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Official Report

MEETING OF THE PARLIAMENT

Tuesday 11 September 2012

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Scottish Parliament

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

Time for Reflection

The Presiding Officer (Tricia Marwick): Good afternoon. The first item of business this afternoon is time for reflection. Our time for reflection leader today is the Rev Professor Donald MacDonald, chair of the Scottish churches' disability agenda group.

The Rev Professor Donald MacDonald (Scottish Churches' Disability Agenda Group): How thrilling it was to watch the amazing achievements of athletes at the recent Olympics and Paralympics. We rightly salute those who won glory for themselves and their country, as well as those who did their best but did not win a medal. We celebrate the individual self-sacrifice, application and perseverance in the face of tremendous difficulties, and also the teamwork and technical advances that made those achievements possible. Are such competitions helpful for the vast majority of people with disabilities, who can never hope to emulate such achievements?

The New Testament often compares the Christian life to an athletic contest or a long-distance race. The Letter to the Hebrews, chapter 11, verse 1, says:

"let us run with perseverance the race marked out for us".

Here the emphasis is not on competition, but on personal discipline, on perseverance and on helping others along the way, for just a few verses later we are told:

"Strengthen the feeble arms and weak knees. Make level paths for your feet, so that the lame may not be disabled, but rather healed."

The Bible makes it clear that our worth as human beings does not depend on any ability, capability or achievement. We are all made in God's image and we have an intrinsic dignity that does not depend on the degree of physical or mental capacity. We rightly treasure human independence and autonomy, but that must be tempered by the reality that we are all dependent on one another, some more so than others.

I am so grateful for the state provision of personal care and I salute those who help me in this way cheerfully and efficiently. I believe that it is an aspect of true human dignity to give and receive care.

Christians get their inspiration from those who have run the race before them, and especially from looking to Jesus, the pioneer and perfecter of faith. I do not know where members get their inspiration from, but I invite them to reflect on the reality of their own particular race in life and how they might best continue to serve others along life's journey.

And now a prayer.

Lord, we thank you for the inspiration of those who have overcome great difficulties to reach success in their chosen sport. May we recommit ourselves to run the race of life with perseverance, as we serve one another, through Jesus Christ our Lord.

Amen.

Scottish Government Question Time

Topical Questions

14:04

The Presiding Officer (Tricia Marwick): Before we start topical questions, many members will know that we received some very topical news overnight. I am sure that everyone in the chamber will wish me to record our congratulations to our own Andy Murray on his historic success in the final of the US open championships last night. *[Applause.]* I had been expecting to receive a topical question this morning from Bruce Crawford, the constituency MSP for Dunblane, but, unfortunately, I did not receive one. *[Interruption.]* I am sorry—the constituency MSP is Keith Brown. I apologise. I got the name wrong. However, he still did not put in a question.

Town Centres

1. Annabel Goldie (West Scotland) (Con): To ask the Scottish Government what proposals it has to revive town centres. (S4T-00029)

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): I am glad that I am not the only one who is feeling the effects of a late night last night.

On 9 September, I announced details of the Scottish Government's national town centre review. That review will focus on action and will be led by an external advisory group made up of experts from organisations such as the Association of Town Centre Management, the Scottish Retail Consortium, Creative Scotland, Scottish Chambers of Commerce, the University of Stirling and the Federation of Small Businesses. The external advisory group will be chaired by leading Scottish architect Malcolm Fraser.

Annabel Goldie: In the previous parliamentary session, my party secured the popular town centre regeneration fund and I welcome any review that will contribute to sustaining such regeneration. However, the Scottish Government is charging ahead with proposals to tax empty property for which there is no market demand and, in doing so, is getting egg all over its face. Will it hold back that legislation until the review group has reported, to ensure that what the minister, Derek Mackay, said in the Parliament in June will happen—that rates reform is not implemented in isolation—does so?

Nicola Sturgeon: We welcome the support of the Scottish Conservatives, but it was this Government that funded the £60 million town

centre regeneration fund in 2009. That kick-started 66 town centre projects across Scotland and created nearly 1,000 jobs. It was an incredible success and one on which we want to build.

As the member will be aware, we are taking action across an additional range of fronts. We are consulting on measures to help communities to tackle vacant and unused property in their areas as part of the community empowerment and renewal bill.

Annabel Goldie will be aware that these matters are subject to parliamentary scrutiny. On the specific point that she raised, business rates empty property relief reform is designed to introduce an incentive to bring empty properties back into use. Getting properties back into use would be extremely beneficial in the regeneration of many town centres across the country. Empty property relief will continue to remain more advantageous in Scotland than it is in England and Wales, where I understand her party is currently in government. This Government will continue to take a range of initiatives to support town centres. I have no doubt that the work that is being led by Malcolm Fraser will contribute hugely to that range of initiatives in due course.

Annabel Goldie: Although I am grateful to the minister for her response and am enticed by her argument, will she not accept that the sensible thing would be to allow the review group, which is commendable in all respects, to report and then to reflect on whether the proposed tax on empty property is a meaningful or sensible way forward?

Nicola Sturgeon: I know that Annabel Goldie is a committed parliamentarian. The empty property rates relief reform package is subject to due parliamentary scrutiny. That is the right and proper way to consider any reform.

It is worth pointing out to the chamber—I am sure Annabel Goldie will be quick to welcome it—that Scotland is the most competitive place to do business in the entire United Kingdom. We have a business rates relief package that is worth over £500 million a year, and the small business bonus scheme has removed or reduced business taxes for more than 85,000 commercial premises. Proprietors of small businesses in my constituency, many of which populate town centres, tell me about the benefits to them of that and other support that is provided by the Scottish Government. We should get behind those businesses, support the work on town centre regeneration and allow Parliament to do its job.

Kevin Stewart (Aberdeen Central) (SNP): Before being elected to the Parliament, I had the privilege of serving on the board of Aberdeen business improvement district. Are business

improvement districts making a difference in helping to revive town centres?

Nicola Sturgeon: Yes. I know that Kevin Stewart's involvement in Aberdeen business improvement district was extremely important. He is right to point to the role that business improvement districts can play. It is important to ensure that we empower local people and have a range of supports in place at national level to back up that effort. I look forward to working with businesses and individuals across the country who have a focus on economic regeneration and its relevance in some city and town centres.

Music Tuition (Schools)

2. Alison Johnstone (Lothian) (Green): To ask the Scottish Government how it is ensuring equitable access to music tuition in schools. (S4T-00035)

The Minister for Learning, Science and Scotland's Languages (Dr Alasdair Allan): Through curriculum for excellence, all children and young people are entitled to a broad general education from the early years through to secondary 3, including the music experiences and outcomes that are outlined in the expressive arts curriculum area. The Scottish Government expects all our children and young people to have access to music at school and to have the opportunity to learn and explore the subject.

Under the Education (Scotland) Act 1980, education authorities have a duty to secure adequate and efficient provision of school education in their areas and to make that available free of charge. That includes music lessons provided as part of that school education.

The Scottish Government has written to all local authorities to ascertain the current position on charging for all forms of music tuition. We will work with education authorities to ensure that there is equitable access to music provision and that it is consistent with statute.

Alison Johnstone: The curriculum for excellence states:

"Performing and creating music will be ... prominent activities for all learners."

Clearly, where music lessons are charged for—a charge that many cannot afford—or where free lessons are available only to those who excel in an aptitude test, there is no access for all. Does the minister agree that music for fun, improved self-confidence, self-respect and the many proven benefits that it gives to a child's learning in other areas is important and that local authorities should make music lessons available to all pupils for free?

Dr Allan: I warmly agree with the member's statement that music is there for fun and to develop the whole learning experience and self-confidence of the young person concerned.

It is important to draw a slight distinction between music teaching as part of school education and music tuition on top of that. Nonetheless, since July the Government has been in touch with local authorities and has begun a process on the matter, as we are aware that there should be a more level playing field than there is and that there is a variety of practices relating to fees for tuition that is provided over and above the lessons that are provided in school as part of the school curriculum.

Alison Johnstone: At the moment, only handfuls of children in our primary school classes are accessing music, so I am heartened to learn that the Government is looking at that. In schools in Edinburgh aptitude tests are being given to children in primary 5 and only those who pass the test have the opportunity to go on to learn a musical instrument. I would like to see that opportunity broadened to the entire class.

Dr Allan: I stress again that we may be talking at cross-purposes at points in the debate. There is tuition in an instrument outwith the normal school curriculum, and there are music lessons in school. I cannot agree with the statement that very few children get music in school. The curriculum for excellence puts music at the centre of the school experience. That said, the Government is keen to remind local authorities what their duties and limitations are when it comes to making charges for instrumental tuition over and above that.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): It was reported at the weekend that Highland Council has a revenue of £453,000 from music tuition. Will the minister seek clarification from the council about the numbers of pupils in Alness and other less well-off communities in my constituency who have given up music tuition because of the fees and establish whether tutors are evenly distributed across the council area and, indeed, other council areas?

Dr Allan: We will certainly seek information from Highland Council and other councils to ascertain any trends in music uptake and to consider whether that is connected to any charges for music tuition that are levied by those authorities. I note that the charges in Highland Council were increased in 2010 following a public consultation that recognised that that was preferable to reducing the number of instructors. That said, my previous point stands: music should be at the heart of every child's educational experience.

Liam McArthur (Orkney Islands) (LD): The minister will be aware that the Education and Culture Committee had concerns, which Rob Gibson just enunciated, about the impact that instrument tuition fees are having on take-up. Orkney Islands Council is one of, I think, eight councils that do not charge in that way, so it is no surprise that Kristan Harvey was the BBC young musician of the year and Broken Strings won a Danny Kyle award at last year's Celtic Connections. The minister will be aware of the *Scotland on Sunday* campaign on the issue and the proposal for a musical instrument fund. Will he ensure that councils that are currently not charging will not be left at a disadvantage, should that idea be taken up and such a fund be disbursed?

Dr Allan: As I mentioned, the Government has been taking an interest in this issue since July. It should be said that a variety of charges are levied throughout the country. In Aberdeen, charges are as high as £340 for music instrument tuition. It is an issue that the Government wants to look at.

Incidentally, I will be interested to see the deliberations of the Education and Culture Committee, whose meeting on the subject has just ended and which has taken a great interest in it.

Sustainable Economic Growth

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion number S4M-04045, in the name of John Swinney, on actions to deliver sustainable economic growth. Members who wish to take part in the debate should press their request-to-speak buttons now. We have a bit of time in hand and I encourage members to take interventions if possible.

14:16

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): I welcome this opportunity to update the Parliament on events in the Scottish economy and to lead this debate on the action that we are taking to accelerate the recovery, protect jobs and boost long-term sustainable economic growth in Scotland. I am pleased that the Deputy First Minister will close the debate in her new post as Cabinet Secretary for Infrastructure, Investment and Cities, and I welcome the strong contribution that I know she will make to achieving economic recovery.

Twelve months ago, the Government took the opportunity to refresh our economic strategy in response to the marked changes in economic conditions that had taken place since it was first launched in 2007. It also took the opportunity to focus on new and emerging growth opportunities for Scotland. Since that launch, global economic growth has been more subdued than forecast and a sustained recovery from the 2008 financial crisis has yet to take hold. The refresh of our economic strategy has therefore proved to be particularly beneficial, as it has ensured that our efforts have been prioritised on protecting the Scottish economy and creating employment.

On Monday, we published an update paper on our progress against the economic strategy that highlighted the range of actions being taken to boost economic activity across the public sector in Scotland, which involve a range of different players working together to deliver economic growth in Scotland. Despite the challenges, it is clear that progress is being made, with employment rates in Scotland remaining above those in the UK for the 21st consecutive month; a higher youth employment rate for those aged 16 to 24 in Scotland compared to the United Kingdom; growth of 4.2 per cent in our manufactured exports over the year, despite the difficulties in the euro area, which is a market for 45 per cent of our international exports; and significant individual announcements over the last year from major companies such as Diageo, Samsung Heavy Industries and Gamesa.

However, it is clear that much more needs to be done to deliver a sustained economic recovery. As I indicated, global economic conditions remain challenging, with the world economy struggling to gain momentum. As I set out during the Scottish Government debate on the euro zone situation in May, the on-going uncertainty in the euro area has continued to act as a drag on confidence. Output in the euro area as a whole is expected to return to recession later this year, while many countries within Europe are already in quite a significant downturn. There are also some signs that the relatively robust recovery in the United States is beginning to slow and that that has spread to some emerging economies.

As an open economy, Scotland has not been and cannot expect to be immune from those on-going pressures in other jurisdictions. In July, output figures for the first quarter of 2012 showed that, although the fall in growth has not been as severe as that in the rest of the UK, the Scottish economy returned to a technical recession following two consecutive quarters of declining output of 0.1 per cent. The fall was driven entirely by the performance of just one sector: construction. Output in the production and service sectors, which account for 90 per cent of Scottish economic output, continued to expand. Had we been able to maintain support and investment in construction, recession could have been avoided.

The figures for the construction industry show just how economically damaging the chancellor's decision to reduce Scotland's capital budget has been. If we look back at the economic circumstances of 2008, 2009 and 2010, we can see that the Government's ability to expand its capital investment programme in those years had a discernible, beneficial effect on the performance of the Scottish economy. It is clear that the reductions in capital budgets at this stage are having an effect.

Scotland's performance in the economy, although disappointing, demonstrates a degree of resilience in comparison with the rest of the United Kingdom, where output declined by a much larger 0.7 per cent over the same two quarters, with a further 0.5 per cent fall in the second quarter of this year. Throughout the economic downturn, we have sought to pursue a different approach: one of investing in the economy and households and supporting capital infrastructure. The refusal of the United Kingdom Government to change its position is severely limiting our ability to pursue that approach.

Overall, the picture is one of flat growth in Scotland and the outlook for the economy remains fragile. In July, the International Monetary Fund sharply downgraded its growth forecast for the UK economy this year from 0.8 per cent to just 0.2 per

cent—the sharpest downgrade for any country. Only last week, the Organisation for Economic Co-operation and Development offered the grimdest predictions yet, revising down its growth forecast to -0.7 per cent.

I realise that growth is being affected by uncertainty in the euro area, but it is clear that the United Kingdom Government's fiscal approach is not working.

Murdo Fraser (Mid Scotland and Fife) (Con):

Let us be clear on one point. When Mr Swinney calls for the UK Government to increase capital spending, he is calling for greater borrowing—is that not the case? *[Interruption.]*

John Swinney: We are—as I heard the Deputy First Minister helpfully point out—getting more borrowing, because revenues are falling. I will come on to that point.

A judgment must be made—I accept that it is a fine judgment—as to whether the austerity measures are of themselves creating a deeper economic problem from which we must recover than would be created in the scenario that the Government in Scotland supports, which is to sustain investment in capital projects, to enable us to stimulate the economy and generate the tax revenues that will improve the situation.

I will directly address the point that Mr Fraser made. Overall, Government borrowing in the United Kingdom is £9.3 billion higher than it was at the same time last year, and it is estimated—certainly given the July revenue figures—that borrowing will overshoot the Office for Budget Responsibility's forecast of £120 billion. A scenario in which there is more borrowing, simply to deal with the implications of austerity, seems pretty likely.

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

The difficulty with the finance minister's position is that he is committed to borrowing even more. Is he concerned about the AAA credit rating? Does he accept that endlessly borrowing more money has an impact on that?

John Swinney: In recent days there have been pretty substantial contributions to the debate from a number of distinguished economists and commentators, who made the point that I just made, which is that the UK's austerity programme is deepening the problem and the implications for the economy are a much slower recovery and much more damage to the public finances. An alternative approach, not of reckless spending, as we had from the previous Labour Government, but of modest, controlled investment in the economy, as the First Minister suggested, with a £5 billion capital investment programme in the United Kingdom, of which we would receive consequential of about £400 million, would assist

in supporting economic recovery. Such an approach would be appropriate. That view has been validated and boosted by the contributions of a number of economic commentators.

Willie Rennie: The finance minister will have read the IMF report from earlier this year, which talked about shifting spending, not borrowing more. Has the finance minister not considered that?

John Swinney: I have, but I have also considered the fact that the IMF has downgraded its growth forecast for the UK economy from 0.8 to 0.2 per cent. I will leave Mr Rennie with a particular point. When the chancellor first set out his fiscal consolidation plans in June 2010, the growth estimate for 2012 was 2.8 per cent. The current OECD estimate is -0.7 per cent and the IMF estimate is 0.2 per cent. With such a dramatic shift in expectations, the United Kingdom Government must address the compelling necessity for a change of direction. That is why we consistently argue for our position, why we have put that position to the UK Government, why it lies at the heart of the Government's motion, and why we will do everything that we possibly can in next week's budget statement to enforce and support that direction within the funding constraints that are available to the Scottish Government.

"The Government Economic Strategy" sets out this Government's approach to supporting economic growth and recovery. We have focused on boosting public sector capital investment, taking direct action to tackle unemployment, particularly among young people, and boosting economic confidence by encouraging private sector investment and providing security to Scottish households and businesses. When economic conditions remain fragile, shovel-ready capital investment can provide an immediate short-term stimulus and protect jobs and output. It has been estimated that every £100 million of capital spending supports around 1,400 jobs in the Scottish economy. Capital investment also provides long-term benefits, such as public infrastructure, and it can help to retain skills and activity in key sectors, such as the construction sector.

That is why capital investment has been a central element of our approach to economic recovery. We have boosted capital investment to the extent possible within our current powers and we are continuing to support spending on capital in the years to come. Despite the United Kingdom Government's 33 per cent reduction in our capital budget between 2010-11 and 2014-15, we are still spending around £3 billion on capital in 2012-13. We are supporting investment through implementing the £105 million stimulus package that I announced in June, increasing our direct

capital spending through switching spend from resource to capital and through the use of capital receipts, and continuing to progress the £2.5 billion non-profit-distributing pipeline of investment, but a response from the United Kingdom Government along the lines that I have already expressed is urgently needed.

Our young people have been disproportionately impacted by the economic events of the past few years. Although the latest figures show a welcome rise in Scotland's youth employment rate of 2.3 percentage points, to 56.3 per cent over the year to April-June 2012, which is above the UK rate of 50 per cent, our youth unemployment rate remains far too high, at 21.1 per cent. That is why the Scottish Government is taking action to tackle youth unemployment and ensure that those who are out of work or underemployed have access to the right training, skills and education.

In December 2011, Angela Constance was appointed as the first minister for youth employment anywhere in the United Kingdom. Her appointment was designed to focus activity across all government and all agencies on the critical issue of supporting youth employment and to ensure that the initiatives that we take, whether modern apprenticeships initiatives, the opportunities for all initiative or the redirection of European funding, are concentrated on tackling youth employment.

The final area of the Government's activities relating to the recovery strategy is to enhance economic confidence. The Government has taken a number of steps to create a supportive business environment that encourages private sector investment and growth. That includes the retention of the small business bonus scheme, which is providing support to more than 85,000 business properties in Scotland. We are also supporting the work of our enterprise agencies to attract new investment to Scotland. The most recent Ernst & Young UK attractiveness survey, which was published in June, showed encouraging evidence that Scotland had maintained its position as the leading location in the United Kingdom for foreign direct investment in terms of jobs created. We are committed to supporting the activity of our agencies in encouraging that process, particularly through the work of Scottish Development International, Scottish Enterprise and Highlands and Islands Enterprise.

Access to affordable finance is vital to ensuring that viable businesses are able to grow and support employment and to facilitate greater levels of investment. The latest Scottish Government access to finance survey, published in June, highlights that that remains a key issue for many small and medium-sized enterprises. Although our powers within this area are limited, we are in

regular dialogue with the banking sector to encourage the expansion of banking opportunities for the business sector in Scotland and we are also bringing forward the steps that are included in the Government's programme, including initiatives such as the Scottish Investment Bank.

At a household level, the Government has maintained the importance of supporting the ability of consumers to participate in the economy through the council tax freeze and our commitments on the core economic and social priorities of the social wage, which include free prescriptions, free higher education, free personal care and, of course, the living-wage commitment that, coupled with the Scottish Government's no compulsory redundancies policy, provides greater confidence and certainty to the public sector workforce and can contribute to economic strength and activity.

John Park (Mid Scotland and Fife) (Lab): Regardless of wider views on the living wage, does the cabinet secretary agree that the Scottish Government has a duty to ensure not only that its own employees are paid it, but that it is promoted more widely across the private sector?

John Swinney: I agree with that point. I am sure that Mr Park would accept that the Government has done a great deal to promote public sector participation in the living-wage commitment. A rising number of local authorities are participating in the living wage and I endorse Mr Park's message that active participation in the living-wage commitment on the part of the private sector would be welcome.

The Government's economic strategy focuses on a range of individual priorities around the creation of a supportive business environment. We are beginning to see the fruits of the long-term policy priority that we have attached to the creation of a low-carbon economy and the significant investments that have been realised as a result; we continue to focus our activities on the creation of a skilled, educated and healthy workforce, through our learning, skills and wellbeing priorities; and, as I mentioned in the earlier part of my remarks, we have concentrated on the importance of the development of not only physical infrastructure, but communications infrastructure, which is a central part of the agenda that will be taken forward by the Deputy First Minister.

The Government has to ensure that all those activities take place in a way that is compatible with the wider economic priorities of the Government to ensure that our resources, in public expenditure terms, are used widely and that we work to achieve social, regional and intergenerational equity in Scotland, so that we

can create the best prospects and opportunities for all our people.

The delivery of those ambitions will be key to unlocking Scotland's potential, and will allow us to deliver a better, more prosperous, and fairer society.

Global economic conditions make those tasks doubly difficult, but we are making clear progress and we remain committed to doing all that we can to protect the Scottish economy and to take advantage of new opportunities as they emerge.

I move,

That the Parliament supports the Scottish Government's approach to supporting output and employment now through a focus on boosting capital investment, taking direct action to tackle unemployment and enhancing economic confidence; calls on the UK Government to acknowledge that its response is not working and a failure to secure growth in the UK economy is threatening its fiscal consolidation programme; calls on the UK Government to provide a stimulus to capital investment to support infrastructure and growth in the economy, and welcomes the actions being pursued to deliver the priorities in The Government Economic Strategy, linked clearly to the Programme for Government and the forthcoming budget, in order to create the conditions for sustained growth in the private sector, investment in public services and ensuring that there are opportunities for all of Scotland to flourish.

The Presiding Officer: I call Ken Macintosh to speak to and move amendment S4M-04045.1. As I said earlier, interventions will be rewarded with more time.

14:34

Ken Macintosh (Eastwood) (Lab): If I appear in any way tired or distracted this afternoon, Presiding Officer, I hope that you understand that I come from a tennis-mad family. I do not often find myself on the edge of my seat when I am writing speeches for Government debates on the economy, but last night's match was not one to have on in the background. Every minute of staying up until 2 o'clock was worth it. I pass on my congratulations to Andy Murray, Judy and the whole Murray team. *[Applause.]*

Before I begin and—I suspect—lose the good humour of the Government benches, I welcome the Cabinet Secretary for Infrastructure, Investment and Cities to her new brief.

I begin by confessing to liking another television programme. I am not sure whether other colleagues are fans of "QI", which is hosted by Stephen Fry. It is very funny, informed and intelligent. In the most recent episode there was a little section on the use of irony. It got my attention as, last week, following the First Minister's description of our former health secretary as a latter-day Nye Bevan, I asked the First Minister whether he had any sense of irony. I confess that I

had the same reaction to today's motion. We are in the midst of a double-dip recession, yet the Scottish National Party's motion asks us to support the Scottish Government's approach to economic policy and apparently to accept that it is taking

"direct action to tackle unemployment and enhancing economic confidence",

and, of course, pointing the finger of responsibility solely at Westminster to provide the remedy for our economic distress.

Irony is, of course, when the true meaning of what someone is saying varies quite markedly from the literal interpretation of the words used. I certainly struggled to find any accurate literal interpretation in today's motion. Yes, we could join the SNP in criticising the Conservative Government at Westminster for an austerity programme that simply is not working. In fact, we have done exactly that in our amendment. However, to ignore the role of the Scottish Government itself or, worse, disingenuously to portray the Scottish Government's economic interventions in an overly flattering light displays at the very least a lack of humility and a lack of sensitivity to those directly affected by the recession.

Another example is the Scottish Government's press release that accompanies today's debate. It talks about the importance of boosting construction. However, in the past year we have lost 12,000 construction workers. Labour is certainly not alone in pointing to the fact that at least some of those job losses have come about directly because of Scottish Government cuts to its own housing budget, a budget entirely devolved and entirely at the disposal of the SNP's team of economic ministers.

On "Q1", Stephen Fry helpfully informed us of some of the different types of irony, including Socratic irony, which is when someone pretends not to understand the true meaning of the subject under discussion. The Cabinet Secretary for Finance, Employment and Sustainable Growth may ignore the consequences of his decisions, but I suspect that even Mr Swinney would not be so thick-skinned as to pretend that there is no link between his cut to the housing budget and the 12,000 builders who lost their jobs last year.

Mark McDonald (North East Scotland) (SNP):

I do not wish to interrupt Mr Macintosh's television review, but does he nonetheless accept that delivering record amounts of social housing, as the Scottish Government is doing, somewhat flies in the face of his rhetoric, given the paltry numbers that were delivered by the Government of which he was a supporter?

Ken Macintosh: That is a very strange and rather inaccurate—I was going to say ironic—interpretation of the figures on social housing. If Mr McDonald is going to contribute directly to the debate, I would like him to enlighten members about what the SNP's manifesto commitment was. Was it to build social affordable housing? I am still unclear as to whether the SNP is going to meet its target and whether the commitment is to rented housing. I would like him to clarify that later on.

"Q1" did not list it, but I wonder whether there is such a thing as political irony, in which the words spoken do not match their true meaning. For example, there is the contrast between a budget that claims to focus on jobs and growth and the fact that it leads to higher unemployment and deeper recession; or there is the example of a party that reportedly objects to regional pay, but which stands on a manifesto in effect committing to the abolition of all national pay structures. Perhaps I can ask the finance minister why, if growth in the construction industry is so important—as we agree that it is—it is not listed as one of the seven key industrial sectors identified in the Government's economic strategy and pursued by Scottish Enterprise.

A more immediate example is that, despite the bombast from the First Minister and many others, we were genuinely taken aback by the contrast between that rhetoric and the thinness of the SNP's legislative programme and the lack of vision that it illuminated. This appears to be a Government with no real sense of purpose or direction, other than of course towards the referendum. The legislative programme certainly does not convince many that it is designed to address the main difficulties facing families across Scotland—joblessness and the cost of living—or the economic problems facing our businesses and services.

On the other hand, the promotion of the referendum and the promotion of responsibility for constitutional affairs to the SNP's supposedly number one minister has meant a consequent demotion of responsibility for infrastructure, capital investment and the wider economic portfolio. That decision is the political equivalent of rubbing salt in the wound. I am not sure whether it is ironic, but it is certainly galling, is certainly insensitive and certainly reflects to me a skewed sense of our country's priorities.

Bruce Crawford (Stirling) (SNP): I encourage Ken Macintosh to be a wee bit more positive. Does he support the Government's call for the chancellor to enable us to deliver shovel-ready projects? Does he support Ed Balls, who seems to suggest that that is exactly what we should do?

Ken Macintosh: Yes, I do. That is a timely and good intervention, as I am just turning to that point.

This week, Brian Ashcroft wrote a good blog article in which he discussed the accuracy of the Scottish Government's claims that its interventions had made the difference in securing a shorter and shallower recession in Scotland. I believe in capital investment boosting the economy and have no reason to criticise the SNP from that point of view. That approach is Labour's national policy and I genuinely want to believe that the Scottish Government's and Scottish Parliament's interventions can and do make a difference. Labour supports the approach that, for example, President Obama has taken in America, building roads and bridges and growing the US economy back to above pre-recession levels.

John Swinney: I do not want to go into irony, but I will go into contradiction in Mr Macintosh's argument. On the one hand, he says that the Government must be responsible for difficult economic conditions but, on the other, I think that he is about to marshal an argument that we cannot also have delivered a shorter and shallower recession. Surely even he, while being convoluted about irony, must see the contradiction in that argument.

Ken Macintosh: It is quite the reverse of that argument. I am saying that the SNP claims to have presided over a shorter and shallower recession because of the interventions that it has made, but constantly refuses to accept that it has the responsibility for making a difference to the economy because it says that it does not have the powers to do so.

The Scottish Government's argument is that, when there is good news—when things are going well and unemployment in Scotland is marginally or temporarily better than in the rest of the UK—it is all the Scottish Government's doing; it is big. However, when things go bad again—when the economy or unemployment is worse than in the rest of the UK—it is suddenly all because we do not have the powers and big, bad Westminster has not given us enough money. That is not only ironic, but entirely contradictory.

John Swinney: Mr Macintosh should fully and accurately describe the Government's position. We will do everything that we can within the devolved powers that we have and, as a consequence, we have delivered a shorter and shallower recession for Scotland than has been the case elsewhere. However, we could do a great deal more for Scotland's economic performance if we had a full range of economic powers at our disposal.

Ken Macintosh: I will make a slightly better contrast, if I may, by comparing the SNP's economic interventions with what is happening in Wales.

The Welsh construction industry has not taken the pasting that the industry in Scotland has suffered. One of the reasons is a deliberate, Government-led procurement policy. The Welsh have put greater emphasis on local employment and ensured that their small and medium-sized enterprises win contracts. They have done so legally. The Welsh Assembly Government has demonstrated that European legislation is neither a barrier nor an excuse for inaction, and we should do likewise.

The other major initiative that has made a substantial difference in Wales is a wage subsidy programme—a specific programme to tackle unemployment, akin to Scottish Labour's future jobs fund. It is scandalous that the SNP does not have such a programme in Scotland. There is the community jobs Scotland scheme, but it is simply not on a big enough scale. The CJS has made a tremendous difference to the lives of 1,800 Scots, but the Government should have loftier ambitions, particularly because of the damage that the recession is doing to our young people.

The SNP likes to talk about vision, but many of its policies prove to be more of an illusion. In fact, worse than that, they prove to be an excuse for inaction. The Welsh Government has done more with fewer powers and less money.

I expect much more of Government than simply an obsession with opinion polls and an Administration with the limited ambition of trying to prove that it is not incompetent, or one that is driven by the desire not to make any mistakes before the referendum and the hope that the Tories will muck things up at Westminster. Even if the referendum offered any realistic hope, Scotland simply could not wait that long.

Last week we had what I thought was a genuinely consensual debate on economic wellbeing and Oxfam's humankind index, but I do not detect that broad expression of political support and political agreement translating into Scottish Government action or exerting much influence over SNP economic policy. If we look at how the country responded to the banking crisis, we see that what we need is a Government that leads the way and recognises that we must do more to move to a more ethical approach to finance, which puts into economic practice the social values that the Scottish Government purports to hold as a progressive Government.

Jean Urquhart (Highlands and Islands) (SNP): Does Mr Macintosh agree that one element of business growth is confidence? In fact, it is declared endlessly in reports by any business organisation as being the main element in what allows a good business to grow. The only area—including Wales—that is showing business confidence, is Scotland. Nothing can happen

without that confidence. A bank will not invest in a small business unless it shows confidence and Scotland is a nation of small businesses. Does Mr Macintosh agree that confidence is the key element?

Ken Macintosh: If Ms Urquhart had been at the CBI Scotland dinner last week, she would not have seen or heard much confidence expressed in what I believe is the centrepiece of the SNP's manifesto, which is to break up this country. That hardly inspires confidence in industry and business.

Jean Urquhart: The CBI is the smallest represented business organisation in Scotland, because of the size of business that it represents. Every other business organisation sees the situation differently.

Ken Macintosh: That is an interesting observation. The CBI's views do not matter, despite the fact that it represents some of the biggest companies operating in Scotland. I am intrigued that, because the CBI does not agree with the SNP and perhaps will not give in to the bullying phone calls that it obviously receives from the First Minister, the Cabinet Secretary for Finance, Employment and Sustainable Growth and their press officers, it does not count any more.

I suspect that egotism is a failure of many MSPs—we can easily take ourselves too seriously—but I worry that there is a communal failing on behalf of this Government. It has a blinkered tendency to think: what's like us? It has a lack of awareness and a lack of humility. Most of the time that is simply a source of mockery—as in the idea that Scots were all cheering on Scolympians rather than team GB. It is certainly a source of political irony. The Deputy First Minister was quoted on the BBC last week talking, of course, about the constitution. She said that the referendum must be

“made and built in Scotland”.

If only she could say such a thing about the Forth crossing, we would all be delighted.

When we talk about people's jobs and livelihoods, this Government's lack of a sense of irony is, unfortunately, not something to smile about.

I move amendment S4M-04045.1, to leave out from “Scottish Government's” to end and insert:

“principle of boosting capital investment to tackle unemployment and promote growth but is concerned that decisions of the SNP administration, such as its £86 million real-terms cut in the housing budget over the last year, have contributed to the contraction in the construction sector in Scotland, with the loss of around 12,000 jobs last year; further notes recent reports, such as the *Bank of Scotland Purchasing Managers Index* showing Scottish

private sector growth well below the UK average; believes that the awarding of steel contracts for the new Forth crossing sits poorly with the SNP's claims to support Scottish manufacturing while the targeting of colleges for cuts and the demotion of its Infrastructure and Capital Investment portfolio to that of a shared brief with the referendum campaign is symptomatic of a Scottish Government with a poor sense of priorities; agrees with calls on the UK Government to acknowledge that its response is not working and a failure to secure growth in the UK economy is threatening its fiscal consolidation programme; calls on the UK Government to provide a stimulus to capital investment to support infrastructure and growth in the economy, but also expects the Scottish Government to use the powers at its disposal, including the forthcoming budget, to boost housing and construction and to introduce a major employment initiative designed to get Scotland working again, and further calls on the Scottish Government to reconfigure its National Performance Framework to encompass wellbeing, social inequality and environmental impact as well as promoting growth, building on new measures such as the Oxfam Humankind Index.”

14:48

Mary Scanlon (Highlands and Islands) (Con): I associate the Scottish Conservatives with the congratulations to Andy Murray, not only on his wonderful success this morning but on his Olympic gold medal.

I welcome Nicola Sturgeon to her new role. I have always enjoyed working with her constructively in the past and I trust that it will be the same in future. I also congratulate Joe FitzPatrick on bringing a full roll of the Cabinet and a large turnout on his first day as chief whip.

It will come as no surprise to the Cabinet Secretary for Finance, Employment and Sustainable Growth that we do not support his motion, which, as Ken Macintosh said, predictably focuses on the Westminster Government with scant information about the Scottish Government's own performance with the levers of power that it has—unlike in the energy debate scheduled for Thursday, where the minister has set out to build consensus on such an important issue for Scotland.

Given that the Cabinet Secretary for Finance, Employment and Sustainable Growth is not lumbered with the debt of the Westminster Government, he could—as Bruce Crawford has just mentioned—take a more constructive and positive approach to our economy. He might have taken the opportunity to respond to Tom Hunter's call earlier this year, when he said that it needs

“maturity and decency to put party politics aside”

to deliver for Scotland. We would have respected and supported the Government if it had taken that course. I am sure that people across Scotland would also respect such an approach.

Chic Brodie (South Scotland) (SNP): Before we go further, I have a question. The Tory

amendment says that the Westminster Government is doing well and is backed by bodies such as the IMF, the OECD and the Bank of England. Ms Scanlon will be aware that the IMF said at the end of May that spending on infrastructure must be greater, as that is a more credible policy than increasing current spending or taxes. As the cabinet secretary said, the OECD has—

The Presiding Officer: Mr Brodie, is this an intervention or a speech? Will you get to the point?

Chic Brodie: How credible is the Tory amendment, given that the evidence clearly does not support it?

Mary Scanlon: Our amendment is far more credible than Chic Brodie's intervention was. We had a lot of good news from Westminster, but I had to halve the size of my amendment. When I saw the amendments from Willie Rennie and Ken Macintosh, I very much regretted that. There could have been more for Chic Brodie—I will not reduce the size of my amendment next time, to ensure that he gets the full good news.

We can agree with much that is in the Government's document "Supporting Recovery and Delivering Sustainable Growth". I acknowledge the £4.5 million to provide occupational health support for employees in small and medium-sized businesses. Too often, people become long-term unemployed because they do not get the appropriate healthcare at the right time or the chance to get back into employment gradually. That funding is a positive move.

Under the heading, "Attracting International Investment", the document says:

"The government is determined to build on Scotland's strong inward investment record which includes successes such as ... Lifescan's investment in Inverness".

John Swinney chose not to mention that a Tory Government and a Tory secretary of state brought LifeScan to Inverness in 1997. I do not mind having to go back 15 years for some success for the SNP, but it would be good if the SNP gave credit to the Government that secured that excellent business.

John Swinney: I would pay tribute to any Administration that had secured inward investment in Scotland. The point in the update document is that we have secured LifeScan's research and development facilities—that was announced in the summer, during the First Minister's visit to California. Coupled with the expansion of the Beechwood campus, that is a massive boost to the life science opportunities in Inverness. I know that Ms Scanlon is always generous, so she might wish to give us credit for deploying the resources as noted in the announcement that I made this summer.

Mary Scanlon: I very much welcome Willy Roe and his team. The facility is phenomenal and is a great success in Inverness. However, the Government's document says that the Government's

"strong inward investment record ... includes"

LifeScan. It would be a good idea to be honest in making such statements. The Government document could be honest and transparent and thank the Tory Government for the inward investment that it brought.

The motion starts by referring to the

"Government's approach to supporting output and employment ... through a focus on boosting capital investment".

On "supporting output", the Bank of Scotland's purchasing managers index showed yesterday that growth in Scotland's private sector has fallen well below the UK average and is at its weakest rate for 20 months. The recorded UK figure for growth is 52.6, which is up from 49 in the previous month. In comparison, the Scottish index is down to 50.3 from 51 in July. According to the index, the job creation rate in the private sector in Scotland has slowed to only a marginal pace.

Kenneth Macintosh mentioned the construction industry, which relates to "boosting capital investment". The construction industry across Scotland is ready and waiting for the Government to boost capital investment.

Jean Urquhart made a good point about confidence. I respect her understanding of that as a businesswoman. The motion refers to "enhancing economic confidence". Perhaps the finance secretary should talk to the biggest employer in the Highlands—the tourism industry—about that. The latest Federation of Small Businesses survey, which was given to MSPs last week, states that 28 per cent of respondents were optimistic in looking ahead compared with 60 per cent at this time last year. Most of them raised concerns about VisitScotland and ensuring that tourism does not stop in Edinburgh. That is all within the power of the Scottish Government.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): Will the member take an intervention?

The Deputy Presiding Officer (Elaine Smith): I am afraid that the member must close.

Mary Scanlon: Close?

The Deputy Presiding Officer: The member must come to a conclusion. It is a seven-minute speech, and we are now at seven minutes and 30 seconds.

Mary Scanlon: Okay. As a member of the Public Audit Committee, I know that the Audit

Scotland report has been very scathing about the Government's support for information and communications technology projects.

I will have to throw away most of my speech, now—sorry about that. I thought that I would have more time because I took interventions.

Although there is much that we can support in the Labour amendment, there are aspects of it that, as I am sure members will understand, we cannot support.

I move amendment S4M-04045.2, to leave out from “supports” to end and insert:

“commends the UK Government's approach to creating growth and reducing unemployment; notes that its economic recovery plan is backed by the IMF, OECD, Bank of England, CBI, Institute of Directors and British Chambers of Commerce; appreciates that, in the face of the eurozone crisis, the UK Government's fiscal plan has seen market interest rates reach record lows while those of other European countries have hit record highs and has seen the UK rise from 10th to 8th in the World Economic Forum's global competitiveness survey; recognises the 906,000 new private sector jobs created since 2010, and believes that the Scottish Government should use the significant number of devolved levers for economic growth that it currently has to help business and promote growth rather than endlessly complain about other powers that it desires.”

The Deputy Presiding Officer: I point out that the opening speakers should have had six minutes each. I call Willie Rennie, who has now been allocated seven minutes.

14:56

Willie Rennie (Mid Scotland and Fife) (LD): It was reported this morning that John Swinney is “actively exploring” what the Government could do to create jobs and grow the construction sector. That is just what I wanted to hear. If he is in the mood for actively exploring, I make a suggestion. He knows what I am going to say—it is about Scottish Water. He knows the scheme, and I am sure that he has read the manifesto and refreshes it on a regular basis. He and the First Minister have previously hinted to the media that he will reform Scottish Water but only after independence. Why do we have to wait? He says that the situation is urgent now—that is what he devoted most of his speech to—so why not act now? Why not take the opportunity?

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): Can Willie Rennie tell us whether he has managed to secure a commitment from his friends at Westminster that any revenues that would be accrued would stay in Scotland? No such commitment has been forthcoming thus far.

Willie Rennie: If Jamie Hepburn checks the record, he will find that the proposal was received with a great amount of warmth at Westminster. Danny Alexander is on the record about it, and we

are confident. If the cabinet secretary wants some assistance with the liaison with Westminster, I am sure that we can provide it. We are talking about a £1.5 billion windfall that we understand would be forthcoming. We would not say that if we were not confident. We believe that it can be secured if the cabinet secretary takes the opportunity.

We are talking about business loans, energy efficiency schemes and superfast broadband, which is included in his strategy document. Science and technology research are likewise included, as is the early intervention programme. I am sure that the Government could support all those measures, so why will it not take the opportunity with Scottish Water? The First Minister has said that, if Scottish Water were given the same status as Network Rail, it

“could borrow easily in the markets”.—[*Official Report*, 4 September 2012; c 10920.]

If that happened, we could avoid investing £140 million in Scottish Water, which we are doing this year.

I do not know whether the cabinet secretary wants to take the opportunity to tell me whether he has changed his mind on Scottish Water and whether he will start discussions with Westminster about releasing money from Scottish Water. I will allow him to intervene if he wants to take that opportunity. If he is serious about boosting the economy, it is something that he can do—it is within his gift. Does the cabinet secretary want to intervene?

John Swinney: No.

Willie Rennie: There is nothing new—that is the problem. The power is in the cabinet secretary's hands and he could take the proposal forward. It is a question of sustainable finances and trying to live within our means.

Let us look at what is happening in the world. The UK, Europe and the west are experiencing a massive body blow—a huge shock—after years of overspending and living beyond our means in an unsustainable manner. We are now paying the price and are having to readjust.

Margo MacDonald (Lothian) (Ind): When the member says “we” does he mean the royal “we” or does he mean the people who have been operating the economic levers in London? Or is he referring to the members of the Scottish Parliament?

Willie Rennie: I am speaking much more broadly than that. I am saying that in the whole of society—the whole of the west—we have been living far beyond our means.

One could limit that to Governments and say that they have lived beyond their means, but the

level of consumer debt back in the 2000s and 1990s was far out of control and very little was done to bring it back under control. That is why we are struggling now. We face a massive challenge in having to readjust and try to live within our means.

The Minister for Local Government and Planning (Derek Mackay): Can Willie Rennie advise members in which financial year the Scottish Government overspent its budget?

Willie Rennie: The minister will know that it is illegal for the Scottish Government to go over its budget, so it is not about that. I am making a broader point: as a society we are living beyond our means, and Governments have done so too. Throughout Europe and in the United States, we have been spending far beyond what we could afford.

That is why I was disappointed with the finance secretary's response earlier. He highlighted that borrowing has gone up at a UK level, but his solution was to borrow even more, and that is the problem. If we borrow more, our credit rating could be under threat, which drives up the cost of borrowing and threatens how we sustain ourselves.

As well as that big body blow, we are facing a massive economic shift of wealth from the west to China, India, Brazil and Russia. There are two body blows at the same time: the draining away of economic might and wealth to those other countries, and the fact that we are having to readjust to live within our means.

Chic Brodie: Will the member take an intervention?

Willie Rennie: I am taking too many.

We are also under threat from not living within our means in relation to the environment. There is a huge challenge not only from climate change but in our energy resources and our capacity to live within mother nature's limits.

That is why I support the Scottish Government's ambitions on renewable energy and on the low-carbon economy. They are the right things to do. There are some big challenges around landscape protection and the subsidy that is required to advance the energy changes, but those things are important. If we do not meet those challenges now, we are storing up future problems.

I also agree with the Government's strategy on equity. Preventative spending and the change funds are the right approach to trying to ensure that the whole country benefits from economic growth and the wealth of the nation.

All those challenges that we face at the same time are not simply about narrow party politics in

the chamber. They are massive challenges, and we in the Scottish Parliament must rise to meet them.

It is disappointing, and a major flaw, that the Government economic strategy ignores completely some major policy areas that the UK Government is advancing and that it creates the impression that only the Scottish Government is acting. The UK youth contract, the loan guarantee schemes that are trying to get money into businesses and the green investment bank are having a big impact in Scotland. In addition, the strategy document makes no reference at all to much smaller UK schemes such as the enterprise zones in Nigg, Dundee and Irvine.

If we are going to make the best of the United Kingdom as a whole—we are still in the UK, whether the SNP likes it or not—we need to work as a partnership, and the document lets us down in that respect.

I move amendment S4M-04045.3 to leave out from "supports" to end and insert

"calls on the Scottish Government to work closely with the UK Government to support economic and employment growth; supports efforts through the Youth Contract to support young people into employment and calls for more active support for this initiative from Scottish ministers; notes that the Scottish Government has only recently established a working group to advise on macroeconomic rules and fiscal responsibility and that this is not due to report until 2013; believes nonetheless that there is a need for fiscal responsibility in advance of that advice; calls on the Scottish Government to use the public resources and assets at its disposal to maximise economic impact, not least in terms of Scottish Water, which continues to receive large annual loans from the Scottish Government even though the First Minister made a speech in the spring of 2012 that appeared to back calls from the Scottish Liberal Democrats, and his own Independent Budget Review, for Scottish Water to access readily available loans from others and for the Scottish Government to use the saved resources for other important projects; believes that reform of Scottish Water into a public benefit corporation, within the public sector, has the potential to free windfall resources that can transform the Scottish economy and help the creation of tens of thousands of jobs through investment in science, energy efficiency, super-fast broadband, early intervention and support for small business, and believes that this should form part of the forthcoming budget and legislative programme."

The Deputy Presiding Officer: We come to the open debate. I am afraid that we are rather tighter for time than we were at the beginning. I ask members for speeches of six minutes.

15:03

Mark McDonald (North East Scotland) (SNP): I was interested to hear the exchange between my colleague Jean Urquhart and Ken Macintosh on the CBI and its role in shaping the debate. I was fortunate—if that is the right adjective—to attend the CBI dinner last week and listen to the lecture

by Mr Osborne. I also listened to the director general of the CBI, John Cridland, who gave his views on independence and where it would put us. It would perhaps have been better if he had done a bit more research into how the Scottish Parliament operates, because one of the areas in which he said there are no new national boundaries was climate change, despite the fact that this Parliament has passed world-leading climate change legislation.

With regard to the austerity agenda, it is becoming increasingly clear that—to paraphrase the old Saatchi & Saatchi poster—austerity isn't working.

Ken Macintosh: Will the member give way?

Mark McDonald: No thank you, Mr Macintosh.

Numerous economists have been quoted in the recent past. Just last week, Professor James Mirrlees, Professor David Blanchflower—a former member of the Bank of England's monetary policy committee—Professor Andrew Hughes Hallett and Professor Drew Scott were talking about the downturn being

“shorter and shallower in Scotland than in the UK as a whole”

and talking about the need for spending on infrastructure and

“having the courage to admit the need for change when it is so desperately required”.

Professor Joseph Stiglitz said recently:

“No large economy has ever recovered from a downturn as a result of austerity. It is a certain recipe for exacerbating the recession and inflicting unnecessary pain on the economy”.

The Nobel-prize winning economist Paul Krugman from Princeton University said recently:

“This is a time for the UK government to be borrowing and spending.”

The difficulty that those quotations present is the failure of the Conservatives to recognise and understand the concept of using sustainable borrowing wisely to stimulate economic growth. Murdo Fraser implied in his intervention during the cabinet secretary's speech that borrowing in and of itself is bad. That is not the case at all.

We cannot simply continue with the notion that to borrow money will in and of itself lead to economic difficulty. It depends on how we use that borrowing and how we activate the levers of borrowing to stimulate economic growth. If borrowing is used wisely to create demand and jobs within the economy and to increase the global tax take, that is sustainable growth and sustainable use of borrowing. Although the UK Government is indeed borrowing more than it was previously, no emphasis is being placed on the

sustainable borrowing and investment in infrastructure projects that would lead to that outcome.

It is a question of powers. It is a facetious notion to suggest that somehow we can operate in a situation where we have 30 per cent cuts to our capital budget and no borrowing powers, yet we can spend more money than we are currently spending. It is always going to be a case of money being moved around within a diminishing resource at the behest of a Government from afar over which we have no direct control.

I do not aspire to that situation. I aspire to this Parliament being more than a mere pocket-money Parliament. I want this to be a Parliament that is able to administer and generate the revenues that would allow us to drive Scotland forward—a Parliament that is able to borrow money in a sustainable fashion in order to deliver some of the shovel-ready projects that would stimulate demand in the economy, increase the number of jobs available and get Scotland's economy moving much more quickly than it is currently because of the policies that are being implemented south of the border.

Ken Macintosh: Does Mr McDonald accept that the logic of his argument is that this Parliament is nothing other than a conduit to pass on Tory cuts from Westminster? If so, how can the SNP claim that plan MacB made any difference?

Mark McDonald: Mr Macintosh simplifies the argument somewhat, as is his wont. The simple point is that we are given a fixed resource to work with. There is opportunity within that resource for us to move money around and change our priorities. That is why, for example, if we look at the comparative reductions that there have been, we see that college budgets have been protected more here than they have been south of the border.

It is a simple fact of life that, in a reducing fixed budget, we will have to make cuts. If Mr Macintosh seriously wants us to be in the position of not simply passing on cuts, he has to give us a credible explanation of how that could be delivered within the current powers and the current fixed budget. He has talked repeatedly—he did so last week—about wanting to spend more money in the housing budget. That is fine, but at the same time he has to tell us where he would make a reduction in the Government's budget in order to finance that. One reason why we can afford—

Ken Macintosh: Will the member take an intervention?

Mark McDonald: No, I will expand on that point.

The Deputy Presiding Officer: Mr McDonald is in his last minute.

Mark McDonald: More is the pity.

The point on the housing budget is that money can be levered in from elsewhere. For example, work is being done to develop pension fund investment into housing. That does not rely on direct funding from the Government, but it still allows us to sustain investment in housing. It is a question of looking at areas where such creative approaches can be taken rather than simply, as Mr Macintosh would do, throwing up one's hands and saying that money is going down and nothing can be done.

Scotland is an attractive place for inward investment, as demonstrated by the Ernst and Young survey. Lloyds TSB stated to the Finance Committee that it did not see the referendum as a detriment; rather, it saw it as a positive for businesses looking to invest in Scotland. On the other hand, we are faced with empty scaremongering from the unionist parties. It would be better if they spent more time talking up the economy of Scotland than talking it down.

15:09

Helen Eadie (Cowdenbeath) (Lab): I also believe that our political opponents need to learn that investment through more borrowing can lead to extra productivity. It is simple economics. If earnings are high and output and efficiency are greater, that can lead to maximised exports, improvements of visible and invisible trade earnings, more earnings, more taxes going to the chancellor, more jobs, fewer on welfare benefits, and less expenditure on those people who become ill because of their loss of dignity and their greater worry because of their loss of earnings and income.

It is very simple, and I say to Willie Rennie that he should be persuading his colleagues in the coalition Government that they should be looking at borrowing more money to allow the kind of investment that we need.

Jamie Hepburn: Will the member take an intervention?

Helen Eadie: Not just now.

We know that George Osborne is simply wrong. Everywhere he goes he is told that he is wrong. He was told that he is wrong when he was booed at the Paralympics. He is conducting the most dreadful onslaught on the people of this country. He is supposed to be the Government's chief strategist. Really.

Jamie Hepburn: I agree entirely with the member about the Tory Chancellor of the Exchequer's onslaught. Can she therefore explain why her party is involved in the better together

campaign with that party, which would allow him to continue to wreak havoc on the Scottish people?

Helen Eadie: That question leads to another question that Jamie Hepburn needs to answer but he is one of those backbenchers who, as Jim Sillars and Margo MacDonald have pointed out, have sat dumb for a long time now. He needs to be speaking out about his Government's position on the euro. John Swinney said to us just a few minutes ago that this country has big problems with confidence in the euro. The Government will not release documents and so the information commissioner has to go to court to get them. It is not good enough: Jamie Hepburn should be pressing the Government for us to get that kind of information released because it is damaging this country.

The issue of confidence was raised, and Scotland needs to have confidence. That issue needs to be pursued.

Margo MacDonald: Will the member give way?

Helen Eadie: Margo MacDonald will get her turn. I will not give way.

Margo MacDonald: I was named.

Helen Eadie: I will move on to an area of agreement, which is the Aberdeen to Inverness rail project. The work that is going into that shovel-ready project is first class, and I also agree with the proposed A9 project.

I want to mention some of the projects in the Labour Party's vision. Where are we going with projects such as the intermodal connection to railways across Scotland and connections to Glasgow and Edinburgh airports? Those who visit Switzerland or Germany see direct access from the railway to the airport, but that does not happen in Scotland. That is part of the Labour Party's vision. In our Scotland—the Scotland in which we believe—the right way forward is to deliver that kind of infrastructure. Of course, the Government might come to these things belatedly. The Government has followed up a lot of the suggestions that I have brought to Parliament so I will wait and see if it delivers that one eventually, too.

I have a word of criticism on behalf of our industrial communities. As some members will know, I chair the cross-party group on the industrial communities alliance. I was enormously upset about what happened to the Coalfields Regeneration Trust. Dare I say it? I have a word of praise for the Tories, who have delivered £32 million to the Coalfields Regeneration Trust in England. What does this Scottish Government do? It takes £1 million and leaves our Coalfields Regeneration Trust with £0.5 million. That is a scandal, and it is absolutely outrageous that it has

happened to our most deprived communities. We need to help those communities that no longer have coal mining and steelworking. I do not believe that the Government should remove that type of worth-while project that delivers grants because it removes completely the ability of the Coalfields Regeneration Trust to give grants.

The minister at the time told the Parliament that the joint European support for sustainable investment in city areas—JESSICA—fund would deliver. He said that for many years, but I found out only this year that the JESSICA fund had not even started, and because it had not started its name was changed. It is now called the Scottish partnership for regeneration in urban centres—SPRUCE—fund.

I do not know if that fund has been launched yet—it was supposed to be launched at the beginning of the summer—but it is not even to have the power to give grants to communities. It will be able only to give loans. That is totally unacceptable. I do not want to live in a Scotland where the Government hurts the people who most need its help. I hope that the cabinet secretary will change direction on that point.

15:15

Linda Fabiani (East Kilbride) (SNP): Unlike Ms Eadie, I welcome the Government's motion. I read it in conjunction with the paper "Supporting Recovery and Delivering Sustainable Growth", which was produced this month. That framework details the need for, amongst other things, increasing resource efficiency and it characterises a long-term driver of growth as being cohesion in order to

"reduce the disparity between the regions of Scotland".

Those two issues underpin what I want to say today, and the programme for government that was outlined last week clearly recognises those needs through the inclusion of the proposed better regulation and procurement reform bills.

I declare that I am an honorary fellow of the Royal Incorporation of Architects in Scotland and convener of the cross-party group in the Scottish Parliament on architecture and the built environment, because much of what I want to say comes from working closely with the architectural and related professions.

Last year, I was a member of the RIAS president's commission on building a better Scotland, which was chaired by Roy Martin QC. The commission published its report and submitted it to the Government in December. RIAS put together the commission to reflect increasing levels of concern about public sector procurement in Scotland, not just from the

architectural profession but from others in the construction sector and from senior public sector employees.

We recognised the need for improvement to ensure the effective use of resources. Among the concerns that were expressed and recorded, and which continue to be discussed, were

"the increasing barriers to entry for micro-organisations and for small and medium sized enterprises"

and

"the pricing, reliability and value for money of services provided through the public sector procurement process."

Those are significant issues and they have implications not only for individual project procurement, delivery and value for money, but for Scotland's infrastructure more fundamentally. We need to remove the unnecessary and unintended barriers that are put in front of small and medium-sized enterprises, and to ensure that there is proportionality in the procurement process.

There are ways of tackling those issues, and I am sure that submissions on the proposed legislation will reflect on that. For example, we could review and amend the use of prequalification questionnaires generally and the Government's proposed standard PQQ specifically. The UK and Scotland could be much better placed in the European league tables for procurement costs and so on, and much of the work that is required on PQQs reflects that.

I know that the system is being revised. I can only relate what I hear through the grapevine, but given what I am hearing, I do not feel much confidence that the situation will get an awful lot better. I would like ministers to be fairly radical in looking at the matter again, and to simplify it as far as possible.

To underline all that, we also need to change the focus of attention away from the quality of the procurement process to focus more on the quality of the outcomes. Another thing that we really have to do is to look at ways in which to reduce the number of bidders while still delivering fair competition. I understand that, in the construction industry, there can be 50 to 60 bidders for a project, and in the case of one project that was looked at, there were 300 bidders. That cannot possibly represent value for money in the economy. We understand from research that it can cost the public sector £70,000 to award a contract that is worth £130,000. That cannot be good for business or the economy. Research underlines, too, that it can cost the private sector nearly £250,000 overall to bid for public sector work.

What can we do? We need new guidance to public authorities regarding the handling of public procurement for projects that fall below the

European and Scottish Futures Trust thresholds. We need to take steps to remove the artificial barriers to entry for smaller businesses in the construction sector, because that will result in benefits for both the local and national economies. We must ensure that the appropriate expertise is in place, because without it people become anxious and risk averse, which results in poor-quality work.

Margo MacDonald: How does the member think that we will get that expertise? Are the people grown in the universities? Where do we find them?

Linda Fabiani: The expertise is here in Scotland. Sometimes we are just not very good at identifying what we need and putting it to appropriate use.

We need to be radical in our thinking. I believe that we can do it and that we can make the decision to do so. The current system has been well researched. We know that it is more onerous here than in other major EU economies. We can ensure accountability and transparency without compromising competitiveness and quality. We can address social inequality and environmental issues without stymieing entrepreneurship.

I conclude by quoting Willie Watt of Nicoll Russell studios, from his presentation during the week. What he said struck home with me and I hope that it strikes home with the people on this side of the chamber in particular:

"Above all, we should be ambitious. Not so much asking where did the steel in the Forth Bridge come from. But rather, where is our next Sir William Arrol, the man who conceived the Forth Rail Bridge and established a huge company which grew around the world?"

We have to be ambitious for Scotland.

15:23

Colin Beattie (Midlothian North and Musselburgh) (SNP): It is clear that the policies of the United Kingdom Government are failing to deliver the economic benefits that the chancellor, George Osborne, anticipates. I am appalled at the lack of basic economic literacy that underpins the extraordinary assumption that cutting budgets year after year means that the private sector will magically become an engine that, on its own, will pull our economy out of recession and back into growth.

The failure of the UK Government to competently manage the economy is in stark contrast to the efforts of the Scottish Government, which despite its limited powers—

Willie Rennie: Does the member think that the International Monetary Fund is economically

illiterate? It does not recommend that we should borrow more, as the member states.

Colin Beattie: The IMF has suggested that the Government should focus on temporary tax cuts and greater infrastructural spending. That is exactly what the Scottish Government has been attempting to do.

The Government has done all that it can to boost growth within the means of a budget that has been savagely cut by Westminster. It has been remarkably successful in that effort. However, the austerity agenda in London is harming Scotland. The Scottish budget will fall by 11 per cent between 2011-12 and 2014-15. That is a significant decrease, which will impact on the Scottish Government's ability to respond to the needs of the economy and of the people of this country. It is clear that no one will escape Westminster's cuts, or at least not until 2014.

Why did the Prime Minister ask last February for a list of shovel-ready projects when nothing more has been heard? Those projects are worth £300 million and each £100 million would support 1,400 jobs across the Scottish economy. That in itself is hardly a radical plan B, but it would be a start.

I return to the UK Government's austerity budget. When the Office for Budget Responsibility started in June 2010, it predicted growth of approximately 2.8 per cent as a result of the austerity measures. That has since been reduced to 0.8 per cent. The OECD has also downgraded growth, predicting that output would fall by 0.7 per cent in 2012, compared with its previous forecast in May that the economy would expand by 0.5 per cent. In August, the Office for National Statistics reported that UK GDP fell by 0.7 per cent between April and June this year. In July, the IMF downgraded the 2012 growth predictions to 0.2 per cent. The ONS figures show that in July the UK borrowed £600 million additional to budget due to lower tax receipts. That is hardly a resounding affirmation of success.

We have only to look at the history of recessions in the recent past to know that budget cuts do not defeat a recession or close a yawning gap in tax receipts. Only sustained economic growth can do that, and typically that economic growth is kick-started by bringing forward capital projects scheduled for the future in order to boost growth across the economy. The alternative to that as a means of recovery is to create fiscal drag by allowing increased inflation to erode public and private debt, while increased inflated tax revenue will gradually close the budget gap. I do not believe that any sensible person would welcome that version of events, but the longer that the chancellor refuses to consider changing his policies, the closer the risk of that outcome is.

Next week the Cabinet Secretary for Finance, Employment and Sustainable Growth will set out the Scottish budget. I am sure that that will seek to protect employment in Scotland, particularly in respect of capital spend, but how frustrating it must be not to have the full powers of an independent country and not to be able to manage the whole economy. An independent Scotland could decide to invest more in capital spending, allowing projects to happen sooner and thereby underpinning an economic recovery. The harsh reality is that life within the union continues to hold us back and to delay our recovery.

However, Scottish Government actions have resulted in positive results. In Q4 2011 and Q1 2012, the Scottish GDP shrank by 0.1 per cent, while the UK GDP shrank by 0.7 per cent in the same periods. Construction was down 17 per cent from pre-recession levels, although in the past year it is encouraging to note that output from the production and service sectors had risen by 2.5 per cent and 1 per cent respectively.

The Scottish Government has switched £700 million from resource spending to increase capital spending over the period 2012-13 and 2014-15. That again highlights the importance that the Government places on boosting our capital spend as an engine of recovery. With a pipeline of £2.5 billion in NPD investment, that forms the largest programme of its kind in Europe. Additionally, in June 2012, a £105 million stimulus programme was announced with a broad range of benefits.

Youth unemployment in Scotland—indeed, across Europe—is far too high, and the importance of that was marked when Angela Constance was appointed Minister for Youth Employment. The Government is to be commended for major initiatives such as opportunities for all, which ensures that all 16 to 19-year-olds not in work, training or education are offered a learning or training opportunity; the education maintenance allowance, which has been scrapped south of the border, has been maintained; and a record number of apprenticeships has been delivered this year—26,000, with a further 25,000 for each year of the parliamentary session.

It is true to say that with all those initiatives and more, the greatest threats to Scottish jobs and family security are the economic policies of a floundering UK Government that is unable or unwilling to admit that its policies are mistaken.

I commend the Scottish Government for the efforts that it is making to combat the recession and its effects on families.

15:28

Hanzala Malik (Glasgow) (Lab): I welcome Nicola Sturgeon to her new post. Although I wish her well in some of her activities, she will forgive me for not wishing her well in all her activities.

I am pleased to take part in today's debate because I believe passionately in the benefits of economic growth, which include providing opportunities, enriching communities and improving people's quality of life. I associate myself with Ken Macintosh's amendment to the Scottish Government's motion.

When the Scottish Government talks about capital investment to support infrastructure and growth in the economy, Scots need to know that in the case of the Forth crossing the procurement process is growing the Chinese economy, and not ours—Ken Macintosh is absolutely right to highlight that in his amendment. We in Scotland are famous for our engineering abilities and our good engineering deeds around the world, so why oh why did we give the contract to China? Why did we not do it ourselves, given our proud history?

Jamie Hepburn: Will Hanzala Malik reflect on the fact that a Scottish firm is part of the consortium? There are 306 Scottish firms benefiting from subcontracts arising, with 1,100 people employed on site now. When will the Labour Party stop perpetuating the myth that the Forth replacement crossing does not benefit the people of Scotland? We even heard Ken Macintosh say today that the crossing is not being built in Scotland. Where else is it being built?

Hanzala Malik: I am disappointed with that view. I would have thought that Mr Hepburn, of all people, would have supported an engineering project that was wholly constructed in Scotland—100 per cent and right across the board—rather than one that has been a case of picking and choosing bits and pieces. However, I will move on.

The latest figures of the Committee of Scottish Bankers show that the number of new business accounts in the most recent quarter dropped by 8 per cent, compared with the same quarter in the previous year. I am particularly concerned about the 27 per cent slump in new business accounts in the construction industry, which bears out what Ken Macintosh's amendment says about the pressures faced by that particular sector. The cabinet secretary is quite right to point out that there are issues there, which I accept. We need to address those issues and we are not doing that adequately. It is therefore very important that the issues are revisited and that investment is encouraged in that area. The construction industry had hoped that promises that were made would be kept, but, of course, they have not been.

I am concerned that the Scottish Government's motion is complacent. It talks about

"taking direct action to tackle unemployment",

yet the number of Scots who have been unemployed for a year or more has almost doubled in the past 12 months. There are now more than six unemployed Scots for every Jobcentre Plus vacancy in Scotland, which is a worse figure than that for anywhere else in the UK. The so-called plan MacB is not working and neither are hundreds of thousands of Scots. That needs to be addressed.

I return to the issue that I raised about small businesses and, more important, empty property rates relief. Last week, the Minister for Local Government and Planning suggested that he had consulted small businesses. I found that difficult to believe, so I carried out my own survey in Glasgow. Nicola Sturgeon will be interested to know that in her constituency, none of the shop owners to whom I spoke agrees with the minister's findings. They all say that they would rather have a longer period than the suggested three months, and that the percentage drop will actually discourage investment.

People in small industries, companies and organisations are terrified of having their properties lying vacant. A business's property becomes vacant only when a business fails. It is very difficult to restart a business, and it is unrealistic to expect businesses to turn around in the speed that has been suggested. That is the verdict on the street.

John Mason (Glasgow Shettleston) (SNP): I wonder whether Hanzala Malik remembers that when he and I were councillors in Glasgow, the Post Office building in George Square sat empty. That was a blight on the city, and that is the type of problem that needs to be addressed.

Hanzala Malik: I agree with John Mason absolutely. Like him, I was one of the councillors who were very unhappy with that situation. However, I am not talking about big business—I am talking about small business. Small businesses are the bread and butter of many families up and down our city of Glasgow, and small businesses do not agree with what we are suggesting for them in Parliament today. Big businesses are an issue, but I am quite comfortable with pursuing big businesses because—believe it or not—they can afford it, in most cases.

I am looking for something unique and new. We cannot afford to continue to give chances to other organisations and other companies in other countries, although we should be proud of anything that will be developed in Scotland, and it is important that we build on that. However, small

businesses in particular do not agree with Nicola Sturgeon. I am sure that she will be able to answer to some of the businesses directly.

15:34

Stuart McMillan (West Scotland) (SNP): I, too, welcome Nicola Sturgeon to her new position. I am sure that she will be a very able cabinet secretary.

I welcome this debate on the Scottish Government's actions to deliver sustainable growth. We all know that the economic situation is challenging, to say the least, and members have highlighted some areas in which the challenge is most evident.

If the current economic conditions had been created solely in Scotland, it would be legitimate for members to criticise the Scottish Government for its actions. However, we all know that the economic conditions were largely created elsewhere and that the Scottish Parliament and the Scottish Government have limited ability to address the hand that has been dealt to them. It is fair to apportion some of the blame for the current situation on the actions of banks, particularly the ones that were bailed out, but the banks are by no means the only contributors to the current economic conditions.

I accept that different political parties have different views on how financial resources should be spent. In a perfect world we would all get what we want. However, the facts are clear, and all members should be honest with themselves and with the electorate. The Scottish Parliament has had a 33 per cent cut to its capital budget—the former chancellor, Alistair Darling, proposed a 37 per cent cut, and his infamous remark about cuts that would be deeper and tougher than those of Thatcher will live long in politicians' memories.

Conservative and Lib Dem members might feel a little pleased that their parties at UK level have made some advances in relation to the planned deep and tough cuts. I am sure that everyone welcomes additional money for investment that the Scottish Parliament receives. However, it would be nice if we did not need to put pressure on another Parliament in the first place and could just get on with the job ourselves. It would be nice to be labelled not a bunch of whingers but a bunch of progressives who made a massive difference to poverty in all its forms and provided opportunities for all.

Given that the gap between the richest and the poorest increased to a record size under the former Labour Prime Minister Gordon Brown, given that the chancellor's continuing austerity programme is hitting the people who need assistance the hardest, and given that the current

Prime Minister is moving his deckchairs in a rightward direction, to appease the growing number of malcontents in his ranks, surely we should all welcome the Scottish Government's actions and think about what more we could do if we had the powers of independence.

Mary Scanlon: Does the member accept that even if the Scottish Government had powers and levers in an independent Scotland, it would still be under the fiscal and monetary control of the Bank of England in relation to borrowing, interest rates and the money supply?

Stuart McMillan: With the powers of independence, this Parliament and this country could be a damn sight better than we are under the rules and regulations that come from the Westminster Parliament.

Margo MacDonald: Will the member give way?

Stuart McMillan: Can I make some progress first?

Margo MacDonald: We need a bit of clarity around that answer to Mary Scanlon.

Stuart McMillan: Okay.

Margo MacDonald: I genuinely thank the member for letting me in. It seemed to me that he was being diplomatic. He did not like to agree that we could not do what he wants to do if we had the constraints that Mary Scanlon mentioned. The way to get rid of those constraints is to get rid of this nonsense about the Bank of England deciding what will happen to the Scottish economy.

Stuart McMillan: We all know that we could borrow money from global markets. There are various ways in which we could make this country better. I know that Margo MacDonald and SNP members very much support Scotland becoming a better country and an independent country.

There must be a dearth of ambition for Scotland in the better together campaign, if campaigners are proud to maintain a record of poverty, austerity and a rightward shift.

The cabinet secretary talked about the important measures that the Scottish Government has taken. He mentioned the 26,000 modern apprentices and the Government's legislative programme, which was published last week and focuses on economic recovery. The Government is calling for a stimulus package from the UK Government, to get the construction industry working. It will also maintain the small business bonus scheme, to assist our small businesses.

Economic recovery is not easy and no single action will sort the issue out. Recovery requires businesses of every size to be in a position to provide training opportunities to their employees. That is why I warmly welcome the Scottish

Government's record on modern apprenticeships. The delivery this year of 26,000 modern apprenticeships—more than the target of 25,000—is welcome. Surely the Labour Party can welcome the record number of places, even at this late stage and even though it voted against the measure in last year's budget.

Willie Rennie and Ken Macintosh, in talking about the shift in spending proposals, said that the Scottish Government is responsible for its actions. I agree that the Scottish Government should take responsibility for its actions—and it does—but I would have respected their barbed criticism if they had offered any suggestions on which budgets money should be taken away from so that it could go into other projects.

Willie Rennie: Will the member give way?

The Deputy Presiding Officer: Stuart McMillan is in his final minute. He must close within six minutes.

Stuart McMillan: I will not take Willie Rennie's intervention, as I want to say another couple of things.

Mary Scanlon congratulated previous Tory Governments in respect of inward investment, but they should also take the responsibility for the decimation of heavy industries in Scotland, such as the shipbuilding, coal-mining and steel industries. I welcome the Scottish Government's investment in the two hybrid ferries for Ferguson Shipbuilders in Port Glasgow, which is creating jobs and apprenticeship places and once again helping to build ships on the lower Clyde.

15:40

John Park (Mid Scotland and Fife) (Lab): I want to start by focusing on an issue that is really important in the wider debate, but which I do not think has been touched on. It is not just about those—particularly our young people—who are not in work; we must consider the security of employment for those who are already in work.

Over the summer, I was fortunate to become aware of and to help to launch an initiative that has been taken forward by Perth citizens advice bureau, to look at some of the key issues that young people face, particularly around employment. It became increasingly clear over the summer that a greater number of young people had approached the citizens advice bureau in Perth on employment issues. Those issues were not totally clear, but it was thought that it would be beneficial and prudent to try to detail and get background information on exactly what was happening. Early in July, a project was therefore launched to look at the issues that young people face and survey their views.

The project will be finished some time later this month, but initial findings have started to emerge. At an initial glance, some of the key issues that young people face are very worrying. For example, more than 89 per cent of respondents thought that more could be done to inform young people of their rights at work, and most of them thought that employment rights were never covered in their education before they entered employment. Some 58 per cent thought that they were not fully aware of their employment rights, and most agreed that information on employment rights was not well advertised, that there was not enough widely accessible information and that, because of that, employers are able to gloss over the rights that young people should have at work. Some 45 per cent did not know how much holiday time they were entitled to.

From that information and anecdotal evidence that I received from young people who were at the event, I think that the basic things that we are proud of in this country, and which ensure that employment practices underpin our economy, are not being dealt with properly, and that employers have the opportunity to exploit young people. That is a key issue, and we need to send a clear message from the debate that that is not tolerable in Scottish society.

John Finnie (Highlands and Islands) (SNP): Does the member share my concerns about the disregard for health and safety regulations that the UK Government has promoted? Does he agree that that is a further encumbrance to young people and, indeed, workers of all ages in the workplace?

John Park: I completely agree. Indeed, I was going to mention that issue later.

There has been a review of employment rights at the UK level by Beecroft. We have to be clear—I have raised this issue in the chamber a number of times—that the Scottish Government has given an indication that it has engaged with UK officials, but I think that there is broad support here and now across the Scottish Parliament to ensure that, regardless of our current constitutional discussions, we secure and maintain employment and health and safety rights in Scotland and across the United Kingdom. I hope that we can get a clear understanding from the Scottish Government today, because although it has been indicated that engagement has taken place, Norman Lamb responded to Ian Murray MP that no discussions on employment rights had taken place between his department and the Scottish Government. It would be useful if the cabinet secretary could clear that up, because it is important that we send out a clear message about the importance of employment rights.

The other issue that I want to touch on, which is mentioned in our amendment, is the humankind

index, on which we had a members' business debate last week, and the work that the Scottish Government has done around the national performance framework. The foundations exist to take that forward. The Economy, Energy and Tourism Committee, which I am a member of, is starting to look at that issue. However, if we start to consider what is important to people and how secure they feel about their employment and finances, it is apparent that we need to measure those things and ensure that we are putting in safeguards to protect individuals not only in the workplace but in terms of the decisions that they must make in their families and communities.

We need to ask how the living wage impacts on and affects people and how we can encourage responsible behaviour on the part of employers. When I raise issues in the chamber about, for example, Government investment in companies such as Amazon, I am saying not that I do not support Government investment but that I am unhappy with the employment practices of such companies. Spending by the Government—either the UK Government or the Scottish Government—is an important lever if we are to encourage inward investment in a way that drives good employment practice and ensures that we have good employers in this country.

Our amendment refers to the new Forth crossing, which, as has been said, will leave a legacy not only of infrastructure but of employment. The facts and figures on how successful the project has been so far have been interpreted in different ways by members, but I think we can agree that there have been some issues with the procurement process. If there had been no such issues, we would not need the Government's procurement bill to improve those processes and to ensure that we get that employment and infrastructure legacy from similar projects.

With that in mind, I say that the main aspect of our economic strategy has to be about supporting our young people to get into work and supporting them when they are in work. We have to ensure that the UK Government fully understands the Scottish Parliament's position on employment rights and that our procurement proposals mandate training, ensure first-class employment practice and prioritise opportunities for Scottish workers.

The Deputy Presiding Officer: I remind members that if they make an intervention, their request to speak will be cancelled. If they still wish to participate in the debate, they must re-press their request-to-speak button.

15:47

Rob Gibson (Caithness, Sutherland and Ross) (SNP): My good friend and former colleague, Jim Mather, used to talk about the basic needs of modern nations as being a good supply of land, water, energy to power developments and the knowledge to ensure success. Scotland fits that bill very well. I would like to explore and discuss some of the successes arising from our efforts to deliver economic growth in those areas, as well as some of the constraints that we face.

On the subject of money, it is clear that, if the green investment bank comes along in 2014 or 2015, we will be behind the curve. We need to have that kind of investment in the renewable energy industries now. For example, Moray Offshore Renewables, which proposes to build the largest offshore wind farm in these islands in the Moray Firth, has formed a partnership with Repsol and Energias de Portugal, from Spain and Portugal respectively, in order to get enough cash to deal with the project, because, given the constraints that are on the Scottish Government and the state of the financial markets in London, no one else was prepared to put up the money that was required. I suggest that we need to have a much more beefy form of banking to support energy.

I noticed today that Vince Cable is talking about speeding up investment in business by circumventing the big four banks. Would the green investment bank not be one of the entities that ought to be taking up that challenge right now?

Of course, we can get small local banks going. There are fantastic credit unions in the Highlands and Islands and elsewhere, but they provide only very small loans. We need big banks to deal with the huge projects that are required.

With regard to the energy projects that have been making progress, the Global Energy Group has just completed a £25 million refurbishment project on the GSF Galaxy 1 rig in Nigg, in my constituency. That kind of process—£25 million-worth of investment over a few months, employing 500 people—will continue as the North Sea effort increases, and our areas in the north of Scotland are delivering in that regard. In renewables, MeyGen's major 400MW tidal project in the Pentland Firth is at the planning stage with Marine Scotland.

Such projects are examples of progress that has already been made, and there are many more in the pipeline. However, the companies involved must be helped by knowing where the investment will come from.

There are constraints on energy projects. For example, in his column on 3 September, Jeremy

Cresswell, the energy editor of *The Press and Journal*, referred to

"the Ministry of Defence which, UK-wide, is holding a great many wind projects to ransom. A host of wind projects in the north-east are under threat because of MoD's elderly Buchan radar".

Indeed, it looks as though the Ministry of Defence may oppose the Moray Firth scheme as well.

Jeremy Cresswell continued:

"Given the London and Holyrood commitments to renewable energy, MoD must be made to understand that blocking wind projects is not acceptable. There needs to be a concerted, systematic effort to modify defence radar systems to cope with wind"

farms.

"MoD must stop holding wind developers to ransom by getting them to stump up for radar patches here, another there ... Defence is a strategic issue. But so too is sustainable energy. MoD needs to understand that."

It is not within the power of the Scottish Parliament to do anything about that, but it is something that the British Government has failed to take on board.

Mary Scanlon: I declare that my son is a project director for a wind farm.

Does the member recognise that many wind farms have gone ahead as a result of collaboration and partnership with the MoD and that on this particular issue there has been considerable, marked progress?

Rob Gibson: I cannot see the marked progress when wind energy companies are being forced to stump up to meet the MoD's requirements. It needs to be the other way round, because wind energy is much more in our national interest.

I turn to the subject of land. The price of land is going up for farming, housing sites and so on. However, we might be able to consider an aspect that is in the Government's control. We have Treasury rules that say that Scottish Government assets can be sold only at market prices. The Scottish Government has more than 1 million acres of forestry and crofting land in its control, so it would be good if it was possible to change the rules to make land available for developments at lower prices. I hope that the new Cabinet Secretary for Infrastructure, Investment and Cities, Nicola Sturgeon—I welcome her to her post—can answer that question or take it up so that we are not constrained by the Treasury in that regard.

On shovel-ready projects, in my constituency the £4 million Ullapool linkspan is ready to go—and we want it to get going—and the Berriedale Braes project is nearly ready to go, which is excellent. However, we need to ensure that there is cash to develop those projects. At present, we

do not have sufficient ability to borrow for that purpose.

I cannot say more about the issue of Scottish Water at the moment, but Willie Rennie should note that its loans are paid back every year to the Government—the issue is mentioned in his amendment. However, it is only £310 million this year, £109 million next year and so on; more than £1 billion will be repaid within the next 10 years, which will all go into the Government's coffers for development.

I support the motion.

15:53

Chic Brodie (South Scotland) (SNP): Last week in the debate on the Government's programme, I accused the London Government, because of its in-out tax policies, of being a "hokey-cokey" Government indulging in "hokey-cokey economics". I was wrong. As far as the UK economy goes—an economy to which we are regrettably temporarily attached—it is more a game of blindman's buff. There is no vision and no long-term plan or strategy. The only saving grace is that autumn 2014 is not too far away.

Last week, the leader of the Conservatives in this Parliament painted her usual black picture of Scotland, playing with its liabilities but not mentioning any of its vast array of assets—not least its people. On the same day on which she painted that picture and our Chancellor of the Exchequer said that the economy was healing, the Organisation for Economic Co-operation and Development downgraded the UK's GDP forecast for this year from a positive 0.5 per cent to a negative 0.7 per cent, and the Treasury forecast went from a positive 0.1 per cent to a negative 0.2 per cent.

On the same day as George Osborne said that the economy was healing, Nobel prize winners such as Professor James Mirrlees and David Blanchflower—an ex-member of the Bank of England's monetary policy committee—as well as many others, including Stiglitz, Krugman and Skidelsky, called on him to heed the Scottish Government's calls and invest in capital infrastructure.

Mr Macintosh mentioned the view from the Scottish economy. I tell him that, only at the end of last week, the ICAEW/Grant Thornton business confidence monitor showed that Scotland was the most confident economic base in the whole UK, despite current budgetary arrangements.

Ken Macintosh: Does Mr Brodie think that the plans for independence will increase or decrease business confidence?

Chic Brodie: We already have the answer to that in the amount of inward investment. People such as Mr Macintosh go around talking about the uncertainty of independence, but the only uncertainty that exists in the business community is about the UK Government's volte-face on tax policy.

In a recent YouGov poll, 61 per cent of respondents indicated that they supported a capital investment programme. The Tories paint a black picture, so let us help them by giving them a few brushstrokes to start with. We have a double-dip recession. Forecast after forecast for GDP has been missed, and the forecasts are going down. We have high unemployment, particularly among women and the young. We face austerity, welfare reform cuts and the largest balance of payments deficit ever.

For us, it is a case not of better together but of bitter together. That is why for months we cried out for a strategic major capital investment programme and set out our vision of 80 major capital projects between now and 2030. We did that not only because job creation is important but because it would improve hope in our nation. It would also improve our efficiency: it would get Scotland ready and would create efficiencies in the production and development of revenue-generating and employment-generating industries.

Ken Macintosh: Will Chic Brodie give way?

Chic Brodie: No. I have already given Mr Macintosh space.

Such an approach would create efficiencies in areas such as super broadband and port improvements, which would allow us to capitalise on increased product and service exports. It would also create efficiencies through improvements in local assets infrastructure through better local procurement or, by using co-operatives and social enterprises, by employing the young and allowing them to release their energy and their capacity for innovation and productivity.

For those reasons and more, for months we have called for serious capital injections from Westminster for the shovel-ready programme.

We had to get money into the economy quickly and directly, not into consumption and, as the Government did, by setting the Bank of England free to buy back the Government's own debt. Osborne failed.

We had to secure the return on capital investment in the economy so that each level in the financial process—not only the rich; in fact, least of all the rich—enjoyed the multiplier effect and thereby secured incremental national income. Osborne failed.

Mary Scanlon: Will Chic Brodie give way?

Chic Brodie: I am sorry, but I have less than a minute left.

We had to use the injection of capital to help to balance the demographic, welfare and pension challenges that we face. Osborne failed. We had to ensure that such a capital stimulus was fair as it fed through into the general economy, as per my previous comments. Osborne failed. That capital injection would have allowed us to focus, as we are doing, on retraining job losers and the young and on skilling them up for future employment in Scotland's new landscape.

Osborne's failure—the London Government's failure—to release capacity for capital investment is an indictment of his economic management.

The Deputy Presiding Officer (John Scott): You must close now, please.

Chic Brodie: I am closing.

In his infrequent forays to Scotland, Mr Osborne says that independence creates economic uncertainty.

The Deputy Presiding Officer: You must close now.

Chic Brodie: His failed policies are the ones that create uncertainties.

15:59

Kezia Dugdale (Lothian) (Lab): In his speech during the debate on the legislative programme last week, the First Minister said:

"There has never been an economic recovery without a recovery in the construction sector."—[*Official Report*, 4 September 2012; c 10899.]

We must ensure that when that recovery comes it is those who are out of work, particularly young people, who benefit from it, but the signs are not good.

The Scottish Government is well aware of my concerns about the detail of its modern apprenticeship programme. Ten thousand of the 26,000 modern apprenticeships that the Government delivered last year went to folk who were already in work that had lasted for six months or more. The detail of where the modern apprenticeships went reveals a real difference between the future skills needs of the economy and where we are delivering modern apprenticeship programmes.

I will mention a few statistics. Since 2008, the percentage of modern apprenticeships in the construction industry has fallen from 22 per cent to 9 per cent. In engineering, the percentage of modern apprenticeships has gone from 13 per cent to 5 per cent, and the percentage of electrotechnical apprenticeships has gone from 9

per cent to 2 per cent. When it comes to opportunities for our young people in this country, although there are 26,000 modern apprenticeships the percentage in industries that will grow in the future is going down.

There has been a rapid increase in the number of modern apprenticeships in retail, administration and hospitality, many of which have been taken up by people already established in employment. I appeal to John Swinney, who I wish was in the chamber, because—I say this most sincerely—he has to look at the issue again. He must ensure that the skills agenda matches the future skills needs of the economy.

Another example is that of construction apprenticeships. In the first quarter of 2012-13, 110 apprentices were made redundant in Scotland. Given that 75 of those redundancies were in the construction industry, 68 per cent of redundant apprenticeships came from one industry. What did the Government do? It scrapped the adopt an apprentice scheme—the very scheme that is designed to help new businesses keep or take on redundant apprentices. It also scrapped the safeguard an apprentice scheme, a fund that gives £75 a week to small companies that are struggling to keep their young people on.

I wish that John Swinney was in the chamber so that he could make a commitment to look again at the issue, because the schemes have advantages for young people and for businesses. It is cheaper for businesses to take on apprentices who have been made redundant, because they get them half or three-quarters qualified, or just before they complete their qualification. It is a real shame that we are failing those young apprentices.

Page 34 of the SNP's manifesto states that the SNP will create 500 dedicated apprenticeships in the renewable energy sector. I lodged a question to ask the Government how well it is progressing on that ambition. In her written answer, Angela Constance states that

"it is not possible to identify how many of these starts work in the renewables sector."—[*Official Report, Written Answers*, 30 July 2012; S4W-08482.]

If the Government is not counting them for its own manifesto commitment, how can we possibly be sure that it will meet the skills needs of the economy by addressing the youth unemployment crisis?

Rob Gibson: I mentioned Nigg energy park in my speech. Thirty apprenticeships that skill people up for fabrication are being completed there every 10 weeks. Over the next five years, that will add up to an awful lot of people. That is one figure that shows the member that people are being trained in engineering.

Kezia Dugdale: That is 30 apprenticeships—there are another 470 to go. It is of serious concern if a back-bench member of the SNP has a better idea of what is going on in the Government than the party's front-bench members. That is what it looks like.

The bottom line is that the SNP is obsessed with round numbers—26,000 modern apprenticeships and 500 apprenticeships in renewable energy—but has no grasp of the detail of how it will deliver those apprenticeships or meet those commitments. I have serious concerns about that, which I genuinely hope will be addressed in the summing-up speech. If they are not, what are we doing here? That point needs to be made.

I want to make a positive contribution in the last 90 seconds of my speech.

Jamie Hepburn: Oh!

Kezia Dugdale: If Mr Hepburn waits for it, I am sure that he will appreciate this.

We now have a fantastic Labour-SNP council in Edinburgh that we should talk about a wee bit more. It is doing lots of positive things to encourage small businesses to grow. I have enjoyed the experience of working closely with the council.

We must look at the confidence that small businesses need in order to recruit young people. I am fed up of the message sent out by the Scottish Government that it is a duty for businesses to take on unemployed young people and that they must do their bit to tackle the crisis. Of course that is important, but we must watch the mood music. Young people offer businesses a huge opportunity and amazing potential to grow, to develop economically, to diversify what they do and to deliver.

A company in Edinburgh called Adcentiv Media Communications provides a great example of what I describe. It is starting to specialise in car wrapping, which involves the new skill of wrapping cars in adverts. We need modern apprenticeship frameworks that encourage young people to take up such opportunities. The young people whom I meet who are involved in such schemes desperately want to contribute to society. They need support to get into and keep such jobs.

We should concentrate our skills agenda on that type of growth industry. I wish that we had more opportunity to talk about that today. I sincerely hope that whoever sums up for the SNP will explain how its employment policies will meet our economy's future skills needs.

The Deputy Presiding Officer: I call John Mason, who has a tight six minutes.

16:05

John Mason (Glasgow Shettleston) (SNP): It is clear that the budget bill will be the main piece of legislation this year that can have the biggest impact on the economy. Last year's move in relation to capital expenditure and preventative spending was welcome, and I look forward to similar positive moves this year. One challenge that we face is that of tackling the problems that many people face and taking a long-term view—I presume that that is why the word “sustainable” appears in the motion's title and has been in many speeches.

Unemployment is one of the key challenges, especially for young people. It is easy to stand in the chamber and demand more jobs or more spending in one area, but we must be told where such money would come from. If more was to be spent in one area, I presume that less would be spent somewhere else. I disagree categorically with Helen Eadie's suggestion that former coalfields should somehow trump other areas that have a greater need. The Government's funding should be targeted at those who are in greatest need and should not be ring fenced purely for ex-coalfields.

The picture in relation to unemployment is quite complex. Over the summer, I visited a number of local businesses, including at least two engineering companies, and yesterday I met Glasgow Chamber of Commerce. A common theme from those organisations, which touches on the speech that we just heard from Kezia Dugdale, was the shortage of applicants—of graduates and others—for engineering-related jobs. Scottish Power also raised that at a youth employment event that we had in Glasgow before the summer, which Angela Constance attended.

How are we to tackle that issue? Do schools always do enough to encourage young people into engineering? On Friday, I was encouraged to hear at one school—where Jackson Carlaw and I were members of a panel—that the headteacher felt that pupils were considering engineering more seriously as a career option. In the past, engineering has sometimes been the poor relation of professions such as medicine and law. Given our needs—there is a huge need for engineering expertise in the North Sea, not to mention the needs that are coming up for the renewables sector—we must ensure that enough engineers are trained.

We in the Finance Committee have heard a lot about young people who are far from the workplace. Even if jobs are available, not all young people are engaged and involved enough to take up the opportunities. Often, it is not easy for someone to get into a job when, perhaps because of their family background, they have known few

people who go out to work every day. Changing attitudes can take a serious amount of input. However, if we invest in such individuals, not just the individual or their family but the whole of our society benefits. If everyone contributes what they can, the whole of society benefits. It is important to continue to invest in that way.

Linked to that point is something that has not been mentioned much today. Of course we want all our current population to be fully engaged in growing the economy, but we have a problem if the population does not grow much. If the population does not grow, it is difficult to grow the economy and the tax base and to improve public services. In recent years, there have been encouraging signs that Scotland's population has been stabilising and even growing. We need to do more to encourage that.

However, one failure of the union since 1707 has been the decline in Scotland's population relative to England's population. In 1700, we had about 1.25 million people compared to England's population of 5 million—a ratio of 1:4. Now, we are talking about a population of 5 million compared to England's 50 million—a ratio of 1:10. In that regard at least, the union has not been a success.

It was encouraging to visit businesses in my constituency over the summer. Some are tremendous—often small businesses that are working away. Some are leaders in their field and export all over the world, although they may not get a lot of public recognition. Some of the strongest firms in my constituency are family-owned or privately owned firms. They may not have grown as fast as a plc, but they have grown at a pace that they could handle. They have kept debt at a reasonable level and, in difficult times, they are less vulnerable. If we are serious about sustainable economic growth, we need to question the assumption that to be a success a company must be quoted on the stock market. Although that can lead to faster short-term growth, that may not be the best thing in the long term.

I conclude by touching on the need

“for all of Scotland to flourish”,

which is mentioned in the motion. We hear frequently quoted the fact that the UK is one of the most unequal societies in the world and that it has become more unequal in recent decades. The idea that a small number of people get richer and richer, paying less and less in taxes, and that those taxes build more and more prisons in which we put people whom we do not like—I believe that that is a brief summary of Tory policy—is not sustainable. I welcome the suggestion that one of our new taxes, the replacement for stamp duty, will be more progressive than what we currently have, and I hope that that will continue to be the

pattern as we take more control over our taxation system. I welcome economic growth, but it needs to benefit everyone and not just the few, as has happened in the past.

16:11

Margaret McCulloch (Central Scotland) (Lab): With the draft budget expected shortly, this is a timely opportunity to consider the Government's economic strategy and to reflect on how the actions of the Government can support growth in a challenging and changing economy.

Yesterday, we learned that the French economy had undergone a contraction of 0.8 per cent, and we heard about the real concerns over the spread of the sovereign debt crisis and a growing recession. Growth in the Republic of Ireland and in Spain has been downgraded, and figures from the second quarter of this year show that the recession in Italy is deeper than was first feared. The euro zone is one of our biggest export markets, but it is still in a state of crisis and a solution seems a long way off. It is sensible for Scottish exporters to look to emerging markets such as the BRIC nations—Brazil, Russia, India and China—for new opportunities, yet even in those parts of the world there are signs of a slow-down. Growth in China, for example, is coming down while inflation is going up.

The global financial crisis is now a global confidence crisis. However, it is not all about confidence in the capacity of countries to reduce their deficit, although that is important; it is about consumer confidence, business confidence and confidence in an economy's capacity to grow. National Governments can respond by pursuing policies that boost aggregate demand, and they can boost it further by acting together with a co-ordinated response and capital investment.

Neither Europe nor the United Kingdom has been served well by the prevailing economics of austerity, and Scotland has not been immune from the slump. The finance secretary was quoted in the press yesterday as saying that Scotland has experienced 20 consecutive months of private sector growth. However, the Bank of Scotland also tells us that private sector growth is slowing to a 20-month low and that, overall, the economy has re-entered a technical recession. The problem is that austerity does more than just take money out of the public sector, although that is a problem in itself; the problem is that austerity takes money out of the whole economy.

I agree with much of what the finance secretary has said about the coalition Government's spending review—after all, it is basically a repetition of what the Opposition in the House of Commons has been saying for years. However, I

maintain that we should be doing much more with the powers that are available to us to promote growth and create opportunities.

Jamie Hepburn: Will the member give way?

Margaret McCulloch: If Jamie Hepburn will let me continue, I will probably cover his question in a minute.

Jamie Hepburn: I do not think that you will.

Margaret McCulloch: I think that I will.

In supporting the Labour amendment, I will make some suggestions. Capital investment is key to the recovery, particularly investment to support our struggling construction sector. However, we must look at new ways of getting the maximum value from tight budgets, not least through the promotion of social responsibility and reform of procurement.

Last year, the Department for Work and Pensions introduced a new standard contract that encouraged its suppliers to ensure that five per cent of their total workforce were hired as apprentices, and there are calls for the practice to be rolled out across Whitehall. What plans does the Scottish Government have to introduce similar contracts here in Scotland? Will it wait to pass the procurement reform bill first?

The Scottish Government should clarify exactly how its procurement bill will secure apprenticeships and training opportunities and help to prevent another generation from being lost to long-term unemployment. It is not clear whether suppliers will be required to consider providing apprenticeships through community benefit clauses or whether they will be given specific binding targets, as the First Minister seemed to suggest last week. We need to know more about what the Government can do now, and what the bill will allow it to do in future.

Finally, what is the Scottish Government doing to make the process of valuation for non-domestic rates more transparent and effective? Local valuation boards are under huge pressure, but their staff and resources are limited. Their caseloads have increased substantially since the recession, and there has been a spike in the number of appeals that are being lodged.

Too many of our small businesses in Scotland are faced with long—even excessive—waits for a decision. One business in South Lanarkshire was initially told that an appeal hearing for its property would take place in December 2011, only to have the hearing delayed until February and then March, before it was told that the hearing was unlikely to be held until the end of the summer. I know that appeals can take time, but, given the extra pressures on assessors and businesses due to an economic situation that is entirely outwith

their control, I hope that the Scottish Government can review the process as a matter of urgency.

It is not clear what the future holds for the world economy, let alone for Scotland's economy, but we know the consequences of austerity and inaction. The Government has this week reported on its economic strategy, but the real test of its priorities will come when it presents its draft budget and has to demonstrate to a sceptical public that it can turn its words into actions.

16:17

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): Margaret McCulloch did not answer my question, because she did not let me ask it. If the UK Opposition has been calling for a stimulus package for years, why did Alistair Darling, the Labour Chancellor of the Exchequer, say that, under him, spending cuts would be "tougher and deeper" than those under Margaret Thatcher?

On Ken Macintosh's point about business confidence in the context of the coming independence referendum, Diageo, Stagecoach, the Institute of Directors in Scotland, Ceridian and Lloyds Banking Group all say that it does not undermine their confidence in Scotland. Should we listen to those leading voices in business, or to that clarion voice of sunshine, Ken Macintosh?

Michael McMahon (Uddingston and Bellshill) (Lab): How many of those organisations are members of the CBI, which was earlier dismissed as being irrelevant in Scotland?

Jamie Hepburn: I imagine that Lloyds Banking Group is likely to be a member of the CBI, but I do not have the membership list in front of me right now. That is not a particularly relevant point—the point is that those business organisations are saying quite clearly that their confidence in Scotland is not undermined.

Indeed, Philip Grant, the chair of the Scottish executive committee at Lloyds Banking Group, said of the fact that we are considering the constitutional question:

"For people to be more aware of Scotland's brand and our capabilities and opportunities ... is no bad thing in a global market".—[*Official Report, Finance Committee*, 9 May 2012; c 1090.]

There we have it: the referendum is increasing the confidence of those organisations in Scotland.

I was intrigued by Ken Macintosh's suggestion that the Scottish Government is not doing enough to promote economic recovery, which was as fanciful as the suggestion that the Forth replacement crossing will not be built in Scotland. I have to say to Mr Macintosh that the clue is in the name; it will be built in Scotland. Perhaps Mr Macintosh should spend less time watching the

telly of an evening and more time looking at an atlas.

Look at some of the things that the Scottish Government has been doing to promote economic recovery. In June, the finance secretary announced a further £105 million package of economic stimulus to create jobs and growth, such as the £22 million for renewables and low-carbon initiatives, accelerated investment of £15 million and an extra £20 million investment in housing.

A point was made about the apparent social housing crisis, but we have recently seen being built in my constituency the most significant number of social houses for a considerable amount of time—certainly more than we saw being built under the Labour-Liberal Scottish Executive. That makes the concerns that are being expressed somewhat hollow.

We are seeing other efforts as well, for example the £70 million in the national renewables infrastructure fund, which leverages private sector investment to develop the necessary infrastructure to support offshore renewables. There are more examples, but I want to move on.

The idea that this Government is not doing all that it can within the limited confines of the devolved settlement is a nonsense.

Ken Macintosh: Mr Hepburn paints a glowing and rosy picture that most businesses and most people would struggle to recognise. I ask him what impact cutting £86 million from the housing budget last year had. Did it have any relation to the 12,000 jobs that were lost in the construction industry?

Jamie Hepburn: Mr Macintosh knows that more social houses for rent are being built now than there were when his party was in Government, so the picture on housing that he paints is not accurate.

I am not painting a picture that is entirely rosy. Look at what Westminster is doing for economic recovery. I was intrigued by Ken Macintosh's suggestion that the Scottish Government is not doing enough—I was equally intrigued by Mary Scanlon's suggestion that there is good news from Westminster. Look at what some of the world's leading economists have to say about the UK Government's approach. Joseph Stiglitz says:

"Call off the mad austerity".

He says that it is

"a certain recipe for exacerbating the recession and inflicting unnecessary pain on the economy".

Paul Krugman says:

"If everyone tries to slash spending at the same time, that's a recipe for what you've got: a depressed economy".

Mary Scanlon: I hesitantly thank the member for giving way, but also for repeating exactly the same briefing that I think all the SNP back benchers have had today. It has become rather predictable.

The UK economic plan is backed by the IMF, the OECD, the Bank of England, the CBI, the Institute of Directors and the British Chambers of Commerce—unlike John Swinney's plan, which is backed by him and the First Minister.

Jamie Hepburn: I can only apologise to Mary Scanlon that our party's briefings appear to be a lot better than the Conservative Party's briefings.

On Mary Scanlon's point about the economic plan, those leading economists—Joseph Stiglitz, a former chief economist at the World Bank, and Paul Krugman from Princeton University—are saying that the strategy of Mary Scanlon's party is not working. The Conservatives would do well to listen to that point.

Neil Findlay (Lothian) (Lab): Will the member take an intervention?

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

Jamie Hepburn: I would like to take your intervention, Mr Findlay, but unfortunately I cannot.

We need to see a different economic strategy emerging from Westminster. Murdo Fraser posed a question about whether that would result in more borrowing. Self-evidently, the answer is, "Yes, of course it would." However, when he poses that question, Murdo Fraser is pretending that the UK Government is not currently borrowing billions of pounds more than was previously forecast. The difference is that it is borrowing to fill a black hole rather than borrowing to invest in order to close that black hole. The latter approach is the approach that we need—would that this Parliament had those powers.

The Deputy Presiding Officer: I call Margo MacDonald—you have up to five minutes.

16:23

Margo MacDonald (Lothian) (Ind): I will start by putting Helen Eadie right. My husband and I agree on a number of things, but we do not always agree on some of the stuff that he writes. If she wants to see me outside the chamber, I will explain which parts of his recent writings she can take as endorsing my thoughts and which parts I think are rubbish. [*Laughter.*]

On a positive note, I agree with Ken Macintosh—there is one thing in the Labour amendment that I can agree with—that it is not wise to have combined in one minister

responsibility for what are possibly the two most important portfolios. It would have been wiser to separate the referendum from the on-going business of governing. As I said during the last debate that we had on the issue, we should keep things separate. I came through the 1979 referendum, and the business of the constitution and the changes that were going to be made to it became entangled with party policy. As we had an unpopular Government at the time—perish the thought that the current Government might become unpopular—the policies that were associated with it, particularly with Prime Minister Callaghan, had no chance. Even those people who supported the policies on what was then called a Scottish assembly wanted more than that—

The Deputy Presiding Officer: I draw the member's attention to the fact that the debate is about sustainable economic growth.

Margo MacDonald: Yes, that is right, and he could not sustain economic growth either. *[Laughter.]* That is why he was unpopular, Presiding Officer. I caution the Government on that basic point.

Mark McDonald said that wise borrowing is good—well, yes—and then he demonstrated the snakes-and-ladders nature of Mr Swinney's job. It is not possible to achieve some of the things that everyone has said they want to achieve when only 10 per cent of spending is left for a department to decide on and use on its priorities. I just do not think that it is possible, but perhaps we will hear in the summing-up how that situation will change and improve.

One important point was made in the debate in John Mason's remarks about population size. We should not forget about that if we are talking about sustainable growth. We have more and more old people to sustain and look after with a smaller and smaller wage base producing the taxation that does that. John Mason was the only person who mentioned that in the debate, and that is realism.

Mark McDonald: Does the member therefore agree that an immigration policy that is not tailored to that agenda might hold the economy back, and that it would be better if we were able to develop Scottish solutions?

Margo MacDonald: I thank the member for his intervention because it underlines my belief in an independent Scotland that has sovereign powers over all the levers of social and economic change; I do not see how, in a sophisticated world, we can separate one from the other.

Another down-to-earth point that I want to raise is the fact that although businesses are finding the current economic situation difficult, the people who work for them—or do not work for them—are

finding things very difficult. There has been growth in the number of payday loans at exorbitant interest rates. Some time ago, Neil Findlay and I approached the Cabinet Secretary for Finance, Employment and Sustainable Growth to talk about credit unions and the encouragement and support that we would like them to receive. We will not achieve any of the economic indices that we would like to achieve if we do not have a workforce that is fit to do it, and a worker is not fit if they are coming out of a home that is stressed because people do not know whether they can pay their rent. That is the reality.

Finally, I hope that the Government takes the opportunity to clear up the apparent confusion that, when we become independent, the SNP Government would like the Bank of England to run everything. We should make it quite clear that that will not be the case and that all the economic leverage will be here in Scotland under the democratic controls of the people and those in the Parliament.

16:28

Willie Rennie: If there is space around the Sillars-MacDonald dinner table this evening, I would like to join them.

Margo MacDonald: His tea is not in the oven. *[Laughter.]*

Willie Rennie: The debate has been surprisingly enlightening, and there have been some excellent contributions. Linda Fabiani spoke about procurement, micro-businesses, economic development tools and her review of the PQQ, and the impression that I got is that she is not satisfied with the proposals that have been made so far. Certainly, when I talk to businesses in Mid Scotland and Fife, I hear that they are concerned about the procurement process. I commend Linda Fabiani for her contribution.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): Does the member agree that one thing that the Scottish Government could do is ensure that the people from whom it and the public sector procure pay their subcontractors in a timely fashion? Cash flow is a big problem for small businesses. Germany has that approach, and we should have it.

Willie Rennie: That is right. Good practice should be required on the part of all those who benefit from public procurement, but we have to be careful about the constraints that we put on the process. People who are contributing to the debate, including environmentalists and scientists, want things such as innovation, the living wage and good practice of the sort that Dr Simpson outlined. Those are all important things, but if we overburden the process, there is a danger that we

will just ratchet up prices. We need to ensure that the constraints that we put into the process are realistic, because otherwise we will not meet our ambitions. That is not to say that what the member said is not right. It is right, but we need to be careful about the burdens that we put into the process. We need to be realistic so that we can create a sustainable procurement process.

Margaret McCulloch is one of the few members who looked beyond the boundaries of the United Kingdom, or indeed Scotland. She gave an analysis of the development of Russia, Brazil and China, and she was right to raise the issues she did.

John Park spoke about employment rights and the need to ensure that the Scottish Government is making the case to the UK Government on those issues.

John Mason made some important points on population issues, although if he was suggesting a different immigration policy for Scotland if it was to become independent, we would need to be careful about the consequences for our relationship with the rest of the UK.

Hanzala Malik spoke about empty properties, and he was quite right to raise those issues, which affect not just big businesses but small businesses.

Although I disagree with some of Rob Gibson's criticisms of the Green Investment Bank, he raised some legitimate issues about defence that we need to work on with the MOD.

Several members made significant contributions to the debate, but others were more disappointing. Mark McDonald criticised others for not coming forward with any other positive suggestions and he implied that the limitations of the current constitutional settlement are preventing the Scottish Government from achieving more. However, I did make a suggestion about Scottish Water. He might not like it, but I did suggest the option and he could adopt it.

Mark McDonald: Will the member take an intervention?

Willie Rennie: Not just now.

John Swinney has decided to phase use of the fossil fuel levy money over a number of years. He could bring that forward and use it now—that is an option—just as he has recommended that the UK Government should do the same. If he had not abandoned the powers to vary income tax, he could do that as well. There are a number of powers that the Government could use if it wanted to, but it prefers to blame Westminster rather than coming up with solutions itself.

Margo MacDonald: Do I take it that the member would be happy to add additional taxation in Scotland on the people who are working, trying to pay their mortgage and taking out the payday loans that I talked about?

Willie Rennie: No, it is the opposite. SNP members present themselves as being in a straitjacket and having no ability to change policy, but they do have that ability. I have mentioned three things that the Government could do. I am not saying that I support them, but the Government could do those things if it wished to do them. To say that it is constrained is not accurate.

Jamie Hepburn: Will the member give way?

Willie Rennie: Not just now.

I am afraid that Stuart McMillan fell into the same trap. He implied that the Bank of England would have no control over how much Scotland would spend, but John Swinney has already admitted that there would at least be a dialogue. I presume that if there would be a dialogue, that implies that there would be some power with the Bank of England, so there is a recognition that the Bank of England would have some control.

Then we heard from the group that are adamant that we could borrow more irrespective of the consequences—irrespective of what the IMF says and irrespective of what it would do to our AAA credit rating.

Jamie Hepburn: Will the member give way?

Willie Rennie: Not just now.

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

Willie Rennie: I remind members that the AAA credit rating secures our low borrowing costs. That allows the Scottish Government to borrow what it can borrow at present. It is a shame that those members choose to ignore that. Living in a world in which there are no consequences for actions is a pretty narrow position to be in. As Chic Brodie would describe it, it is a black picture. It is he who was painting the black picture.

It is important to take a broader view of the issues of sustainability, because that is what the debate is about. It is about looking at sustainability, the environment, climate change, energy, the finances and the economy. If we do not do that, the debate is very limited.

16:35

Murdo Fraser (Mid Scotland and Fife) (Con): I welcome the Deputy First Minister to her new role as Cabinet Secretary for Infrastructure, Investment and Cities.

There have been some interesting contributions to the debate. I enjoyed listening to Helen Eadie although, as usual, I did not agree with much of what she had to say. I thought Linda Fabiani made an excellent speech about the need to improve procurement.

Concern about the state of the economy has been the subject of the contributions to the debate and it is true that the country faces real economic challenges. We are not alone in that. As the Cabinet Secretary for Finance, Employment and Sustainable Growth fairly acknowledged at the start of the debate, the whole western world is facing a difficult economic situation. Indeed, the UK economy is better placed than that of many of our European neighbours. There has been much discussion about the UK Government approach. It is worth repeating what Mary Scanlon said. The UK Government strategy is endorsed by the IMF, the OECD, the Bank of England, the CBI, the Institute of Directors and the British Chambers of Commerce. I appreciate that it is opposed by the Labour Party and by the Scottish Government, but I know whom I would rather listen to.

It is the approach of the UK Government that has seen our market interest rates hit record lows. That has delivered a historic low mortgage rate for ordinary families across the country and low borrowing rates for businesses—all very important in these troubled times.

The latest figures show that the UK economy has risen from tenth to eighth place in the World Economic Forum global competitiveness report.

Chic Brodie: Will the member give way?

Murdo Fraser: I will give way to Mr Brodie, but I hope he will take the opportunity to disprove the outrageous slur by Mr Sillars that all that SNP back benchers are capable of is dumb loyalty.

Chic Brodie: It is clear that Murdo does not know me as well as he might.

The Deputy Presiding Officer: Briefly, please.

Chic Brodie: Murdo Fraser refers to very low interest rates. What is the message to savers from the Tories?

Murdo Fraser: I was hoping for better from Mr Brodie. As Mr Sillars said,

“These are not sheep. If they were they could be forgiven.”

As Mr Brodie knows, the Government is doing its best to improve the market situation for everyone. We have created 900,000 new private sector jobs since 2010. I will repeat that figure for the benefit of Colin Beattie: 900,000 new private sector jobs. Last week, the chancellor announced a new tax break of £160 million for the oil and gas sector. I agree that there is much more that can

and will be done but we should not fail to recognise the measures that are being taken.

The response from the SNP is the single simple solution of one silver bullet to kill all ills, and that is to call for more capital spending. It is the easiest thing in the world for Mr Swinney to call for somebody else to spend money or to give him the money to spend when he does not need to find it from his own budget. He proposes that the UK Government should increase borrowing in order to fund capital expenditure. To be fair to him, Mr Swinney accepted that point.

However, high and reckless levels of borrowing by the previous Labour Government got this country into precisely the situation from which we are now trying to recover. Calling for yet more borrowing at this time is like proposing putting out a house fire by pouring on paraffin—it is unlikely to deliver the desired outcome.

I live in hope that in this intervention Mr Hepburn will disprove Mr Sillars's remarks.

Jamie Hepburn: Murdo Fraser could never be accused of loyalty to his leader. On the specific point, I wonder whether he can answer this question: is it better to borrow to invest, as the Scottish Government has called for, or to borrow to fill a black hole—as his Government is doing—that the borrowing could otherwise fill?

Murdo Fraser: I suggest that Mr Hepburn listens to the IMF, which commended the British Government's deficit reduction strategy. Too much borrowing would put at risk the vital AAA credit rating, which keeps interest rates low and puts money into the pockets of ordinary families for whom I hope Mr Hepburn has a concern.

In the debate, SNP members have argued that they need to have their hands on more levers of power to deal with the current economic situation, but the independence that it proposes passes those levers to someone else. The SNP wants to see an independent Scotland retain the pound sterling. That will mean—I hope that Stuart McMillan is listening—that our interest rates, borrowing limits and spending limits are set by a foreign country. We will have not more but fewer levers of power. That cannot be independence in anyone's book; it simply does not make sense. It is good to see that at least Margo MacDonald gets it, even if the SNP back benchers do not.

The problem for the Scottish Government is that it already has substantial levers to use, but it is pulling them in the wrong direction. The retail sector is hit hard, so what does the Government do? It brings in a specific retailers' tax. The commercial properties sector is hit hard, so what does the Government do? It brings in a specific empty properties tax that will result in more business bankruptcies and liquidations. We are

seeing college budgets slashed at precisely the time when we should have more training opportunities, and we are seeing the housing budget cut when we need more jobs in construction. Why would we trust the Government with more powers when it is using the powers that it has not to grow the economy, but to damage business and choke off recovery? We do not need more borrowing. We need to stop increasing the taxes on business and look at delivering economic reforms to improve our competitiveness.

16:41

Rhoda Grant (Highlands and Islands) (Lab): I welcome the fact that we are debating the economy. I would have welcomed a refreshed strategy if there was something fresh in it and there was a new way of dealing with the economy, but it seems to be the same old policies and statistics, with the Government not taking much notice of the people who we seek to represent and who are feeling the pain. Indeed, the austerity policy of the UK Government is causing a deeper recession, so both Governments need to take action to deal with the problem.

Helen Eadie talked about the cost of people being out of work compared with the contribution that they would make to the economy if they were working. Getting people back to work is the only way to get the deficit down. Taxpayers pay into the deficit, so the higher borrowing of the UK Government is a sign of its failed approach.

However, the Scottish Government cannot just pass the buck on to the UK Government and say that it is not its fault and that it has nothing to say. We have heard SNP spokespeople say this week that construction has historically led us out of recession—indeed, John Swinney said that if it was not for construction we would no longer be in recession—and yet the Scottish Government has disproportionately cut the housing budget. What is construction if it is not building houses?

We have lost 12,000 jobs in the construction sector. The pledge of the SNP

“to build over 6,000 new socially-rented houses each year”

has gone as well. We need those jobs; we need the Government to create apprenticeships and wealth in our communities. Jamie Hepburn said that he has never seen so many houses built in his constituency. I say that he is alone in that because in my constituency there are housing associations that cannot afford to build at all. The Government needs to take responsibility for that.

We have also talked a lot about procurement and how it can boost our economy. However, it will not do that if we give the work and the wealth that goes with it to other Governments and countries.

Although the Forth crossing replacement is being built in Scotland, the products and steel are from other countries. Those contracts should have gone to create jobs in our country. When we look under the new Forth road bridge, we will probably see “Made in China” stamped on it.

Bruce Crawford: Does the member not accept that a significant Scottish firm is part of the consortium that is holding part of the £790 million contract and is currently employing more than 1,100 people in Scotland, and that 306 Scottish firms are benefiting from the subcontracts? Will Labour stop talking nonsense on the issue and apologise for misleading the people of Scotland?

Rhoda Grant: I will never apologise for fighting for jobs for people in Scotland—never. This is a huge missed opportunity. Yes, there are people employed in Scotland, but how many more could there have been if we had got our procurement right?

The Government is planning to introduce a procurement bill, but it has missed a chance as it has watered it down. That bill should talk about living wages and carbon targets. It is a missed opportunity. I will look forward to seeing the bill if it has those things—indeed, members can be clear that such a bill would have backing among Labour members—but I am afraid that it will end up being more managerial speak by the Government. It talks the talk; it does not walk the walk. It should look at what the likes of people in Wales are doing.

Jean Urquhart mentioned confidence among small and medium-sized businesses. If the Government got procurement right, it would create confidence and provide jobs in our communities. Linda Fabiani made a thoughtful speech about the barriers of procurement. I very much hope that the Government listens to what she said, because she highlighted things such as the costs attached to contracting. Other members mentioned procurement as being pivotal to our recovery.

Many members spoke about young people and the disproportionate effects that the current crisis is having on them. We need to have them trained and ready for when our economy takes a turn for the better. We have jobs available in areas such as renewables; we need training apprenticeships now. As Kezia Dugdale said, we do not need training apprenticeships for people already in work—that is part of lifelong learning and should be going on day to day. The new apprenticeships should be geared towards unemployed young people, so that we do not go on forming further forgotten generations. It is in the Government's gift to deal with that issue.

I will touch on tourism, which a few members spoke about. Mary Scanlon mentioned it and

talked about concerns of the Federation of Small Businesses. Over the summer I have spoken to an awful lot of tourism businesses. They talked about the banks—I know that members have spoken about banks—and bank lending. The businesses I spoke to have confidence in their businesses, but nobody will lend to them and enterprise agencies are not looking to boost spending in that area. There are people who are willing to grow their own businesses and willing to put their own money into them. The Government needs to intervene with the banks and ensure that they lend to tourism industries because that would create jobs and investment in Scotland.

Margaret McCulloch mentioned that this debate is timely, as it comes ahead of the budget. Although the Government has talked about what it is doing about the economy, the budget will be the real test of what it is actually doing. We would back a move to capital spending, but in the last budget we saw cuts in housing. We saw the Government talk about capital spending, but that spending was actually a continuation of what had gone before. Capital savings from the Forth crossing were put into other capital projects—rightly so, but that was not new spending. We also saw enterprise agencies being lauded for having increased capital spending when, under questioning, we discovered that that was very much what had gone before. It was not new.

I will touch briefly on the national performance framework, which is something that we need to embrace as part of our budgeting and economic programme. John Park mentioned our framework and we have had a briefing from the Scottish Council for Voluntary Organisations about how we need to encompass wellbeing, social inequalities and environmental impact into it. I ask that that be considered and done.

I have often wondered why narrow nationalism would be good for the Scottish economy, but today—[*Interruption.*]

The Deputy Presiding Officer: Order.

Rhoda Grant: Today we have had two new explanations of how an independent Scotland would benefit. The first one, which took my breath away, came from Mark McDonald. He disagreed with the fact that climate change knows no national boundaries and said that in an independent Scotland the sun would shine and we would have a microclimate. I wondered whether that was why John Mason thinks that we would have a baby boom in an independent Scotland and that our fertility rates would soar, as well as our economy.

The Deputy Presiding Officer: You have run out of time and must close, please.

Rhoda Grant: The SNP's assertions beggar belief. It needs to get back to the real business in hand, which is growing the Scottish economy with the tools that it has at its disposal.

16:49

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): I was disappointed when Rhoda Grant had to sit down. I was enjoying that advertisement for independence—the sun will shine, there will be a baby boom, and all the rest of it. We will recruit her to our side of the argument before too long.

I thank members of all parties for warmly—I think—welcoming me to my new post, and I welcome the opportunity to take part in my first debate on the economy as cabinet secretary for infrastructure.

Economic growth is the Government's central objective. It has been the finance secretary's driving obsession since the day and hour of his appointment in 2007, it is the focus of each and every minister in the Scottish Government, and it is undoubtedly my top priority.

There is a coherence to the Scottish Government's commitment to economic growth that is utterly lacking from the Labour Opposition's position. We do not just will the end result of economic growth; we will the means to deliver economic growth in Scotland. We accept absolutely our responsibility to use to the full the powers and resources that we have to get our economy growing and create jobs.

I say directly to Rhoda Grant and other members that they are talking nonsense on the Forth crossing. The comments that they insist on making in the Parliament do a huge disservice, not to the Government but to the Scottish companies that won more than 60 per cent of all subcontracts and more than 86 per cent of supply orders on the Forth crossing. Those Scottish companies won on merit and are doing their job, and Labour members should not talk them down in the way that they do.

We accept our responsibilities to the full, but we know that, if we are to deliver to the extent that the Scottish people want their Government to deliver, we require to transfer the economic powers that currently lie with George Osborne to this Parliament. Labour wants to leave those powers in the hands of a Tory chancellor—that is the question that Labour must address.

Neil Findlay: It is remarkable that in a debate on the economy no one has mentioned the desperate situation at Hall's of Broxburn, where 1,700 people will potentially lose their jobs. There

are ramifications for the whole of Scotland. We cannot simply wish such things away or pretend that they have not happened. I hope that the minister will refer to the issue.

Nicola Sturgeon: I agree absolutely with Neil Findlay on the severity and importance of the situation at Hall's of Broxburn. I hope that there is no party-political division in the Parliament on the issue. Neil Findlay knows that John Swinney and the local council have been working and continue to work incredibly hard to ensure that there is an appropriate response to the situation. In all our thoughts, concerns and activities, we should support to the maximum the people who are affected. I hope that all members support John Swinney in his work in that regard.

We heard some good speeches this afternoon. As other members said, Linda Fabiani made an excellent speech, and I look forward to talking to her about the interesting points that she made about procurement. We also heard good speeches from Mark McDonald, Rob Gibson, Stuart McMillan, Chic Brodie, Colin Beattie and even Helen Eadie. Members will not be surprised to hear that I did not agree with everything that Helen Eadie said, but she made some good points. She certainly understands, in a way that not all members do, the importance of capital investment in driving a construction-led economic recovery.

I would like to comment on some of the Tory and Liberal back-bench speeches, but the Tories and Liberals did not manage to get any back benchers to defend the Liberal-Tory coalition's economic policy, so I must leave that for another day.

The glaring logical inconsistency in Ken Macintosh's speech undermined much of what he said. Ken Macintosh is an intelligent guy, who brings a great deal to the Parliament, so I can only assume that his refusal to see the inextricable link between what the Scottish Government can and cannot do within our current powers and resources and the pressing, driving need for real economic powers for the Parliament is wilful.

The question that Labour must answer—it is hard for it to answer—is this: how can it possibly be in the interests of Scotland and our economy for decisions on how much capital investment we can devote to creating jobs to be taken by a Tory chancellor who is ideologically obsessed with a self-defeating and counterproductive austerity agenda? Until it answers that question, Labour has zero economic credibility. That is the question that Labour cannot answer. The chancellor is cutting capital budgets in Scotland by 33 per cent and burying his head in the sand as growth forecasts continue to reduce. Labour may think that it is better to stick together with a Tory chancellor, but there is a better alternative.

Ken Macintosh: There is a key point that I think all the Labour members have made. They have asked the Scottish National Party to take responsibility for its actions. What impact did the £86 million cut in the housing budget have? Did it lead to any of the 12,000 lost jobs in that area of work?

Nicola Sturgeon: I am coming directly to that point, and I advise Ken Macintosh to listen to the answer carefully.

On Ken Macintosh's point about the importance of what the Government does, it is a fact that, notwithstanding the cuts from the Tory-Liberal coalition Government, we are still spending a total of around £3 billion on capital in 2012-13. We have supported that through a range of actions. John Swinney drew attention to the £105 million capital investment package that was announced back in June. We have switched resource to capital—Willie Rennie specifically said that that was a good idea—we are continuing to progress the £2.5 billion NPD pipeline of investment, and we are using innovative approaches to leveraging in additional funding.

Ken Macintosh and other members have talked about housing budgets. I will put to one side how they can possibly imagine that Scottish Government capital budgets can somehow be immune from the 33 per cent reduction in our overall capital budget imposed by the Government in Westminster. Let me consider the last year of the Labour Government, when Labour spent £562 million on housing. It built 4,832 affordable houses with that investment. Last year, the Government, while suffering the cut in our capital budgets, spent £352 million on housing and built 6,882 houses. We built more affordable houses last year than were built in each of the last four years of the Labour Government. That is the reality of ensuring that every pound is used wisely and leveraging in additional money.

Rhoda Grant *rose—*

Nicola Sturgeon: Let me finish my point to Ken Macintosh.

Perhaps that is a basic lesson in economics. It is not the amount of money that is spent that has the economic impact; it is what is done with the money—the number of houses that are built. That is what employs construction workers. Our record on that is much better than that of Labour in times of relative plenty. I will take no lessons from Labour on building affordable houses.

Margo MacDonald: Much has been made of the cut in the budget that is about to come. The Government will not have enough money to do everything that it has said that it would like to do, so what does it expect to cut?

Nicola Sturgeon: Margo MacDonald will realise that I have just addressed a point by Ken Macintosh about the impact on capital budgets from the cut in our budget that we have already seen. I made the point that we are making that money go further, because we are seeking to use innovative ways of leveraging in additional financing. However, I agree with Margo MacDonald. I do not want the Parliament and the Government constantly to be in the position of accepting cuts from elsewhere. I want us to be responsible for our economic affairs so that we can take the decisions that need to be taken to get our economy growing.

The debate has been good. The Government will continue to promote economic recovery in absolutely everything that we do, but we will also continue to make the argument for the Scottish Parliament to have real economic powers, because that is what Scotland needs.

Decision Time

17:00

The Presiding Officer (Tricia Marwick): There are four questions to be put as a result of today's business. I remind members that, if the amendment in the name of Mary Scanlon is agreed, the amendment in the name of Willie Rennie falls.

The first question is, that amendment S4M-04045.1, in the name of Kenneth Macintosh, which seeks to amend motion S4M-04045, in the name of John Swinney, on actions to deliver sustainable economic growth, 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)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Kelly, James (Rutherglen) (Lab)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McCulloch, Margaret (Central Scotland) (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)
 Simpson, Dr Richard (Mid Scotland and Fife) (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)
 Cunningham, Roseanna (Perthshire South and Kinross-

shire) (SNP)
 Davidson, Ruth (Glasgow) (Con)
 Dey, Graeme (Angus South) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Goldie, Annabel (West Scotland) (Con)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Hyslop, Fiona (Linlithgow) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacDonald, Margo (Lothian) (Ind)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (North East Scotland) (SNP)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 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)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 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 30, Against 79, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S4M-04045.2, in the name of Mary Scanlon, which seeks to amend motion S4M-04045, in the name of John Swinney, on actions to deliver sustainable economic growth, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Davidson, Ruth (Glasgow) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 McGrigor, Jamie (Highlands and Islands) (Con)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central 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)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (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)
 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)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kelly, James (Rutherglen) (Lab)

Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macdonald, Lewis (North East Scotland) (Lab)
 MacDonald, Margo (Lothian) (Ind)
 Macintosh, Ken (Eastwood) (Lab)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Malik, Hanzala (Glasgow) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDonald, Mark (North East Scotland) (SNP)
 McDougall, Margaret (West Scotland) (Lab)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (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)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 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)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 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

Hume, Jim (South Scotland) (LD)
 McArthur, Liam (Orkney Islands) (LD)
 McInnes, Alison (North East Scotland) (LD)
 Rennie, Willie (Mid Scotland and Fife) (LD)

The Presiding Officer: The result of the division is: For 10, Against 95, Abstentions 4.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S4M-04045.3, in the name of Willie Rennie, which seeks to amend motion S4M-04045, in the name of John Swinney, on actions to deliver sustainable economic growth, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Hume, Jim (South Scotland) (LD)
 McArthur, Liam (Orkney Islands) (LD)
 McInnes, Alison (North East Scotland) (LD)
 Rennie, Willie (Mid Scotland and Fife) (LD)

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)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (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)
 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)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kelly, James (Rutherglen) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macdonald, Lewis (North East Scotland) (Lab)
 MacDonald, Margo (Lothian) (Ind)
 Macintosh, Ken (Eastwood) (Lab)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Malik, Hanzala (Glasgow) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)

McAlpine, Joan (South Scotland) (SNP)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDonald, Mark (North East Scotland) (SNP)
 McDougall, Margaret (West Scotland) (Lab)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (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)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 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)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 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

Davidson, Ruth (Glasgow) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 McGrigor, Jamie (Highlands and Islands) (Con)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central 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 4, Against 95, Abstentions 10.

Amendment disagreed to.

The Presiding Officer: The next question is, that motion S4M-04045, in the name of John Swinney, on actions to deliver sustainable economic growth, 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)
 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)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (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)
 Hyslop, Fiona (Linlithgow) (SNP)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (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)
 McAlpine, Joan (South Scotland) (SNP)
 McDonald, Mark (North East Scotland) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 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

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)
 Davidson, Ruth (Glasgow) (Con)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Fee, Mary (West Scotland) (Lab)

Findlay, Neil (Lothian) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Hume, Jim (South Scotland) (LD)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Macdonald, Lewis (North East Scotland) (Lab)
 MacDonald, Margo (Lothian) (Ind)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, David (Highlands and Islands) (Lab)

The Presiding Officer: The result of the division is: For 62, Against 47, Abstentions 0.

Motion agreed to,

That the Parliament supports the Scottish Government's approach to supporting output and employment now through a focus on boosting capital investment, taking direct action to tackle unemployment and enhancing economic confidence; calls on the UK Government to acknowledge that its response is not working and a failure to secure growth in the UK economy is threatening its fiscal consolidation programme; calls on the UK Government to provide a stimulus to capital investment to support infrastructure and growth in the economy, and welcomes the actions being pursued to deliver the priorities in *The Government Economic Strategy*, linked clearly to the Programme for Government and the forthcoming budget, in order to create the conditions for sustained growth in the private sector, investment in public services and ensuring that there are opportunities for all of Scotland to flourish.

Aberdeen City Centre

The Deputy Presiding Officer (Elaine Smith):

The final item of business today is a members' business debate on motion S4M-03921, in the name of Kevin Stewart, on Aberdeen city centre. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes the result of the 2012 referendum in Aberdeen, which found in favour of the proposed City Garden Project; understands that a very generous £55 million of private sector money was offered for this scheme, and believes that, in order to thrive, Aberdeen city centre needs transformational change.

17:06

Kevin Stewart (Aberdeen Central) (SNP): It may have escaped some folks' notice, but I am an Aberdonian born and bred. I am proud of the granite city and of the vision that led to the construction of Union Bridge and Union Street and which led to Aberdeen having a vibrant heart that was fit for that era. James Matthews, a great architect who was an apprentice of the legendary Archibald Simpson, was one of the men who were at the forefront of designing great buildings and places, such as Aberdeen grammar school, the Tivoli theatre and the music hall. Matthews, who became lord provost of the city, also designed Union Terrace. I understand that his great ambition was to cover over the railway line that runs near that great city thoroughfare.

Let us move on from Matthews' great 19th century vision to today's Aberdeen: an Aberdeen that could see the covering over of the railway and road that run through the Denburn; an Aberdeen that could see the amount of green space in its city centre expanded greatly and made more accessible than it currently is; and an Aberdeen with an eye to the future. Like many big schemes, the city garden project is not without controversy. It would be fair to say that the proposed city centre development polarised Aberdonians' views. That polarisation was exacerbated by the many myths that were peddled about the scheme and who was likely to profit from it. Let us be honest, because as far as I am concerned the only folk who were going to benefit were Aberdonians.

However, because of that polarisation I, as a councillor at the time, put it to the council that a referendum should be held on the issue to get the true views of Aberdonians so that the people who make the decisions could take the decisions knowing full well what the views of the majority of Aberdonians were. That referendum took place and 45,301 people voted for the city garden project and 41,175 voted for the retention of Union

Terrace gardens, which meant a majority of 4,126 for the former.

We have seen in recent times that referendum result being ignored by the Labour-led administration in Aberdeen. I believe that that is completely and utterly anti-democratic and goes against the wishes of the Aberdonians who took the time to vote in the referendum. Since then, we have seen a situation wherein the Labour Party does not know where it is going in dealing with Aberdeen. Some of its members say that the referendum result should not stand, because it was not a real referendum. I argue that the Labour Party legitimised the referendum by coming out as a campaigning organisation in the run-up to the vote.

Rhoda Grant (Highlands and Islands) (Lab): Does Kevin Stewart agree that there are lessons about conducting a referendum to be learned from the experience in Aberdeen so that we can ensure that, rather than pulling together a referendum that is skewed and can be misrepresented, we have one the results of which everybody can abide by?

Kevin Stewart: That is a strange intervention indeed, because there were supporters and opposers of the city garden project who were in favour of the referendum and happy about the way that it was conducted until the result was announced.

Ms Grant slurs Crawford Langley, the independent officer who dealt with the referendum. I have great respect for that man, who has conducted numerous elections in his career.

Lewis Macdonald (North East Scotland) (Lab): Will Kevin Stewart give way?

Kevin Stewart: I will move on, because I will come to Mr Macdonald later on in my speech.

What are Labour's plans now? It has rejected tax increment finance, which would probably have had great benefit for Aberdeen and, after the loan had been paid off, would likely have left the city with £36 million to invest in further infrastructure.

What is the transformational project that Labour wants to undertake? It has changed day by day. Labour recently came out in favour of the pedestrianisation of Union Street but, the day after, it was not quite sure about that—I am sure that we will hear more about that later.

To do some of the things that the Labour group has said, other things need to be put in place. Those include improvements to the road network, such as the proposals for the Berryden corridor, the third Don crossing and the Haudagain roundabout, all of which Labour rejected.

What are Labour's great plans for the city? Today, the council leader said that he had written

to the Cabinet Secretary for Infrastructure, Investment and Cities saying that he wanted her to back and pay for a rail link to the airport. There are no strategic plans for that, but he expects the cabinet secretary to put her hand in her pocket and do it. That is nonsense. I imagine that, tomorrow, he will come out in favour of the eastern peripheral route.

Who is in charge of Aberdeen City Council? Is it Barney Crockett, the president of the presidium; Willie Young, the general secretary; or Tsarina Marie Boulton—or is there a Rasputin in the background? In reality, the council group is unhappy at the interference from certain quarters. Gordon Graham wrote to Willie Young in an e-mail on 7 March:

"I write to express my concern that Lewis McDonald MSP is stating on radio today that if Labour are elected at the local council elections then this project will not go ahead.

This is not the decision made at a group meeting last night and I am extremely concerned that it appears as if someone has sanctioned Lewis to speak on our behalf.

I also reserve the right to refute what Lewis is saying and say that we have reservations over the funding however no decision has been made by the Labour Group."

It seems as though there is Rasputin-like interference from outside.

I want to know what the future is for Aberdeen city centre. I hope that it is a bright future with real vision. Let democracy reign, let the council listen to the people and let us go ahead with the city garden project.

17:13

Richard Baker (North East Scotland) (Lab): I acknowledge that Mr Stewart has brought to the chamber an important issue.

Like others, I recognise the generosity of Sir Ian Wood's offer of a contribution to the city garden project. He deserves credit for focusing minds on Aberdeen's future. However, the project divided the city. That is evident from the narrow result in the referendum after a skewed process—the Office of Communications found today that rules on advertising had been breached. It is also evident from the consultation that the majority opposed the scheme.

When we hear talk of democracy, let us remember—even if it is painful for the Scottish National Party—that Labour won the most councillors in Aberdeen at the election in May and that is why Labour leads a coalition administration. Let us also remember that the mandate on which Labour councillors were elected was not to proceed with the city garden project. That some members might suggest that the Labour group should break its own electoral mandate shows

what a tenuous grip on the concept of democracy they have.

To describe those who do not support the city garden project as therefore being against all development and to say that a message has been sent from Aberdeen against development is hyperbole that lets the city down.

Kevin Stewart: The accusation of being anti-development is probably the right one: anti-third Don crossing; anti-Haudagain; anti-stadium; anti-city garden project. What is Labour for in Aberdeen?

Richard Baker: I find it astonishing that Kevin Stewart criticises the Labour Party on the Haudagain roundabout, when it is the Scottish Government that has decided to delay for years the progress that we should be making now on the roundabout. That shows the paucity of Mr Stewart's argument. He seems to be trying to blame the Labour group on Aberdeen City Council for everything, including the poor summer.

Although I respect the views of those who genuinely believed that the city garden project was the right way forward, those who did not support the project also want what is best for the city and want development that works. The fact is that the city garden project involved almost £100 million of borrowing for the council on the basis of a business case that did not stack up and was based on huge assumptions. Much of the additional revenue that was forecast depended on infrastructure investment not in the city centre, but in the north of the city. Its design meant that the project was a massively risky and complex exercise and that the potential for overspend was enormous—as we in this building should be well aware. We need development, but it must be development that will work.

Mark McDonald (North East Scotland) (SNP): Will the member give way?

Richard Baker: I am sorry, but I do not have time.

I did not support no development in Union Terrace gardens. My preferred option was to proceed with the Peacock contemporary arts centre—an exciting and affordable project that would have breathed new life into the gardens.

Members who support the motion may crave political capital, but I know many people who support the resolve of the Labour group and other councillors on the issue. The key issue now is to realise that the debate on the city garden project has been concluded and that it is time to move on. That is the view of all the groups in the administration.

The administration of the city council is committed to development in the city that will

genuinely bring economic benefit. That is why the city council is now developing a revised business case. It would be great folly for ministers to reject the business case before they receive it, particularly as they supported the city garden project before they saw the business case for that.

Rather than seek to punish Aberdeen for not supporting their preferred project, it would be much better for ministers to accept the decision of the council and work with it to bring forward and support a revised business case and invest in Aberdeen in the same way as they seek to invest in other cities.

I believe that what the great majority of people in Aberdeen now want is not a sterile debate on a decision that has been taken, but for ministers to work with the council to bring forward development in Aberdeen that is affordable and that will genuinely bring to the local economy the benefits that we want.

17:17

Brian Adam (Aberdeen Donside) (SNP): It is a privilege to be here and to speak in the debate.

I notice that five former councillors who represented Aberdeen and one who represented Aberdeenshire are in the chamber. I was on the City of Aberdeen District Council and then Aberdeen City Council with Nanette Milne. My colleagues Kevin Stewart and Mark McDonald served on the city council until recently and my colleague Maureen Watt served on Grampian Regional Council.

Those of us who can cast our minds back a little way will remember that it was the Labour-led Grampian Regional Council—led by the late Robert Middleton—that introduced the dual carriageway down the Denburn. The district council insisted that the dual carriageway had sufficient strengthening to bear any development above it, over it and over the railway line, because the vision for the city gardens project is a long-standing one, which was not delivered although it certainly had public endorsement in the referendum. Mr Stewart was perhaps a little modest about describing his involvement, but it is to his great credit and to the great credit of Aberdeen City Council that it decided to consult the people properly.

The project is undoubtedly controversial, but the people of Aberdeen endorsed it. It ill behoves Rhoda Grant to question the validity or circumstances of any such referendum, as Labour's record on referenda is not strong. I remember the 1979 referendum, which was absolutely paunched by Labour MPs and was then ignored, although a majority was in favour of establishing this place.

Lewis Macdonald: Does Mr Adam recognise the findings in the report that Ofcom has issued today about the lack of balance in the Aberdeen referendum process? There were 338 radio broadcasts for one side of the argument but only 26 for the other, and tens of thousands of glossy leaflets were distributed through doors by unregistered groups whose campaign spending had no limits.

Brian Adam: That continues the sour grapes that we have heard again and again from the Labour Party when the people have rejected its ideas.

An unusual coalition administration runs Aberdeen City Council; I do not know how long it will last. I certainly hope that it can develop a vision for the city, but there is little evidence that it has done so. The administration's alternative plans, which have been cobbled together, include restoring the Victorian toilets in Union Terrace gardens. Of itself, that is no a bad idea. However, Labour members were also enthusiasts for the Peacock proposals, which fell by the wayside. Given that those proposals would undoubtedly have encroached on and—in some people's eyes—destroyed the gardens, a little more consistency in Labour's approach might be welcomed.

In recent times, the accusation has been thrown about that Aberdeen has not had a fair share. When I came to the Parliament, we had 10 per cent of the population and 10 per cent of hospital activity but only 9 per cent of funding. It is to the Scottish Government's great credit that that argument has been won. Similarly, Grampian Police's funding has been sorted.

We delivered changes in funding for the city council that will allow developments to take place. It is just a pity that we do not have people in charge of the city who respect the citizens or have a positive vision for the city's future.

17:23

Nanette Milne (North East Scotland) (Con): I am happy to support Kevin Stewart's motion, and I congratulate him on bringing this crucial issue for Aberdeen to the chamber again.

As you know, Presiding Officer, I am passionate about my city's future, but my confidence in it has been significantly undermined by what I regard as an affront to democracy. Two weeks ago, Aberdeen City Council pulled the plug on the best opportunity that has been offered to us in my lifetime to transform our city centre and secure Aberdeen's long-term future as a city with international appeal. That came after a referendum that achieved a 4,000 majority on a 52 per cent turnout of the electorate, which was a

significantly more decisive vote than that which gave us the Labour-led city council, of which many of us are already ashamed.

Last Friday, I attended a summit meeting in Aberdeen that was run by Aberdeen city and shire economic future—the business-led organisation that is doing much good work to develop the economy of the city and its hinterland—to discuss the region's economic future. Speaker after speaker extolled the area's virtues and assets: the large number of businesses that are prospering in the oil and gas sector; the excellence of our universities and further education colleges; our magnificent scenery; the locally produced food that is so beloved of visitors to the area; and the work that is going on to attract new business and to develop a skilled young workforce to face the challenges of the future.

There are many positives in the north-east, but nearly every speaker at the ACSEF summit sounded a note of caution following the council's decision on the city garden project. Everyone to whom I spoke privately—each one a success in the business world—was shocked and despondent about what happened at the previous council meeting.

The local papers are full of correspondence that is very largely opposed to the council's actions, and my family tell me that the social media are buzzing with anger at what has happened. Do council members show any contrition or accept that their electorate might be right in what they want for the city's future? Not a bit of it.

Lewis Macdonald: Will the member take an intervention?

Nanette Milne: I will take no interventions from Labour on the matter, as Mr Macdonald well knows.

Despite the anger around what they have done, council members tell us that the debate is over and that the time has come to move on with unplanned, uncoded and unfinanced cosmetic improvements to the city centre, as put forward by the independent group. Do they not realise that Aberdeen city centre needs transformation, not just a superficial facelift? The council may think that the debate is over, but the citizens do not, and the council is quite wrong if it thinks that it can stifle debate over such an important matter as the city's future.

Mark McDonald: Does Ms Milne agree that it is entirely hypocritical of those who refuse to move on after the referendum result now to suggest that everybody else should move on after this anti-democratic decision?

Nanette Milne: I cannot possibly disagree with that.

I know that Aberdeen is a great city. I have lived there and have worked for its citizens longer than most of the current councillors have done. However, at the present time it is not an attractive place to arrive in, as I see every Thursday evening when I return home from here. Indeed, the city centre is a complete turn-off for visitors to Aberdeen, as we see increasingly in the letters pages of *The Press and Journal*.

Titivating Union Terrace gardens and reopening its toilets, and resurrecting the age-old plans to pedestrianise Union Street, are not the answer. Transformation is what is needed and that is what the city garden project has to offer. I am glad that ACSEF has stated that the project is still one of its policy objectives, and I am pleased and humbled that Sir Ian Wood has not totally closed the door on future philanthropy from him for the benefit of the city.

The Labour council leader's responses to questions at the ACSEF summit were derisory, and many heads were shaking with disbelief and dismay at what he had—or rather did not have—to offer. If that is the leadership within Aberdeen City Council, I, along with many other Aberdonians, want nothing of it. We will not forget the fantastic opportunity that has been so arrogantly thrown away by Labour, the independents and those Liberal Democrats who voted against the city garden project. I am in no doubt that they will be punished at the ballot box at the first available opportunity unless they now listen to the majority of people in Aberdeen who want to see a city centre worthy of the energy capital of Europe and take steps to deliver the transformational change that is required in a 21st century city aspiring to be the city of culture.

17:27

Graeme Dey (Angus South) (SNP): My colleague Kevin Stewart is to be congratulated on securing this important debate, although I wish that we did not need to have it. I would far rather that the city centre of Aberdeen was respected and admired or, as seemed possible just a few short months ago, at least headed in the direction of again being held in esteem.

I come at the subject from the standpoint of an expat Aberdonian, proud to say that I was born and raised in the granite city but, frankly, embarrassed by the state of its heart. The condition of the centre of Aberdeen is a subject that has long troubled the vast majority of Aberdonians—those still living there and those who, like me, retain a fondness for the place even though they have moved on. Thirty-six years ago, as a teenage Harlaw Academy pupil, I had a letter published in the *Evening Express*, which raised concerns about plans to construct the first of the

now four massive shopping developments in the city centre. In the letter—actually, it was a poem and I am thankful to say that I do not retain a copy of it to quote from—I called on the unionist council administration not to rip the heart out of Union Street by allowing massive shopping centres to take a grip. My pleas, along with those of many other Aberdonians, fell on deaf ears, however, and the council ripped the heart out of not only Union Street, but George Street as well.

There is nothing wrong, as such, with the likes of the Trinity, Bon Accord and St Nicholas shopping centres. The problem is that, when we wander through those places, we could be anywhere—we could be in Edinburgh, Dundee or Glasgow. They do not provide a truly distinct experience, reflect the former magnificence of Aberdeen or complement its iconic heart. Their existence has also decimated the main thoroughfare. Times change—of course, they do—and the expectations of shoppers are different from what they were 30 years ago, but I ask anyone who knows the granite city to look 200yd either side of the Union Street/Market Street lights and tell me whether, over the past few decades, the centre of Aberdeen has changed for the better.

Like many Aberdonians, I was delighted to learn of the innovative plans to revitalise the heart of the granite city, which were based around Union Terrace gardens but encompassed the Denburn and St Nicholas house areas. Those plans offered a much-needed economic boost and the prospect of revitalising and restoring pride in the heart of the city. Bettering the environment around Union Street would inevitably have led to tackling the issues in that area.

I know that the plans did not attract universal support, but the people of Aberdeen had their say in a referendum and that should have been that. Instead, Europe's oil capital finds itself in danger of becoming a laughing stock while, 60-odd miles down the road, Dundee is unveiling a visionary redevelopment of its waterfront area. In Aberdeen, we are being offered restored public conveniences and a cafe in Union Terrace Gardens.

When I left Aberdeen for the city of discovery in 1985, I could never have imagined that the former, which was booming at the time, would be overtaken by the latter as a magnet for shoppers and day trippers. However, I fear that, if we are not there yet, we are certainly headed that way.

There was a good reason why Sir Ian Wood came forward with his private finance offer for the project. He is a proud Aberdonian who wants better for his home city, and there are plenty like him: Brian Adam, Kevin Stewart, Mark McDonald, Nanette Milne and me, to name but five. Even the Labour Party, in its heart of hearts, must recognise that, as Kevin Stewart's motion states,

"Aberdeen city centre needs transformational change."

If it does not acknowledge that, it should step aside and let those who understand what is required get on with the job.

17:31

Alison McInnes (North East Scotland) (LD): It is usual in a members' business debate to start by saying how pleased we are to be taking part, but that is not the case tonight. I am disappointed not only that we have to debate the overturning of the outcome of a properly held local referendum, but that we must face up to the fact that the new Labour administration in Aberdeen lacks ambition for the city.

When the city garden project was first mooted, I had reservations about it. In particular, I was dismayed that the Peacock project was a casualty of the process. However, I accepted that the city council took the decision to move forward to the design stage—in fact, the design competition took the debate forward and opened people's eyes to the possibilities.

The decision to hold a referendum reassured people that everyone's views would be taken into account. There was a clear result in the referendum, which should have established the project in principle, but the new Labour administration has pulled the plug on it. The challenge now is not to keep harking back, but to find a way out of the mess.

I am dismayed that Aberdeen is now known as the Disney of the North: it disnae want this, and it disnae want that. In fact, the biggest worry is that it disnae know what it does want. All the indications so far show that the Labour administration has no coherent vision for the city. Rather than starting out by commanding trust and commitment, it has embarked on a road of confrontation and imposition, and that is not how modern councils should operate.

I agree that, as Kevin Stewart's motion asserts,

"Aberdeen city centre needs transformational change."

As the energy capital, Aberdeen powers the economy of the region and well beyond, and we must recognise that change is needed to maintain that prosperity. If our region is to remain competitive, our city centre must compare well with other European cities. Aberdeen would benefit from having a more vibrant city centre, and research has demonstrated that that is a key component of competitive regions. Some very poor planning decisions over the years have changed the way in which the city centre is used. The shopping centre areas are now quite disconnected, and the main thoroughfare of Union Street is in enormous terminal decline.

Nanette Milne spoke about Aberdeen city and shire economic future, which is a public-private partnership that brings together councils, Scottish Enterprise, the local chamber of commerce, Skills Development Scotland, VisitScotland and representatives from business and academia. It was set up to bring a collaborative approach to growing the economy and enhancing the quality of life in the region, and it has been an exemplar for other regions in Scotland. Its vision of a region that has

"one of the most robust and resilient economies in Europe with a reputation for opportunity, enterprise and inventiveness that will attract and retain world-class talent of all ages"

is surely one that we can all share.

However, I heard this summer that there is a question mark hanging over the city council's on-going participation in ACSEF. Such insularity will not serve the city well, and I urge the city leaders to think again.

There are many good reasons to locate business in Aberdeen, but there are growing disincentives such as the lack of an integrated transport network and a vibrant city centre. Although we can look to the Government to tackle the first issue, we must rely on the local council to drive forward the latter. I urge the city council to put engagement and openness at the heart of how it does business from here on in, and to think big for our city.

Kevin Stewart talked about 19th century architects. Perhaps the council could learn from the words of Daniel Burnham, an American architect and urban planner who played a leading role in the master planning of Chicago and Washington DC a century ago. He said:

"Make no little plans; they have no magic to stir men's blood and probably themselves will not be realized. Make big plans; aim high in hope and work, remembering that a noble, logical diagram once recorded will never die, but long after we are gone will be a living thing, asserting itself with ever-growing insistence."

17:35

Maureen Watt (Aberdeen South and North Kincardine) (SNP): I congratulate Kevin Stewart on securing the debate and bringing the attention of the Parliament to the disgraceful situation that the citizens of Aberdeen find themselves in. Their democratic will—in a referendum that secured more votes than the council elections and, indeed, the Scottish Parliament elections—has been overturned.

Members may think that this is purely an Aberdeen issue—I will remind them why it should not be. As others have mentioned, Aberdeen city and shire is driving economic growth in Scotland

and the United Kingdom through our energy sector. It is the only truly global economy in the UK outside London. The area is a supply chain hub for the oil and gas industry and for jobs throughout the UK and beyond. It used to be said that if someone wanted to see the world, they joined the merchant navy—now, they join the oil and gas industry.

The energy sector in Aberdeen is booming. In fact, the whole of Aberdeen is booming on the back of the energy sector. Aberdeen has long been recognised as the oil capital of Europe and it is one of the most robust and resilient economies on the continent. The region has the second highest gross value added per head of population in the UK and the cities outlook 2012 survey mentioned Aberdeen as one of only a handful of cities with the strongest signs of economic growth. Indeed, at the ACSEF meeting on Friday that Nanette Milne mentioned, we heard of one company—General Electric—that has an immediate 200 vacancies and over the next three years it will have 3,000 vacancies.

Does the centre of Aberdeen reflect that status? No, it does not. I stood for election in Aberdeen North in 1979 saying that Aberdeen should not be the oil capital of Europe but end up with nothing to show for it. Now we have a local boy who has made exceptionally good who wants to reinvest some of his wealth back into the city, together with seven others who are prepared to put their hands in their pockets to kick-start the regeneration of the city of Aberdeen.

There has been a lot of focus on the gardens—I believe that the project would have been transformational, but it also included a revamp of the art gallery and many other parts of the city centre that desperately need work done on them. It is therefore incredible that an arrogant, petty, stagnant Labour-led administration rejected the wishes of Aberdonians to transform their city without even having an alternative plan.

Lewis Macdonald: I am grateful to Maureen Watt for taking an intervention. What have she have said if Labour had stood on a platform of not proceeding with the city garden project and had changed its mind after winning the election?

Maureen Watt: I reckon that the people of Aberdeen would have clapped their hands in glee and said that at last the Labour administration had seen sense.

There is currently a collective gloom in the city of Aberdeen and incredulity—there and beyond—that anybody could be so stupid as to reject such a generous offer from the private sector in Aberdeen. Other areas are asking whether they can have the money if Aberdeen does not want it.

It is not only that—the petty city councillors, as alluded to by Alison McInnes, threatened to cut off the funding from ACSEF, which is the economic driver in the region. I am glad that Sir Ian Wood has left his offer on the table and I hope that some councillors, with all the lobbying that they have had from their constituents, will change their minds. The transformational change that is required in the city centre is within the power of the Labour-led administration.

The Deputy Presiding Officer: So that I can call the members who still wish to speak in the debate, I am minded to accept a motion without notice from Kevin Stewart to extend the debate.

Motion moved,

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

Motion agreed to.

17:39

Lewis Macdonald (North East Scotland) (Lab): There are three possible responses to Aberdeen City Council's decision on Union Terrace gardens. One is outrage. We have heard plenty of that this evening, and sadly it was tinged with far too much personal abuse. Another possible response is delight. If those who disagreed with the council are entitled to their views, so are the many thousands of Aberdonians who are absolutely delighted by the final outcome.

The third possible response is to acknowledge that the decision was properly made by those who were duly elected to make it and then to move on and work together in the interests of the city and the region. That was the response of Fraser Forsyth who is the leader of the Conservative group on Aberdeen City Council. He was a strong supporter of the city garden project but, last week, he told *The Press and Journal*:

"It would be detrimental to the city to keep talking about a project that was rejected ... its time to move on and focus instead on finding alternative proposals to regenerate the city centre."

Councillor Forsyth's views are important. His was the only party to put support for the city garden project at the centre of its election campaign. If Conservative councillors are clear that the project is dead, then dead it is; all the girning in the world will not bring it back when such a key supporter says that the time for debate is over and the time to move on has come.

Richard Lyle (Central Scotland) (SNP): If the case was made for another project, would the member hold a referendum and accept the result?

Lewis Macdonald: Certainly not. As the Labour group on Aberdeen City Council made clear at the time, a referendum was not an appropriate way of

making a borrowing decision on behalf of a public authority. That is why it did not support that approach.

It is now for ministers to choose either to follow Fraser Forsyth's example and support future investment in Aberdeen City Centre or to do as some of the back benchers have suggested and take the huff and walk away. However, Aberdeen's success is too important to the Scottish economy to be put on hold. I hope that ministers will now step back from some of the rash words that we have heard in recent days and consider Aberdeen's revised bid for tax increment funding on its merits.

There are plenty of reasons for the Government to invest in the success of Aberdeen, as colleagues who attended the local economic summit on Friday afternoon will know. Mark Higginson of PricewaterhouseCoopers told us:

"Aberdeen must attract around 120,000 new recruits ... by 2022 if it is to realise its potential as a global energy capital",

while Derek Provan of Aberdeen airport warned that

"future development ... could be put at risk by a lack of investment in the already congested road system".

That is why it should be welcomed that Aberdeen City Council confirmed today that improved public transport access to the airport could be achieved under a revised TIF bid.

Paul Skinner of Infrastructure UK also spoke on Friday, and we heard that the United Kingdom Treasury is willing to consider supporting a bond issue by Aberdeen City Council to pay for essential infrastructure. A bond issue of up to £500 million would certainly be of interest to the many oil companies that are keen to invest in the city's future success.

I commend UK ministers for their willingness to work with the city council to enable essential infrastructure to be built, recognising, as they do, the huge contribution that Aberdeen city and shire make to the UK economy. The question is whether, after 13 years of devolution, the current Scottish Government can match that commitment. That choice is for Scottish National Party ministers to make. The time for outrage or delight over last month's decision is surely over. We need leaders who are big enough to go beyond emotional responses and are prepared to work together to agree on what must be done and how. If local government and Westminster can work together to fulfil Aberdeen's global potential, the Holyrood Government must not be left behind.

17:44

Mark McDonald (North East Scotland) (SNP):

Let us deal with some of the myths that are going around. First, Crawford Langley oversaw the referendum, and his reputation is beyond question when it comes to overseeing elections and voting processes. He had no qualms about the fairness of the outcome of the referendum.

Furthermore, the question that was put was worded by the friends of Union Terrace gardens—a campaign group that opposed the city garden project. That is the wording that the city council chose. Mike Shepherd of the friends of Union Terrace gardens stated at the council meeting following a referendum that, if the result had gone the way he wanted it to, he would have accepted it. Therefore, it is not that the referendum process was flawed, merely that the result was not what those who campaigned against the project wanted, so they sought to undermine the process of the referendum.

It is clear that the people expressed their will in the referendum, but Labour has imposed its will on the people of Aberdeen. That is the difference. The scheme that was put forward at the council meeting was not one that had featured in the manifesto of anybody who stood for election, and it had no basis of public support. One of the key tests that the Government stated that it wanted to see achieved during the TIF pilot process was public support, which was achieved by the referendum.

I was a convert to the project. It took time for me to consider the design and its potential, but once I had seen the design that Aberdeen City Gardens Trust brought forward I was a convert to it.

Lewis Macdonald: Which one?

Mark McDonald: The granite web. That is clearly what I was talking about.

I would have respected the result of the referendum whichever way it had gone. If the majority had been in favour of the retention of Union Terrace gardens, I would have respected that, but it did not go that way. Those who are now choosing to impose their will should reflect on that.

I was interested to hear Richard Baker's remarks about how the decision is about Labour keeping manifesto pledges and commitments because, in the papers recently, Labour has been keen on pushing the notion of the pedestrianisation of Union Street. I found a leaflet from the council elections that was put out in the Torry/Ferryhill ward by Yvonne Allan, who is now a councillor and deputy convener of the finance committee, and Kathryn Russell, who was the unsuccessful candidate. It states:

"Kathryn says, 'The pedestrianisation of Union Street would increase traffic congestion in Ferryhill. Yvonne and I would oppose such proposals.'"

Prior to the election, there was opposition to the pedestrianisation of Union Street, but now, with Labour in power, it is proposed. I do not have a problem if people recognise that the facts and circumstances surrounding a project have changed, but the facts surrounding the city garden project did not change. The people supported it, and it was up to the Labour Party to be grown-up enough to accept that result.

Let us look at the issue of TIF funding. Labour put up several straw men during the evolution of the city garden project. First, it attacked the general concept of what was proposed, despite the fact that, as my colleague Brian Adam so eloquently described, it had been proposed by Labour councillors in the past. Indeed, Len Ironside, who is convener of social work on the council, proposed a millennium square during his time as council leader, which would have had a similar effect of covering over the Denburn and raising Union Terrace gardens to street level.

Labour then attacked the aesthetics by talking about the design and how unattractive it was. Both of those arguments were resoundingly defeated by the referendum result, so Labour moved them to the side and started to attack the funding model. That is where it put most of its ammunition between the referendum result and the decision in August.

Labour is now saying that we should give the council TIF, which it attacked so vehemently, for as yet unspecified, uncoded projects. Labour cannot have it both ways. It has killed the goose that laid the golden egg by rejecting the project. That will be Labour's legacy, and it will be to its eternal shame.

17:48

The Minister for Local Government and Planning (Derek Mackay): I thank Kevin Stewart for bringing this important and timely motion to the chamber for debate. It is timely because an opportunity still exists to take the issue forward following Aberdeen City Council's decision at the end of August to abandon Aberdeen's city garden project.

Lewis Macdonald mentioned this Administration's record in relation to Aberdeen. The SNP has a proud and strong record of supporting all our cities, but particularly the city of Aberdeen, whether by addressing the financial concerns around grant distribution, through the massive investment in the city, or through some of my colleagues—in a previous life, as elected

members—sorting out the local finances of Aberdeen City Council.

The future of Aberdeen is crucial not just to the city and its people but to the whole of Scotland, such is the scale and significance of that great city. Aberdeen is Europe's energy capital and it is recognised globally as having the second highest concentration of offshore energy expertise after Houston, Texas. It is home to multinational operators and contractors, as well as to many Scottish supply and service companies. The city is renowned for its technology and skills, supported by two universities and two colleges of further education. The energy industry also supports a thriving business community with a robust professional and financial services sector.

I could go on about the strengths of Aberdeen, but we prefer to focus on the opportunities that have been presented to Aberdeen. We therefore noted with great interest the proposals to transform Aberdeen's centre by redeveloping the Union Terrace gardens to boost the city's prospects for further global investment. Following an international competition to redesign the Union Terrace gardens, it was announced in January that the granite way proposal had been chosen as the winning entry for the city garden project. The design sought to transform the gardens into a contemporary space for park and cultural activities.

A referendum was held in Aberdeen last February. The residents participating in the referendum were asked to choose between retaining the existing Union Terrace gardens or replacing them with the proposed city garden project design. The facts speak for themselves. A total of 165,830 voting packs were sent out with 86,568 votes cast. The turnout of some 52 per cent far exceeded many people's expectations. It was announced on 2 March that 45,301 people had voted for the city garden project design, while a total of 41,175 people voted for retaining the Union Terrace gardens. Voters had therefore backed the project by a majority of 4,126.

Lewis Macdonald: The Scottish Futures Trust required that TIF bids should include enabling infrastructure. Will the minister tell us what enabling infrastructure was included in the original bid? Will he also tell us whether an increased amount of enabling infrastructure in a revised bid might indeed strengthen the TIF bid he has received?

Derek Mackay: I do not have that information to hand, but I am happy to provide it. What I do have is the advice given by the council to councillors and the Scottish Government and to which I will refer shortly.

The demonstration of public support for the project was an essential step in taking forward the city's tax increment finance proposal. Mr Macdonald has made the point that the city council had a mandate not to proceed with the project. I would argue that the referendum was the mandate to deliver because councils will be elected on a range of promises. Mr Macdonald's argument would suggest that the SNP has a mandate to go straight to independence for Scotland by virtue of the fact that it won the election. Of course, a referendum is a far more appropriate way to test any particular proposition, as attractive as that concept may be.

Richard Baker: Is Mr Mackay aware of the Office of Communications finding that its rules on advertising codes were breached in the referendum campaign? Does he not realise that that is a serious issue about the fairness of how the referendum was carried out? Is he dismissing Ofcom's concerns?

Derek Mackay: I am happy to confirm that I have a minister with a very strong record, as per the Electoral Commission's recent report into the running of elections. I believe that the findings of that referendum are robust. I am confident that they reflected the wishes of the people of Aberdeen.

On the back of public support, we wished to consider Aberdeen's plans further to use tax increment finance to redevelop Union Terrace gardens because of the potential of the proposal specifically to lever in private sector contributions—potentially some £55 million from private donors—and to improve public confidence. However, in view of the local situation it was necessary to gauge that public support, which was demonstrated through the referendum.

Following the referendum result in favour of the project, we were looking forward to receiving a full TIF business case showing how TIF would be used to support the investment of—

Kevin Stewart: Will the minister give way?

Derek Mackay: Of course.

Kevin Stewart: The minister is a proud man from Renfrew. If a local Renfrew person offered £50 million of investment for a project in his town that was backed by the public, does he believe that Renfrewshire Council should bite their hands off to take that money?

Derek Mackay: I cannot think of any circumstances in which the people of Renfrew would turn down a donation of £50 million to their community and, in so doing, turn down Government support that could refresh their city or town centre in the way the Labour Party in Aberdeen has done.

It is therefore surprising and disappointing to learn that on 22 August Aberdeen City Council voted to abandon the city garden project. It did so in the full knowledge that it would terminate the application bid—which otherwise could have been progressed—to support the regeneration of Aberdeen. Why am I so confident? I have here the advice given by the council to councillors, which said that, without the private sector donations on the scale of the city garden project, the four other projects are not viable as a TIF scheme because they cannot lever sufficient private finance. There we have it. Nanette Milne is absolutely correct—it is Labour that pulled the plug on the scheme for the city of Aberdeen.

Lewis Macdonald: I again ask the minister about the criteria for the application. Will he confirm that there was no requirement for private sector engagement in the original invitation to bid and what was required was that the bid should not be retail-led or have a renewables focus and that it should incorporate an enabling infrastructure component larger than £20 million? Does he not agree that a revised TIF bid will meet those criteria?

The Deputy Presiding Officer: I would be obliged if the minister began to conclude.

Derek Mackay: I confirm that the progress that was being made with the Aberdeen application was in harmony with what the Scottish Government was looking for. What Labour has done in Aberdeen is pulled the plug on the established process and taken it back to square one, signalling a substantial change to any potential application, with no tested public support and no obvious private sector contributions. That is a complete change to the position that was presented previously and which inspired so much confidence.

There is time for me to close with an opportunity. The project need not be dead. The Labour Party may have killed off the aspirations this week, but I know that Labour members are not necessarily averse to U-turns, especially if it might be in the interests of the people that they represent. I encourage the Labour Party in Aberdeen to return to the Scottish Government with a business case that involves the city gardens and we will look at it again in making the project happen—otherwise, it will forgo the generous priority status that it was enjoying.

Meeting closed at 17:57.

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