in how that pricing system discriminates against certain areas of the UK, such as Scotland, and in the barrier that it creates to the development of renewables.

Coal, gas and nuclear power are, to some extent, transportable sources of energy that can be taken to centres of population and industry;

renewables sources—wind, wave and tidal, in particular—cannot. Furthermore, renewables generators tend to vary in their use of the transmission network; for example, in demanding greater access when the wind blows. If we genuinely want to move to greater use of renewables and to a lower-carbon economy, the current charging formula needs to change also to reflect that variable output from renewables generators.

The good news is that project transmit has clearly identified those factors and has come up with a fairer charging system that will benefit renewables and, therefore, Scotland. It is not an entirely flat pricing system—it is not the postage stamp approach that some people would like to see—but for mainland Scotland, at least, it is a huge step in the right direction. Niall Stuart, of Scottish Renewables, described the proposals as

"a step towards fairer charges for projects on the Scottish mainland"

and said that

"the reforms will encourage rather than block investment in renewable electricity in Scotland".

Unfortunately, project transmit does not appear to have concluded that the same argument that it accepts for mainland Scotland and even for the Isle of Skye should apply to Scotland's islands—in particular, Orkney, Shetland and the Western Isles. The methodology that is used to calculate shared transmission charges across most of Scotland has not been extended to the islands, which are treated as exceptions. Niall Stuart has estimated that, under the reform proposals, a wind farm on the Western Isles would pay £77,000 for every megawatt of capacity, compared to the charge of £2,000 per megawatt that a wind farm in the south-west of England would pay. Those figures are similar to the ones that the minister quoted. That could scupper many proposed developments and will have a direct impact on small-scale community-owned renewables, which will not be able to access the grid.

The islands—Orkney perhaps more than anywhere else—have led the way in micro and community electricity generation. The issue for those small-scale projects is not so much the transmission charges as the basic problem of connecting to the network. There are few cables and wires across those more remote areas, and I hope that we all would want a new charging system that would improve access to the grid rather than one that rendered it entirely uneconomic. Our more remote communities are economically disadvantaged and often fragile, but we have the opportunity to secure jobs and generate wealth.

Project transmit did not take community benefit into account, but I hope that Ofgem will reconsider its transmission proposals with a clear eye on the bigger picture. If we are to fulfil our legal obligations for carbon reduction, it is even more important that we make the most of our abundant natural resources and, therefore, that we connect Scotland's islands to the national grid. If we do not do that, not only would proposed wind farms on the islands be adversely affected, but the charges could also put additional costs and, therefore, obstacles in the way of developing wave and tidal generation. Scotland's potential in that field is vast, but the technology is also expensive and some way from establishing itself as being proven.

We need to invest in the renewables industry, not to create barriers to its development. The vast majority of projects that involve wind or tidal power are located in the waters around Scotland's shores and are often adjacent to Scotland's islands. They will not be able to proceed on any scale without transmission links to the main centres of population elsewhere in the UK.

The difficulty that Ofgem faces is in balancing the country's—and, indeed, the world's—need to move away from carbon fuels and towards renewable energy, with managing the costs.

There are unlikely to be many people in Britain at the moment who are not painfully aware of the cost of heating their houses and keeping the lights on. The costs of implementing the findings of project transmit should, and will, be borne by the six big energy companies, but they will in turn pass those costs on to the consumer. Project transmit has ruled out a socialised or postage stamp approach to transmission charging mainly because of cost, but there is surely room for greater equity in its application of a reformed system.

I hope that Ofgem will make more allowance for the Scottish islands, but if costs still act as a deterrent to development, that need not be the last word. The Scottish Government should do what it can using ROC payments. It is already reviewing the renewables obligation system and could do more to support projects and developments on the islands using the powers and charging mechanism that are at its disposal.

I hope that Parliament will unite in an appeal to Ofgem to improve its transmission charging proposals further. Project transmit is a major step forward in encouraging the development of renewable energy and in treating Scottish generators more fairly, but the islands of Scotland need to benefit from a similar pricing regime. There is where much of our renewables potential lies, so we need to approve structures that will allow us to develop that natural resource.

I move amendment S4M-02623.2, to leave out from “continues” to end and insert:

“welcomes Project TransmiT and recognises that the changes proposed to the charging regime are fairer than the current position; notes, however, that these charges will still disadvantage the Western Isles, Orkney Islands and Shetland Islands where there is greater potential for community-owned renewables; urges Ofgem to come forward with a pricing regime that does not penalise these communities, and calls on the Scottish Government to use the current review of Renewables Obligation Certificates to take account of any remaining disparity in grid access costs and to encourage community renewables.”

14:23

Mary Scanlon (Highlands and Islands) (Con):

I declare an interest in the debate, as my son works in the renewable energy business.

The Conservatives welcome the debate on project transmit as part of the on-going consultation on reforming the way in which the costs of providing the transmission grid are shared between users and potential changes to the current methodology.

Transmission charging has been on the political agenda for some years, but it took only a few months for the coalition Government to help to initiate the review. We agreed on the review in a debate two years ago and do so again today.

As Ken Macintosh said, the current locational charging model was established some years ago, when renewable energy and climate change targets were not at the heart of public policy. However, given the marine energy potential in the Pentland Firth and the level of renewable energy onshore and offshore in Scotland, there is no doubt that the time is right for change.

Ofgem's principal duty is to protect existing and future consumers by keeping costs as low as possible while promoting security of supply and facilitating the move to a low-carbon future. Therefore, I was surprised that the Scottish National Party motion does not mention consumer bills but favours flat-rate charging, which is also known as socialised charging. I cannot understand why it does that, given that Ofgem rules it out on the basis that

“Average bills would rise most in the North of Scotland where fuel poverty is highest and least in London where fuel poverty is lowest.”

We have Scottish nationalists proposing higher bills for Scotland and lower bills for London. The approach would cost at least an extra £30 per household in the north of Scotland—the SNP's new Highlands and Islands tax.

Fergus Ewing: To address the point that Mary Scanlon makes, I say to her that we do not accept that the costings that Ofgem gave to justify the

refusal to accept the postage stamp model are valid. Although the motion refers to the postage stamp option, the member is free to vote for the motion without being committed to the option—we simply point out that there are strong arguments for it. We hope that the Conservatives will unite and support the islands of Scotland this afternoon.

Mary Scanlon: As a Highlands and Islands MSP, I certainly will not be uniting to support putting an extra £30 on the bills of people in the north of Scotland but nothing extra on the bills of people in London.

The SNP motion also welcomes the emerging outcomes on investment cost related pricing, but it then asks for change to be delivered quickly. That could be done only without full consultation with industry partners on the connection and use of system code panel, which could take some months. If the SNP favours full and proper consultation—I presume that it does—it should surely favour the industry panel scrutinising the proposals, rather than rushing them through and worrying about the problems later.

Chic Brodie (South Scotland) (SNP): Will the member take an intervention?

Mary Scanlon: No. I have taken a long intervention already.

Project transmit ended its consultation in February. The responses have been considered, modelling analysis has been done and a decision may or may not be made at the Ofgem meeting this week. Any decision will not be made known until 4 May due to the political purdah for the elections. If improved ICRP is the chosen option, as appears possible, the matter would go to the industry connection and use of system code panel and the option would be evaluated by looking at the implications and the technical aspects. The process could take months, and I am told that the panel could choose to go out for further consultation. That could take us to the end of the year. Given the complexity of the matter and the need to come up with the right solution for our islands, the process should not be rushed.

The current locational element of investment cost related pricing is a disincentive for electricity generation in the north of Scotland and the islands. I trust that the improved ICRP will address that issue as well as ensuring that there is consistency of charging methodology for the three island groups and that it is in accordance with the two European Union directives on renewable energy and the internal market in electricity, both of which enshrine the principle of non-discrimination between mainland and islands.

In speaking to the amendment in my name and thanking the SNP for bringing the power of its majority to vote on the issue, I suggest that

ministers might wish to talk to their Westminster counterparts to drum up some enthusiasm for project transmit. Mike Weir, SNP member of Parliament for Angus tabled an early day motion on 1 February, but he managed to persuade only one of his SNP colleagues to support him, and it was not even Angus Brendan MacNeil of the Western Isles.

We will not support the Government motion as we oppose the flat rate, which has been ruled out by Ofgem, and we do not agree that Ofgem should be urged to deliver change quickly, without going through the full process of consultation with the industry.

I move amendment S4M-02623.3, to leave out from “opposes” to end and insert:

“notes the current approach taken by Ofgem following its extensive consultation under Project TransmiT; recognises Ofgem’s concerns that the introduction of a flat rate of charging for all generators would lead to an increase in fuel poverty for the most vulnerable; further recognises concerns that the development of wind energy in the Western Isles, Orkney and Shetland will depend on having affordable transmission charges, and urges Ofgem to continue to engage with stakeholders to find a satisfactory solution to the issue of transmission charging.”

The Deputy Presiding Officer (John Scott): We move to the open debate, with speeches of four minutes.

14:28

Rob Gibson (Caithness, Sutherland and Ross) (SNP): The problem that we have is that Scotland is caught in the trap of an organisation called Ofgem, which was created in circumstances that do not reflect the needs of our country today. We are painfully seeing it trying to find ways in which to adapt to the real geography of Scotland, and it is doing so with some difficulty. To us, the islands of Scotland are an integral part of our country, but it is clear that, to Ofgem, that is too much to bear in terms of being able to make a plan that fits the needs of all our areas.

I do not want to repeat the arguments that have been made in detail. Instead, I want to comment on a couple of points to show why it is necessary to get decisions much more quickly.

Of course there must be consultation with the energy utilities and so on. The processes must be gone through, but they must be simplified. There has not been a discussion by the Government in London about simplifying the process of creating an opportunity for us to move forward quickly on new sustainable renewables. In addition, there is a contradiction in the way in which the Government in London is operating to promote the renewables, which has a bearing on this debate.

My colleague Lord Thurso, the MP for Caithness, Sutherland and Easter Ross, has suggested in answers that he gave at Westminster that the Government is going to promote the first marine energy park in Scotland in the Pentland Firth this summer. That would add to an existing marine energy park that has been announced for south-west England.

It is interesting to see from the figures that the minister gave that developers in the south-west of England would be paid to develop offshore there under the current charging regime. That makes the marine energy park there quite attractive. However, marine energy park developers on both sides of the Pentland Firth would have to pay £21.958097 per kilowatt for access to the grid. That contradiction will not help us have such development in Orkney or on the mainland of Scotland. If Ofgem is producing something, it will have to do so quickly or the UK Government may not announce a marine energy park for Scotland, because the contrast in outlook for the marine energy park in south-west England compared with that in north-west Scotland is embarrassing.

That leads me to suggest that, looking at the debate as it has developed, there are small schemes that require access to the grid and not just in the islands; plenty parts of the mainland have a very poor grid and people want access to it. Ofgem has been reviewing the problem of getting access to the grid and, from the discussions that it concluded in March, it looks as though, under the changes, the amount of liability and security required from generators to access the grid will be significantly reduced. That is all very well, but I have constituents in the Applecross Community Company who are attempting to create a small hydro scheme. SSE, which manages the grid in our part of the world, wants to charge them in the region of £667,000 for access to the grid and to create a grid strengthening that would allow them to export electricity.

There are many people in the country who cannot get into the renewables revolution—in this case, it is a hydro scheme in Applecross—because of the huge costs involved. In fact, we will help to reduce fuel poverty by getting more people to generate their own electricity locally and that will help many people to prosper in the future.

14:33

John Pentland (Motherwell and Wishaw (Lab)): I do not think that this debate will generate many headlines in tomorrow's papers, although it should, because it is a high-voltage debate. Over £2 billion is spent every year on energy transmission through our grids. We need huge investment to ensure the future security of our supply. Project transmit's predecessor—project

discovery—concluded that £200 billion needed to be spent on energy infrastructure over the next 10 years. A big chunk of that will be for Scottish infrastructure.

Project transmit is about ensuring that the industry delivers the pipes and wires that we need in a way that supports our economic, environmental and social objectives. The project also needs to take a broad view that encompasses the development of European and other international energy grid networks. The nature of the charging regime is also a fundamental factor in how our energy policy develops because it can make or break the development of energy supplies from new sources and locations, and it can help or hinder our attempts to eliminate fuel poverty, fight climate change and promote economic growth that is based on low carbon technology and power sources.

In determining charges for transmission, we clearly need to take into account the physical costs of infrastructure. However, we also need to ensure that the way in which we determine charges allows for the development timescale and nature of new energy sources. Tackling climate change is a long-term challenge. We should ensure that entry to the market is not restricted by short-term considerations.

Project transmit is addressing those issues. It seeks to harmonise the grid charging regime with generation policy and it should deliver lower transmission costs. However, as Ken Macintosh noted, issues remain with island costs. That is particularly important for Scotland, not only because we have many islands and people who live on them, but because our islands have enormous potential for developing renewable energy production.

Transmission charges are crucial to the future of our island economies. The existing charging regime—ICRP—has influenced the market and has in general worked against the development of renewables through measures such as higher transmission charges for Scottish suppliers. There are of course pros and cons for all the alternatives, which include uniform charging—also called postage stamp or socialised charging—and various cost-reflective methods, such as the improved ICRP that has been considered under project transmit.

The alternatives would have different impacts on our policy objectives. Uniform charging might benefit renewables at the expense of carbon capture and, as the Conservative amendment notes, it could also be detrimental to the most vulnerable. Improved ICRP would be a big improvement on the existing system and, with political will, many of the issues that it raises could be addressed.

Our amendment suggests that the review of renewables obligation certificates should prioritise community renewables and take account of the remaining disparity in grid access costs under the improved ICRP. On island charges, I note that Fergus Ewing blogged earlier this year that

“It is good that Ofgem is listening to Scotland. Working together with Ofgem, with Scottish industry and with island communities, we must find a solution.”

The minister must do that—please do.

14:37

Maureen Watt (Aberdeen South and North Kincardine) (SNP): Almost two years ago to the day, the Parliament backed a motion that highlighted the threat that locational transmission charging poses to developing greater low-carbon power supplies and called for a review of the charging regime to take place. Two years on, we have the recommendations that Ofgem is edging towards.

The alterations to the transmission charging regime will mean that generators are charged by output rather than capacity, which could reduce costs for some renewables generators by up to 60 per cent and could lead to lower bills for consumers, but there will be no fundamental overhaul of the locational principles that underpin the system. Any move to reduce costs for renewable energy companies in Scotland is positive, but the opportunity for positive reform is in danger of being missed.

In the debate two years ago, I pointed out that it cannot be right that Scottish generators produce about 12 per cent of the UK's electricity but pay about 40 per cent of transmission costs. The system of charging—or subsidising—producers on the basis of their location to encourage them to locate as close to the south of England as possible is an anachronism. It was designed for an era in which a small number of big power stations provided the UK's electricity, rather than an era of renewable energy, which by its nature is inevitably more geographically dispersed.

If the only factor that was in play in designing a system of transmission charges was the cost of grid infrastructure, locational pricing might make some kind of sense. However, that is not the reality of where we are today. Scotland and the wider UK have ambitious carbon emission reduction targets to meet that require significant growth in renewable energy. Economic opportunities from developing and installing renewables technologies can also provide a significant boost to local and national economies.

Taking those factors into account and designing arrangements that facilitate a move to a low-carbon energy sector is what project transmit is

supposed to be about. Transmission charges should reflect those wider priorities and avoid becoming a barrier to renewable energy development, as is currently the case. A postage stamp approach, where all generators face flat rates to use the national grid regardless of their location, is portrayed by some as being radical and undesirable. Yet it is a fact that that is the norm across Europe, with the vast majority of countries charging by how much power companies generate, rather than by where they are located. I cannot believe that it is beyond the wit of man to come up with a fairer and more equitable regime that benefits all the country.

Although limited progress towards a fairer charging regime is better than no progress at all, Ofgem's move towards ruling out a flat rate of charge is disappointing. The case for a flat charge has not diminished. I hope that the Scottish Government will continue to make the case for such an approach and that it will have the backing of the whole Parliament in doing so.

14:41

Liam McArthur (Orkney Islands) (LD): I am pleased to have an opportunity to speak in this brief but welcome debate and I am delighted that a delegation from Orkney Islands Council and the renewables sector in Orkney is in the gallery.

Time constraints allow me to touch only briefly on key issues. I welcome the minister's commitment to meet delegations from each of the island groups later this afternoon, which I hope will facilitate a more detailed discussion on the next steps in pressing for change that is urgently needed, as the minister said.

As we move to a low-carbon economy and address the need to decarbonise our energy system, fundamental reform of our energy markets is needed. As part of that reform, we must devise a more appropriate method of charging for transmission. I support the Government's motion, but it risks portraying the current arrangements as anti-Scottish. That might be politically expedient, but it is untrue and not a little dangerous. As Ken Macintosh rightly pointed out, the current arrangements reflect historic realities and requirements. However, it is certainly true that if Orkney and the other island groups are to play their full role in helping Scotland and the UK to achieve their renewables ambitions, a revised transmission charging regime is needed, among other reforms.

The minister's motion perhaps also slightly overplays the influence of this Parliament's vote in April 2010, while underplaying the significance of the arrival at Westminster of a coalition Government that is committed to the fundamental

review that is being undertaken through project transmit. In particular, the efforts of my Liberal Democrat colleague, Chris Huhne, are worthy of recognition—to be fair, the minister and his predecessor have been happy to acknowledge that on the record.

The minister reasonably acknowledged the strengths of the project transmit process and the progress that is being made through the emerging proposals, which should make developments in the north and west Highlands, for example, more viable. However, Scottish Renewables is right to highlight the risk of a potential discrepancy between indicative and actual transmission network use-of-system tariffs. The issue seems to arise because there is a lack of high-load-factor plants in Scottish charging zones with which low-load-factor plants can be balanced. Scottish Renewables has sought assurances from Ofgem on the issue, on which we must all remain vigilant.

Ofgem also points to proposed changes to user commitment charges, which have been cited as a barrier to entry by some smaller developers. Again, there seems to be a move in the right direction in that regard, although I agree with Rob Gibson that there are heavy liabilities for developers who are looking to connect in remoter locations.

Whatever progress has been made to date, there is still much to do. The issue is critical for the economic future of the islands that I represent, as well as Shetland, which is represented by my colleague Tavish Scott, and the Western Isles.

It is ironic that as the situation has improved for mainland developers in the Highlands, the competitive position of counterparts in the islands has—arguably—deteriorated. Orkney is only 6 miles from the Scottish mainland, but our transmission charges would be six times higher than those of mainland developers. The recent example of Fairwind Statkraft Orkney demonstrates that the disparity in cost is having an effect on companies' preparedness to take forward potential developments in the islands.

The risk is that the issue diminishes our ability to play to our strengths. Andrew Scott of Pelamis Wave Power observed:

"The projects we now see under development off Orkney's coast using Pelamis technology represent a route to commercialisation and the grounding of our supply chain here in the UK. Ensuring we can export electricity from these projects at sensible costs via stronger grid connections to the UK network is a fundamental prerequisite to achieving this success."

It has been suggested to me that the current lack of grid, securities and the charging issues that we are discussing all have the potential to dent our international reputation as the world's leading location for marine renewables. Therefore, I

applaud the work that is being led by Scottish Renewables and Highlands and Islands Enterprise, which is supported by developers, local councils, the Scottish Government and others, in identifying possible solutions to the current impasse. Their proposals are reasonable, practical and avoid setting unhelpful precedents for the future. They recognise the need to resolve the outstanding issues that the isles face through the transmission charging regime rather than through ROCs.

I cannot support the Labour amendment or the Tory amendment, but I welcome the debate and hope that Ofgem heeds the clear message that is emerging from it. I look forward to further detailed discussion with the minister and the island delegations later this afternoon about how we can unlock the potential of all our islands to be the powerhouse behind our renewables revolution.

14:45

Chic Brodie (South Scotland) (SNP): I hope that, at its meeting tomorrow, the Gas and Electricity Markets Authority—GEMA—which is the board of Ofgem, will make decisions or at least provide more clarity and direction on transmission charges. There is an overdue and fundamental need for that. Let us hope that its prognostications will release us from the economics of the madhouse that the current system of charging inhabits. That regime places a higher charge for the use of the national grid on generators that are furthest from demand. Instead of recognising that ultimate throughput costs will diminish as we invest more in raw material sources with higher load factors, in our cost analysis we levy costs on distribution and transmission only. We should remember Ravenscraig and Invergordon. If we shut down or overburden our major raw material generation sources, the rest of industry and, ultimately, the customer will pay the price.

I have no truck with a London Government that lives in a bubble of encouraging a cost basis that allows generation

"closest to where it is needed the most".

If that were a valid criterion, there would be wind farms in the Mall and Threadneedle Street.

The current system is rotten, unfair and economically insecure in the longer term. It does not provide quality services or best value to existing customers and it will not do so to future customers. It undermines and invalidates a very strong case for investments in renewables closer to the raw materials of strong wind, wave and tidal resources. Of course, nowhere are those better than in the outer isles, Shetland and Orkney.

Mary Scanlon: Will the member take an intervention?

Chic Brodie: No. I do not have enough time.

I have the greatest respect and admiration for the Ofgem team in Scotland—oh that it were independent—but the notion that existing and future consumers will be protected by project transmit, which should have been a worthwhile project, as it meanders from Redpoint to son of Redpoint fills me with doom and gloom.

It is clear that the current transmission and connection pricing regime is unsustainable. The low-carbon energy generation targets are threatened, and Ofgem needs to show teeth and deliver change quickly. The offhand dismissal of a socialised or even quasi-socialised charging approach is regrettable, but never mind: 2014 is not that far away. A proposal for an improvement or adjustment to the ICRP cannot wait for the merry-go-round of GEMA making a decision on principles, then possibly providing direction to the National Grid, then the National Grid taking proposals to a working group to provide technical details, and then GEMA taking a decision to allow the National Grid to implement the changes to transmission charges. That is a farce. The economic madhouse has become the fortress of delay and indecision, and that does not help our people in islands such as Shetland and Orkney.

We need a location system that does not preclude capital investment in electricity generation near its strongest raw material resource. We do not need a generator in the west of Scotland being charged £12.50 per kilowatt with an equivalent in Cornwall being subsidised to the tune of £6.50 per kilowatt. I doubt that that meets the criterion under European directives 2009/28/EC and 2009/72/EC in respect of the remote communities obligation. We need investment, jobs and lower cost power. That should be the early thrust of GEMA and the National Grid, otherwise they will fail our communities. Let them not fail tomorrow.

14:50

Anne McTaggart (Glasgow) (Lab): I welcome the debate. I think that my fellow members will agree that the existing charging regimes are neither compatible with the needs and desires of ordinary people nor in the interests of delivering an affordable and sustainable energy future.

In modern society, few issues are more pressing than global warming. Some might even go so far as to say that, for the future of the planet, it is even more important than the debate on Scottish independence. Members will be aware of the truly alarming figure that 900,000 households in Scotland are in fuel poverty. The importance of the

debate and the independent review are therefore self-evident.

There is general support among politicians and charities, such as Friends of the Earth Scotland and RSPB Scotland, for the main aims of project transmit. As Ofgem has stated, reducing carbon emissions and ensuring the delivery of secure energy supplies are integral to its duty to protect the interests of current and future energy consumers.

It is this Parliament's responsibility to build on those areas of consensus and to work towards a fairer future. Project transmit provides an opportunity to make major progress and it presents us with a chance to ensure that we find the right charging regime—one that supports renewables developments but does not do so at the expense of those who cannot afford a hike in energy bills.

For many of my constituents in Glasgow, fuel poverty is a critical issue. However, it is not an issue only in Glasgow, which is why we must look to protect households in fuel poverty across the country. No one should have to choose between heating their house and feeding themselves and their family.

Although project transmit affords the Scottish Government the opportunity to create and support sustainable energy developments, we must remember that altering the existing charging regime is not in itself enough. It is crucial that we give further support to the various green initiatives that exist throughout the country and set our minds to conceiving new and innovative ways to turn Scotland into an energy-efficient, low-carbon economy.

In Glasgow, Labour is stepping up to that challenge. We will lead the implementation of the green deal to improve the energy efficiency of residents' homes. We have committed to develop a centre for green building skills, which will help local workers and the construction industry to make the transition to a low-carbon economy. We have pledged to create the Glasgow energy trust to develop new energy systems and to ensure that the city gets its fair share of all future revenues.

Project transmit offers an opportunity to change one part of the energy system and address a long-standing concern, but it is only one element of the change that needs to occur if we as a country are to achieve our aims and meet our obligations to the global community.

At the heart of the change must be people not profits, and community benefits not corporate gains. The communities that are at the forefront of the renewables revolution should be able to reap the rewards. I am glad that Labour's amendment takes that into account by calling on Ofgem to

recognise community involvement and to introduce a pricing regime that prioritises the needs of local people and does not penalise them. I hope that all members agree, and I call on them to support Ken Macintosh's Scottish Labour amendment.

14:54

Stuart McMillan (West Scotland) (SNP): We have heard how important energy transmission is and will continue to be for Scotland's economy. It is clear that energy generation is an integral part of Scotland's economy and will become more so in the years ahead. Furthermore, the carbon emissions targets set by the Scottish Government, the UK Government and the EU mean that clear and distinct challenges lie ahead. I believe that we will be successful in achieving the targets, but we need to give ourselves every opportunity to do so.

The current charging regime is clearly not fit for purpose—a phrase that I am not prone to using very often, as Economy, Energy and Tourism Committee members know. The current charging regime has been used for some time and electricity generation has advanced and changed from the traditional generating methods. More renewable energy is generated and consumed and more is in the pipeline. The current infrastructure is in need of investment to ensure that it can deal with increased supply.

In order for Scotland to fully capitalise on that required investment while creating more employment opportunities and reducing its carbon emissions, it needs to use every opportunity at its disposal.

We currently operate in a GB market and cross-border working is something that will continue when Scotland achieves its independence.

Given the targets that have been set, and bearing in mind that Westminster needs Scotland to deliver more than our per-head-of-population share for the UK Government to reach its overall target, it should be inconceivable that a new mechanism may well be introduced that continues to make that challenge even greater.

That is not to say that Ofgem has not moved ground; it clearly has, and I welcome that progress. I fully appreciate that those who work in Ofgem have a difficult task and may well feel at times as if they are getting battered from all sides, but the role that they have to play is crucial.

Ofgem appears to have ruled out the postage stamp approach across GB by saying that it would add an extra £25 to £30 to consumer bills in Scotland. With fuel poverty on the rise due to various factors, including energy prices, the last thing that anyone wants to do is force more people

into fuel poverty. However, the debate about location versus usage is changing as a result of the proposals that have been made so far. Ofgem's preferred proposal of an improved ICRP has certainly not been rejected by Scottish Power or Scottish Renewables, although they preferred the postage stamp model of operation. They could work with Ofgem's proposal, although improvements would still need to be made.

On the specific point regarding the different solution that is proposed for islands in the north of Scotland, I note from the Scottish Renewables briefing that members were sent in advance of the debate that the organisation queries the Ofgem proposal's consistency with the renewable energy directive. I have sympathy with the argument from an equality perspective. I urge Scottish Renewables and any other interested organisation to examine the equality legislation, if they have not already done so, as I believe that the proposals for the islands will certainly not generate a level playing field for generators or for those who are seeking opportunities in the industry.

Scottish Renewables reported that, under the ICRP model, proposed renewable electricity developments on Scottish islands would become uneconomic. It suggests that 1.2GW of projects—a frightening figure—would not proceed.

I firmly believe that any other country that had the massive potential that Scotland has would be bending over backwards to develop it. The economic boon—not to mention the positive environmental impact—would be a tremendous boost in these times. Ofgem is moving in the right direction as progress appears to have been made, but there is still some way to go.

I urge every member to work to ensure that Scotland obtains the full economic boost—not to mention the clean energy and the reduction in carbon emissions—that renewables can bring.

14:58

Margaret McDougall (West Scotland) (Lab): As other members have said, the Ofgem consultation—project transmit—has been widely welcomed, as in its current form the transmission network's use of system charging arrangements places a higher cost on Scottish renewable energy generators when they connect to the electricity network than on generators in other parts of Great Britain.

Project transmit is designed to provide a fairer and more equitable system so that we can bring people out of fuel poverty and encourage investment in renewable energy sources. The main problem with the current system is that it was designed for an era in which the vast majority of our electricity was generated by power stations

rather than renewable sources. Many of those old sources of electricity generation developed next to population bases, so electricity could be transported cheaply to the areas that used the largest percentage of power.

The problem arises when we consider the fact that many renewable energy developments are not built next to centres of high population, because areas that are ideal for wind, wave or tidal projects, such as the Scottish islands, are often remote. That could affect investment in those resources, as the cost of transmitting the electricity to populated areas that need it could well be far too high. Therefore, any changes that would lower transmission charges would help to encourage investment in Scotland's renewables sector.

We need to ensure that the new pricing regime is right for Scotland and that nowhere is placed at a disadvantage. Project transmit is our chance to get the pricing structure right for future generations and to ensure that investment in the renewables sector is not stunted by a pricing regime that hampers the islands. The current pricing structure treats Orkney, Shetland and the Western Isles differently from the mainland, which means that onshore generators on the islands are charged more than onshore generators on the mainland. If that practice continues, it could lead to wind farm developments being built offshore at a higher cost, which would ultimately be passed on to the consumer through higher bills. It could also serve to discourage investment in onshore renewables and community-based projects, which would be a devastating blow to the development of Scottish renewables, as some disadvantaged areas are in the best locations for renewable energy.

We hope that Ofgem will listen to our suggestions and develop a solution to that problem. Our amendment urges the Scottish Government to take action, should Ofgem fail to alter the pricing regime, leaving the islands at a disadvantage compared with other areas. As others have mentioned, that could be done through the current review of ROCs—the islands could be allocated additional ROCs, the money from which could be invested in renewables and used to encourage community developments.

Ideally, we need to ensure that we get the pricing structure right now. This is our chance to encourage more investment in renewables and to promote community-based projects. If that is done right, it could promote employment and reduce fuel poverty by helping to keep consumers' bills down. If Ofgem does not take steps to amend its proposals, the Scottish Government should do its duty and use its powers to take action.

15:02

Mike MacKenzie (Highlands and Islands) (SNP): I recently visited the European Marine Energy Centre in Orkney, which enabled me to gain a first-hand insight into the remarkable progress that it is making in testing wave and tidal energy generating devices. The centre is at the exciting cutting edge of world-leading technology, and I was delighted to see the impressive rate of development there. I was also pleased to speak to a number of young Orcadians who were enthusiastic about being able to return home after higher or further education to pursue careers in that exciting technology.

The opportunities that such technologies offer are highly significant not just for our islands, but for Scotland and the rest of the UK, as they will allow climate change targets to be met and energy security and price stability to be provided. Now that plans for grid connections are being firmed up, the focus is on the remaining significant barrier to the deployment of devices that are approaching commercial viability—the present onerous transmission charges, which will greatly inhibit the necessary investment.

Although I welcome Ofgem's initial proposals, which are aimed at levelling the playing field to some degree for remoter parts of the mainland, I cannot accept proposals that are prejudicial to the interests of our islands and which do not correctly interpret the wider public interest. It is said that the reason for the current transmission charging regime is that our islands are too far away from London, but the reality is that London is too far away from our islands and their significant energy-generation capabilities. That wider public interest is surely best met by meeting our climate change targets and achieving energy security and price stability sooner rather than later.

Mary Scanlon: Does the member acknowledge that the project transmit consultation ended at the end of February; that a decision will be made on 4 May; that that decision has to be referred to the industry code; and that there might thereafter be further consultation on the decision? Many SNP members seem to be talking as if decisions have been made, even though the fact is that we are only halfway through a consultation.

Mike MacKenzie: Sure, and I remain optimistic. I point out, however, that it is truly lamentable that it has taken this length of time to get anywhere near approaching the right solution.

It will also be greatly in the interest of the public if we realise sooner rather than later the huge economic opportunity that the technology brings to Scotland. I am disappointed at the suggestion in Mary Scanlon's amendment that reducing transmission charges for our islands would

somehow increase fuel poverty. The logic and arithmetic of that quite escape me. It is a fact that Scotland suffers much greater fuel poverty than England—it affects 30 per cent of households in Scotland compared with about 24 per cent for the UK—and that Scotland's islands experience fuel poverty at a rate of around 50 per cent. That is, no doubt, part of what we call the union dividend.

Perhaps Mary Scanlon can explain to me how discouraging local energy generation could possibly lead to an outcome that decreases rather than increases fuel poverty.

Mary Scanlon: Will the member give way?

Mike MacKenzie: No, I am sorry, but I am running out of time.

Ken Macintosh's suggestion that the Scottish Government should dig into its budget to pay the onerous transmission charges is similarly misguided. Scotland already pays more than its share of UK taxes.

Despite Liam McArthur's suggestion, it is difficult to see how the transmission charges, in their current form, can be seen as anything other than anti-Scottish. Ofgem's proposals, though a step in the right direction, are still not acceptable for anyone who cares about Scotland's islands.

15:07

Murdo Fraser (Mid Scotland and Fife) (Con): This has been a useful debate. With a few exceptions, there has been a great deal of consensus. Several contributors recognise that there is a balanced argument around this matter. It is not all black and white, as some speakers might indicate.

There is a general principle in relation to electricity generation that any engineer can confirm—Mr Brodie, who did not seem to understand this point, should listen to it. The principle is that energy generation is most efficient when it is located close to the point of consumption, because the further away the point of generation is from the point of consumption, the greater the loss of efficiency and the more power is lost in transmission. That is an undeniable fact of engineering. In addition to that, there are costs of transmission—both capital and running costs—that have to be factored in.

Rob Gibson: Will the member give way?

Murdo Fraser: No, I want to make some progress.

Ken Macintosh made a fair point when he gave us a history of the current regime that we have for transmission, which is based on an old model that involved centralised points of power generation dispersing around the country. We are now

moving to a different model, which is why we are adopting a new approach. I understand the arguments that were put forward by the minister and by many members who have spoken, including those on the SNP benches and Liam McArthur, about why the proposals from Ofgem do not go as far as they would like in terms of incentivising the development of new technologies off the coast of Scotland and our islands. I do not intend, in the time available, to reopen the debate around onshore wind developments—we would be here for a while if I did—but I think that we would all agree that there is great potential for wave and tidal projects off Scotland's coasts and the coasts of our islands, and we should be looking at how we can change the regulatory regime to ensure that they can be connected to the grid in an affordable manner.

Fergus Ewing: Can Mr Fraser confirm that the Conservative position is that, when the process concludes—I accept that we are in a process—it is necessary and only fair that, if a significantly better solution emerges for the islands, it will demonstrate that the current charges for the islands are far too high?

Murdo Fraser: I am delighted to agree with the minister. We, too, want a better solution. My issue with the motion and with the contributions by some members is with the idea that a socialised regime is a positive move.

Chic Brodie: Will the member give way?

Murdo Fraser: No. I have already taken an intervention and as I have only two and a half minutes left, I need to make some progress.

The postage stamp model, to which many members have referred and for which the motion says that there are strong arguments, is not ideal. I shall give an example. Let us imagine that someone were to propose a tidal project somewhere to the west of the Hebrides, such as Rockall, and they considered recovering from the electricity bill payer the transmission costs of connecting the project to the grid. In those circumstances, Ofgem would be entirely right to say that that was not justifiable and affordable. Therefore, this is an issue not of principle but of balance. Ofgem has to balance the potential for developing renewable energy offshore with the cost of paying for it. In the socialised model that some have proposed, the cost would be an additional £7 billion, which would mean £25 to £30 a year on consumers' bills.

As my colleague Mary Scanlon pointed out, according to Ofgem's figures, even in 2012 the increased cost to a consumer in the north of Scotland of such an approach would be £11 a year, whereas those in the south of England would see a reduction in their bills of £2 a year. We

cannot support an approach that will penalise consumers in the north of Scotland and subsidise those in the south-east of England. I am surprised that the SNP is proposing that.

That is on top of a situation in which existing fuel costs are rising because of base costs and green levies. As many will acknowledge, it is also against a background of an increase in fuel poverty. We should not be looking to exacerbate that. We need a balanced approach. That is why we agree with the thrust of what the Scottish Government is trying to do, and we are sorry that it has got bogged down with dogma in the motion.

Mary Scanlon made a fair point when she said that, given that the proposals that will come forward on 4 May will go to further negotiation, they do not represent the end of the story. We need to continue to have those discussions.

The minister is looking for consensus in the debate. I say to him that there is little that divides us. It is a pity that the SNP Government did not draft a better motion, around which consensus could have been reached. I support the amendment in Mary Scanlon's name.

15:12

Ken Macintosh: To pick up on Murdo Fraser's final comments, the general tone of the debate has been consensual. It would be a shame if that was not reflected at decision time. Members have all recognised in their contributions that the system of charging could be more equitable. I shall concentrate on that.

This is a time of radical change for electricity generators throughout the UK. Legally binding climate change targets and soaring targets for finite conventional sources of energy such as coal and gas have created a real need for fundamental reform. Our economy relies on the secure supply of electricity, while, as consumers, we are more aware than ever of the financial and environmental costs of electricity generation.

The upside of all that is that Scotland is well placed in the UK to meet those future energy demands. However, to do so we must first agree on a transmission network that will help us to exploit Scotland's renewables potential. We need a fair and equitable charging regime that allows our renewable generation ambitions to become a reality. We need that to fight fuel poverty, address climate change and ensure that the areas best placed to provide that energy are not disadvantaged.

The initial proposals from project transmit come close to meeting our needs and are to be welcomed, but it is clear that there is the belief, at least here in the Scottish Parliament, that they

could be improved further. The high cost of transmission to and from our islands is unfair and will hold back potential development.

It is worth looking at the cost. The scale of the task ahead is enormous. It has been estimated by Ofgem that energy customers throughout the UK already pay £2 billion a year in transmission costs. Ofgem has concluded—through project discovery, I think—that up to £200 billion of investment is needed in energy infrastructure. I sympathise with Maureen Watt's comment that it surely cannot be beyond the wit of man or woman to come up with a more equitable system but, when we look at such figures and realise that someone has got to find that funding, we can see why the situation is not so straightforward.

In fact, although project transmit listed four reasons for rejecting the socialised or postage stamp approach, it is clear that the key factor is cost. It concluded that all the charging options would help to meet the UK's renewable targets

"with no material differences in the implications for security of supply. The key differences ... are the impacts on power sector costs and consumer bills"

and went on to say that the postage stamp approach would push up consumer bills by £6.9 billion. Interestingly, like Mary Scanlon, it argued that it would also

"exacerbate existing regional patterns of fuel poverty".

However, I am not totally convinced by project transmit on that point. Analysis of the wider socioeconomic impacts or benefits did not fall within its very tightly defined remit and as my Labour colleague Margaret McDougall, Rob Gibson, Mike MacKenzie and others have pointed out, a fairer, more equitable regime that allowed for community development would be good in tackling fuel poverty in Scotland.

As Murdo Fraser said, the argument is balanced and, in the interests of fairness, I think that although there is a case for ensuring greater equity in the transmission charging system we cannot simply ignore the historical arguments for continuing to generate electricity as close as possible to the population base. We must adjust the charging system to harness new sources of power, but it is a simple fact that, when electricity is transmitted over long distances, power gets lost and we need to balance the need to move towards renewables with the on-going need to optimise energy efficiency in transmission as well as in usage. As a result, although some of us have expressed concerns, most of us, including Stuart McMillan, have welcomed the project transmit review for at least moving us significantly in the right direction.

At this point, I want to highlight an issue that has not yet been mentioned. In its briefing, Scottish

Renewables expressed concern that because Scotland lacks high-load-factor plants that low-load renewables can be balanced against, there might be a significant difference between Ofgem's indicative tariffs and the actual tariffs that will be set when the new system is put in place. Indeed, it suggests that the actual tariffs could be 25 or 30 per cent higher than those that are set out in the project transmit review and has asked Ofgem to clarify the matter. I certainly seek reassurance in that respect. After all, if, after agreeing with what project transmit has concluded, we find out that the final cost is 25 to 30 per cent higher, how can we have confidence in its figures and calculations for the way forward?

Real concerns remain about the charging regime. We have a window of opportunity to get pricing right for the future, but the review needs to address the question of our islands that everyone in the chamber has raised. A failure to do so not only affects us now but affects our ability to develop wave and tidal generation.

As some of my Labour colleagues have pointed out—indeed, our amendment refers to it—some of our largest community-owned renewables are based on the islands. For example, the community trust on Shetland is a major partner in the Viking project, which is developing an onshore wind farm that will secure the future of a trust fund built originally on oil revenues and used to provide facilities for the local community. It is difficult to quantify the social good that has come from the trust in the past, but it is good that this partnership will ensure benefits for the island in future—if, of course, it can access the grid.

As I said earlier, Orkney has been widely recognised as a location for developing and testing wave and tidal devices; for example, the European Marine Energy Centre allows developers to test prototypes in all sea areas and even to generate electricity for the grid. However, grid access charges that disadvantage the islands could affect Orkney's reputation as a world leader in this field. I understand that there are also great opportunities in the Western Isles, where community-owned estates dominate and might be best placed to benefit from the boost to the local economy.

I fully understand that the onus is on Ofgem to provide a solution but, as our amendment urges, the Scottish Government should use its powers if Ofgem fails to do so. I believe that we are united in asking the organisation to review its charging regime to give Scotland's islands a fairer deal.

15:20

Fergus Ewing: This has been a useful debate. As Ken Macintosh has just said, although we

might not have thought so at certain times during the debate, there is far more agreement than disagreement. I want to foster the agreement and eliminate the disagreement, if I can, although I know that I might be being ambitious in looking for total unanimity.

Liam McArthur: Will the minister take an intervention on that point?

Fergus Ewing: I am always delighted to get some help from a coalition partner to persuade their colleagues to do the right thing.

Liam McArthur: To aid the building of that consensus, can the minister clarify the Government's position on a separate regulator for Scotland, should we go down the independence route? That seemed to be what his colleague Chic Brodie suggested during his contribution.

Fergus Ewing: I will deal expressly with that point later, if I may.

It is recognised throughout the chamber that proposals that would see considerable progress on the mainland of Scotland are broadly welcomed. As Mr Pentland said, that is a step in the right direction and we made that clear early on, as soon as Ofgem's draft proposals were announced. However, Ken Macintosh was right to point out the caveat that Niall Stuart of Scottish Renewables has asked for confirmation that what is proposed is what will be delivered and that there is no suggestion that the proposed level of charges will not apply in areas where there can be no balancing provision—where there are no conventional power stations to balance the charge and supply electricity to the grid when wind power is not available because it is intermittent, as Mr Fraser likes to point out.

Broadly speaking, we welcome the compromise. I hope that, during my opening remarks, I indicated that we take a pragmatic approach to the proposals, and we have put a lot of effort into finding a solution to the problem rather than taking an absolutist stance, which we have not done. We have worked with Ofgem, MSPs, the leaders of all three island local authorities, and Highlands and Islands Enterprise to find a solution, and we believe that we have found a compromise. That has been studied, but it needs to be modelled further. We have encouraged Ofgem to look very carefully at that solution and we hope that it will still do so.

When Ofgem meets tomorrow, I hope—given that its draft proposals perhaps imply that it is less than confident in the proposals as they relate to the islands and that more work needs to be done—that it will agree to move a step forward and say that more work needs to be done to study the compromise proposals that we have brought forward, working together, following the meeting

on 13 January, to which I referred and which Mr McArthur and all island councils attended.

Of course, we did not just have one meeting. The First Minister made his views known at a meeting with Mr Buchanan that I attended. On 23 March, I wrote a letter to Charles Hendry MP; it was co-signed by the leaders of all three island councils. In that letter, I pointed out:

“According to the modelling we have seen, UK consumers will potentially be over £3bn better off over the 20 year life of 1GW of Island wind compared with an identical amount of a technology attracting 2 ROCS - ie offshore wind. This strongly supports the case for encouraging island generation, and this can easily be done by addressing high transmission charges through Project TransmiT”.

The £3 billion figure reflects the fact that wind farms that operate in the islands have a higher level of efficiency than those elsewhere because the islands tend to be windier. Applying the science of that analysis, we have calculated that there will be a £3 billion saving to the consumer, provided that the islands’ potential for wind power can be addressed.

I recently approved the 370MW—or thereabouts—Viking wind farm proposal in Shetland that was alluded to. That is in part a community benefit scheme that will provide more than £30 million a year to the communities of Shetland and which could, inter alia, eliminate fuel poverty.

Much of what Ken Macintosh has said is correct. We think that the social benefits should be taken into account. However, to be fair to Ofgem, it is entitled to take account only of matters per statute. Its remit is statutorily defined and therefore we cannot blame it for not taking into account something that it expressly may not take into account. Where I slightly disagree is that the solution of renewables obligation certificates is a lever that is intended to incentivise investment and revenue for various types of renewable energy. To apply that lever to transmission charges, which is something else entirely, is really not the best way to go about this.

We think that the best way to solve a transmission charge problem is with a transmission charge solution. Section 185 of the Energy Act 2004 has not been mentioned. It is a sort of fallback option, but it would provide only a limited period of confidence of a maximum of 10 years, although it could in theory be only one year. We therefore think that that does not offer a solution, and I believe that that opinion is shared by those in the islands.

I think that Mr Fraser expressed a basic and fundamental agreement with us, which I hope can be expressed in the vote this evening. I say that in the genuine hope that the Conservatives will look

again at the wording of the motion. I know that it is unusual in the Parliament to try to persuade somebody in the course of a debate, although I guess that, outwith the chamber, people think that that is the purpose of a debate. The motion refers to the fact that

“there remain strong arguments for change to a flat rate of charging”.

Mary Scanlon: Will the minister give way?

Fergus Ewing: Hang on a second. Let me develop the argument and then I will happily take another intervention from Mary Scanlon.

The motion goes on to state that the Parliament

“welcomes the emerging outcomes for both renewable and conventional generators on the mainland, which will move away from the current status-quo approach”.

I have repeated twice that we welcome the compromise proposals that have emerged. Therefore, Mary Scanlon’s point that there would somehow be additional charges to consumers is wrong, because it is based on the assumption that we do not welcome those proposals and we adhere to the postage stamp proposal, but we do not. Therefore, that charge is wrong. In any event, we do not accept—more to the point, Scottish industry does not accept—that the calculation of an additional £7 billion cost is correct. That is disputed. Unfortunately, the details of the modelling and assumptions on which the calculation was based have not been shared with us or anybody else.

The motion does not commit the Parliament to the postage stamp solution. It says that we welcome the progress that has been made, but that we want a solution for the islands. I very much hope that, now that I have pointed that out in a spirit of co-operation, the Conservatives will consider the issue again so that we can have agreement not just among the SNP, Labour, Liberal and Green members, but across the board from every party in the Parliament.

Mary Scanlon: I simply point out that, earlier, I quoted page 36 of the consultation document on electricity transmission charging of 14 February 2012.

The Deputy Presiding Officer: Briefly, please.

Mary Scanlon: We cannot support the motion because the Government proposes an additional £30 charge for people in Scotland and no additional charge for those in London.

The Deputy Presiding Officer: Minister, you are in your final 15 seconds.

Fergus Ewing: The motion simply does not do what Mary Scanlon says it does.

I commend the motion to the Parliament. This is a vital debate. There is a process ahead, and I hope that we will all seek to ensure that it is successful. For it to succeed, Ofgem should change tack at its meeting tomorrow. That would be a key step in getting the right solution for Scotland and the islands of Scotland.

Scotland Bill

The Deputy Presiding Officer (John Scott):

The next item of business is a debate on motion S4M-02625, in the name of Bruce Crawford, on the Scotland Bill, which is United Kingdom legislation. I invite Mr Crawford to speak to and move the motion.

15:30

The Cabinet Secretary for Parliamentary Business and Government Strategy (Bruce Crawford): The Scottish Government is today inviting the Parliament to consent to the Scotland Bill, which was introduced into the UK Parliament on 30 November 2010. The Government remains clear, however, that the bill represents a missed opportunity. To stimulate the economy, we need much greater financial responsibility, which will allow us to boost our recovery, invest in our public services and support long-term sustainable growth. The Scotland Bill falls way short of delivering the economic levers to stimulate the economy and create jobs.

The bill is also a missed opportunity because it does not address issues of concern to the chamber and wider Scotland such as the Crown estate, broadcasting, representation in Europe and welfare reform. The question remains how the UK Government—and the parties of that coalition here and the Opposition here and at Westminster—will address those issues in the future. However, I will come back to that question later.

In the meantime, it is important to get on the record where there have been important changes to the bill since we last considered it. Crucially, there has also been agreement between the Governments on how the bill's financial provisions will be implemented. Those changes and that agreement were reached following negotiation between the Scottish and UK ministers. We put forward pragmatic and reasonable propositions to ensure that any potential for harm to this institution and the people of Scotland was removed. The UK Government responded and, as a result, we now judge that any harm that was proposed by the bill to devolved government in Scotland has been removed. The bill also provides additional responsibilities for the Scottish Parliament and Government. That is why we have lodged a motion recommending that the Scottish Parliament consent to Westminster passing the bill.

This Parliament last considered the bill in March 2011, following the report of the first Scotland Bill Committee. We passed a motion agreeing that Westminster should consider the bill further. However, the Parliament was very clear that we needed to consider the bill and any amendments

again before our final consent could be given. Following the election in May last year, the Scottish Government made a number of proposals for improvements to the bill including devolution of the Crown estate and corporation tax. The Government also pressed its previous proposals to remove the harmful aspects of the bill.

James Kelly (Rutherglen) (Lab): Can the cabinet secretary remind us of the six proposals that the Government made after the last election and tell us how many of them have been included in the amended Scotland Bill?

Bruce Crawford: Every party in the chamber has publicly said that Scotland should be granted more powers than are currently in the bill. However, we live in pretty strange times when our opponents would rather deny their own policies than be seen to agree with the Government—and we wonder why the public are losing faith in politics. The Scottish people elected the Scottish Government with a mandate to secure these improved provisions in the bill. It is not the Scottish Government that Labour takes so much joy in opposing, it is the people of Scotland.

David McLetchie (Lothian) (Con): How many proposals?

Bruce Crawford: I have just dealt with that point. Those proposals included a role for this Parliament in commencing the finance provisions of the bill as well as the removal of proposed reservations on health professions, insolvency and international obligations. The bill and our proposals were scrutinised by a second Scotland Bill Committee, which was chaired by Linda Fabiani. I thank her and the committee members for the work that they did. Particular mention should be made of David McLetchie who, along with the clerk, served on both committees. Maybe that makes me a bit of a sook with David McLetchie.

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): Nae point.

Bruce Crawford: Yes, there is nae point.

Following negotiations between the Governments, a number of legislative and non-legislative measures have now been agreed to improve the bill and address our concerns. It is important that Parliament knows about those, so I will list the major ones. Consistent with the principle of consent in the UK Government's statement of funding policy, both Governments should reach agreement on implementation issues, including adjustments to the block grant, to take account of the Scottish Parliament's new fiscal powers. Each Government should also provide assurance to its Parliament before relevant provisions of the bill are brought into force

and before implementation arrangements are brought into effect.

The Governments will develop an adjustment to the Scottish block grant based on the proposals of the Holtham commission on the funding of the Welsh Assembly Government. There will be transparency for both Parliaments on implementation and a statutory duty on both Governments to report regularly to their respective Parliaments on the implementation of the financial aspects of the bill.

There will also be discussions between the Governments on devolving additional taxes and on the arrangements for borrowing.

On the non-financial matters, the role of the UK Supreme Court in Scottish criminal cases will be properly defined with one procedure. The system and the need for certification will be reviewed in three years in a process chaired by the Lord President.

The reservations on health professions and corporate insolvency procedures, including those in relation to registered social landlords, will be removed from the bill.

The provision on the partial suspension of acts of the Scottish Parliament that are referred to the UK Supreme Court will also be removed, and the status quo on shared executive competence to implement international obligations will be maintained. There will also be a review of the regime for marine conservation.

I turn to the costs that will be associated with Her Majesty's Revenue and Customs implementing the Scottish rate of income tax. The UK Government has estimated those costs to be up to £45 million. We have argued that the UK and Scottish Governments should share the costs of setting up the Scottish rate in recognition that it is a UK Government policy and to provide an incentive to maximise value for money.

UK ministers have refused that proposal, so the costs of implementation must be met in full from the Scottish budget. That presents the Scottish Government and Parliament with a significant issue in terms of lack of accountability: HMRC will manage the implementation but will not be formally accountable to us for how it is spending our money. It is therefore vital that we find ways of sharing oversight of the project and ensure as best we can that HMRC maximises value for money while providing the best possible service to Scottish taxpayers. The Governments have therefore set up joint assurance mechanisms at senior official level, and implementation will be overseen by ministers through the Joint Exchequer Committee. The bill also now requires statutory reports from both Governments to the Parliaments on progress with implementation.

The proposal to adopt the Holtham commission methodology for the mechanism for calculating the block grant adjustment is much better than the Calman proposals that the UK Government originally supported. Under Calman, the block grant adjustment would have been calculated once—in the first year—and the proportion would have remained the same every year thereafter. Scotland would have lost out if the block grant adjustment was bigger than receipts from the Scottish rate of income tax—in other words, if UK public spending grew faster than Scottish-rate tax receipts. Therefore, the effect on the Scottish budget would have depended on movements in UK public spending, over which Scotland has no control or even influence.

As members know, we argue that, in past years, Scotland would have lost substantial amounts of money from the Calman approach. However, under the Holtham approach, the adjustment to the block grant will be recalculated each year, based on changes to the UK tax base on which the Scottish rate is levied. That means that, if Scottish rate tax receipts grow faster than the corresponding UK tax base, our budget will benefit. That is, Scotland will benefit if earnings and employment in our economy perform better than those in the rest of the UK. That is a better, more principled, arrangement and I am genuinely glad that the UK Government has adopted a different approach.

There is also a clear undertaking that both Governments should reach agreement before the package is implemented. The Scottish Government recognises clearly that it needs to seek the agreement of this Parliament as part of that process.

The Scottish Government freely admits that it would like more. Scotland can, should and will be independent. However, the Scottish National Party has never stood in the way of any legislation that will help the people who live in Scotland.

There was a time when the bill did more harm than good. It promised a financial mechanism that could have cut spending in Scotland by billions of pounds had it operated from 1999. That mechanism has now gone, and the damaging reservation provisions in the bill have also been removed, as I outlined earlier. We are therefore satisfied that the bill no longer poses a threat to devolved interests. In the Scottish Government's judgment, the package of changes makes it possible for the Parliament to support the bill.

However, the bill could have been so much better. It could have provided real economic levers, for example by devolving corporation tax. A more competitive corporation tax rate in Scotland would boost output, investment, exports and overall employment. The UK Government is, even

now, examining a lower corporation tax rate for Northern Ireland to boost its economic performance, yet there has been no action here.

The bill could have provided us with better capital borrowing powers, as recommended by both Scotland Bill Committees and the Scottish Affairs Committee, yet there has been no action on that. The management of the Crown estate in Scotland has been identified by everyone from Ian Davidson to both Scotland Bill Committees and even Tavish Scott as unsatisfactory and ripe for reform, yet there has been no action on that. Calman recommended a formal role for the Scottish Parliament in welfare, and the Welfare Reform Bill has shown the need for that. More intergovernmental dialogue was promised by the UK Government last June, yet there has been no action on that.

The purpose of our proposals was to strengthen the Parliament and improve the lot of the people of Scotland.

Willie Rennie (Mid Scotland and Fife) (LD):

The minister did not mention alcohol duty. Is that because he is embarrassed by the fact that he did not present the proposals until after the committee had taken evidence on that, which made that evidence worthless? The Scottish Government changed its proposal from devolution to assignation. The process was a shambles.

Bruce Crawford: I will take no lectures from anybody who is associated with the UK Government on issues to do with alcohol. The member is following us everywhere as far as that is concerned.

We believe fundamentally that decisions on our nation are best taken by the people who live here. They are the ones who are likely to care the most about the outcomes. That is a question of democracy. Let me finish by showing how democracy in Scotland is being undermined.

First, in the May 2011 election, the Scottish Government stood on a clear programme of improvements to the Scotland Bill. The Government was returned with an overwhelming mandate. We put forward our proposals for changes—backed by the people—to the bill. We provided detailed plans and answered questions when they were asked, but those very reasonable proposals fell on the stony ground of the anti-independence parties' intransigence. It is for others to justify that stance—I hope that they will do so today—despite the fact that many of their number are now arguing that many of those self-same powers should be devolved to the Scottish Parliament.

Secondly, we are now looking forward to a referendum on our nation's future. Independence, or what? It is for the Scottish Government to

define the benefits of independence. We have done that, and we shall, but those who are telling Scotland to vote no refuse to say what that vote would mean. It is simply unacceptable to go into a referendum on the greatest question that our nation has faced in 300 years without telling the people of Scotland what they are voting for. "Only when you vote no can we work out what happens next," is the only position that the anti-independence parties seem to share. Their proposition is everything that a referendum must not be. The anti-independence parties' position is unfair to the people. It is not open with the people, it is not clear to the people and it is profoundly undemocratic.

The Scotland Bill has now been bypassed by history and events. Its promoters are already looking past it, although so far they have been reluctant to say what they can see. The Government has a clear view. Independence is the only state that will allow Scotland to flourish to the full. We will allow the people that choice. In the meantime, we have secured a bill that will not harm Scotland's interests and will provide some increase in responsibilities to this Parliament.

I move,

That the Parliament, further to motion S3M-8114 passed on 10 March 2011, notes the letters exchanged between the Scottish and UK governments on 21 March 2012 and agrees that the Scotland Bill, introduced in the House of Commons on 30 November 2010, as amended, should be considered by the UK Parliament.

15:44

James Kelly (Rutherglen) (Lab): I welcome the opportunity to take part in this afternoon's debate on the Scotland Bill. I confirm that the Labour Party will support the motion at decision time.

As a member of the Scotland Bill Committee, I compliment the Scotland Bill Committee team for the amount of work that they put into the committee. I also want to compliment—I know that some of the SNP members are chuckling—the convener, Linda Fabiani, for the way in which she chaired the committee.

The bill that has now been produced has a substantial package of measures that the Scottish Parliament should welcome. The income tax proposals give us the ability to raise our own taxes up to 10p in the pound. The importance of that is the responsibility that it attaches to the Scottish Parliament. In the time in which I have been a member of the Scottish Parliament, what has struck me about the discussions on the budget allocations from UK Governments is that the SNP's approach always amounts to saying, "Gie's our money. We want our money now." The SNP always wants to complain and to cast up to

London, but it is not prepared to face up to the responsibility of running the budget through the Scottish Parliament. I firmly believe that the proposals in the Scotland Bill will mean that the Scottish Parliament will be more accountable to the people of Scotland.

John Mason (Glasgow Shettleston) (SNP): Mr Kelly talks about more responsibility, but does he believe that the bill provides the right level of responsibility, or does he think that we should have more, such as for raising an amount in tax that is at least as much as our expenditure?

James Kelly: What struck me from our discussions in the Scotland Bill Committee on having more powers over income tax and how that would operate is that, as the SNP gets the opportunity to be handed more powers, it always seems to find an opportunity to complain about the process, rather than grasping the nettle and taking the powers forward. I sometimes wonder whether, if Scotland voted for independence, the SNP would be lost because part of its way of operating would be gone—it would not have London to complain about any more, which has been a substantial part of its modus operandi.

It is to be welcomed that the borrowing powers in the Scotland Bill have been extended. It is a matter of fact that we live in economically difficult times. The benefit of giving the Scottish Parliament greater opportunity to borrow and therefore to invest in capital infrastructure is that we will be able to create more jobs at a time of economic downturn.

As Mr Crawford said, the bill deals with other issues such as the provision of additional powers on landfill tax and stamp duty. Further, I believe that the opportunity provided by the bill to use the Scottish cash reserve will help with transition issues. Since the creation of the Scottish Parliament, the end-year flexibility fund has always had a surplus. Creating a Scottish cash reserve and the ability to build up moneys will be to the advantage of the Scottish Government.

The bill also has additional powers over air weapons, drink-driving limits and speed limits. There are cross-party concerns about drink driving and the number of accidents on our roads in Scotland. The additional powers will help to tackle those issues.

I welcome, too, the substantial discussions that have taken place on the issue of the UK Supreme Court. The finished product in that regard makes the process more efficient in terms of appeals and it tidies up the Scotland Act 1998 in relation to acts of the Lord Advocate.

Fundamental to the transition to the new tax system is the no-detriment principle. I welcome the fact that discussions have taken place and that a

constructive agreement has been reached, so that both Governments can be satisfied that, as we move through the transition period, Scotland's financial position will not be disadvantaged.

Labour believes that the bill should have gone further on a number of matters. We would have liked the borrowing ability to be extended by a greater amount. We have consistently argued that air passenger duty should be devolved. The business community has promoted that, and being able to decide that duty here would be a greater economic tool in Scotland's toolbox. There was cross-party agreement on the Scotland Bill Committee on greater devolution of the Crown estate. My colleague David Stewart will hold a members' business debate on that tonight, which I have no doubt will give us an opportunity to explore some of the issues in more detail.

Supporting the LCM does not mean that we should not allow ourselves to examine the SNP's record. We should not forget that John Swinney decried the initial proposals as a poison pill. In the aftermath of the 2011 election, the First Minister made—from the seat that Bruce Crawford is in now—his clarion call for the six demands. Those demands have melted away to a damp squib. Part of the reason for that is that the case that was presented by the Scottish Government lacked detail—indeed, it had all the detail of a poorly prepared student essay. That is why the proposals melted away.

I will look at some of the proposals in a bit more detail. The Scottish Government said clearly that it would use corporation tax powers to lower that tax, but it must say how it would prevent corporations such as Amazon from avoiding paying corporation tax and how it would avoid a race to the bottom.

There are fundamental issues for the SNP as a party. It tries to put itself forward as a low-tax party, but the other side of low taxes is public spending cuts. Perhaps we should not be surprised about that, because the SNP Government goes into the council elections while passing on 89 per cent of all the cuts from the UK Government.

Bruce Crawford: Given what he says, will the member explain how, in Stirling Council, in my constituency, the Labour Party, in conjunction with the Tories, was able to put forward a motion that cut the council tax?

James Kelly: Make no mistake, Mr Crawford—the SNP Government is passing on £658 million of cuts to local councils. We will remind the SNP of that from now until polling day.

What is before us in the LCM is a substantial package of measures, which will be of major benefit to Scotland's Parliament and will bolster

Scotland's economy. We will support the measures at 6 o'clock.

15:54

David McLetchie (Lothian) (Con): Like James Kelly, I commend Linda Fabiani for her convenership of the Scotland Bill Committee. I very much enjoyed my participation in it, as I enjoyed my participation in its predecessor in the previous session of Parliament.

The legislative consent motion that the Scottish Government has lodged can be viewed as a humiliating climbdown or a tactical retreat. Perhaps it is a mixture of both. When one looks back on the heady days of last summer and reflects on the rhetoric of the First Minister and his so-called six demands, there is no doubt that people unaccustomed to humility should now be eating a large slice of humble pie.

The six demands were, in some cases, matters that were already works in progress following the recommendations of the previous Scotland Bill Committee, for example in relation to borrowing powers and devolution of certain aspects of the property rights of the Crown Estate in Scotland. The broadcasting proposition was of little substance, and the demand that a Scottish minister should be able to bagsy a seat at all meetings of the Council of the European Union, as part of a UK delegation—even when the European Union did not provide enough seats in the first place—was clearly nonsense.

As all the evidence showed, fellow EU member states see plenty of Mr Lochhead and other Scottish ministers at relevant Council meetings. The key to successful representation of UK and Scottish interests is effective co-ordination and preparation by the UK Government and all our devolved Administrations, well in advance.

The big-ticket items in the six demands were the two tax demands. First of those was the devolution of corporation tax. However, after the production of a paper that argued that a three-point cut in corporation tax could generate a modest number of jobs over an inordinate length of time and a minuscule increase in the Scottish growth rate—all contentious propositions—the bigger-picture scheme for a new corporation tax system for Scotland in the devolved settlement has simply petered out, in the midst of total failure to address all the problematic areas of profit shifting, brass plating and cannibalisation of the tax base, which would benefit no one except the tax-dodging multinational companies of which the SNP is so fond.

Members will recall that another key demand was for control over excise duties. The most telling lessons can be learned from what happened in

that regard. The demand was subsequently refined to cover only alcohol but, when industry experts such as the Scotch Whisky Association pointed out that we cannot have different excise duty rates north and south of the border without establishing customs posts to police the tax border, the SNP sounded yet another retreat. The SNP said that excise duties and alcohol were no longer to be devolved, but we should simply get more money because it was estimated that we pay more in duty in the first place—although of course if the minimum pricing policy works there will be less revenue, rather than more, in the long term.

The issue is significant. Although the concept of independence is becoming lighter and lighter by the week, it still has at its heart the establishment of an independent country and in that respect differs fundamentally from other models of devolution, which proceed on the basis that we should be part of the UK but have greater fiscal powers than we currently have. It is clear that under the so-called devo max option we would have full fiscal powers and we would stump up for our share of the costs of NATO and the British nuclear deterrent. Even under the more limited devo plus scheme, the Scottish Parliament would have responsibility for all excise duties.

When it came down to it in the context of the Scotland Bill, however, even the SNP was unable to produce a scheme for the devolution of excise duties on alcohol that was workable on a UK basis, for the simple reason that excise duties are levied and collected at the point of production or importation and not at the point of sale, and are quite different from a sales tax or VAT. Given that the devolution of excise duties on not just alcohol but other subjects, which amount to nearly £5 billion of revenue, is a key principle of so-called devo plus, the proposition seems to contain a major flaw at the outset.

I am genuinely pleased that the motion will be approved by the Parliament, because it demonstrates exactly the sort of process whereby constitutional change within the UK should be enacted by the collaborative efforts of all parties—the use of a commission or convention, engagement with civic Scotland and, ultimately and however reluctantly, the participation of a hostile party that is opposed to the very concept of a UK.

The history of the Scotland Bill and this Parliament's consideration of it, over two parliamentary sessions and by two separate committees, demonstrates that there is a fundamental difference between the concepts of devolution and independence. The Scotland Bill is there to strengthen devolution in a UK context and makes no apology for doing so.

The SNP cares nothing for our partnership in the UK. Consequently, the latest Scotland Bill Committee majority report duly recommended that everything and a' thing be devolved, even in instances in which not a shred of evidence was submitted to justify such a proposition. That shows the incompatibilities that will continue to exist until we resolve the basic question of independence on the one hand or remaining in the United Kingdom on the other. That is why we need a clear-cut question in a referendum—and, frankly, the sooner that is, the better.

16:00

Linda Fabiani (East Kilbride) (SNP): It is interesting that we have just heard two representatives of the anti-independence parties, but they have not said anything yet about what they would wish to offer to Scotland.

I will speak on behalf of my parliamentary group and with personal views but, before I do so, as the convener of the Scotland Bill Committee mark 2 I thank everybody who has been involved in the process—members, support staff, witnesses and participants—for the commitment that they have shown and the generally reasonable manner in which business has been conducted. Despite the fluster and bluster that we are hearing today, the committee worked in a very reasonable manner. There was sensible discussion, which was reflected in the discussions between the two Governments in the efforts to reach agreement.

We have agreed measures to resolve concerns about the risks that the bill as originally conceived would have posed to Scotland's public finances. There is agreement on implementation issues and, of course, the Scottish Government has said that it will seek the Scottish Parliament's agreement to changes in Scotland's funding arrangements now and in the future. That is what democracy is about. The main thing is that the financial risks inherent in the block grant adjustment as originally proposed by the Calman commission have been changed, which is extremely welcome. Key changes have been made, and the bill now differs substantially from the one that was introduced in 2010.

It is important that things have clearly moved on since 2010—indeed, they have shifted quite a way from the time of the Calman commission recommendations. The country is still having a debate, and it is generally agreed that we will move further. There is a Lib Dem commission and a Labour commission, and even the Prime Minister says that further devolution will come. The question, of course, is when. If the original bill ever was a line in the sand, as one person called it, that line has been well and truly crossed. That is the problem with lines in the sand: the tide of public opinion washes them away.

Almost everyone now wants even more powers than there are in the bill. I certainly do. I want independence. I want those who live in Scotland to have the right to make the decisions that affect us; after all, those who live here are surely the best placed to do that. I look forward to the referendum in 2014 and believe that people will recognise then that the current bill was a missed opportunity and that they will not trust the anti-independence parties, which consistently make promises but do not deliver when the opportunity presents itself.

The bill was an opportunity to get powers to give Scotland the tools to stimulate the economy and create jobs, to make our control over income tax greater so that, for example, the Scottish Parliament would have flexibility on income tax rates for all bands, and to get welfare benefit powers to balance economic and social policies. Even on that issue, on which a degree of unanimity exists, no quarter was given.

I am sure that David Stewart's members' business debate tonight will reinforce the consensus in Scotland on the devolution of the management and revenues of the Crown estate. Indeed, it is incongruous that, in 1998, the Lib Dems wished to amend the Scotland Bill to devolve the Crown estate but that the proposal is now opposed by a Lib Dem Secretary of State for Scotland.

Perhaps we should not be surprised that, in 1998, the Lib Dems also proposed amending the Scotland Bill to allow Scottish Executive ministers to have the right of statutory representation in the Council of Ministers. Of course, in his submission to the Calman commission on behalf of the Scottish Lib Dems, Tavish Scott, who was then their leader, called for corporation tax to be devolved, with

"all revenues accruing directly to the Scottish Parliament".

Then there is broadcasting.

Willie Rennie: I note all the things that the member has said, but I think that she fails to understand the point. We made a submission to the commission as part of a process that was considering the issues in detail. We were not going to rush headlong into doing those things, as the SNP wanted to do last year.

Linda Fabiani: Can I presume that it is the same with broadcasting—the Lib Dem Steel commission wanted greater accountability for that—and excise duty? In the Lib Dem submission to the Calman commission, Tavish Scott called for tobacco and alcohol duties—along with fuel duty and vehicle excise duty—to be devolved, with

"all revenues accruing directly to the Scottish Parliament".

The real issue of financial harm to Scotland, which was inherent in the original proposals, has

been lifted. The Scottish Government has done a sound job in looking after Scotland's interests in that regard. We should not underestimate the shift that has taken place. We should have the goodness, across the chamber, to recognise that.

I think that the bill can be supported because of that change—there is no harm to Scotland as a result of the proposals—and that the legislative consent motion can be agreed. However, Scotland deserves more and, indeed, should have more. It is the responsibility of every representative in this Parliament to lay out their case for what, in their opinion, Scotland can and should be. The SNP is clear about that: it wants independence and it wants decisions to be made in Scotland. I believe that that is what will happen.

16:06

Neil Findlay (Lothian) (Lab): The Calman commission was established by the then Labour leader Wendy Alexander prior to the 2011 election, and the subsequent Scotland Bill that emerged from it was a genuine attempt, which will ultimately be successful, to increase the powers of this Parliament and further the devolutionary process. A consensus emerged among a number of parties in Scotland that this Parliament should have greater powers than it does now, which is a view that I believe reflects the wishes of the Scottish people.

Others opted out of the Calman commission and did not support the Scotland Bill. They said that it did not go far enough. They believed that there were flaws in it that would, in their own words, force us to go down the route of progressive taxation—as if that is a bad thing. They believed that the bill would make us uncompetitive and less attractive to foreign investment.

Those people belong to the Friedman school of economics and have a philosophy underpinned by a belief that progressive taxation will be a disaster for Scotland. They have a vision for Scotland of trickle-down economics with low personal taxation, even lower corporate taxes and a deregulated economy in which the likes of Trump, Souter and the rest dictate economic policy.

Joan McAlpine (South Scotland) (SNP): Will the member take an intervention?

Neil Findlay: Not at the moment.

I state openly that I hope that the Scotland Bill will enable a move forward to genuinely progressive taxation that seeks to redistribute the undoubted wealth held by a small but powerful minority in this country. I want taxation that supports the economy, develops public services and plays a civilising role by protecting the weak and vulnerable from the uncompromising nature of

the market. However, that is not the view of Scotland that the SNP wants to see.

Who could forget the dear leader, full of typical bravado, bouncing into Whitehall post-election with his list of six demands? Were they demands to tackle poverty, to end tax avoidance and to stop the draconian welfare cuts proposed by the coalition? No, of course they were not.

Joan McAlpine: Will the member take an intervention now?

Neil Findlay: I will not take one now, because you are mentioned later in my speech, so you will probably want to come in then.

The First Minister wanted powers over excise duty; powers over broadcasting, which is a particular fixation of Ms McAlpine; a seat at the EU table; the Crown estate; borrowing powers; and, of course, the power to lower corporation tax.

Joan McAlpine: You expressed your concern about welfare. I think that this Parliament is united—certainly Labour and the SNP are united—in agreement that the welfare changes at Westminster hurt the most vulnerable and poorest in our society. Why is Labour therefore not supporting the Scotland Bill Committee's recommendation that welfare be devolved to this Parliament?

The Deputy Presiding Officer (Elaine Smith): I remind all members to speak through the chair.

Neil Findlay: I do not think that you are in a very strong position to argue over what you want in the Scotland Bill, since you did not want it in the first place.

Of course, the First Minister said that if he did not get these powers he would not support the Scotland Bill. The committee convener, Ms Fabiani, said that she would not support the bill because

"the Bill does not go far enough and its provisions, if enacted, represent a significant risk to public finances in Scotland ... the Bill delivers a very limited amount of financial accountability".

Ms McAlpine said:

"London will cut our grant—they won't say how exactly—and replace the shortfall with a limited share of income tax. It's a cash grab, pure and simple."

Were those genuine beliefs, or cynical posturing? If they were genuine beliefs, what has changed?

Linda Fabiani: Will the member give way?

Nigel Don (Angus North and Mearns) (SNP): Will the member give way?

Neil Findlay: No, thank you.

We should not be surprised by the SNP's budget day backtrack—not just on this bill, but on everything else that it wanted to ditch. Saying one thing to give a false impression while all the time planning to do something else has been the party's core constitutional tactic for decades. The Scottish Constitutional Convention, the creation of the Parliament and now the Scotland Bill are all examples of the SNP noisily opposing the process of devolving government and power and then jumping aboard the train once all the hard graft has been done.

Where are all the fundamentalists these days? At one time, nationalists would have stuck firmly to their principles and opposed the bill, but not now. What is the view of Ms McAlpine, Ms Fabiani, Mr Doris, Mr Mason and Mr Gibson?

Kevin Stewart (Aberdeen Central) (SNP): Will the member give way?

Neil Findlay: I will not give way at the moment.

Those members vehemently opposed the Calman commission and the Scotland Bill. Do they have a view, or are we all gradualists now?

Kevin Stewart: Will the member give way?

Linda Fabiani: Will the member give way?

Neil Findlay: I give way to Ms Fabiani.

Linda Fabiani: I wonder whether Neil Findlay realises that negotiations have taken place that have changed the very things on which he accuses us of backtracking, and that the bill has changed fundamentally from the bill that was introduced in 2010. For the record, I never said that I would oppose the bill full stop.

Neil Findlay: Yes, you did.

Linda Fabiani: I said that I would oppose the bill if the harm to Scotland was not altered. It has been altered, and that is the position now.

Neil Findlay: We know that negotiations have taken place. The First Minister has told his back benchers what the line is, and they will all fall into line tonight at 6 o'clock. Are we all gradualists now? Are SNP members going to sell out on everything that they ever believed in? Are they all more protective of their own positions—

Kevin Stewart: Will the member give way?

Neil Findlay: Sit down.

The Deputy Presiding Officer: The member is in his last minute—he is just finishing.

Neil Findlay: Are SNP members more protective of their own positions than they are of their principles? What will the cybernats say about their sell-out? They are never usually reticent about attacking people in other parties. It is surely

time for all the fundamentalists to unite and challenge the great leader—or do they, as I suspect, have the backbone of a jellyfish?

Five and a half of the six demands that the First Minister made have been dumped. He has been completely outmanoeuvred by that nice man Mr Moore. The First Minister is a man of some talents, but I do not think that I am divulging any great state secret by saying that negotiation is not one of them. I offer him this: I have a few friends in the trade unions, and I am sure that they can get him on to a basic shop stewards negotiating course. It certainly looks like he needs it.

The Deputy Presiding Officer: I am afraid that the member must conclude.

Neil Findlay: In conclusion, my view on the Scotland Bill and the debate on any element of constitutional change is that any model that is discussed must have at its core the desire and mechanisms to start to redress the unacceptable levels of poverty and inequality in this country.

The Deputy Presiding Officer: I am sorry, but the member will have to finish at that.

Neil Findlay: Thank you, Presiding Officer—I have enjoyed my time this afternoon.

16:13

Willie Rennie (Mid Scotland and Fife) (LD): I commend Linda Fabiani for her convenership of the Scotland Bill Committee. She was full of humour, professionalism and efficiency, and she always allowed us to have our say, sometimes at great length.

I think that we all recognise that the Scotland Bill marks a significant step forward. It is a significant step, for us as Liberal Democrats, towards a home rule Parliament in the United Kingdom. The details of the bill—which have been covered this afternoon and include income tax, air weapons, drink-drive limits, national speed limits, stamp duty, landfill tax and borrowing powers—are significant steps towards what we want to achieve.

Other members have referred to the fact that we have wanted other powers too, and there is no denying that. In fact, we are proud of our long tradition of campaigning for a home rule Parliament, and we have worked together with others to deliver that. Those changes will bring significant fiscal responsibility and control over our own affairs here to the Scottish Parliament.

We should remember that the Calman commission was set up by the Parliament not one year ago, but four years ago. Its work led, after much considered debate, to the white paper that the Labour Party presented to the House of Commons during the previous Parliament.

Subsequently, all three of the parties that supported the Calman commission put the implementation of its recommendations in their manifestos.

One of the first acts of my colleague Danny Alexander, who was initially the Secretary of State for Scotland following the last general election, was to press ahead with the Scotland Bill. It has received extensive scrutiny from two committees of the Scottish Parliament and in an extended session at Westminster, and it has been the subject of endless debate in the media. The bill has been scrutinised endlessly.

We must contrast that with what the SNP has done. Initially, it refused to take part in the Calman process; it even refused to submit evidence to the commission. When it came to the Scottish elections, the SNP had six big demands. Although it whispered those demands during the election campaign, they were red lines that it insisted the UK Government had to agree to—but it failed to make its case.

Anyone who watched the proceedings of the Scotland Bill Committee will have been surprised at the level of ineffectiveness of the Scottish Government. The first paper that it produced was on the Crown estate. It was seven pages long, two of which were a history lesson; another page consisted of a map. The remaining pages were poorly argued proposals for the devolution of the Crown estate. The paper was not prepared properly.

I turn to broadcasting. Stewart Maxwell likes rugby, and most of the Scotland Bill Committee's evidence session on the broadcasting element of the Scottish Government's demands was about rugby and Stewart Maxwell's interest in it. I do not have anything against rugby, but that is not what we were talking about.

We thought that the Scottish Government's proposals on corporation tax would be similar to those for Northern Ireland, but that turned out not to be the case. Northern Ireland wanted control of the headline rate, whereas the Scottish Government wanted full devolution of the tax. We did not discover that until much later in the process, when the Scottish Government presented its paper to the committee, by which time much discussion had already taken place. Again, the Government's paper was flimsy, poorly argued and poorly prepared.

We have heard about what happened on excise duty. We were a long way into the process before we received the Scottish Government's paper. We had already taken evidence from the alcohol groups, some of which said that devolution of excise duty would be a good thing, when we discovered that we were talking only about

assignment rather than devolution, because of the implications for customs posts. It was a catalogue of errors and blunders.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): Will the member take an intervention?

Willie Rennie: Not just now.

To top it all, we had the Scottish Government's demand for full fiscal autonomy, which was slipped in at the end of the process. The Scotland Bill Committee considered the Scottish Government having control of 8 per cent of taxes—that is what the SNP asked for as part of its six big demands. From the evidence that the committee received on the 8 per cent figure, a majority of members on it—not including me—felt justified in asking for control of 100 per cent of taxes, or full fiscal autonomy. Despite the fact that the committee considered the devolution of only two taxes, the SNP reckoned that we could devolve all taxes. That is how shambolic the process was.

Jamie Hepburn: Mr Rennie seems to be traducing the Scottish Government for demanding things that we understand the Liberal Democrats want. He has referred to the Scotland Bill as being a step forward. What other steps does he want to take? Why is he not arguing for the secretary of state to devolve control of those matters now?

Willie Rennie: Because a process has to be gone through. Constitutional change is the result of a process. It must be a considered process and one that involves cross-party support and consensus. The SNP has always misunderstood that. Neil Findlay quite rightly highlighted the SNP's inability over the decades to work with other parties. What has happened here is another example of that. It is necessary to work together to get such things delivered. Of course we want what the member is referring to—that is why we have a home rule commission.

John Swinney described the bill as dangerous, a poison pill and a dog's breakfast—those were his concerns about the bill. He also threatened to veto the bill and demanded a joint commencement order. The SNP thrashed, wailed and protested, but then it all stopped. On what basis? On the basis of two reviews and a couple of letters. Bruce Crawford did a commendable job in trying to big up all the significant changes that had been achieved, but they were not big changes. What was offered was already part of the process. If that satisfies him, that is fine.

I have an apology to make to Bruce Crawford. I said on the news a few weeks ago that he was the worst negotiator in the northern hemisphere. I have reflected on my rather hasty remarks and I take it all back. He is a parliamentarian of the kind that I can only aspire to be, but even he could not have got a deal with the hand that he was dealt.

He would not be able to negotiate with anyone in the northern hemisphere or southern hemisphere to get a satisfactory result from the case that was put forward after last May's election, which was ill prepared, poorly argued and more focused on easy headlines than on serious constitutional change.

We need to learn the lessons of this process. The lessons are that the SNP rushed at this process. We need to think about that in the context of the independence debate. If the SNP's argument for independence is as poorly prepared as their arguments around the bill have been, independence will be a shambles.

16:20

Dave Thompson (Skye, Lochaber and Badenoch) (SNP): The Scotland Bill is a wishy-washy, paler than pale imitation of even devo max or devo plus, never mind real home rule under independence. As the cabinet secretary said, it represents a missed opportunity for Scotland, and it has been overtaken by the real debate on the referendum on independence. I suppose that the only saving grace is that the repatriation to Westminster of powers over things such as health professionals, corporate insolvency and the registration of social landlords has been abandoned and some of the risk that the original bill would have posed to our public finances has been removed.

We are also to get the power to set the drink-drive limit and the national speed limit, but even those powers have been tainted by Westminster's pathological reluctance to cede power. We are getting only the power to set the drink-drive limit, not legislative devolution over drink driving; and we are getting only the power to set the national speed limit, not the power to set limits for vehicles such as lorries.

Nevertheless, this is a welcome debate. Hopefully, it will allow us to move forward on drink-driving limits, which is a matter that I have been pursuing since I was elected in 2007. I believe that the drink-driving limit should be reduced from 80mg of alcohol per 100ml of blood to 50mg. Of course, in December 2008, the Parliament voted to back that measure. As that was more than three years ago, members might therefore ask why a reduction in the drink-drive limit in Scotland has not yet happened. The answer is simple. Westminster has dragged its feet on the matter—or maybe, as Willie Rennie would say, that is all part of the process.

As with the Scotland Bill, the UK Government has a poor record on this issue. Before the 1997 election, and again in 1998, the Labour Party announced that it intended to reduce the legal limit

to 50mg. That was nearly 15 years ago. However, in March 2000, the UK Government announced that it had decided not to lower the limit, because it was awaiting possible moves to harmonise drink-driving limits in the European Union.

In January 2001, the EU adopted a recommendation to harmonise the drink-driving level at 50mg or less. However, that was not binding on member states, and the UK announced in 2002 that it had no plans to change the limit. That was the position until early in 2007, when the second review of the UK Government's road safety strategy was published. It stated that the case for a reduction in the blood alcohol limit would again be kept under review.

As with the Scotland Bill, there has been a great deal of prevarication, and the process is a good example of what Westminster does when it does not really want to do something. In June 2007, the UK minister with responsibility for road safety, Stephen Ladyman, offered some hope to those of us who want a reduction in the limit by saying again that the UK Government was in favour of moving to a 50mg limit but it first wanted to see evidence that it would be properly enforced by the police. Later in 2007, he said that the Government would publish a consultation paper to gauge public opinion on reducing the limit.

No consultation paper appeared, so I continued to press the Department for Transport, which eventually told me, early in 2008, that it was pressing ahead with the consultation document and that it would give careful consideration to the views of interested parties in Scotland and elsewhere.

We heard nothing more until November 2008, when the road safety compliance consultation informed us that, once again, the drink-driving limit was to be kept under review and that more time was needed in which to collect evidence. That is more evidence of the Westminster process—dragging its heels to avoid doing things that it does not want to do.

A further consultation came out in April 2009, which led to a statement in December 2009 that there may, indeed, be a case for reforming the current legal framework covering drink driving but—wait for it—further advice was needed from an independent expert who would report by the end of March 2010.

Of course, he never did, and Labour lost the UK general election that year and the Tories and Liberal Democrats took over. Since then, there has been no progress, as they have continued the pattern of prevarication established by Labour by insisting that we must wait for the Scotland Bill.

In recent years, several EU countries have reduced their limits to 50mg, including France,

Germany, Spain, Denmark and, just last year, Ireland. Of the 27 states, 24 now have a limit of 50mg or less. That leaves only Malta and Luxembourg—two huge European states—and the UK with an 80mg limit.

There has been no need for such a delay. Even Sir Kenneth Calman, the father of the Scotland Bill, said, a few years ago:

“I think there are lots of bits ... which ... can be implemented quickly and easily without too much fuss”.

That included the drink-driving limits, which could have been implemented by administrative order two years ago. However, we have had to wait for the bill to get to where we are today. Given that there are 15 deaths a year in accidents involving drivers whose blood alcohol level is between 50mg and 80mg, that prevarication has probably cost 30 lives. The Westminster Government has played politics with those people's lives and should be ashamed of itself.

Once the bill is approved, I would hope that the Scottish Government would implement a reduction in the drink-drive limit as soon as possible, along with random breath testing. I look forward to everyone in the chamber getting behind that and to the resulting reduction in the number of deaths on Scotland's roads.

16:26

Mark Griffin (Central Scotland) (Lab): I welcome the opportunity to speak in the debate as Parliament discusses the legislative consent motion, unites—at least for now—on a cross-party basis and appears to be about to agree that the Scotland Bill, as amended, should be considered by the UK Parliament.

The Scotland Bill is the culmination of years of work by respected academics, business, community and trade union representatives and Scotland Bill Committees in both Parliaments in this and previous sessions. I put on record my support for the work done by those committees. In the main, the bill reflects the recommendations of the Commission on Scottish Devolution.

The Labour Party has continued to give broad support to the Scotland Bill but has tabled amendments at every stage to improve it. In the latest report of the Scottish Parliament Scotland Bill Committee, we welcomed the new changes while stating that it would have been beneficial if powers over air passenger duty were included and the limits on borrowing powers extended.

While we feel that the bill would have been strengthened if those measures had been included, the Scotland Bill is still the biggest ever devolution of tax powers and responsibilities. It makes us as MSPs much more accountable and

responsible for raising money as well as spending it. There is a simple test for the bill, which is whether it makes the Scottish Parliament stronger. I do not think that anyone could say no to that.

There are measures that Labour would like to be included, but we support a number of the amendments that the UK Government proposes. There is the concession on national speed limits to extend the devolution of powers to cover all classes of vehicle. We would have had a very confusing situation here if we had had Scotland-specific speed limits for cars and UK-wide speed limits for all other vehicles. That was a sensible step to ensure that visiting drivers know that any changes in speed restrictions will affect them as soon as they cross the border regardless of whether they are in a car travelling on business or in the same car with their family, towing a caravan on a Scottish holiday.

There is the power over drink-driving limits, which I hope will strengthen this Parliament. I fully support Mr Thompson's aspirations. I hope that when the power is devolved, we can work towards a zero tolerance approach to drink-driving.

We support the creation of the post of Crown Estate commissioner with special responsibility for Scotland, which provides clarity over the role and responsibilities of the new post and ensures Scottish interests will be represented in the Crown Estate.

There are a number of other amendments with which we are content, although we await full details of the discussions between the Scottish and UK Governments on how certain issues will be overcome.

One of the main aspects of the Scotland Bill is the additional borrowing powers that the Parliament will be given. Capital spending is crucial in this economic situation to drive the economy forward. There is a slump in the construction industry, while there is massive demand for social housing.

Parents expect their children to be educated in buildings fit for the 21st century, and businesses need a modern transport infrastructure in order to thrive in Scotland. Perhaps most important of all, we have queues and queues of people waiting to work—graduates who cannot get a job after working hard at university; school leavers desperate for apprenticeships; and families struggling with the effects of unemployment for the first time in a generation.

Although borrowing powers will not give us everything we need at the stroke of a pen on a cheque book, they will mean that we can continue to invest in vital areas in years when capital budgets are falling and can spread costs to years when we predict that budgets will start to increase.

Nigel Don: I take Mark Griffin's point, but the way in which the borrowing powers are set up means exactly the reverse: the larger the capital budget, the more we can borrow; and the less the capital budget, the less we can borrow. That does not seem to be the right way round.

Mark Griffin: I take that point on board. However, any additional borrowing powers would give us the power to boost the economy when it is lagging and when budgets reduce. Having the borrowing power would increase our capacity. We would be able to boost the economy by creating desperately needed new jobs and opportunities and, at the same time, by creating the sort of infrastructure improvements that businesses need to flourish and grow. That is how we will make Scotland an attractive place for business and investment—and for the job creation that comes with them.

What would not be helpful is corporation tax competition with our closest neighbour. We know that corporation tax is one of the most volatile sources of revenue available to government, and the immediate impact of reducing the tax rate would be to take funding away from key public services in the hope of attracting businesses to Scotland to make up the shortfall. Even if that were the case and businesses were willing to relocate, would it necessarily bring the associated jobs and investment, or would it simply be an accounting procedure that meant that a company already trading and operating across the UK would simply pay corporation tax in Scotland? All we would be doing would be robbing Peter in the rest of the UK to pay Paul in Scotland. What would be the reaction from the rest of the UK? Would they sit idly by as corporation tax revenues flowed into Scotland?

John Mason: Will the member take an intervention?

Mark Griffin: Sorry, but I am in my final 15 seconds.

As I was about to say, I really do not think that they would sit idly by. As soon as it could be managed, corporation tax in the north of England would be reduced to entice companies back over the border. Gradually, the reduction in corporation tax would spread across the whole of the UK in a race to the bottom, with the losers being the public purse and the public services funded by it.

As I said earlier, the key test of the Scotland Bill as it stands is whether it makes our Parliament stronger, and stronger in the right areas. In my opinion, it passes that test.

16:33

Joan McAlpine (South Scotland) (SNP): As a member of the Scotland Bill Committee, I, too, congratulate Linda Fabiani on her convenership and on the good humour with which business was conducted by all the participants across all the political parties.

Scrutiny of the bill did not receive a lot of media attention, which perhaps tells us everything that we need to know about it. An aspect that was completely ignored was the original proposal—now happily abandoned—to re-reserve the regulation of certain health professionals. That little-known clause may be more significant than we think, for the bill—as amended after discussions between the UK Government and the Scottish Government—now passes the test set by the doctors of ancient Greece. The Hippocratic oath was,

“I will do no harm.”

As it stood before the adjustments, the bill was harmful. However, as Mark Griffin has reasonably said, it offered some advances. The capital borrowing powers, although they do not go far enough, are welcome. The bill also provides a framework, however flawed and however short of what we might wish for, for collecting some income tax. Belatedly, the bill also recognises something that everyone in Scotland recognised a long time ago—that we have a Government and not an Executive.

However, until the recent agreement between the UK Government and the Scottish Government, the bill was harmful and did not pass the Hippocratic oath test. In particular, the re-reservation of powers was insulting to the Scottish Parliament. One aspect that did not get a great deal of attention was the proposal to partially suspend acts of the Scottish Parliament so that they could be challenged in the Supreme Court.

One act of the Scottish Parliament that was challenged in the Supreme Court was our legislation on compensation for the victims of asbestos, and I am glad to say that the Supreme Court upheld the Scottish Parliament's position on that. If partial suspension had been allowed, that kind of challenge would have been more frequent and common. As Professor Tierney of the University of Edinburgh said when he was advising the committee, the idea of partial suspension was extremely disrespectful to the Parliament. I am pleased that it has been abandoned as a result of the negotiations between the two Governments.

Re-reservation of powers also included a clause that would have allowed international agreements to be made in devolved areas between the UK Government and other Governments, and that

would ride roughshod over Scottish ministers. I am pleased to see that that proposal has also been abandoned.

However, the area that could have caused most harm was in the financial powers on which Calman focused, particularly the method by which the block grant would have been cut; that has already been outlined in the debate. Professor Gerard Holtham pointed out in written and oral evidence to committees of both Parliaments that the proposals under Calman were detrimental to Scotland. His arguments were conducted from a unionist point of view. In his submission, he said about the settlement and the proposals to cut the block grant:

“The integrity of the Union might be questioned if there were a persistent and growing divergence between the resources available for public services in one area of the Union and those in others.”

Now, unlike Professor Holtham, I do not stay awake at night worrying about the integrity of the union, but I do worry about what is good for Scotland and Scotland's wellbeing. Throughout the committee's scrutiny of the bill, there was an insistence that all would come good in the end, that it would be all right on the night, and that this Parliament should agree to an LCM while not knowing how its future finances would be arranged and on the basis of proposals that had never been subjected to an economic analysis to see how they would affect the country's economy. So I am very pleased that Professor Holtham's solution has been taken on board. Although I do not think that it goes far enough, it is at least not harmful.

Neil Findlay: The member is raising questions about the country's finances. Can she point to strong evidence that a cut in corporation tax of the size that the Scottish Government is talking about will benefit the Scottish economy? Where is the evidence?

Joan McAlpine: The paper submitted by the Scottish Government proposed a modest cut in corporation tax and showed that it would create a considerable number of jobs over a period of time. If we look around the world, we can see that there are different ways of looking at the issue; we do not have to look at it in crude terms. [*Interruption.*]

Could I have some silence please?

The Deputy Presiding Officer (John Scott): Order.

Joan McAlpine: The committee discussed the particular areas and industries that would benefit from a cut in corporation tax. The video games and other digital industries in Canada have really flourished at the expense of our games industry. There are lots of examples from all round the world; otherwise, why would corporation tax be an issue at all?

The anti-independence parties have been gloating a lot today and saying that we should be eating humble pie. However, the reality of devolution is that the sovereignty of the Scottish people is denied. Last year, the Scottish people made their aspirations very clear and the gloating from the anti-independence parties because those aspirations have been refused by the London Government shows them up. It would have been better for Scotland if the bill had been toughened up and the six demands, which were based on issues that had received cross-party consensus, had been agreed. The bill would then have benefited Scotland, and it would have benefited the anti-independence parties because they would have had something better to sell going into the referendum.

The Deputy Presiding Officer: I would be grateful if you would close, Ms McAlpine.

Joan McAlpine: As it is, they have nothing to sell. They will be the ones who are eating humble pie so they had better get used to the taste.

16:39

John Mason (Glasgow Shettleston) (SNP): We spent many hours on the Scotland Bill in committee and it is good to be able to debate the bill in the chamber. The committee certainly covered a lot of ground. It is perhaps disappointing that some of the UK representatives did not engage more in debate when they came along to the committee, but rather just defended their position.

I will comment on some of the financial aspects of the bill. First, the only red line was concerned with income tax and the adjustment to the block grant. Secondly, it is disappointing that there has been no movement on corporation tax, especially as that could have been used to create jobs. Coverage has mainly focused on dramatic reductions to the main rate, but the more likely option is that there would be minor reductions. In fact, that is what the UK is doing and we do not hear people saying that there is a race to the bottom and that it should not happen, nor do we hear the Tories saying that there should be an EU corporation tax rate.

Minor reductions are part of a competitive world and could lead—and, in fact, have led—to more tax being paid in total. Further, we can use capital allowances to target particular areas or industries. The UK eventually did that for the games industry. The advantage of a smaller country is that it can be much more nimble and can respond more quickly to such needs.

Some have said that, if we want better services, we need more tax and so we should never cut corporation tax. However, that argument is too

simplistic. It is perfectly feasible to hold a left-of-centre position and generally support better services through taxation while supporting a lower corporation tax rate, or at least targeted capital allowances. The reason why that is possible is that we are competing internationally for jobs. If more companies operate in Scotland, that means more jobs in Scotland, which I—for one—want. It is disappointing that other parties oppose corporation tax powers for ideological reasons. That damages the availability of jobs to people in Scotland.

Richard Baker (North East Scotland) (Lab): If Scotland cut corporation tax and created a race to the bottom, that would simply mean that businesses would pay less corporation tax and less money would come in to pay for services. In no way could that be called a left-wing position—it is a very right-wing position on tax.

John Mason: If the member listens to what I am saying and looks at the evidence, he will find that countries can attract businesses and jobs and can sometimes get more taxation by lowering their tax rate. That has been proven to apply to income tax, too. I certainly support progressive taxation, but there are limits. The income tax rate of 98 per cent when I was growing up was probably too high.

Another financial power is the power to borrow. Nobody says that Scotland would or should be as stupid as the UK has been in the way that it goes about borrowing. Obviously, borrowing means that eventually the money has to be repaid. It is not wise for a country to borrow beyond its ability to repay, although that has certainly been practised at Westminster. Prudential borrowing means borrowing according to the ability to repay, depending on the savings that can be made and the expected income. That has worked well for local authorities throughout Scotland and beyond and would be a perfectly good model for the Scottish Parliament to operate on. In fact, it would be a good model for Westminster to operate on, too. It should just borrow what it can afford and save up for rainy days.

More flexible borrowing powers would mean that we could pay for capital investment in things such as housing. When we invest in housing, that gives us not only more homes, which people desperately need, but more jobs. Once again, the Opposition parties that do not support borrowing powers are damaging the chances of Scots, particularly young Scots, to get jobs.

Another financial measure that could have been in the bill is the power over air passenger duty. Heathrow and other London airports might be jam-packed full and might be happy if passenger numbers reduce, but that is not the case for Scotland. We want business and tourism to grow, so we need a growth in passenger numbers.

Devolving power over APD would have helped that.

Welfare powers were not initially on the agenda for the Scottish Government or the Scotland Bill Committee, but the third sector clearly emphasised that we should consider the issue, so it was added to the original list of six items. As we are responsible for housing and social care, it makes sense that we should have involvement in benefits.

I will conclude by commenting on the attitude of some of the UK representatives—especially Michael Moore—at the committee. Throughout the sessions, it was disappointing that he and his colleagues took the attitude that they did. There was no sense that they were negotiating, listening or showing respect for the Parliament or the people of Scotland who elected the Government in 2011. Instead, we heard repeatedly from the UK Government that it was elected in 2010 and had a mandate to do whatever it wanted. It really was like the traditional colonial power telling the natives that they should be grateful for whatever crumbs came their way. We had a delegation from Western Australia, where there have been long negotiations between Canberra and Perth, and they found it incredibly hard to believe the attitude that London was taking. Recently, *The Economist* magazine has also taken a very patronising view of Scotland.

The bill is a missed opportunity and is well past its sell-by date even before it is on the shelf. The UK Government will have to do much better if it wants to con the Scots.

16:45

Helen Eadie (Cowdenbeath) (Lab): The Scotland Bill is evidence of Scottish Labour's continued commitment to developing devolution. I am full of praise for all who contribute to this crucial work, both in Scotland and at Westminster—indeed, to everyone in Scotland who has worked, over the ages, to give Scotland's people a greater say in their affairs. The bill is an important step in strengthening the Scottish Parliament and I am glad that the SNP Government has finally dropped its opposition to this move. The Parliament will rightly be in charge of raising a significant proportion of the money that it spends, making it more accountable to the people of Scotland. The SNP might want to talk down the significant powers that the bill contains in an attempt to save face after its humiliating 11th-hour climbdown, but Labour firmly believes that the Scotland Bill is a hugely significant and positive advancement of devolution.

Annabel Goldie is in the chamber today. I attended a Remploi conference not long ago and

sat next to a stranger who said that they had been sitting opposite or in the same carriage as her during a recent train journey. I am reminded of the saying during the war years that “walls have ears”, as she was overheard saying to her travelling companion that had it not been for Donald Dewar we would never have had devolution and the Scottish Parliament. That is absolutely correct. He is one example of all the Labour people who have campaigned over the years to increase the voice of the people of Scotland. They also include Wendy Alexander and Iain Gray, who negotiated with Westminster to get the Calman commission and to take the work forward.

Labour is determined to enhance devolution even further—there is no full stop to devolution—but this is a significant moment for all of us who believe in a stronger kingdom, a Scottish Parliament and a strong Scotland within the United Kingdom. Contrary to what Bruce Crawford said, the Scotland Bill not only paves the way to strengthening the powers of the Parliament, but structures how we get the answers that we need to many questions if we are to be well informed when we make our choice about whether Scotland should have independence.

On that point, I say the following to the First Minister and his colleagues. In the context of a referendum, they should never put off until tomorrow what they can and should do today. They have the right to put the referendum off until 2014, but while one is planning life, life has a habit of taking control. Experience teaches us that, as the years fly by, the things that we plan and hope for sometimes happen and sometimes do not. They should not miss the historic opportunity that they have to hold their referendum sooner rather than later, as later may be too late. It is a gamble that only they can decide to take, and fate may or may not be with them.

During consideration of the bill, among the various proposals that were considered at Westminster, I was taken by Jack Straw's proposal in the House of Commons and a related amendment that was lodged by Lord Forsyth of Drumlean in the House of Lords, which I think was agreed. In the context of the future and ensuring that we are as well informed about the impact of independence as we can be, their point is important and it should be incumbent on the Scottish Government to consider the proposal, too. They asked the UK Government for a clear undertaking that every Government department will set out in a green paper—in objective, not political, terms—what the consequences of independence would be and what issues would need to be addressed. I, too, worry about what is good for Scotland and for the people whom I represent. Therefore, in my opinion, that is not

something that we can wait for, but something that we should be doing now.

One by one, the departments should set out what the issues are. It would be totally disastrous and quite wrong if we were to allow Government departments to get involved in advocacy as opposed to providing information. That would undermine the debate. There are plenty of advocates for the union. We need the facts. The First Minister is fond of quoting Burns:

"But *Facts* are cheels that winna ding".

We want the facts.

There are obvious, large-scale issues, such as what would happen to our nuclear deterrent, given the fact that the Scottish Government is opposed to nuclear material being on Scottish soil, and what the costs and employment consequences of that would be. There are also issues about public sector pensions, as Scotland has a disproportionately large number of people involved in public service because of its long tradition of such service.

On banking and finance, the Treasury should indicate what would happen to organisations such as the Royal Bank of Scotland—for example, how could it possibly meet its requirements for raising capital in the independent Scotland? What would happen on the currency? What would happen on the role of the Bank of England? How would we avoid a situation like that in Greece?

The Department of Energy and Climate Change should set out what would happen in respect of interconnectors and how the so-called green policy of being entirely dependent on renewables would work in an independent Scotland. It might be cheaper for England to buy its electricity from France, where it is generated by nuclear power, than from Scotland, but the business model for the Scottish Government's green agenda depends on being able to add to the bills of English, Welsh and Northern Irish consumers. [*Interruption.*]

The Deputy Presiding Officer: Courtesy, please.

Helen Eadie: Lord Gordon of Strathblane suggested that

"the perceived impartiality of such a series of reports might be improved if it was handled by ... economists of sufficient stature that they would put their own reputation for impartiality above any party advantage."

He hoped that

"if the membership of such a committee could be agreed with the Scottish Government, there would be no come-back ... there are economists, including economists of a nationalist tendency, who would not put their own reputations on the line by being seen patently to lie about the consequences of certain things."—[*Official Report, House of Lords*, 28 March 2012; c 1423.]

If there are other people like me in Scotland who are passionately proud of being Scots and of all that we stand for, they, too, will agree with what the noble Lords Gordon and Forsyth said.

The Deputy Presiding Officer: I would be grateful if you would close, please.

Helen Eadie: I am very much an emotional person and if I allowed my heart to rule my head I would vote for independence, but, like many, I am a canny Scot and, in the main, my head rules my heart.

The Deputy Presiding Officer: You must close please, Ms Eadie.

Helen Eadie: I worry for the future of my children, my grandchildren and my constituents.

The Deputy Presiding Officer: Thank you very much.

Helen Eadie: I hope that the Parliament will agree to the motion this evening.

16:52

Stewart Maxwell (West Scotland) (SNP): And now back to the Scotland Bill.

I support colleagues who have rightly pointed out the fact that the Scotland Bill that is going through Westminster is a missed opportunity. That is not to say that it will not bring some additional powers to the Scottish Parliament. The final version will be a marked improvement on what the UK Government originally proposed.

However, an opportunity seldom comes along in which public opinion, the majority view of the Parliament and the recommendations of a parliamentary committee are all in agreement and, at the same time, a legislative vehicle that would allow those aspirations to be fulfilled is going through the UK Parliament. Therefore, it is a source of regret that the UK parties have not stepped up to the mark and supported further devolution now. We know that they support jam tomorrow, just not today.

I will concentrate on what has been achieved in some of the policy areas that are addressed in the bill—particularly the provisions on the Supreme Court—through the good work of the Scotland Bill Committee and the negotiations between the UK and Scottish Governments and, therefore, why the Parliament should agree to the LCM.

Before I get on to the Supreme Court, I will mention the attempt to re-reserve Scottish procedures for insolvency.

The Scotland Bill Committee stated in its report:

"In the case of corporate insolvency, we do not consider that there is sufficiently clear evidence that makes the case for any change. In our view, it is not necessary to address

any issues relating to different regimes for insolvency north and south of the border through reserving matters to the UK Government and Parliament”.

Unfortunately, not all of the committee supported that recommendation, with Labour, the Tories and the Lib Dems supporting the re-reservation of powers to the UK. However, I am delighted that the UK Government accepted the view of the majority of the committee and has agreed to delete the re-reservation clause on insolvency.

Another area of concern to the committee was the clause on the implementation of international obligations, as others have mentioned. The committee recommended that the clause should be removed as it was unnecessary and had a potentially very wide application. Although David McLetchie for the Tories supported the UK having that power—against the evidence that the committee received—it is pleasing that the UK Government once again accepted the recommendation of the majority of the committee on the matter and will delete the clause.

Another of the welcome changes that are being made is an amendment that will extend an existing power in the Scotland Act 1998 potentially to protect all acts of the Scottish ministers from becoming retrospectively null should a court decide that the acts were outwith devolved competence. That is an important step forward in ending an anomaly that has the potential to cause major and potentially extremely expensive headaches for Scottish ministers.

Another change by the UK Government is its agreement to the committee recommendation to delete the clause in the Scotland Bill that would have allowed for the partial suspension of acts of the Scottish Parliament. The majority of the committee expressed serious concerns about that provision, agreeing that it had the potential to introduce significant unintended consequences and delay. Labour, the Tories and the Lib Dems again dissented from the majority view, but both Governments agreed with the majority recommendation that the provision in the Scotland Act 1998 provides a clear incentive to ensure that all legislation that is introduced in the Scottish Parliament is prepared within competence, and that the clause is therefore unnecessary.

I turn to the Supreme Court. The issue produced a lot of controversy when it was first raised, but I am glad to say that, for the most part, it has been amicably resolved. Although there are still outstanding issues surrounding the Supreme Court and its impact on Scots law, a number of extremely important issues have been amicably dealt with. I do not have time to cover all the changes to the Scotland Bill concerning the operation of the Supreme Court, but I wish to highlight a small number that, had they not been

dealt with, would have had a damaging effect on Scots law.

Willie Rennie: Before the member continues, will he confirm that the Supreme Court will still have a role in Scotland?

Stewart Maxwell: I am surprised that Willie Rennie does not know that the Supreme Court will still have a role in Scotland. I am happy to confirm that that is the case.

One of our committee's most important recommendations was:

“We recommend that the Supreme Court's considerations should be limited strictly to the compatibility question, referring the case back to the High Court for disposal.”

The UK Government has accepted that recommendation and an amendment will be made to the Scotland Bill to restrict the power of the Supreme Court to that of adjudicating on a compatibility issue, reserving to the High Court the application of the Supreme Court's decision. That will end the Supreme Court's ability to substitute its decision for that of the High Court. The point is extremely important for the maintenance of the role of the High Court within our legal system in Scotland, and I am happy to welcome the UK Government's change of position on it.

A number of other recommendations and suggestions were accepted by the UK Government, including ensuring that the Lord Advocate and the Advocate General continue to have a power of reference to the Supreme Court, providing time limits for compatibility appeals to the Supreme Court, and allowing lower courts to refer compatibility issues to the High Court. Those changes and others show that the work of the Scotland Bill Committee and the efforts of the Scottish Government have improved the Scotland Bill by a considerable margin.

The main area that has been left unresolved with regard to the relationship between the High Court and the Supreme Court is that of certification. The committee spent a long time looking at that matter and made a considerable effort to look at both the oral and written evidence that we received on it. It is therefore disappointing that the UK Government has not agreed to accept our recommendation. It also rejected the view of the Lord Advocate and the Lord President on certification.

The Lord President wrote to the committee to express the view of the judges in the Court of Session, stating that they

“commend the proposal that the High Court should be brought into line with the Court of Appeal (Criminal Division) and the Court of Appeal of Northern Ireland by the requirement of certification by these intermediate appeal

courts as a precondition of any criminal case being taken to the UK Supreme Court.”

Although it is unfortunate that the UK Government declined to accept those views in support of certification, I am pleased that the new scheme of operation will be subject to a review after three years. I also welcome the fact that the review will be chaired by the Lord President and the fact that the Scotland Bill will include the power specifically to allow the introduction of certification after the conclusion of that review.

In conclusion, the Scotland Bill is a missed opportunity—of that there is no doubt. However, with regard to what it does contain, it can be seen that the Scotland Bill Committee’s work had a positive impact on the bill, and I am therefore content to agree to the motion this evening.

16:59

Stuart McMillan (West Scotland) (SNP): I welcome today’s debate. I will support the motion at 6 o’clock with the full understanding that doing so will bring the Parliament closer to the position that I wish for it, namely that of a normal, independent Parliament.

It is obvious that members and parties across the chamber will vote for the LCM for different reasons. Some will do so because they see it as limiting our ambition and opportunities, while others will do so because they see it as a step in the right direction towards independence.

I do not doubt that some people have suggested in the past that devolution will kill independence stone dead. However, we on the SNP benches know that that is not true. Others should appreciate that the demand for independence is not decreasing. However, the Scotland Bill that is going through Westminster is a missed opportunity—of that, there is no doubt.

Neil Findlay: I wonder whether the member can help us. Will there be anyone on the SNP back benches who will stick to their principles and vote against the LCM, given that they said that the bill was a dog’s breakfast and a mess, or will they all turn up like sheep at 6.00 and press the wee button?

Stuart McMillan: That is quite rich coming from a Labour Party member who earlier talked about socialism and all his socialist ideals. I do not see much socialism from the Labour Party these days.

The Scotland Bill will be out of date, as the Prime Minister has already promised more powers if Scotland votes no in 2014. That jam tomorrow or on-a-promise suggestion from the Prime Minister is just incredible. Those who were involved in the 1970s devolution campaign will remember the promise then from Sir Alec Douglas-Home, who

promised a better deal if Scots voted no to devolution. What Scotland obtained was certainly not a better deal: 18 years of Tory misrule that decimated shipbuilding, mining, engineering and steel communities the length and breadth of Scotland.

David Cameron made a very interesting statement in his speech of 16 February this year when he was up in Edinburgh:

“When the referendum on independence is over, I am open to looking at how the devolved settlement can be improved further. And yes, that means considering what further powers would be devolved.”

It was disappointing that the Prime Minister did not provide any further details on that suggestion. After questioning, he seemed to backtrack immediately by saying that the independence issue needed to be dealt with before how

“to improve the devolved settlement”

could be considered and discussed. It was not that that was going to happen, but that it could happen. The Prime Minister’s Tory on-a-promise suggestion may not happen at all.

The people of Scotland will not be hoodwinked in 2014, but I am sure that they will welcome the further powers that are coming to Scotland through the Scotland Bill. Not only are the borrowing powers that are coming to Scotland additional powers for the Scottish Government, they will provide it with the flexibility to deal with employment and infrastructure opportunities.

However, the bill is a missed opportunity for a variety of reasons, one of which involves the Crown estate. As there is a members’ business debate on that issue after this debate, I do not intend to say too much about it. I have no doubt that the next debate will cover a lot, but we should consider the wider support for the devolution of the Crown estate from, for example, the Scottish Affairs Committee in the Westminster Parliament, the Lib Dems, who proposed a related amendment to the Scotland Bill in 1998, the Calman commission and both the Scotland Bill Committees of this Parliament. It is therefore perfectly reasonable to regard the Scotland Bill as a missed opportunity for the devolution of the Crown estate.

Earlier this afternoon we debated project transmit, and some wider energy issues were touched on during that debate. We all know and understand the huge economic opportunity that energy policy presents for Scotland. We also know that offshore developments will play a major part in achieving the renewables targets of Scotland, the UK and the EU. The Crown estate plays a crucial role in that regard. I commend the Scottish Affairs Committee for its report in which it highlighted that rights to the sea bed and out to

200 nautical miles should go to Marine Scotland. The report stated that that body should oversee the management and use of the sea bed. It is just a shame that the UK coalition Government of Lib Dems and Tories did not see the need to transfer those powers to the Scottish Parliament, despite the fact that they have supported that proposal.

I am proud to be an SNP member of this Parliament and I look forward to our agreeing to the LCM tonight, not because it is the end of the process but because it is a step closer to our destination of independence.

So far, the debate has been typical. Mr McLetchie is not here at the moment, but he said in his usual Tory fashion that he wanted to limit Scotland's ambition and opportunities. We heard the total hypocrisy of the Lib Dems and their long, drawn-out home rule process—whatever that will be and whenever it will happen. Labour has managed to make a positive advance for the Parliament appear to be a retrograde step.

The bill will be out of date by the time that it receives royal assent. The people of Scotland will not be fooled again by the Tory Prime Minister offering jam tomorrow without telling us what the ingredients are. By autumn 2014, the people of Scotland will have the opportunity to decide for themselves exactly what they want for their nation—continued limitation of ambition in the union or responsibilities and being a normal independent nation.

17:05

Alison Johnstone (Lothian) (Green): I was a member of the committee that scrutinised the UK Government's Scotland Bill and its potential impacts on Scotland and, in the end, I supported the majority of the majority report. I associate myself with colleagues' comments and I thank the committee's convener, its staff team, the witnesses and other committee members.

After all the intergovernmental negotiations, I have been left with some concerns, which I raised at our last committee meeting, when we looked at the legislative consent memorandum. I remain concerned about the lack of joint commencement powers for the financial provisions—the income tax powers and the subsequent reduction in the block grant. As the cabinet secretary said, we as a Parliament have an important duty to ensure that Scotland is not left in a worse position as a result of the financial changes.

I welcome the fact that the Government has been exercised about that issue in negotiating agreements on the principles—if not yet all the detail—of how our block grant will be amended. I also welcome the statutory duty to report regularly to Parliament and the assurances that the two

Governments should reach agreement on implementation issues, as was described in the letter of 21 March to the committee.

However, what is on the table is not joint commencement powers but letters that have been exchanged between our two Governments and agreements on scrutiny. I asked at the last committee meeting what weight those letters hold, as they seem to be no more than a gentleman's agreement. Since then, the Cabinet Secretary for Finance, Employment and Sustainable Growth has given further assurances in his letter of 14 April, which confirms that

"By convention, such a public undertaking by a UK or Scottish Government is regarded as a commitment, even in the absence of legal agreement or statutory provisions. We would expect future UK and Scottish Governments—of any complexion—to uphold the agreement until the new arrangements are in place."

I value the flexibility that such mutual trust and good faith give our Governments and I have absolutely no reason not to trust the sentiments that were expressed in the letters about joint agreement, but a public commitment is clearly less than what the Scottish Government asked for.

On 17 November, the Cabinet Secretary for Finance, Employment and Sustainable Growth told the committee that, in light of the fact that

"the mechanism for adjusting the block grant has yet to be decided ... We are ... in the dark about how to forecast the financial effects of the bill on future Scottish budgets, never mind the uncertainties inherent in forecasting."—[*Official Report, Scotland Bill Committee*, 17 November 2011; c 563.]

We now have agreement on the principles of the mechanism to amend the block grant, but I register my concern that the precise detail is vital, too.

I, too, am keen to note that the world has moved on since the bill started its progress. I guess that that is inevitable for a bill that started life as a commission in 2007. The constitutional issues that we are addressing are important, but they are somewhat superseded by debates on independence and other options that might be put to the people in a referendum.

I am concerned that the devolution of powers under the bill is partial and piecemeal. The devolution of speed limits for cars but not heavy goods vehicles and on some but not all roads is the clearest example of the unnecessarily piecemeal approach, and I am glad that there is agreement in Westminster to address that. There is no point in partial devolution of regulations, which would add unnecessary complexity for the people who are affected.

As others have noted, there are lost opportunities that should have been grasped.

Unfortunately, I cannot attend David Stewart's members' business debate tonight on devolution of the Crown estate, but I fully support his motion. The Crown estate issue is emblematic of the case for devolving power and highlights the point that devolution should not stop in Edinburgh. More powers for Scotland should not simply mean more powers for Holyrood; they may mean double devolution to the local authority and community level.

The Scottish Affairs Committee report, "The Crown Estate in Scotland", which was published on 19 March, concluded that simply handing the Crown's marine responsibilities to Holyrood would not address the fundamental problems that have been identified and that the assets are not being managed to maximise the public good. The committee concluded that devolution of the powers should be based on

"further decentralisation to the maximum extent possible ... to local authority and local community levels".

I repeat that devolution should be about not securing more power for the Scottish Parliament but ensuring that decisions are taken as close as possible to the people who are affected by them.

Many members are in a bind. The SNP is in a bind, because it wants Scotland to be a nation state and the bill contains some of the tax-raising powers that characterise a state. Greens are unhappy with the bill, but we do not want to reject further devolution, however limited it is. We have missed opportunities, largely because the process has not been fully participative, whatever Michael Moore thinks. Therefore, it will be with zero real enthusiasm that we will support the legislative consent motion at decision time.

The important driver is the devolution of decision making to as close as possible to the people whom it affects.

17:11

Bob Doris (Glasgow) (SNP): I am in the same position as the majority of members of the Scottish Parliament who represent pro-independence parties. The logic is undeniable. We believe in Scottish independence and if more powers—however modest they are—are being offered to the Scottish Parliament by an anti-independence UK establishment, it would be wrong to reject them out of hand.

However, two key questions must be considered. First, are the financial arrangements that underpin the new powers in the Scotland Bill designed to operate to the detriment of the Scottish people? In other words, are they designed to be a Trojan-horse cash-cutting exercise? When the provisions were first published, I thought that that was a possibility and

I had significant concerns, but having heard from the Scottish Government I think that the danger has abated, because reassurances have been given. Joan McAlpine talked about that aspect of the issue. On that test, I can support the Scotland Bill, although I do so with no great enthusiasm.

Secondly, will the Scotland Bill process sideline the move towards our independence referendum in 2014? The answer to the question is increasingly self-evident. If anything, the strikingly modest provisions in the bill have added fuel and energy to the drive for Scottish independence. History will show that the entire Calman process and subsequent Scotland Bill were a significant error on the part of the anti-independence parties, given the sheer lack of ambition.

Willie Rennie: Will the member give way?

Bob Doris: I will perhaps give way to Mr Rennie later.

For evidence of that error, we need only consider the current clamour from the anti-independence parties to present themselves as offering powers beyond those that are provided for in the Scotland Bill, if and only if Scotland votes no in an independence referendum. The Scottish people can smell a rat. The failure of the anti-independence parties to define further devolution is a significant weakness, which will be increasingly exposed as the months roll by and we draw closer to the independence referendum.

The independence parties know what powers we want to be transferred to Scotland. Sovereignty and self-determination are clearly understood and respected throughout our nation. The devolutionists' line of "thus far and no further", which they take without offering a definition of "thus far", is untenable—although we know that "thus far" takes all the anti-independence parties beyond the provisions of the Scotland Bill. We can describe the tactics and principles of the unionist parties as being designed only to offer devolution that goes far enough to scupper a yes vote on Scottish independence and no further. The devolutionists have no ideological position on which powers they want for Scotland; they just want to block Scottish independence. Such tactics have been exposed as inconsistent and opportunistic. On that note, I will take an intervention from Willie Rennie.

Willie Rennie: Is Bob Doris not a bit concerned in the run-up to the independence referendum that the proposals that his Government will put forward will be shambolic, just as the proposals that were put forward to amend the Scotland Bill were? Was he not embarrassed by that process? Is he not concerned that the independence campaign will be a shambles?

Bob Doris: I am embarrassed by Mr Rennie's intervention. The only thing that is shambolic is the unionist parties' position. Mr Rennie was keen to talk about the process earlier. The reason that there will be an independence referendum in autumn 2014 is to put a clear choice on independence to the Scottish people. Mr Rennie will give them no choice. He will say, "Vote no and take your chances." That is simply not tenable.

I return to the idea of Scotland being in financial detriment if we give permission to the UK Government to pass the Scotland Bill. I have previously said that I believe that the Scottish Government has given reassurance on that, but I want to look at the idea of financial detriment from a different angle.

We repeatedly hear about fiscal responsibilities, which it is important to gain. I understand why some people argue that the more responsible a Parliament is for directly raising its own income, the more responsibly it is likely to use those powers in governing and marshalling finances. On one level, I cannot fathom why a UK Government does not want to go further in giving Scotland even more borrowing and fiscal powers within the UK, as it would not shoulder any of the risk. The Parliament and Scotland would have to borrow. If growth did not come, the Parliament would shoulder the risk. However, some of the gains when unemployment fell and from income tax receipts, national insurance, VAT, increased fuel consumption and the related duty that would be collected, profits from businesses, and benefits that would come from growth would also accrue to the UK Exchequer. Therefore, why does the UK Government stand in the way of Scotland having more powers? There is an ideological objection to Scottish independence. We and the UK Government know that Scotland will be more prosperous and socially just with independence.

Saying "thus far and no further" will not cut it, but, today, I will support the LCM.

17:17

Iain Gray (East Lothian) (Lab): I am delighted to be able to speak in the debate, as it is the culmination of a process in which I have participated from the very beginning. I think that I am the only one here who was at Wendy Alexander's lecture on St Andrew's day in 2007, in which she outlined her view of the challenges that devolution faces and her proposal to create a commission to meet them. There were three principles at the heart of her speech. The first was that the devolution settlement can change without breaking the social, economic and political partnership of the United Kingdom. The second was that any such change should be developed in Scotland. The third was that the Parliament should

be accountable for raising more of our resources as well as for spending them.

The Calman commission studied devolution settlements across the world and reached a similar conclusion. It said that the Scotland Act 1998 had created a Parliament with an unusually high degree of legislative devolution, but in contrast, it enjoys unusually limited fiscal devolution. The commission's proposals, which were developed by a powerful group of economists and endorsed unanimously by the commissioners, who were drawn from right across the spectrum of Scottish political and civic life, were designed fundamentally to rebalance that position, and that is still the essence of the measures that we are debating.

The Parliament should face the responsibility of setting the rate of income tax that Scots pay, and we should reap the consequences or the benefits of that. It should have the power to borrow and to choose to spend future resource in order to allow us to invest in and shape that future. That is a grown-up power for a grown-up Parliament, and it is a job-creating power for a Parliament that should be spending more of its time creating more jobs with the powers that it already has.

As we have heard, the detail that flows from the changes can be complex. However, we should not let the devil in the detail blind us to the power in the principle of the legislation or the uniqueness of its passage.

Mick McGahey, of the National Union of Mineworkers, famously said that

"there is nothing more painful than the birth of an idea."

Those days back in 2007 were painful ones for Wendy Alexander, yet she brought forward this idea, which has prevailed in spite of everything.

First, the Scottish Parliament itself, in what was at the time a dramatic act of defiance, seized the Parliament's authority in the teeth of opposition from the SNP Government of the day. In spite of it being in defiance of the Government, a heavyweight and wide-ranging commission was recruited.

As it was recognised that legislative power in this area lay in Westminster, the UK Government was engaged too and a commitment was made that proposals would be pursued, with this Parliament having a de facto veto through the requirement for the LCM that we are debating today.

If that was not remarkable enough, the Scotland Bill survived elections in both Parliaments, which produced in one a coalition led by a party that has only one member of Parliament in Scotland and many MPs who wear their antipathy to devolution on their sleeve. In this Parliament, there was the

glorious contradiction of a majority nationalist Government that was hell-bent on refusing, discrediting and sabotaging the offer of more powers for Scotland.

However, common sense has prevailed. As Mr Crawford outlined at some length, the UK Government has shown flexibility and agreement has been reached. That is testimony to all those involved: Wendy Alexander and also Annabel Goldie and Nicol Stephen, who set the process in motion; the two Scotland Bill Committees of this Parliament; and the ministers of all the Governments involved. It is testimony, too, to the strength of devolution itself. It nails the lie that those of us who oppose separation must therefore oppose change, too. That has never been the case. Donald Dewar never said that devolution is a process, but he said that

“It would be absurd to pretend that ours is the last word on the constitutional settlement.”

The truth is that the whole story of devolution has been a story of change in powers and responsibilities. When I worked in the Scotland Office, we devolved rail infrastructure to this Parliament and with it a budget of £300 million a year. Powers over energy consents have been devolved as the industry has changed. The current UK Government is devolving council tax benefit, although that was once an issue of great contention.

The SNP's argument seems to be that the Scotland Bill is not perfect and that some of its supporters admit that, but the understanding that waiting for a perfect blueprint for devolution would mean waiting for ever, and the profound belief that it should not be beyond the wit of future politicians to deal with anomalies and make changes, is what unlocked the modernisation of our constitution in 1999. We can arrange our constitutional affairs in a partnership of nations whereby we pool sovereignty so that we can share risk, resources and opportunities flexibly and responsibly and make changes. That is a wholly different matter from the once-and-for-all question of whether we want to see that partnership ended irrevocably.

If we support the LCM, we will show that we have the wit to improve devolution and the willingness to set aside what divides us in order to do what is right and what the people of Scotland want us to do—by that, I simply mean strengthen the powers of this Parliament. Today will not be the last word on the constitution, but it can be a memorable moment to the credit of this Parliament.

17:24

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): In welcoming the debate, I have noticed

that there is concern from the sidelines, on the Tory benches, about the use of the term “anti-independence parties”. I look forward to the day when I can describe Mr Johnstone and all members of the Scottish Parliament as pro-independence.

Many members—SNP members at least—have correctly said that they consider that the Scotland Bill is a missed opportunity. I concur with that position, and I will return to that point later.

It is useful to recall how we got to the position of having a Scotland Bill. Iain Gray is quite right—the Scotland Bill came about through the Calman commission. He referred to Wendy Alexander's announcement about the process in October 2007—he is right, I was not there, but he was. What he failed to mention, of course, was that the only reason that Wendy Alexander made that announcement was in response to the election of an SNP minority Administration in 2007. That is proof—

Iain Gray: Will the member take an intervention?

Jamie Hepburn: I will let Mr Gray in in a minute.

That is proof—if any more proof was needed—that the SNP is the driver of constitutional change.

Iain Gray: Wendy Alexander is not here to answer for herself, but does Mr Hepburn not think that if he examined the whole of her political life, he would see that it was devoted to devolving powers to Scotland? That was a ridiculous, ridiculous statement to make.

Jamie Hepburn: Well, Mr Gray can say that—perhaps he thinks that it is just a coincidence that an SNP minority Administration had been elected. Maybe that is the best position that he can come to.

The Scotland Bill has largely been overtaken by events. I referred to the election of an SNP minority Administration, but last year we had the election of an SNP majority Administration, and in 2014 we will have a referendum that will allow our country to move forward to independence. Indeed, many of the provisions in the Scotland Bill will not even come into effect until after that referendum, by which time they will definitely have been truly overtaken by events.

James Kelly suggested that the bill represents a substantial transfer of powers to this Parliament. That is a matter of opinion, but I cannot help but note that Mr Kelly said that the bill should have gone further: even he believes that there should be a more substantial transfer of powers.

The cabinet secretary said early on that the bill, as it was initially proposed, was damaging. There

has been some movement in that regard, which I welcome, particularly in relation to the agreement that the Scottish Government will be involved in agreeing any changes to the Scottish block grant with the Westminster Government. Any such changes will be brought to this Parliament, which is as it should be.

There have been a number of changes that should be welcomed; they have been set out by members and would not benefit from repetition.

James Kelly: Which of the Scottish Government's six demands have been included in the changed bill?

Jamie Hepburn: That was an utterly pointless intervention, Mr Kelly—thank you for wasting our time.

I have already stated, as other members have done, that overall the bill is an opportunity missed. Stuart McMillan mentioned the Crown estate, so I will not go into much detail on that, but it could usefully have been more fully devolved. There should have been higher limits for revenue and capital borrowing and earlier capital borrowing on a prudential basis without the need for Treasury consent, and—reflecting Labour's position—borrowing powers should have been more substantial. I would have thought that James Kelly would have agreed with that. It is a little odd that speed limits and drink-driving restrictions have been somewhat but not entirely devolved; Dave Thompson eloquently set out why those areas should be fully devolved.

The area of benefits is another opportunity missed. The Calman commission recommended that the Scottish Parliament should have a role in welfare provision. Recommendation 45 of the Scotland Bill Committee—I congratulate the committee, particularly the convener, Linda Fabiani, on its work—states:

"We recommend that the Bill be amended to provide full fiscal autonomy for the Scottish Parliament and enable the devolution of welfare and benefits."

The Scottish Federation of Housing Associations also stated its view that the matter should be devolved. There is a substantial body of opinion that those areas should be devolved. The cabinet secretary correctly stated that the current UK Welfare Reform Bill demonstrates absolutely the necessity of the devolution of those powers. As a member of the Parliament's Welfare Reform Committee I readily agree, because we are seeing the evidence on the damaging effects of the UK welfare reform agenda.

In its submission to the Welfare Reform Committee, Citizens Advice Scotland estimated that the change from disability living allowance to personal independence payments would mean that

"75,000 people of the 225,000 to be assessed and migrated from DLA to PIP will no longer be entitled to their previous benefit"

and that it would disenfranchise

"one in three working age DLA clients in Scotland from their current DLA entitlement."

In yesterday's evidence to the Welfare Reform Committee, the Child Poverty Action Group said that the UK Government's welfare reform agenda would leave 100,000 more children in poverty by the end of this decade. The Scottish Federation of Housing Associations has set out clearly the damage that will be done to its sector by that agenda, and a substantial body of evidence on that area was presented to the Scotland Bill Committee.

I believe that we could constitute a welfare system in Scotland that better interacts with the policy direction that the Parliament chooses if we had the relevant powers. I think that we should have those powers. The Scotland Bill was an opportunity to provide them, but the opportunity was missed.

Willie Rennie suggested that the SNP is not interested in serious constitutional change but, despite saying that the bill was a step forward, he singularly failed to say what, in his view, the next steps should be. Mr Rennie would do well to recognise that serious constitutional change will be on offer in 2014. That is not an opportunity that will be missed.

17:31

Annabel Goldie (West Scotland) (Con): I am pleased to be able to speak in the debate. I have made a note not to speak on trains. I say to Mrs Eadie that I am just relieved that what was overheard was so benign; it could have been a lot worse.

Legislative consent motion debates may appear to be dry, technical, box-ticking exercises, but the motion that we are considering is anything but. Arguably, it is the most important LCM that the Parliament has ever debated, because the Scotland Bill significantly changes the face of devolution. It is also the culmination of the lengthy and comprehensive process of examination, investigation, consultation and evidence taking that the Calman commission carried out. I am grateful to Iain Gray for commenting in detail on that process, and I pay tribute to Wendy Alexander and the then Liberal Democrat leader Nicol Stephen, who, with me, were involved in its inception.

The Calman process has been augmented and, in fairness, complemented by parliamentary process here and at Westminster and by the discussions between the Westminster and

Scottish Governments, to which Mr Crawford referred.

Back in 2007, I was clear that the devolution settlement was inadequate, and I think that that was universally recognised. At that time, the only constitutional alternative was the SNP's separation agenda. Whatever the passion among the SNP's ranks for that agenda, it is not universally shared throughout Scotland. There is an alternative and more dominant passion to keep Scotland within the UK with a beefed-up, dynamic and fiscally accountable Scottish Parliament, and that is what the Scotland Bill delivers.

Back in December 2010, I said in the chamber that the Scotland Bill marked

"a watershed in the life of the Scottish Parliament."

I observed that the bill did not tweak and tinker and that it was "not merely an MOT." I said that it was a road map for our future, the purpose of which was to strengthen Scotland's position within the UK, to make devolution work better and to respond to the wishes of the Scottish people. I said that if the powers in the bill were used properly, they would allow Scotland to become

"a more dynamic and prosperous place."—[*Official Report*, 9 December 2010; c 31363, 31365.]

Those remain my sentiments.

On the back of the Calman commission, the Prime Minister and the coalition Government at Westminster have delivered a substantial transfer of powers to the Scottish Parliament. Crucially, the real fiscal accountability that the Scotland Bill offers means that the Parliament and every MSP will have to think about how money is raised, not just about how it is spent. That is a critical discipline, the absence of which has diluted political responsibility and accountability to date. The Parliament has been the poorer for that omission.

A number of members—notably Iain Gray—have referred to the important development of fiscal accountability but, interestingly, if my notes are correct, SNP members have not been among them.

These powers will create exciting new political opportunities and will hopefully encourage political innovation and new ways of thinking. At my party's conference in Troon, in March this year, the Prime Minister stated:

"In the Scotland Bill we've got a huge transfer of fiscal powers. New borrowing powers. A cash reserve. A Scottish income tax. Indeed the proportion of the Budget that can be raised in Scotland will more than double ... So this is a Bill delivered in Westminster, supported by the Scottish Government, consented to by the Scottish Parliament."

To me, that represents not only a significant constitutional development for Scotland and the

Parliament, but respect in operation, because that is exactly what we have had. We have seen Scotland's two Governments and two Parliaments working together—not always seeing eye to eye, which is accepted, but all seeing the need for progress and co-operating to achieve that. That, to me, is mature politics.

As Iain Gray said, the Calman commission represented a genuine, cross-party, cross-border response to improving the devolution settlement. It has created a viable legacy and a basis for change. Unlike the SNP's national conversation, the Calman commission was approved and validated by this Parliament in 2007. Its remit was to review the provisions of the Scotland Act 1998, recommend changes to the present constitutional arrangements that would enable this Parliament to better serve the people of Scotland, improve financial accountability and secure the position of Scotland in the UK. I argue that the Scotland Bill delivers that in spades.

We are about to enter phase 2 of devolution and embrace an exciting new era for Scotland. That is why there is a legitimate and clear choice for the Scottish people. I seem to have an authoritative ally for that view in Bruce Crawford. The clear choice is between separation and leaving the United Kingdom, and strong devolution and staying in the United Kingdom. Linda Fabiani also seems clear about that choice and, apparently, she is confident about the outcome.

So, what is the problem? Why the delay? Scotland should be allowed to make that choice, and to do so as soon as possible. The delay is unnecessary, unhelpful and corrosive to business confidence and stability. I urge the Scottish Government to let Scotland speak as soon as possible.

I support the motion.

17:37

Richard Baker (North East Scotland) (Lab):

This has been an important debate. After a long process from Calman to the bill, it is good that we can reach a consensus of sorts that the Scotland Bill should be passed, because, as James Kelly and others have said, this is an important moment for the Parliament and devolution. Today, we are endorsing a bill that will provide new powers for the Scottish Parliament. Not only will it allow greater financial accountability through the provisions on income tax, stamp duty and other financial provisions, it will bring important financial powers too, with the greater borrowing powers that will be in the hands of the Scottish Government being of particular significance for the economic strategy that can be set by this Parliament. It is right that we have the legislative consent motion

before us today and that it be approved by Parliament.

When, after the election last May, the First Minister made a series of demands for extra powers to be included in the Scotland Bill and, in doing so, announced that a reconstituted Scotland Bill Committee was to be established, it was perhaps not something that all of us came to with unbridled joy, but I am happy to say that I enjoyed my time on the committee. Although members disagreed on fundamental areas of policy, there was, on a number of issues, good and helpful discussion, and even at times a degree of consensus, as we have heard throughout the debate. Although I disagree with the convener virulently on a number of aspects of her analysis, I congratulate her on the way in which she carried out her important role, with sterling support from her deputy convener, James Kelly, who also deserves great praise.

The process of scrutinising the bill further and of testing the cases that were made in a number of areas by the Scottish Government and UK ministers was useful. Of course, we have not reached agreement on all issues—that is only to be expected, given the differing views of the parties on the constitutional question. However, in a number of areas we have reached significantly greater consensus. The Crown estate is one important issue, which Dave Stewart will discuss in members' business this evening. On other issues, such as the relationship between the Scottish courts and the Supreme Court, we do not have agreement but we are at least approaching greater consensus. We all accept that there has been progress on the Scotland Bill and that the debate on the constitutional settlement will now move on from the bill and the work of the Calman commission.

Labour has never suggested that it would not take time to arrive at the right settlement of powers for this Parliament. In our role, with the Liberals and Conservatives, in constituting the Calman commission, we make it plain that we have never seen the Scotland Act 1998 as something to be preserved in aspic. We will debate the pace, scope and detail of further devolution, but further devolution will come. We have always maintained that the Scotland Bill will be an important step forward in the powers of this Parliament.

I was concerned earlier in the process at the sabre rattling of the SNP—or perhaps we should now call it the anti-United Kingdom party—and its threats to thwart the passage of the legislation. The prospect that its ministers might turn down increased powers struck me as bizarre and unjustifiable.

Although I greatly enjoyed Mr McLetchie's analysis of the SNP's discomfort on the issue, we

must recognise that the Scottish ministers have engaged constructively with their UK counterparts. We should welcome the position that has been reached today because it is sensible and correct.

It was not unreasonable for Scottish ministers to press the UK Government on the impact of the changes in tax. Alison Johnstone made a fair point on that issue. It is important that we can be confident that the operation of the new powers will not lead to an unfair diminution of income to the Scottish Government. Members will know that Mr Kelly and I pressed UK ministers hard on the issue of the no-detriment policy. We were satisfied early on that UK ministers had made the appropriate commitments. I do not quite understand why it took so much longer for SNP ministers to accept those reassurances, but they have done so and they were right to do so.

As many members have said, there are important measures in the bill that will benefit Scotland. To have turned down this opportunity to have far greater borrowing powers would have been extreme folly and economically damaging to Scotland in the long run.

As members know, Mr Kelly and I pressed for the borrowing provisions in the legislation to be extended beyond what is currently in the bill. We are disappointed that they have not been. However, £1.5 billion of borrowing is nevertheless an important step forward for the Scottish Government and the Parliament. When we have at least a degree of consensus on the importance of investing capital in infrastructure to grow our economy, securing that borrowing capability was always going to be crucial.

There is much to welcome about what we would be achieving by agreeing to the LCM today. However, an aspect of the process that I found in one sense deeply worrying and, in a more partisan sense, quite encouraging, was the fiasco around the evidence for some of the SNP's demands for powers additional to those outlined in the bill.

Although we had some interesting, if brief, discussion of an area not raised by ministers—namely aspects of the welfare system that it may or may not be beneficial for Scotland to have devolved to it—for a number of the key demands that were presented with great fanfare by the First Minister, the case was routinely threadbare or nonsensical. In particular, the case for corporation tax devolution not only failed to persuade committee members but achieved the admirable feat of forming a coalition of opinion between the Confederation of British Industry and the Scottish Trades Union Congress, both of which rejected the Scottish Government's proposal. Stephen Boyd of the STUC in particular decimated the case and made powerful points about the damage that would be caused by unhealthy tax competition

within the United Kingdom. That addresses comments made earlier by Mr Mason, who unrealistically tried to describe it as a left-wing policy. That is an impossible square to circle.

John Mason: If the member is critical of competition on corporation tax within the UK, is he also critical of such competition within the European Union? Does he think that there should be one uniform rate for the EU?

Richard Baker: The European Union has been quite clear that it is going to crack down on unhealthy tax competition, and it is right to do so. It is nonsensical for the SNP to say that we can cut corporation tax, lose hundreds of millions of pounds in income, and spend millions and millions more on services left, right and centre to keep all its promises. The SNP's position on the economy is entirely incoherent. A right-wing policy on taxes and a left-wing policy on social funding do not add up, and the SNP will be found out by the electorate.

The case that was made for the devolution of excise duty was Keystone cops stuff from the Scottish Government. Alex Salmond demanded the devolution of duty on alcohol and tobacco. We repeatedly asked how that would work and, after many weeks, answer came there none. By the time we took evidence on the proposal, we still did not have a paper from the Scottish Government. We had heard on the grapevine that it was not worried about cigarettes any more; it just wanted the excise on alcohol. When the back-of-the-fag-packet case for the devolution of excise duty finally emerged, it was only for the assignment of revenue. That came from a party that had derided proposals for assignment when Calman considered them.

For each of the First Minister's demands, the Labour Party made clear that the test should be whether the devolution of the powers would benefit Scotland and our economy and that we should not seek more powers for their own sake. On those key issues, the SNP's case was found to be wanting again and again, as I believe the case for breaking up the United Kingdom will be found to be wanting.

We in this chamber will not agree on whether Scotland's best future lies with separation or with a strong devolved settlement, but I am pleased that we can agree the motion tonight and endorse the important measures in the bill. They will strengthen devolution, give more powers to the Scottish Parliament and, if those powers are used wisely, they will strengthen our economy and our country.

The Presiding Officer (Tricia Marwick): I call Alex Neil to wind up the debate. Mr Neil, you

would be doing us all a great service if you could continue until 5.59.

17:46

The Cabinet Secretary for Infrastructure and Capital Investment (Alex Neil): Thank you, Presiding Officer. I am happy to go beyond that if it is required.

The Presiding Officer: I am not.

Alex Neil: I begin by paying tribute to my colleague Bruce Crawford, who has handled the negotiations with the UK Government with aplomb and skill. I say to Willie Rennie—and I only take Rennies when I have a headache—that Nick Clegg could learn a lesson or two from Bruce Crawford. If he had followed Bruce Crawford's example, he would not have ended up in the mess that he is in as a poodle of the Tories at Westminster.

Annabel Goldie: To provide some information, Presiding Officer, I say that Mr Neil might get on better if he took Rennies for indigestion, not for a headache.

Alex Neil: As long as Miss Goldie is prepared to administer them, Presiding Officer.

Despite having majorities in both Parliaments, it has taken the unionist parties—I should say, the anti-independence unionist parties—five years to deliver this modest measure, and they have the cheek to complain that we are going to deliver independence in three years.

When the vote is taken in a few minutes' time, it seems that the Parliament will take a unanimous decision to agree to the LCM. If I may say so, however, the unionist parties do so because they see the measures in the bill as being symbolic of their aspirations for Scotland. We will vote for the LCM, but we see the measures as modest, albeit moderately useful, and going nowhere near matching the aspirations of the Scottish people.

Miss Goldie quoted David Cameron as saying that the bill represents a huge transfer of fiscal power to the Scottish Parliament. Let us get real. Before the bill, the Scottish Parliament controlled 7 per cent of the tax revenue in Scotland. When the bill becomes an act we will control 16 per cent of the revenue, so the total value of that massive fiscal transfer is 9 per cent of the total revenue. That is by no means a massive transfer of resources. The reality is that this is a modest measure by any standard. I suspect that, if members went to Princes Street and asked people what is in the Scotland Bill, very few of them would be able to tell members and certainly none would get excited about the prospect.

Willie Rennie: Does the minister not feel just a tinge of embarrassment about the way in which his Government has prosecuted the case for the six whopping demands that Alex Salmond made last year?

Alex Neil: I will answer that, but first I want to refer to the fact that Mr Rennie has gone on and on about a shambles. It is ironic for anyone whose party is in the current Government at Westminster to call anyone else shambolic because, with the granny tax, the charity tax and the power strike that did not take place, that Government is the very meaning of the word “shambolic”.

I will go through the six demands. I do not feel a tinge of embarrassment about them; I feel a tinge of disappointment for the Scottish people. They were clear demands for measures that would have been of major benefit to the people of Scotland. One of the demands was for the transfer to this Parliament of responsibility for welfare benefits. That would have meant that we could change the crazy policy of the Tories and Liberal Democrats and that the £2.4 billion that our deprived communities will be robbed of every year as a result of their welfare reforms would have remained in Scotland.

David McLetchie: Will the member give way?

Alex Neil: I will in a minute when I get through the six points.

The second major point was on representation in Europe. If we had had representation in Europe down the years, the Scottish fishing industry for one would be in far better shape than it is now.

The third point related to the Crown estate. Many members whose parties will vote for the bill support our demand for the devolution of the Crown estate. I find it hard to understand why the Liberal Democrats, who are in government at Westminster, do not demand that. Mr Rennie should consider that with a tinge of embarrassment, because devolution of the Crown estate was even supported by the House of Commons committee, which recognised the massive benefit that the measure would provide to the Scottish people.

Air passenger duty is another example. The UK Government is prepared to transfer responsibility for air passenger duty to Northern Ireland but not to Edinburgh, yet it has the cheek to complain that we are in favour of tax competition. What will happen when air passenger duty is transferred to Belfast? That will be unfair competition for every airport in Scotland, yet there has been not a word of protest about that from the unionist parties.

Broadcasting is another example. If we had control of broadcasting, we could begin a real cultural renaissance here in Scotland.

The most important point is on borrowing powers. Particularly at this time, through the ability to create jobs by the prudent use of borrowing powers, we could do far more for unemployed people in Scotland. That use of borrowing powers would, at a stroke, reduce by about 50 per cent the cost of the money that is available to the Scottish Government that is not part of our main grant. By definition, over a period, if the costs of borrowing reduce by 50 per cent, we could afford to borrow twice as much as would otherwise be the case. That is an important economic power to have. Although the modest borrowing powers are welcome, they are nowhere near the level that we require.

The level of ignorance on corporation tax—in the Labour Party, in particular—is incredible. Does the Labour Party not realise that Gordon Brown made a big issue of reducing corporation tax? He did that to bring benefit to the UK economy. Before the crash, in every country—whether you look at Ireland or the UK—where the rate of corporation tax was reduced in stages, revenue did not fall at any time. In fact, quite the opposite occurred. Every year the revenue went up. It went up because the impact was to create jobs, more investment and wealth, and more revenue for the Exchequer. The Labour Party, in particular, should study history and economics, because the reality is that a staged reduction in corporation tax is a major way to create jobs and new wealth in any modern economy.

Neil Findlay: Will the member take an intervention?

Alex Neil: I will certainly take an intervention from Mr Findlay, who I hope has learned something.

Neil Findlay: I have very much learned something, because Mr Neil spoke of levels of ignorance. Maybe he wants to speak to the failed negotiator sitting next to him and the one sitting behind him, because the demand for the devolution of welfare was not one of the six demands. Perhaps Mr Neil needs to think about that.

Alex Neil: There is no doubt that it was a demand of the Scottish Government—but do not worry: we may not have got it this time, but in two years we will have total control over the whole lot.

We are told by the Prime Minister—this is the old ruse to which a number of members have referred—“Vote no in the independence referendum and we could give you more devolved powers.”

Iain Gray: I intervene for the sake of completeness. Mr Neil has spent the past 10 minutes listing all the things that the Scottish

Government failed to achieve, but he missed out the devolution of excise duty.

Alex Neil: If I have time, I will cover that as well, because that, too, will be transferred in two and a half years.

The Tories must think that our heads button up our nationalist backs if they think that, as a nation, we are going to be kidded on again that, if we vote no to independence, they could deliver more powers for Scotland. The reality is that they have no intention of delivering any more powers for Scotland. The Tories have fought devolution tooth and nail. When they were fighting devolution, we heard all the scare stories about devolution that we are now hearing about independence.

The Presiding Officer: The member is in his last minute.

Alex Neil: I heard the Tories talking about economic uncertainty. Every survey by Ernst & Young and everyone else shows that, far from there being uncertainty, Scotland is top of the league in the UK for inward investment and for confidence of the international business community. That is despite the Government in London and because of this Government in Edinburgh. If we had the powers of an independent country, we would deliver a lot more.

Business Motions

17:59

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-02635, 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 25 April 2012

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Infrastructure and Capital Investment Committee Debate: Homelessness in Scotland: The 2012 Commitment

followed by Stage 1 Debate: Long Leases (Scotland) Bill

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 26 April 2012

9.15 am Parliamentary Bureau Motions

followed by Scottish Conservative and Unionist Party 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

2.55 pm Scottish Government Debate: Scottish Government Recommendations from the Commission on Women Offenders

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 2 May 2012

1.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

1.35 pm Themed Question Time
Finance, Employment and Sustainable Growth

2.15 pm General Question Time

2.35 pm First Minister's Question Time

3.05 pm Scottish Government Business

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business—[Bruce Crawford.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-02636, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a stage 1 timetable for the Local Government Finance (Unoccupied Properties etc) (Scotland) Bill.

Motion moved,

That the Parliament agrees that consideration of the Local Government Finance (Unoccupied Properties etc.) (Scotland) Bill at Stage 1 be completed by 7 September 2012.—[Bruce Crawford.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-02637, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, on stage 1 of the Welfare Reform (Further Provision) (Scotland) Bill.

Motion moved,

That the Parliament agrees that consideration of the Welfare Reform (Further Provision) (Scotland) Bill at Stage 1 be completed by 25 May 2012.—[Bruce Crawford.]

Motion agreed to.

Parliamentary Bureau Motion

18:01

The Presiding Officer (Tricia Marwick): The next item of business is consideration of a Parliamentary Bureau motion. I ask Bruce Crawford to move motion S4M-02638 on substitution on committees.

Motion moved,

That the Parliament agrees that Jackie Baillie be appointed as the Scottish Labour Party substitute on the Welfare Reform Committee.—[Bruce Crawford.]

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

Decision Time

18:01

The Presiding Officer (Tricia Marwick): There are five questions to be put as a result of today's business.

The first question is, that amendment S4M-02623.2, in the name of Ken Macintosh, which seeks to amend motion S4M-02623, in the name of Fergus Ewing, on project transmit, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stewart, David (Highlands and Islands) (Lab)

Against

Adam, Brian (Aberdeen Donside) (SNP)
 Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)

Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (North East Scotland) (SNP)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scott, Tavish (Shetland Islands) (LD)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 Walker, Bill (Dunfermline) (Ind)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Abstentions

Brown, Gavin (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Davidson, Ruth (Glasgow) (Con)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Lothian) (Con)
 Milne, Nanette (North East Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)

The Presiding Officer: The result of the division is: For 31, Against 70, Abstentions 14.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S4M-02623.3 in the name of Mary Scanlon, which seeks to amend motion S4M-02623, in the name of Fergus Ewing, on project transmit, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Brown, Gavin (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Davidson, Ruth (Glasgow) (Con)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Lothian) (Con)
 Milne, Nanette (North East Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)

Against

Adam, Brian (Aberdeen Donside) (SNP)
 Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Gray, Iain (East Lothian) (Lab)

Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kelly, James (Rutherglen) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macintosh, Ken (Eastwood) (Lab)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (North East Scotland) (SNP)
 McDougall, Margaret (West Scotland) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McMillan, Stuart (West Scotland) (SNP)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Park, John (Mid Scotland and Fife) (Lab)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scott, Tavish (Shetland Islands) (LD)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, David (Highlands and Islands) (Lab)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 Walker, Bill (Dunfermline) (Ind)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

The Presiding Officer: The result of the division is: For 14, Against 101, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that motion S4M-02623, in the name of Fergus

Ewing, on project transmit, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (Aberdeen Donside) (SNP)
 Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kelly, James (Rutherglen) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macintosh, Ken (Eastwood) (Lab)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)

McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (North East Scotland) (SNP)
 McDougall, Margaret (West Scotland) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McMillan, Stuart (West Scotland) (SNP)
 McTaggart, Anne (Glasgow) (Lab)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Park, John (Mid Scotland and Fife) (Lab)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scott, Tavish (Shetland Islands) (LD)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, David (Highlands and Islands) (Lab)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 Walker, Bill (Dunfermline) (Ind)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Against

Brown, Gavin (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Davidson, Ruth (Glasgow) (Con)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Lothian) (Con)
 Milne, Nanette (North East Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)

The Presiding Officer: The result of the division is: For 100, Against 15, Abstentions 0.

Motion agreed to,

That the Parliament opposes the current locational charging approach, which levies the highest charges on electricity generators across Scotland, including the areas of the best renewable energy resource, and acts as a barrier to renewable projects that can benefit local communities and contribute to Scottish, UK and EU renewable energy and carbon-reduction targets; continues to support the Scottish Government's call for significant change to the existing charging regime, recognising that there remain strong arguments for change to a flat rate of charging for all generators; recognises and supports

Project TransmiT, the independent review of transmission charging by Ofgem called for by the Parliament in April 2010; supports a transparent, thorough and effective assessment for improvements in the charging regime; welcomes the emerging outcomes for both renewable and conventional generators on the mainland, which will move away from the current status-quo approach by reducing the scale of the variance in charges currently faced by generators in mainland Scotland; urges Ofgem to deliver effective change quickly; supports calls for Ofgem to deliver a pricing structure that does not penalise the development of renewable energy in the Western Isles, Orkney and Shetland, and further urges Ofgem to recognise that the significant renewable energy resources of these island groups have potential benefits for both Scottish and UK consumers that will be best met by their integration with the wider GB market.

The Presiding Officer: The next question is, that motion S4M-02625, in the name of Bruce Crawford, on the Scotland Bill, which is United Kingdom legislation, be agreed to.

Motion agreed to,

That the Parliament, further to motion S3M-8114 passed on 10 March 2011, notes the letters exchanged between the Scottish and UK governments on 21 March 2012 and agrees that the Scotland Bill, introduced in the House of Commons on 30 November 2010, as amended, should be considered by the UK Parliament.

The Presiding Officer: The next question is, that motion S4M-02638, in the name of Bruce Crawford, on substitution on a committee, be agreed to.

Motion agreed to,

That the Parliament agrees that Jackie Baillie be appointed as the Scottish Labour Party substitute on the Welfare Reform Committee.

Crown Estate (Devolution)

The Deputy Presiding Officer (Elaine Smith):

The final item of business is a members' business debate on motion S4M-02419, in the name of David Stewart, on devolution of the Crown estate. The debate will be concluded without any question being put.

Motion debated,

That the Parliament welcomes the publication of the Scottish Affairs Committee report, *The Crown Estate in Scotland*, and endorses the committee's conclusion to recommend ending the Crown Estate Commissioner's responsibilities for the administration and revenues of the ancient crown property, rights and interests in Scotland; supports the Scottish Affairs Committee view that marine and coastal assets in Scotland should be removed from the Crown Estate Commissioner's responsibility and devolved down to the level of local communities, and notes the extent of marine and coastal assets throughout the Highlands and Islands and the potential to maximise the benefits to local communities through devolution.

18:06

David Stewart (Highlands and Islands) (Lab):

I welcome this opportunity to debate the future of the Crown estate. I thank the members from across the political divide who have signed my motion. To those who have not, I say that I very much welcome sinners who wish to repent.

I place on record my thanks to the Scottish Affairs Committee for its excellent report, which is based on widespread evidence sessions from Shetland to Stirling and interviews with myriad expert witnesses from the Scrabster Harbour Trust to Scottish Renewables.

At first glance, it seems from reading the evidence to the committee that the Crown Estate has a whiff of a heady mixture of feudalism and paternalism. Angus Campbell, the leader of the Western Isles Council, said:

"Well ... quite frankly, from our local authority point of view there is no relationship and it is as blunt as that. All we have done in the Western Isles in terms of development of any harbour has been done at the hands of the local authority, and what you quite simply get at the end of the day is a bill for the extra rental."

That view was echoed by Councillor Cluness, the leader of Shetland Islands Council, who said:

"Our only basis for complaint against the Crown Estate is that, in essence, they derive considerable incomes not only from anything we do within the oil industry and the considerable developments that come there - of course in addition to renewables - but also in relation to salmon farming. We have not yet seen any return of any size from the Crown Estate in relation to the fees that we have paid them."

More bluntly, Councillor Michael Foxley, the leader of Highland Council, quoted a prominent developer of offshore marine, who said:

"Now I know what it is like to have dealt with a medieval feudal baron because they have the power to say yes or no with no right of challenge, no right of recourse."

Members will be well aware that the range of the Crown Estate's responsibilities and powers is simply breathtaking. They range from sea bed ownership out to the 12-mile limit with the exception of hydrocarbons, rights over the continental shelf to 200 nautical miles, rights to gold and silver mining, and more modern acquisitions such as west Princes Street gardens and the King's park in Stirling, about which there has been some controversy recently.

The Crown Estate Commissioners is a public body that was set up in 1956 and is governed by the Crown Estate Act 1961. It operates commercially and all surplus revenues are transferred to the United Kingdom Treasury. For example, in 2009-10 the UK revenues figure was around £210 million. The Crown estate in Scotland accounts for around 5 per cent of the Crown Estate's annual revenue. To give members a cash sum, the surplus in Scotland was £9.9 million, which went to the UK Treasury.

Is there a case for reform? What does the evidence say? The evidence to the Scottish Affairs Committee, which—in addition to just reading the committee's report—I found quite fascinating, ties in closely with the Crown estate review group report in 2007, the Calman commission report in 2009, which we heard about in the previous debate, and the Treasury Select Committee report in 2010.

Mary Scanlon (Highlands and Islands) (Con): In the evidence to the Scottish Affairs Committee, was full account and cognisance taken of udal law relating to the Orkney and Shetland islands?

David Stewart: The member makes a fascinating point. I know that she has taken a great interest in the issue. Evidence was taken about what she describes. I refer the member to the 19th century case of Balfour, for example, which she might find interesting.

Is there a case for reform? It is important to note that both the Scotland Bill Committees of this Parliament added a bit more spice to the evidence for reform of the Crown Estate. Why should it be reformed? There is a consistent picture of a lack of accountability and a lack of appropriate management of assets, development and working with communities; and there is limited benefit from the Crown Estate's involvement in Scotland.

Is there a solution? The Scottish Affairs Committee's view was quite clear after considering the evidence, and it made a number of points, which I will summarise. First, the Crown Estate's responsibilities for the administration and revenues of Crown property, rights and interests in

Scotland should end; secondly, a key role should be given at the Scottish level for strategic decisions and to Marine Scotland in particular, and there should be accountability to this Parliament; and thirdly, we should go further with what I describe as secondary and tertiary devolution to the local authority and local community level. Members will be well aware that, at local community level, there is a high level of democracy. It is vital to flag that up at this stage. Those points echoed the views of the Crown estate working party, which was made up of Highlands and Islands local authorities and Highlands and Islands Enterprise.

The Minister for Environment and Climate Change will be well aware of Community Land Scotland, which represents Scotland's community land owners, who own and manage 500,000 acres of Scotland, of which all but 2 acres, the chairman told me earlier today, are bounded by coastline. Community Land Scotland has also called for radical reform of the Crown Estate and, in its evidence to the Parliament's Scotland Bill Committee and to the Scottish Affairs Committee, it called for the principle of subsidiarity to be part of the management of the interests of the Crown Estate.

In my region of the Highlands and Islands, many community owners now manage considerable land assets and, in my view, they do so professionally and responsibly. There is no reason why they, as democratic and accountable owners, should not manage the waters that adjoin their land. They are calling for the right to do so and I hope that the minister, in summing up, will reaffirm the Scottish Government's commitment to the management of the Crown Estate's assets being devolved to communities as part of the further devolution of the Crown Estate's interests.

Donald Dewar's speech at the opening ceremony of this Parliament had grace, rhyme and stature, but it also had an element of foresight when he said:

"Devolution is not an event but a process."

He did not want to tell Scots what country to live in, but he wanted them to have the chance to have the country that they live in work better.

The Crown estate argument is part of a bigger argument about centralisers versus devolvers, subsidiarity and working in partnership with local communities. My favourite historian, Jim Hunter, who is in the public gallery, quotes in his new book a west coast crofter saying that they

"hate us in London but ignore us in Edinburgh."

We must ensure that that crofter and many others have nothing to fear from Edinburgh and that this Parliament is fully behind the devolution

of responsibility for the Crown estate. All we need now, to paraphrase Sir Walter Scott, is the will to do and the soul to dare.

18:14

Jim Eadie (Edinburgh Southern) (SNP): They say that great minds think alike. David Stewart and I lodged separate motions on the Crown Estate report at the same time. It is without any hint of bitterness whatsoever that I congratulate him on bringing this debate before Parliament this evening. I commend him for his speech, which I think had both stature and foresight.

Scottish National Party colleagues do not always agree with the Scottish Affairs Committee, but it is clear that the committee has examined forensically the issues in relation to the Crown Estate in Scotland. It has reached a number of damning conclusions about the operation of the Crown Estate Commissioners and it has made a number of positive and constructive recommendations.

It is self-evident from the report that the Crown Estate is simply not fit for purpose. The process of devolution appears to have passed it by. The report helpfully sets out the facts. The post of head of the Scottish estate was abolished; the CEC stopped keeping separate accounts for its operations in Scotland; and it no longer had even a section on Scotland in its annual report. There is not much sign of devolution or a respect agenda for Scotland. If anything, the CEC has reduced its accountability in Scotland since devolution. That is unacceptable.

Where we should have had accountability and democratic structures, we have had centralisation. The report welcomes the Secretary of State for Scotland's focus on improving the commissioners' accountability in Scotland, but it argues that such steps do not go far enough to remedy the situation.

Where we should have had transparency about the Scottish finances of the Crown Estate, we have had a lack of "hard information"—those are not my words but those of the UK Economic Secretary to the Treasury, who had to admit that the £5.7 million that was cited as the net surplus revenue or profit from the commissioners' operations in Scotland was

"of limited utility, and is likely to represent more of a judgement than hard information."

The report concluded that

"neither the CEC nor the Treasury could provide an accurate figure for the net profits raised in Scotland ... this is an inappropriate way for the CEC to manage public assets in Scotland."

The report said that the CEC had

"raised £10.6 million more capital by selling assets in Scotland since devolution, than it has invested in Scotland over that period."

I believe that we all want Scottish communities to benefit from Scotland's natural resources, but that has not happened to date, which is untenable. The report found that

"the CEC has no statutory capacity or willingness to meet"

the public interest

"and reinvest appropriately into the sectors and communities from which revenues are raised in Scotland."

The Scottish Government has the lead role in exploiting Scotland's unique potential for renewable energy, including responsibility for economic development and for land-based and marine planning, yet the CEC grants leases for offshore projects. Because the CEC is answerable to London, it is under no obligation to work in partnership with our economic development bodies. That is no longer credible.

The report provides a damning assessment of the Crown Estate in Scotland, which lacks accountability, transparency and clear consultation, communication and engagement with communities. The report concluded:

"Urgent reform is required and the control and management of the organisation in Scotland must be changed."

We seek accountability and good governance of Scotland's assets in the interests of the people of Scotland. Full control of the Crown estate should be passed to the Scottish Parliament. I endorse the committee's view that the responsibility for the administration and revenues of the individual Crown property rights should be devolved onwards to the most appropriate level in each case. However, the appropriate degree of devolution should be for this Parliament to decide. Only once that work is complete will our communities and our country as a whole be able to reap the benefits of accountable and transparent management of our most valuable national assets.

18:18

Dave Thompson (Skye, Lochaber and Badenoch) (SNP): I am pleased to take part in the debate, which I congratulate Dave Stewart on securing. We in Scotland are on the cusp of harnessing great potential in renewable energy. The waves and the wind are powerful, particularly along our coastline. My constituency of Skye, Lochaber and Badenoch also has huge potential for tidal energy. Nowhere is that more clear than at the proposed site for an 8MW, £40 million tidal power development in the Kyle Rhea narrows between Skye and the mainland, which could

generate annual revenues of between £5.5 million and £135 million over its 25-year lifespan.

However, as the wind turbines, wave machines and tidal generators go up, so does the cost of living in rural coastal communities. One could be forgiven for presuming that coastal communities are well placed to reap the benefits of the natural resource as a little bit of compensation. That could be true, but before local communities or anyone else can harness the force of the sea and the resultant income, they need permission in the form of a lease from the Crown Estate, which pockets the money. As a constituent said to me, "We've had the clearances, the sheep, the forestry and the hydro, and the money that was promised to communities has gone absent without leave every time. Will it be the same with tidal projects?"

The Scottish Affairs Committee answered the question, at least in part, in its report in March, in which it concluded that

"the responsibilities for the administration and revenues of the ancient Crown property"

should no longer lie with the Crown Estate Commissioners but should be devolved, as David Stewart said. However, the committee also said that handing the responsibilities to Holyrood would not address the fundamental problems and instead recommended further decentralisation of the powers

"to local authority and local community levels".

I whole-heartedly concur.

For the coastal communities in my constituency, the Scottish Affairs Committee report is therefore excellent news. It says what all rural communities said over the past few centuries when the heavy burden of tax fell on them but they got no benefit from revenues that were raised locally, and when investment and development in their areas did nothing to improve people's standard of living.

In the current situation, in which the price of fuel and energy is high and jobs are scarce, it is crucial that fragile communities reap the benefits of their own natural resources. The question is, will London allow them to do so? That does not look likely, which is unfortunate. Independence is the only answer.

On a slightly different tack, the Glenelg and Arnisdale Development Trust's plans will enable communities to take a stake in the £40 million tidal energy scheme that I mentioned. The plans have secured the First Minister's approval and Highlands and Islands Enterprise's assistance and have been welcomed by the developer, Marine Current Turbines. I look forward to progress on the project. After this debate, I will attend a meeting with HIE on renewables, just round the corner

from the Parliament. I will press the agency on where it has got to with the project.

It is hoped that the Glenelg and Arnisdale project will be a pilot for a community ownership scheme, which can then be used by communities up and down the country. Glenelg and Arnisdale Development Trust envisages that revenues that are generated by its stakeholding will be ploughed back into a community renewable development fund, which will fund community investment in local green energy projects. It will also provide capital for other communities who want to develop renewable energy schemes. As surpluses build up, the cash will be used for regeneration projects. That is exactly the sort of approach that we must develop, so that local communities can benefit from marine development that affects them.

18:22

Alex Fergusson (Galloway and West Dumfries) (Con): Like other members, I am grateful to David Stewart for bringing the motion to the Parliament, but I perhaps have a slightly different reason for expressing gratitude. In the members' business debate on wind farms in December, Chic Brodie—I am delighted that he is here—made the quite extraordinary remark that beneficiaries might now include the royal household, through the receipt of profits from the Crown estate. My colleague Jamie McGrigor did his best to put Mr Brodie right on that occasion, through a point of order, but I welcome this further opportunity to spell out on the record, for Mr Brodie's benefit, that although the Crown estate does indeed belong to Her Majesty the Queen, it is managed by independent commissioners, as I am sure that Mr Brodie knows, and the surplus revenue is paid annually to the UK Treasury.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): The member is clearly unaware of the Sovereign Grant Act 2011, which fundamentally altered the nature of the Crown estate. Mr Brodie was entirely correct and I am afraid to say that Mr Fergusson is entirely wrong.

Alex Fergusson: I am not convinced by the member's argument, which appears not to be backed by fact. The surplus revenue from the Crown estate goes directly to the UK Treasury.

It seems to me that much of the criticism of the Crown estate, throughout the UK and specifically here in Scotland, is aimed at the management of the estate rather than at the estate's ownership or—to a lesser degree, I accept—at where the surplus revenue ends up. An interesting aspect of the Calman commission's discussions on the topic was the argument that because the surplus revenue from the £307 million gross UK income in 2010-11 was paid to the UK Treasury, a

disproportionately large amount of investment could be made in Scotland, from which the gross income was a mere £12 million or 3.88 per cent of the total. In other words, the Crown Estate currently has the flexibility to make investments in Scotland using capital that is raised from assets outside Scotland. There is evidence to show that that has come to light in, for example, its working in partnership with the Scottish Government on investment in the development of offshore renewable energy.

Other arguments suggest that too much focus is placed on maximising revenue and that that focus could lead to unnecessarily high charges and the possibility that the surplus is not fully reinvested in Scotland. I know that Calman looked at evidence that suggested that that might not be the case if the Scottish Government played a greater role in the management of the estate. Please forgive me, but, with due respect, I cannot think of anything worse than a Scottish Government of whatever political colour being involved in estate management. The record is not good.

That is why I am very interested in the proposal in the Scottish Affairs Committee's report that the Crown Estate's marine responsibilities and rights relating to Scotland be devolved to the Scottish Government on condition that the powers are further devolved to a local level. Mr Stewart made that quite plain in his opening speech, and that appeals to me as a devolutionist and someone who genuinely believes in localism. The Crown Estate has considerable influence in my constituency. It owns much of the Solway Firth and an offshore area in which DONG Energy is currently exploring the option of investing in a wind farm. I may not particularly approve of the wind farm, but if it is to be, I want to see the communities in my constituency deriving the maximum benefit from it. I am instinctively attracted to the possibility of the communities that I represent in Galloway and West Dumfries benefiting directly from the true devolution of the Crown estate—not to the Parliament or the Government, but to the communities that would most benefit from it.

In conclusion, as always, the devil would be in the detail, but I am happy to accept that the general principles of the Scottish Affairs Committee's report are worthy of much further consideration.

18:26

Chic Brodie (South Scotland) (SNP): First, let me dispense with the question that Mr Fergusson raised. Section 6(1) of the Sovereign Grant Act 2011 states:

"The amount of the Sovereign Grant for a financial year ... is to be determined by the Royal Trustees as follows ...

Calculate 15% of the income account net surplus of the Crown Estate".

I rest my case.

I, too, welcome the debate and congratulate David Stewart on securing it. There is an interesting Northern Ireland Assembly report dated 18 October on the same subject that is worth reading.

Where to begin? My long-held thesis is the Lloyd Georgian one that leans towards the view that land and its surrounding waters belong to the people. That thesis recognises that, for the time being, the assets that the Crown Estate manages are the property of the monarch in right of the Crown. Pro tem, we subscribe to that. To all intents and purposes, I believe that the Crown Estate Commissioners manage the assets reasonably well in those circumstances, but they do not own the assets. The assets that that public body manages range from offshore renewables, aquaculture, foreshore activities, mussels and oysters, salmon fishing, Princes Street gardens, the King's park in Stirling, urban properties, joint ventures and, of course, the inalienable right to all gold and silver that is found on our land.

As a member of the Economy, Energy and Tourism Committee, which is discussing the Land Registration etc (Scotland) Bill, I find it surprising that the Crown Estate has not registered all the land assets to which it lays claim or from which revenues flow to it. In Scotland, those assets amounted to £207.2 million in 2010-11 and generated a net surplus of £13 million, with a large and increasing share of offshore and onshore renewables. Those investments have gone from £2.2 million in 2008 to £24 million last year. The asset portfolio in Scotland is vastly different from that in England. The Crown Estate has admitted to releasing capital from assets in central London to support renewable energy development in Scotland. That is an advantage that we discussed earlier today and which the Calman commission acknowledged. It considered the different nature of the estates north and south of the border and suggested that a separate and necessarily smaller Scottish organisation would lose out on the significant benefits for investment. Yet, the Crown Estate is doing just that.

Running the Crown estate in a way that is more appropriate for its different nature in Scotland would result in more efficient management. In the absence of full ownership, the best way of securing that is to ensure that the assets are managed in Scotland for the benefit of communities in Scotland. Returning profits to the UK Treasury—I will not come back to the monarchy—would confirm if not compound the past mistake of using our revenues to fund the UK Treasury deficit.

I believe that there is a level of good will on the part of the Crown Estate Commissioners to work with the Scottish Government, and that is welcome. However, that is not the same as ownership and democratic community control of the assets.

Paragraph 54 of the Scottish Government's paper, "Securing the Benefits of Scotland's Next Energy Revolution", recognises that

"much of the revenue likely to be generated by Scotland's huge offshore energy potential will go to the Crown Estate"

and that its surplus revenues will go to the UK Treasury. That money should flow to local communities. Better still, local communities should own and manage the assets.

The Deputy Presiding Officer: As four members still wish to speak in the debate, I am minded to accept a motion from David Stewart that the debate be extended by up to 30 minutes.

Motion moved,

That, under Rule 8.14.3, the debate be extended for up to 30 minutes.—[David Stewart.]

Motion agreed to.

18:31

Tavish Scott (Shetland Islands) (LD): I thank David Stewart for securing the debate. I share his appreciation of the sterling work that the House of Commons Scottish Affairs Committee has done on what is an important issue for many of us who represent coastal communities around Scotland. The debate is particularly important now, because the current constitutional debate provides an opportunity to make the case for further devolution. Although I do not necessarily agree with every word that Mr Thompson uttered, I share the sentiments expressed in the debate by him, Jim Eadie and Alex Fergusson.

At the start of the debate, David Stewart mentioned the visits that the Scottish Affairs Committee paid to many coastal communities around Scotland, not least Shetland, to take evidence. When the committee visited Shetland, it heard from a great raft of organisations—professional and otherwise—and companies that have faced the Crown Estate tax collector for too long. The committee's recommendations show that Ian Davidson, the chairman of the Scottish Affairs Committee, and his colleagues on the committee grasped that point fully.

For as long as I have been either a councillor at home in Shetland or an MSP, the salmon farming industry, the mussel farming industry, marina users and the harbours—the council-owned harbours and the trust port at Lerwick—have looked for change.

In a previous incarnation, the minister opened a pier extension at Lerwick. He will remember that, when I was chairman of Lerwick Harbour Trust, the Crown Estate charged us, first, to dredge the area where we improved the quay space and the ability of deepwater ships to access our port and, again, for dumping the spoil further out to sea. If ever there was an illustration of a need for change in a body, it is surely an organisation that seeks to improve an asset to further the economic interests of a community, which is what trust ports do the length and breadth of Scotland, being held back by that kind of approach. I support strongly the cross-party arguments for change and for further devolution.

Nevertheless, I will push the minister on the Scottish Government's approach, because although I very much agree with SNP members who have called for devolution, I am concerned about what comes next. I do not want to see only devolution to Edinburgh; I want to see decentralisation to local areas. However, I can find no precise illustrations from the Scottish Government of what that means. If the minister could clarify that for Parliament this afternoon, he would do us all a considerable service. Believe me: I would strongly support him on this matter, because I think that it is very important.

When the then acting director of Marine Scotland gave evidence to the Scottish Affairs Committee, in an evidence session that I think was held in the House of Commons, it was suggested to her that

"you want the role of the Crown Estate devolved to the Scottish Parliament and then you will decide what to do with all the functions."

She answered, "Yes."

I hope that the minister might reflect on the fact that, for many of us who want to see these responsibilities held by either the local authority or, in Shetland's case, the local authority and the trust port, it is not good enough to say that the responsibility should come to Edinburgh; we need detail of how devolution to local areas would take place. If he will forgive me, I say to the minister that the last thing that we want in the islands is for tax collection in London to be replaced by tax collection in Edinburgh. Instead, we want these financial responsibilities and powers to be at a local level and therefore able to be properly used to further the needs of our community.

Secondly, on the point about money, if there is to be an interim period in Edinburgh, what rates would the Scottish Government levy on salmon farms, harbours and other areas? It is not good enough simply to say that that is not known, because again the evidence in the report is that it is important to set those details out. I hope that the

minister finds the time in his closing speech to deal with both of those points.

18:35

Rob Gibson (Caithness, Sutherland and Ross) (SNP): I congratulate David Stewart on bringing this necessary debate to the chamber. However, I do not think that all the details of Crown estate devolution have been worked out as far as they should have been by this stage.

As members have said, communities have wanted powers over the adjacent sea bed and sea for many decades—indeed, for centuries. I have done some work recently on the Highland Land League in the 1880s: it demanded such powers, which even then involved articulating views that were much older. People felt robbed because they could not cross the area between the high and low watermarks to get to the sea without incurring costs from the landlords, as some parts of the Crown estate in Scotland had been devolved to landlords such as the Sutherland estates.

It would be excellent if we followed the Scottish Affairs Committee's line of thinking that this Parliament's Rural Affairs, Climate Change and Environment Committee should have oversight of the way in which the devolution process would work. Marine Scotland was viewed as the body that should take an overview of the process, and our committee would then look at its activities. The management of the Crown Estate's powers must be set up in a constitutional fashion, which would involve going through this Parliament.

There is confusion around the powers of the coastal communities fund. The devolution of powers to harbour trusts and community trusts at a more local level must be spelled out, but some harbour trusts are more aware than others of their community responsibilities. We must be aware that such devolution is not a blanket solution and must be explored further.

We must avoid penalising development, as members have mentioned, and we should review the Crown Estate Commissioners' current powers. We can remove the minor irritants, and the major irritants such as the fact that if you deepen a berth and use the spoil to build up a new quay, you will be charged for it just as you would if you dumped the spoil at sea. Those are restraints on development: harbour boards and the like should not have to pay such charges, and Highland Council should not have to pay the Crown Estate for hundreds of small jetties every year.

It is time that we in this Parliament assessed whether some of the Crown Estate's powers should be removed. We must remove the barriers to development by stopping the need for the bureaucracy that is involved in charging £100 for a

small pier on the Cromarty Firth that was built from stone 100 years ago. I suggest that this Parliament should do that, before the process of managing the charges that are levied at a local level comes into play.

There is a question around the way in which charges on fish farms and offshore energy installations will be levied. Who will decide on the level of charges? Will every community negotiate with the fish farm company or the company that is developing offshore renewables? It is surely necessary to set a sensible level of benefits in an achievable fashion, and the Parliament has a major part to play in that process.

That has been missing from the debate. We have heard about the wish for double devolution and the need to avoid what Tavish Scott described as tax grabs from Edinburgh. I suggest that the further devolution of powers to Holyrood that is to come should involve devolution of all those processes, and I ask the minister to bear that in mind when he responds to the debate.

I apologise, Presiding Officer, because I will have to leave in a moment to deal with an urgent matter, but I will be glad to read what other members and the minister have to say in the *Official Report*.

18:40

Jamie McGrigor (Highlands and Islands) (Con): I congratulate David Stewart on securing the debate.

It will be up to the Scottish and Westminster Governments to make up their minds about what to do with the Crown Estate's responsibilities but, whatever happens, that will be an extremely important decision that must not be taken lightly. The motion endorses the Scottish Affairs Committee's conclusion that recommends ending the Crown Estate Commissioners' responsibilities in Scotland. Apparently, its view is that marine and coastal assets should be devolved to local community level. What does that mean? No detail is provided. The Crown estate is a very strategically important and unique national asset, and its handling requires great thought and detail.

The Crown Estate has recently spent considerable amounts of money in places such as Tarbert and Rhu. That money did not come from Crown Estate revenues; it came from Crown Estate capital. Where would local communities get that kind of spending firepower? We should bear in mind that all revenues from the Crown Estate in Scotland go to the Treasury, which allocates 10 per cent back to the Scottish population, even though it accounts for only 8.3 per cent of the population of the UK as a whole. That represents a gain straight away.

By the way, Scottish Crown Estate revenues are approximately £11 million or 3.4 per cent of the UK Crown Estate revenues of about £205 million. Any capital spending has to be paid for from capital assets, so it may sometimes seem that the Crown Estate is selling more assets rather than investing in new ones simply because it has to spend capital rather than revenue to get things done. For example, last year it paid out £1 million for dealing with the winter damage to the buildings in Glenlivet.

It should also be borne in mind that the capital value of the assets of the Crown Estate in Scotland is in the region of £280 million, whereas the value of the UK assets of the Crown Estate is in the region of £7 billion. Is it wise to get rid of this huge cash cow, which can produce highly significant investment when and where it is needed, without taxing anyone to do so and with the Crown Estate revenues still coming to Scotland with the cream on top? I think that members should think very hard about those points.

I agree with Alex Fergusson's points about localism. Professor Jim Hunter has been mentioned. Anyone who has read his book "Last of the Free: A History of the Highlands and Islands of Scotland" would agree with Tavish Scott that Edinburgh taxes are liable to be much worse than London ones.

18:43

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I, too, thank David Stewart for securing the debate. I must confess that, at the beginning of the debate, I could not recall whether I had signed his motion. Thankfully, Mr Thompson, who is sitting behind me, was able to enlighten me—I did not sign the motion, but I signed an amendment in the name of Rob Gibson, which did not change the sentiment of Mr Stewart's motion. I am glad that he has brought it forward for debate.

The devolution of the Crown estate is clearly an important matter for Scotland. The Crown Estate is a significant land and property owner in Scotland. It holds 103,000 acres of land, approximately 50 per cent of the foreshore and beds of tidal rivers, and the sea bed out to 12 nautical miles, which have a combined property value of more than £200 million. The Crown Estate is a contributor to the UK Treasury. Even in its current guise, it is clearly a useful source of revenue, and I imagine that that will be the case to an even greater extent as we seek to bring forward a new generation of renewables technologies, which will provide a greater opportunity to accrue benefits.

It is not often that I congratulate Westminster's Scottish Affairs Committee, but the

recommendation that communities with Crown Estate properties should benefit from them is a useful and interesting suggestion. Like Chic Brodie, I agree that communities should benefit from the opportunities that their land affords them. Indeed, Shetland's oil fund is a useful example of that. It is a shame that other local funds have not been established.

This is an important point—I say to Jamie McGrigor that it illustrates why we want devolution in this area. The fact is that, all too often, the communities with Crown Estate property do not feel that they see the benefit of having it. The Scottish Affairs Committee's suggestion is, therefore, a useful contribution to the debate about the future of the Crown estate in Scotland.

In order to devolve power over the Crown estate to communities, power over the Crown estate must first be devolved to the Scottish Parliament. I say that in spite of Tavish Scott's point, even though I take it on board and believe that it was genuinely made. The Scottish Affairs Committee recognises that that is the position of the Scottish Government, the SNP, the Calman commission and two Scotland Bill Committees. Indeed, as Tavish Scott said, it is the position of the Liberal Democrats. I do not want to make this an overly political issue, but I think that it was disappointing, given that that is the case, that a Liberal Democrat Secretary of State for Scotland explicitly ruled out the devolution of the Crown estate. However, I hope that Tavish Scott will be on the phone to Mr Moore soon.

I want to talk about the Sovereign Grant Act 2011, which is an issue that I did not think would come up and which has not had enough attention. Given Mr Fergusson's speech, it is clearly not an issue that he has paid enough attention to. The act was passed by Westminster on 18 October 2011.

Alex Fergusson: Will the member give way?

Jamie Hepburn: I will let Mr Fergusson in, as his position seemed to be that that act was a figment of people's imaginations. It is interesting that both Mr Brodie and I have imagined it separately. Mr Fergusson's perspective would therefore be appreciated.

Alex Fergusson: Mr Brodie was kind enough to show me the part of the act to which he was referring. It seems to me quite clear that the money is paid to the Treasury. The act bases the grant to the royal household on the income to the Treasury from the Crown Estate. That is very different from direct payment from the Crown Estate.

Jamie Hepburn: I beg to differ. That is very much a case of splitting hairs—I say to Tavish Scott that no pun is intended. The Treasury acts very much as the middle man. I am concerned that

the act changes the nature of the Crown Estate. Roger Bright, the chair of the Crown Estate Commissioners, stated that the monarch holds Crown Estate properties

“in trust for the nation.”

The 2011 act’s ending of the system of the civil list and its replacement with a sovereign grant not only alters the system, but alters the principle that Roger Bright set out. Clearly, that is not necessarily a matter that is contained in Mr Stewart’s motion, but it is something that the Scottish Parliament has to grasp as it considers the devolution of the Crown estate.

18:48

The Minister for Environment and Climate Change (Stewart Stevenson): I value all the contributions that we have heard tonight. Seldom on an issue that is widely held to be controversial have I heard such broad unanimity that something needs to be done and that responsibility needs to be delivered to this place, and from this place to communities elsewhere. That is the direction in which I wish us to travel.

The Crown Estate in Scotland is largely, if not exclusively, concerned with our coastline, which is different from the situation in the rest of the UK, where it is very much concerned with urban investments. Scotland’s seas are an important part of our natural and economic assets and are important to our economy, particularly with regard to the world of renewable energy. We need control over our sea bed to enable us to manage it properly and exploit our country’s important marine assets. The message from the debate is that the status quo is not defensible. I, too, commend the House of Commons report for its clarity of purpose and articulation of the issue.

There have been many contributions, and I will try to cover as many points as time will permit. David Stewart talked about the harbours of Highland, Shetland and Comhairle nan Eilean Siar; Tavish Scott also referred to harbours. The board at Peterhead harbour has made the same point: it builds a new breakwater and finds that its contribution rises significantly as a result of its investment. That seems as unreasonable to the board as it does to many of us.

Mary Scanlon referred to udal law; I am not sure that that touches on the issue under discussion.

I have talked to Peter Peacock, late of this place, on issues that Community Land Scotland pursues. We listen carefully to what is said there. Of course, Community Land Scotland is all about returning power to local communities and I very much look forward to working with Peter Peacock, and Community Land Scotland more generally, to

continue the reformation of our land laws. We need to get assets devolved to local communities—the phrase that David Stewart used.

Jim Eadie talked about a forensic analysis of the Crown Estate and the key conclusion that it is not fit for purpose. He highlighted the lack of hard information. That is a fair point. I return to some of the points that Tavish Scott—not unreasonably—targeted at me.

One of the things that we do not know is the individual rentals that comparable fish farms and harbours pay. We know, from various sources, that they vary. The Crown Estate is a commercial operator and will get from a developer what it can in the way of resource. We need to understand exactly what the breakdown is.

I will make a wee comment about one small area in the report from the Scottish Affairs Committee. The report largely talks about devolving to the Scottish Government. However, devolving to the Scottish Government probably means administrative devolution—in other words giving ministers powers to do things—whereas I think the consensus of the debate and the intention of the Government would be that we need legislative devolution to the Scottish Parliament so that we can legislate for the appropriate frameworks for devolution on to local communities.

I will not pursue the points on Her Majesty’s interests—I would just get bogged down if I were to do that. However, I was not previously aware of the relevant act and will read it with interest.

Chic Brodie talked about land belonging to the people and referred to Lloyd George. As members would expect, I will make a personal claim. My father was Lloyd George’s last election agent, when he stood for the rectorship of the University of Edinburgh in 1942, so my father knew Lloyd George.

Tavish Scott said that there is an opportunity to make the case for further devolution. I think that the case has been made, and we are debating it tonight. What I hope is that the Secretary of State for Scotland and the UK Government will look at the content of the debate and the contributions from all the political flavours in the Parliament and take tent of the serious intent that is clearly shared throughout the chamber.

Tavish Scott: I absolutely agree with the point that the minister just made but, given that he cannot—I understand this—set out the detail of how he would achieve devolution to a local level, will he set out even a timescale? Has the Government given any thought to how long that might take so that we can give some comfort to the coastal communities?

Stewart Stevenson: In fairness, what could be done early is making sure that communities have access to the money. We can do that relatively straightforwardly. We need to look further at getting a legislative or administrative framework that gives people access to the levers of power.

Tavish Scott asked about the rates for salmon farms. We should not automatically assume that they would be much lower, because many of the interests in exploiting our offshore resources, such as salmon farms, are foreign owned, and it is quite reasonable that we should extract a price from those foreign interests while ensuring that the revenue is made accessible to local communities.

I am running out of time. I will have to read the *Official Report* very carefully because Jamie McGrigor's delineation of how capital works was not entirely clear to me. I will read it later.

The message that should go out to the secretary of state from tonight's debate is that he should act on the evidence that has been produced by the Westminster committee's report. We have written to the secretary of state seeking a meeting on the back of that report and, on the back of that, we will continue to press for devolution of the Crown estate.

This has been a useful debate. I have not been able to respond to everything that has been said, so if anyone feels that they have a pressing need to have more information, I will be happy to supply it if they contact me.

Meeting closed at 18:56.

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