



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Meeting of the Parliament

**Wednesday 16 January 2019**

**Session 5**



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# Scottish Parliament

Wednesday 16 January 2019

[The Presiding Officer opened the meeting at 13:30]

## Response to the Outcome of the Meaningful Vote in Westminster

**The Presiding Officer (Ken Macintosh):** The first item of business is a statement by Michael Russell on protecting Scotland's interests: response to the outcome of the meaningful vote in Westminster. The cabinet secretary will take questions at the end of his statement. I encourage any member who wishes to ask a question to press their request-to-speak button as soon as possible.

**The Cabinet Secretary for Government Business and Constitutional Relations (Michael Russell):** Those with an interest in the ironic might remember that, five years ago this very week, the United Kingdom Government released what was the latest paper in its "Scotland analysis" series of publications, which was devoted to attempting to undermine Scotland and the case for independence. Entitled "EU and international issues", that item extolled what it claimed were the many benefits to Scotland of the UK's membership of the EU. Not much of it has lasted well. In the light of last night's events, people might find the following assertion particularly ironic. It said:

"The UK uses its influence within the EU to Scotland's advantage on a whole host of issues of particular interest to people and businesses in Scotland, such as budget contributions, fisheries, agricultural subsidies and Structural Funds. Scotland benefits from this and from the UK's strong voice in Europe, where it contributes to and participates in discussions and negotiations from its position within the UK."

What a difference five years makes.

We might remember how Ruth Davidson put it at the time:

"No"—

that is, to Scottish independence—

"means we stay in, we are members of the European Union."

Well, it did not. We all know that we are now imminently threatened with not being members of the European Union.

The Scottish Government was elected in May 2016 on a manifesto that said that the Scottish Parliament should have the right to hold another independence referendum

"if there is a significant and material change"—  
[*Interruption.*]

I am talking about the Government that was elected; the Tories were not elected to Government. The manifesto said that the Scottish Parliament should have the right to hold another independence referendum

"if there is a significant and material change in the circumstances that prevailed in 2014, such as Scotland being taken out of the EU against our will."

But today is not just about the constitution. [*Interruption.*] It ill behoves the Tories to laugh at anything today. There will be real losses, which every one of us will experience and for which we have never voted. If Brexit happens, it will remove all the claimed benefits of EU membership. Moreover, it will substitute for them more incompetent leadership, and even greater dictation, by the complete chaos of the Westminster system.

There are actions that we believe that the UK Government should take immediately to stave off complete disaster. I shall come to those in a minute, but let me first pause to reflect on the enormous dangers that we are now in, and how they have come about.

Last night was not just a defeat; it was a rout. A Prime Minister—a Tory Prime Minister—who had spent two and a half years negotiating a withdrawal agreement had that agreement defeated by a historic margin: one never seen before at Westminster and in part caused by one of the biggest revolts within a political party that has ever taken place there.

No wonder the Prime Minister's deal went down to such a heavy defeat. It would make people poorer. It would drag Scotland out of not just the EU, but the single market and the customs union. It would put Scotland at a competitive disadvantage against Northern Ireland and, far from bringing stability, it would open the door to many more years of difficult negotiations, disputes and inevitable uncertainty for citizens and businesses.

In a normal political world, with normal, accountable, self-aware politicians, the scale of that defeat would have led to the immediate resignation of, if not the Government, then at least of the leader of that Government. Instead, the Prime Minister behaves as though this is all somebody's else's fault, as Ian Blackford said last night. All that she could come up with was the offer of talks with Opposition parliamentarians—something that she should have done at the start of the process, not at its disastrous denouement.

Moreover, her MPs, including former members of this Parliament, have emerged blinking into the daylight today, shaking off the dust and rubble of

the defeat from their shoulders and asserting in the media's tented village that has grown up around the UK Parliament that the disaster is in some way not a problem for her and their party, but a problem for the EU, which they now expect to come running back to the negotiating table, full of contrition at its stance. That is self-deluding mince. It is arrogance born of ignorance.

The EU and Ireland are clear that the deal can change only if the red lines change. If the Prime Minister will not change her red lines, there can be no change to anything that is on the table. There can be no change to the backstop or financial arrangements or to the need for regulatory alignment if there are to be tariff concessions.

There is stalemate in that crumbling palace beside the Thames. That stalemate, exacerbated by the delays that the Prime Minister has been solely responsible for, is costing business, EU nationals and all the rest of us very dear.

What must be done now? Fortunately, despite genuine differences of opinion on the question of independence, there has been general consensus, with the exception of the Tories, on the steps that should be taken to protect Scotland and mitigate the damage of Brexit for the whole of the UK. In these worsening circumstances, with the UK Government humiliated and leaderless, but still arrogantly self-deluded, such a plan is required more urgently than ever.

Last night, the First Minister spoke to the Prime Minister. Today, she is in London meeting MPs. She and the First Minister of Wales have also sought an urgent meeting of the joint ministerial committee at plenary level, and she has written to the PM regarding that and the best way forward. The first part of the plan must be to rule out having no deal.

Last week, in adopting the amendment tabled by Labour's Yvette Cooper to the Finance (No. 3) Bill, the House of Commons began to demonstrate the force that it is prepared to put into frustrating the UK Government, should it choose to pursue a no-deal outcome. That is good, but more is required—in particular, from the UK Government, which can and should rule out having no deal now and forever.

By supporting the Scottish National Party amendment to Labour's motion on the economy this afternoon, this Parliament can reaffirm its rejection of having no deal. However, until that happens, it will be necessary, if regrettable, for the Scottish Government to go on with and, indeed, intensify its work to prepare as best it can for that eventuality. To that end, we continue to engage with the UK Government on our planning and preparations for a potential no-deal outcome. We are making every effort to ensure that the vital

importance of getting the information that we need is recognised. The Scottish Government resilience committee now meets weekly to manage and escalate matters, as needed, supported by a rapid response group of officials, which will grow as need requires. We have a public information campaign in the final stages of development, and we are making initial decisions on issues such as the stockpiling of medicine, medical devices and clinical consumables, emergency transportation, support for supply chains, diversion of local produce and a host of other issues.

All that activity has become a significant focus of our resources and efforts, as it has to be for a responsible Government. However, it remains the case that the UK Government could and should choose today to remove that risk and cost.

Secondly, the Prime Minister must write to the EU immediately, requesting an extension to the article 50 process. That will require unanimous agreement among the EU27. However, given the scale of the defeat last night, it surely must be inconceivable for the Prime Minister to simply attempt one more heave. More time is needed, but that time has to be used to a productive end, not just to try once again to save the PM's face.

Every member of the SNP group in Westminster has signed the motion of no confidence that was tabled by Jeremy Corbyn and is being debated at Westminster today. We will support it, and we are ready for—indeed, we would relish—a general election fought on the issue of Brexit and Scotland's future. However, if that motion fails, we will immediately step up our support for a second EU referendum, and I profoundly hope that the Labour Party will do the same. The Scottish Government is clear that the best outcome is to remain in the EU. A second referendum with remain on the ballot paper is an opportunity for that to happen and for the wishes of the people of Scotland to be respected.

The third key step is for the UK Government, or for a UK Parliament that is now controlled by its members, to bring forward a proposal to legislate for a second EU referendum. Preferably, that should be the motion that the UK Government tables by next Monday. With Labour, SNP, Liberal Democrat, Plaid Cymru and Green support, and given the already-declared intentions of some Tory members, it would command a majority and would begin to break the logjam that has paralysed politics at Westminster.

As UK parliamentarians cannot agree on any outcome of the Brexit process that would be best for the country, they must, as a matter of democracy, return to the people. If that return cannot be in the form of an election, it must be in another referendum, which is based on the full knowledge of what leaving the EU actually entails

and in which overspending and illegal interference are rigorously policed against.

Holding a second EU referendum would take time. Legislation would be required in the UK Parliament, alongside consideration of the question and preparations by the Electoral Commission, before a formal campaign period could take place. The interaction with the European Parliament elections in May would need to be addressed. The First Minister will be making all those points today. She will make them to the Prime Minister at a joint ministerial committee plenary, if the PM calls such a meeting.

I will conclude on a more positive vision of the future because, in all the chaos and uncertainty in Westminster, there is an opportunity to shine a light through it and persuade the country of a better, brighter alternative. Scotland has for many centuries enjoyed a deep and mutually beneficial relationship with our European neighbours. We are a proud European nation and, for the past four decades, we have been an active and committed member of the European project. Membership of the EU has enriched Scotland and, indeed, the whole of the UK. Individuals, businesses and communities have gained from the ability to live, study, work, trade and travel in the 28 member states, and membership of the world's largest single market, extending to 32 countries, is a fundamental part of our economy. Let us not forget that, at 500 million people, the single market is eight times the size of the UK.

In return, we have shared our expertise and leadership in areas that range from progressive social policies that improve the wellbeing of citizens to innovation that contributes to world-leading efforts in science and technology. Free movement of people, which is particularly important to Scotland, helps to address skill gaps and deal with an ageing population. In total, more than 230,000 people from other countries in the European Union now live, work and study in Scotland. They contribute to the diversity of our culture, the prosperity of our economy and the strength of our society.

The EU is not just about jobs and the economy. It is not, in the words of Martin Schulz, merely an economists' club. Membership of the EU is about solidarity and shared values. We have seen that in how Ireland has been buttressed and supported by the other member states in its essential demands. We, on the other hand, have been left isolated and ignored by the other member of this so-called "precious union".

I am ready to make the case for Europe passionately and proudly in a second EU referendum and to contrast it with the Prime Minister's deal, which will only leave this country and its people impoverished. I call on all parties in

the chamber, each of which campaigned to remain in 2016, to hold to their principles: first, to support the plan that has been laid out by the First Minister, and then to join with her, me and this Government to make the positive case for EU membership for Scotland.

**Adam Tomkins (Glasgow) (Con):** I thank the cabinet secretary for early sight of his statement, but it is yet another reminder—as if one were needed—that, for the SNP, Brexit is not about our future relations with Europe; for the SNP, Brexit, like everything else, is all about independence. On just the first page of the statement, Mike Russell bangs the independence drum not once, not twice, but three times.

We were then treated to yet another Mike Russell performance about the dangers of a no-deal Brexit. I do not support a no-deal Brexit, I have never supported a no-deal Brexit and I cannot foresee the circumstances in which I would do so. However, the cold, hard truth is that those who have made a no-deal Brexit all the more likely are the MPs who last night voted against the Prime Minister's deal, including every SNP MP.

The cabinet secretary said that the First Minister is in Westminster today meeting SNP MPs. My first question to him is: is Nicola Sturgeon in London as leader of the SNP or as First Minister of the Scottish Government? We know that she does not need to be in London to speak to the Prime Minister, because the Prime Minister phoned her last night, so why is she there today—as party leader or as First Minister? [*Interruption.*]

**The Presiding Officer:** Order, please.

**Adam Tomkins:** Yesterday, the Prime Minister reached out to all other political parties to seek a deal that, first, can be agreed with the European Union, secondly, can command majority support in the House of Commons and, thirdly, respects the referendum result that we leave the European Union. That was a serious offer and should be taken seriously. Will the SNP play a constructive role in cross-party talks or will it merely retreat to the familiar playground politics of playing to the nationalist gallery and bang on only about independence?

**Michael Russell:** In considering the largest-ever defeat that a Prime Minister has experienced, it is, perhaps, important to point out to Professor Tomkins that there were 35 SNP MPs who voted against the Prime Minister's deal and that there were 118 Tory MPs who did so. It is remarkable. We did not have even a third of the influence that those Tory MPs had. [*Interruption.*] Astonishingly, some Tory MSPs are even trying to answer back on that point. There is not an ounce of shame among them, and there should be more than an ounce of shame. This was the largest-ever

parliamentary defeat, greater even than the defeat of Ramsay MacDonald in 1924, in the Campbell case, which I will not go into in great detail. The fact that that happened has just been ignored by the Prime Minister.

I say clearly to Adam Tomkins that there is a way forward. I have spent more time discussing and being positive about this issue than anyone else in this chamber—certainly considerably more time in that regard than Adam Tomkins; I cannot remember the last time that I heard a positive word from him. I am ready to go back into that process—there is meant to be a meeting of the JMC (European Union negotiations) in Cardiff next week. However, as was clear from the words of Michel Barnier this morning and a list of other contributions from leading European politicians today—I can read them out, if the member wishes—there will be no change unless the Prime Minister's red lines change, and we have had no indication from Adam Tomkins that any of those red lines will change at all. Of course, as usual, Adam Tomkins does not believe in a single one of those red lines. I am afraid that I cannot take seriously politicians who, in the face of the facts, including the facts last night, continue to posture in that way.

**Neil Findlay (Lothian) (Lab):** I thank the cabinet secretary for the early sight of the statement.

Last night was, indeed, a historic occasion. After all the debate, the discussions, the arguments, the bribes, the handing out of knighthoods, the Government being held in contempt of Parliament and monthly ministerial resignations, the Prime Minister has gone down to the biggest defeat of any Government in modern history. This is an abject humiliation that leaves May without a shred of credibility, exposed as the worst Prime Minister since—well, since the last one.

There were 118 Tory rebels. I say to Mr Tomkins, go and hae a greet at them, will ye? I think that, while Ms Davidson is away, she should have a reshuffle and put Mr Tomkins out of his misery. He has contributed nothing during our debates over this period.

Over the past two years, the Prime Minister has completely failed to engage in any discussion to build unity or a majority on Brexit. There has been no discussion with the leader of the Opposition or the shadow secretary of state, no involvement of the Scottish or Welsh Parliaments and no attempt to bring together leave and remain voters; there has been only an arrogant belief that her view of the world will prevail, with the alternative being no deal. We do not accept that, and we will never accept it. It was Labour that suggested a transition period. It was Labour that called for the meaningful vote. It was Labour that called for membership of

the customs union. We have called for fair immigration, the retention of the rights that we have gained and an agreement that ensures that the country is secure and that works for the nations and regions of the UK.

Last night, Parliament humiliated the Prime Minister. Three Scottish Tory MPs did the right thing. The rest of them joined the entire group of Tory MSPs in their supine and sycophantic support of a bad deal. That will not be forgotten.

Does the cabinet secretary agree with me that, if the Prime Minister had an ounce of self-awareness, she would have resigned immediately? Does he agree that this deal is dead, that the Prime Minister has no credibility, that we cannot have a no-deal Brexit—it would be a disaster for our communities—and that there should be a general election so that we can elect a Government that will, in all its work, deliver for the many, not the few?

**Michael Russell:** I have indicated in what I have said and I will say again that I hope that the motion of no confidence succeeds; I hope that that triggers an election and I welcome the prospect of that election. As I said, I relish the opportunity to contest that election on the issue of Brexit and the future of Scotland. However, if that does not happen, we have to move quickly to the people's vote; I hope that the Labour Party will support that.

On Mr Findlay's other points, I agree that it is absolutely inconceivable that a Prime Minister who has gone down to a defeat of this nature has not resigned; that she did not stand up at that moment and say, "I will now resign." It is shameful. She should be ashamed of that, but so should her entire party. However, her entire party is now so supine that it cannot say, "Go—this is the time to go." In fact, it has not even raised it. Instead, we have had—I agree with Mr Findlay on this—continued negativity and lack of input from the lead spokesperson for the Tories, who has contributed nothing at all. The reality is that he and his reputation have suffered greatly, particularly because of the way that he approached the matter of the Supreme Court.

**Patrick Harvie (Glasgow) (Green):** It is extraordinary to remember that the EU referendum was called by a Conservative Prime Minister in an attempt to heal his party's internal divisions over the issue of Europe. Now, two and a half years after that referendum took place, we have a UK Conservative Government that still has no clear idea about where it intends to end up, with just 10 weeks to go until its preferred date for leaving the European Union.

That contrasts hugely with the situation here in Scotland, where our Parliament has a clear majority against Brexit on principle, a clearer



majority in favour of a people's vote and an even clearer majority in favour of casting a no-confidence motion at Westminster against the UK Government.

However, is it not also clear that, for those of us who believe in Scotland's future as an independent member of the European family on our own terms and in our own right, we could hardly wish for a better advertisement for our cause than the shambolic, absurd theatricalities that we have seen at Westminster, a Parliament in which not only Scotland's interests but the whole idea of rational debate appear to be held in utter contempt?

**Michael Russell:** That is absolutely the case. Anybody standing outside the UK and looking at this situation will despair. The comments from other European countries and from newspapers are legion today. In many of the comments, there is an affection for the UK and for Scotland, an astonishment about the situation that has arisen and a recognition that Scotland did not vote for this and did not wish it. At some stage, Scotland will have to make a choice between following this disastrous route or making sure that it rejoins the family of nations.

Of course the First Minister will speak for this Parliament and for Scotland when she is in London today, because that is what she does as First Minister. She speaks for the majority in this Parliament who, as the member rightly says, have consistently voted against Brexit and against the shambolic Tory Brexit. Many people in these islands are sympathetic to that, and many people outside these islands recognise that that is the case.

We will continue to ensure that we deliver for the people of Scotland. The people who are failing to deliver for the people of Scotland are the Conservatives, both at the UK and the Scottish level. Their recognition of their failure is shown by the fact that, every time something positive is mentioned, they groan. Scotland is groaning at them now.

**Tavish Scott (Shetland Islands) (LD):** Last night, Theresa May's deal was savaged by MPs—mostly her own, despite her showering them with knighthoods and honours and giving £1 billion to the Democratic Unionist Party. Today, the Prime Minister will not say to whom she intends to talk, she will not say what plan B is and she will not change her red lines. She carries on as though nothing has happened.

Does the cabinet secretary accept that Theresa May must decide what comes first: her party or the country? Does he agree that the decision on what to do cannot be left to a divided Conservative Party and that, therefore, the Scottish Government

needs to be rock solid in support of a people's vote? I recognise the cabinet secretary's support for that.

**Michael Russell:** Yes. The only issue that I have with what Mr Scott said is that he got the Prime Minister's priorities wrong. Her priorities are, first, her job, then her party and then her country. That is why what we are seeing is shameful—she is preserving herself in office at the expense of all of us. For example, preparations for a no-deal Brexit are costing businesses millions of pounds. I know of businesses that have spent hundreds of thousands of pounds because of the no-deal uncertainty, which the Prime Minister could have taken off the table weeks ago. She is personally culpable for that expenditure.

Governments are spending money, too. The fact that the Scottish Government and others are putting a huge amount of time and effort into doing as much as they can to prepare for a no-deal scenario is directly down to her. The Prime Minister should have the self-awareness to realise that, whatever she wanted to do two and a half years ago, she has been an abject failure and that, in those circumstances, she should resign.

We will go on supporting a people's vote, because it is the right next step. Today, we will know whether the motion of no confidence has succeeded and whether the Government will fall. The moment we know that, if the Government does not fall, the next position must be that we must have a people's vote. Why is that the case? As I have outlined, we need to return to the people in one form or another, and we know that there is a majority in the House of Commons for a people's vote. If the Labour Party, the Scottish National Party, the Liberals, Plaid Cymru and the Green MP support it, along with the Tories who are committed to it, we will get a people's vote. If there is to be such a material change, it follows that the EU will accept a delay in article 50. There is a clear set of steps that can be taken. That is absolutely obvious, and the First Minister will say that today. I know that that position has wide support. We must try to make sure that that happens and to consign to the dustbin of history the Prime Minister and those who have supported her failed enterprise.

**Joan McAlpine (South Scotland) (SNP):** Theresa May's red lines—abandoning free movement, the customs union and the single market—meant that her deal was bound to fail, because it would deliver only more years of uncertainty. The UK Government's approach has been characterised by procrastination, self-delusion and incompetence. Does the cabinet secretary agree that the past 24 hours are a brutal reminder that Westminster is not working and that the Scottish Parliament could do a much better job

if Scotland had the full powers of an independent country?

**Michael Russell:** That is absolutely clear. I have believed that for many years and the evidence is all around us that that is the case.

Of course, it is important to recognise—the member touched on an important point—that, although the no-deal uncertainty can be completely taken away today, it could also, by the will of the Prime Minister, if she were to continue to survive, continue for an extremely long time. Even if there was a deal and the UK left the EU on 29 March, at any stage during the discussions on the future relationship, those negotiations could collapse, leading to the end of discussions and no deal. If the UK was to leave the EU on 29 March—I hope that that does not happen—we would have got over only the first hurdle, and there would be considerable hurdles left.

Unless the Prime Minister rules it out and sense prevails and we have a people's vote, this whole venture can continue for a considerable period of time. It is already causing vast damage, and it can cause even more damage.

**Donald Cameron (Highlands and Islands) (Con):** It appears from today's statement and others that the SNP clearly views a second EU referendum as the only way forward. Given that the cabinet secretary has previously welcomed alternative proposals, such as one relating to membership of the European Free Trade Association and a customs partnership, does he agree with Ian Blackford that the "ship has sailed" on such alternative proposals?

**Michael Russell:** I treat that question very seriously, as it is important. As Mr Cameron is aware, at this particular juncture, given the crisis that has been created by the Prime Minister and what has happened since the postponement of the first meaningful vote, the only way to break the logjam that we are now in is to have a people's vote.

If a set of proposals for a Norway-plus model or whatever we might call it were on the table and could command a majority—[*Interruption.*] I am answering this in a serious way, and I think that Tory members might want to listen. As they have created the mess, it would be helpful to them if they understood some truths about it.

The reality is that, if a detailed proposal for a Norway-plus arrangement were to be put forward and if it could command a majority in the House of Commons, it would be worth continuing to consider it. First of all, however, there is no such proposal on the table. Secondly, there seems to be a difference between those suggesting that continued membership of the single market, which would require freedom of movement—something

that appears to be absolute anathema to the Prime Minister and those around her—and those suggesting continued membership of the customs union, which is a different matter.

If there were a serious proposal on the table and if Mr Cameron could demonstrate to me and to this Parliament that it was capable of getting majority support, we would, of course, not turn our noses up at it. However, the way out of the impasse that we are in at this juncture, which, frankly, we would have to describe as an emergency, is a people's vote—if it is not a general election, which is the only caveat that I would make.

**Bruce Crawford (Stirling) (SNP):** With the historic scale of the defeat of the Tory Government in last night's vote, EU citizens living in Scotland will understandably be deeply concerned about the prospect of a no-deal Brexit. Those people are our work colleagues, our neighbours and, in many cases, our family members. What message does the Scottish Government have for those people, who contribute so much to our public services, our economy, our communities and daily life in Scotland?

**Michael Russell:** That point is probably the most important of all. Last night, when the Prime Minister rose on a point of order after the outcome of the vote, she attempted to give some reassurance, but not in the terms in which it needed to be given. The terms of such a reassurance are very clear: the Prime Minister should commit to applying all the conditions in the withdrawal agreement that pertain to EU citizens without reservation in any deal that there might be or in no deal. In other words, what is in the withdrawal agreement should be imposed unilaterally.

That in itself will not reassure all the individuals involved, who are very nervous about these matters. The Scottish Government will want to continue with its efforts to tell EU nationals that we support them in their wonderful contribution to Scotland, and we will want to ensure that they are provided with as much help and information as we can give. For those in the family of organisations within the Scottish Government, we will pay the costs of settled status. We will also continue to argue that there should be no fee for such status, because we think that the way in which that is being done is completely outrageous, and we will want to make sure that we do anything more that we can do.

Of course, the best way of guaranteeing all that is to have the people's vote to reject leaving the EU and to return to the benefits of freedom of movement. It is utterly astonishing that there are politicians going around crowing about the end of freedom of movement. Freedom of movement is a

wonderful gift to all of us; it benefits this country and everyone in it as well as those who come here and those from here who go elsewhere. To regard it as an onerous burden is not only nonsensical but deeply offensive.

**Pauline McNeill (Glasgow) (Lab):** Does the cabinet secretary agree that the scale of last night's defeat, which was not foreseen by anyone, means that the Prime Minister should, out of respect for parliamentary democracy, do the right thing and resign? Does he also agree that there are now no paths that provide any real certainty?

With regard to his statement, is the Scottish Government indicating that its position is that if there were to be an extension of article 50—for which I think there is a case—it would not consider supporting a radically different or better deal?

**Michael Russell:** No, I cannot say that that is the Scottish Government's position.

On whether there is something that people and parties can coalesce around, the clear likelihood is that that is a people's vote. That is available and has clear support in the House of Commons and support from the Labour Party and the SNP. It is the most likely option, but I am not ruling anything out.

However, I note that very recently—within the last hour or so—a Downing Street spokesperson has ruled out moving to a customs union in cross-party talks. The type of freedom of movement that might have been envisaged to be on the table—for example, membership of the single market and customs union, which Donald Cameron raised—has therefore already been ruled out by the Prime Minister. If it has been ruled out by the Prime Minister, the only way that it could succeed would be if a legitimate proposal that commanded at least some support among the Tory party was put forward and fleshed out.

Nothing is clear on the way forward. The clearest way forward at the moment would undoubtedly be to rule out a no-deal Brexit, to ask for an extension of article 50 and to hold a people's vote. The timescale for that would be tight—nobody would deny that. It is likely that extension of article 50 would be only until the end of June. In those circumstances, it would all have to be done with dispatch. However, it could and, in my view, should be done.

**Alex Neil (Airdrie and Shotts) (SNP):** If we end up having a second EU referendum, will the cabinet secretary give an undertaking that this Parliament will be consulted before the Scottish Government makes up its mind on the preferred wording?

Does the cabinet secretary agree that a referendum that restricted the choice to one

between remaining in the EU and supporting Theresa May's deal would carry no credibility, given the scale of that deal's defeat in the House of Commons last night by those who support remaining in the EU and by those who support leaving the EU?

**Michael Russell:** It will be a game of two halves. I am quite willing to accept Alex Neil's first thesis: that there should, in the event that there is a people's vote, be a substantial discussion in this Parliament about the nature of the people's vote, the question and the circumstances under which the referendum should be held in Scotland. The referendum would be organised by Westminster, but Scotland would want to input to it. I am therefore happy to give that undertaking.

On the question, a referendum must offer real alternatives. The problem with the EU referendum in 2016 was that neither alternative was particularly fleshed out. The changes to the UK's membership of the EU that were proposed by David Cameron were not really understood, and the arguments of those who wanted to leave the EU had no shape or substance.

Therefore, there must be real alternatives. Although I am not saying that there are not other possibilities, the real alternatives at present are between remaining in the EU on the terms that we currently have or leaving under the Prime Minister's terms. No other set of terms has been worked out. For all their weaknesses, a withdrawal agreement and a political declaration exist and, therefore, offer a real choice. I am happy to continue to debate and discuss the issue with Alex Neil—there are issues to be debated and discussed. However, my view at the moment is that that choice is the most likely. It is not, however, the only choice; there could be other choices.

**Liam Kerr (North East Scotland) (Con):** Is the cabinet secretary confident that he can look Scotland's fishermen in the eye when he and his party are agitating to lock them in the hated—*[Interruption.]*

I will try again, Presiding Officer. Is the cabinet secretary confident that he can look Scotland's fishermen in the eye when he and his party are agitating to lock them in the hated common fisheries policy?

**Michael Russell:** Yes.

**Annabelle Ewing (Cowdenbeath) (SNP):** With two years of wasted negotiations, pointless delaying of the vote and the clock ticking—there are 72 days to go—surely the Prime Minister must now seek an extension to article 50 to prevent the UK from crashing out of the EU with no deal. Does the cabinet secretary agree that that would be a hugely damaging outcome for my constituents in

Cowdenbeath and for my country, which the Conservative Party appears to care very little about?

**Michael Russell:** I have been struck by the interviews that I have heard on BBC Radio Scotland yesterday and today in which it seemed that the importance of jobs and the economy were entirely ignored by Conservative spokespeople. They wanted either to attack the SNP—which is a bit of a fixation for them; they should try to get over it—or simply to talk about the weaknesses of other members of the Conservative Party, which appears to be their favourite game.

The reality of the situation is that huge issues are at stake for ordinary men and women—EU citizens and others who live here. Each community is under threat.

On Friday, in my constituency in the Highlands and Islands, I was at a very positive and productive meeting of fishermen. I declare an interest as honorary president of the Clyde Fishermen's Association and of the Scottish Creel Fishermen's Federation. All the people who were at that meeting—there were 50 or 60 people there—were hugely worried about not being able to get their produce into Europe for sale. There was huge worry about a range of problems that will be created by Brexit.

In the circumstances, I could look anybody in the eye and say that the Scottish National Party and the Scottish Government are concerned about the jobs and the future of the people of Scotland. That concern would best be addressed by our being in the EU as an independent member.

**James Kelly (Glasgow) (Lab):** Given that the current Scottish draft budget was based on the assumption that the UK would leave the EU on 29 March, will the Scottish budget have to be rewritten if article 50 is extended?

**Michael Russell:** I am seeking information. As James Kelly will know, that question is above my pay grade: I have to get information from others on it. The Cabinet Secretary for Finance, Economy and Fair Work advises me that if there is a supplementary UK budget—the Chancellor of the Exchequer has, of course, said that that is likely, if there is no deal—it is clear that we would also have to have a supplementary budget.

In my statement, I made quite a lot of the cost of there being no deal. The Cabinet Secretary for Finance, Economy and Fair Work knows better than anyone that there are already substantial demands on the Scottish purse because of issues that we are having to address through the resilience committee, which is chaired by the Deputy First Minister. There will continue to be pressures. A supplementary UK budget would

require that we follow suit and that we receive resources to allow us to meet those costs.

**Clare Adamson (Motherwell and Wishaw) (SNP):** Following her crushing defeat last night, the Prime Minister said that she wanted to hold talks with others to agree a way forward ahead of her making a fresh statement in the House of Commons on Monday. Given the cabinet secretary's recent experience, will he set out the extent to which he believes that to be a genuine offer and what, if any, movement there has been on the part of the UK Government to actually listen to the concerns of the Scottish Administration and the people of Scotland?

**Michael Russell:** Clare Adamson has asked a very good question. There was, some weeks ago, a very good commentary on that issue by Ryan Heath of *Politico Europe*, in which he listed the things that the Prime Minister had got wrong from the very beginning. It is a long list, and it needed more than one issue of *Politico Europe* to get through it. At the very heart of the commentary was the fact that the Prime Minister had not, at the earliest stages of the process, sat down with Nicola Sturgeon, Jeremy Corbyn and Mark Drakeford or his predecessor and asked how we could bring together our concerns in order to make progress on the matter. That never happened.

In the JMC, there has been detailed discussion about many of the details, but the Prime Minister and people including Damian Green and David Lidington have not at any stage asked what it would take to allow the process to move forward. That is what I understood the Prime Minister to mean when she rose to her feet last night. By lunch time today, she was already ruling out issues—saying what she will not discuss—so it seems to me that the process will not make much progress.

Of course the SNP will take part in the process. Ian Blackford will take part in it at Westminster, and the First Minister stands ready for it, as I do. I would be happy to have the discussions. However, at the end of the process, there has to be some indication that the Prime Minister is listening—that is not always the indication from the Prime Minister—and that she is prepared to change her red lines. That is not only in order to get agreement in the House of Commons but, more crucially, to get agreement from the EU. Nothing will change unless her red lines change. If Downing Street says that it has ruled out moving to a customs union in cross-party talks, that is a red line that prohibits certain things from happening. If Downing Street is ruling out freedom of movement issues, that is a red line that rules out many other things. That needs to be understood.

**Alexander Stewart (Mid Scotland and Fife) (Con):** The cabinet secretary indicated in his statement that the first part of the plan must be to rule out there being a no deal Brexit. Having voted against the deal last night, his MPs have made that outcome more likely. *[Interruption.]* What compromises is the cabinet secretary willing to make to avoid a no-deal scenario?

**The Presiding Officer:** I am not sure that the cabinet secretary heard that question.

**Michael Russell:** I point out as kindly as I can to Alexander Stewart that even if every single SNP MP had voted for the motion, it would still have been voted down by the Tories.

**Gillian Martin (Aberdeenshire East) (SNP):** Scotland voted overwhelmingly, and by a huge margin in my constituency, to remain in the EU—not that our view was reflected by our MP yesterday.

I have two questions. Does the cabinet secretary agree that all EU nationals in the UK should have a vote in a people's vote? If the Labour leadership does not get behind a people's vote, what other options are open to Scotland?

**Michael Russell:** Those are both very good questions for which I thank Gillian Martin.

In answer to the first question I say yes—of course the Scottish Government's position on franchise is that all EU nationals should have a vote. If such a referendum were to be held under a Westminster franchise that would not be the case, nor would it be so for 16 and 17-year-olds. Therefore, that issue would need to be addressed and we would need to make sure it was understood at Westminster. The Westminster franchise does not allow those people to vote, and there are no plans to change the franchise in that way.

An amendment to the original referendum bill was proposed by the SNP, among others, which sought a quadruple lock that would require all the nations of the UK to vote in favour of Brexit in order for it to go through. That is another approach. That amendment was defeated. Gillian Martin has raised an important point that will need to be considered.

In respect of other options, I am working as hard as I can with the Labour Party—the SNP group at Westminster is doing so, too—to ensure that the people's vote happens. I do not want to consider that it might not happen.

However, there are, of course, other options. As every member knows, I have said from the very beginning that, at the end of the day, the people of Scotland can choose not to be part of Brexit, and to choose that Scotland be independent within the EU.

**The Presiding Officer:** That concludes the statement on the response to the ministerial vote. We will take a few moments for the ministers and members to change seats.

## Portfolio Question Time

14:17

### Environment, Climate Change and Land Reform

**The Presiding Officer (Ken Macintosh):** We turn now to portfolio questions. Question 1 has been withdrawn, so we start with question 2.

#### Scottish Environment Protection Agency (Cessation of Medical Waste Services)

**2. Monica Lennon (Central Scotland) (Lab):** To ask the Scottish Government what action SEPA has taken to seek regulatory compliance for the sites affected by the cessation of medical waste services by Healthcare Environmental Services Ltd. (S5O-02760)

**The Cabinet Secretary for Environment, Climate Change and Land Reform (Roseanna Cunningham):** SEPA has been closely monitoring and inspecting the HES sites in Dundee and Shotts, including weekly inspections since December, to ensure that they comply with relevant environmental legislation. Enforcement notices were issued to HES in September and December 2018, however further scrutiny has established that the company has not fully met the requirements of the notices.

Subsequently, SEPA has commenced an investigation to establish whether criminal offences have been committed. SEPA has also robustly reviewed the contingency arrangements that are in place at affected national health service sites, to ensure that all regulatory requirements are met, and it will continue to monitor all the affected sites to ensure that the environment and local communities remain safeguarded.

**Monica Lennon:** SEPA has indeed served four enforcement notices against HES and we know that the company continues to not comply with legal requirements and that criminal proceedings may well be necessary. Along with the stockpiled waste, unanswered questions are mounting up. Can the cabinet secretary advise: how many tonnes of waste, and what materials, have been stockpiled; how long the waste have been piling up; and what the estimated cost of achieving compliance is likely to be? In circumstances in which HES will not, or cannot, return to compliance, will the Scottish Government recognise that NHS Scotland retains a legal duty of care in respect of its healthcare waste and agree to fund the clean-up of the stockpiled waste that has been left behind by HES?

**The Presiding Officer:** There are a number of questions there.

**Roseanna Cunningham:** There are a number of questions, and some of them are not entirely within my portfolio remit. I am sure that Monica Lennon realises that. I will try to deal with as much as I can.

The best available evidence suggests that there is a backlog of somewhere between 250 and 300 tonnes of clinical waste on Scottish sites, and around 10 tonnes of anatomical waste, mainly at Hassockrigg. Specialist providers advise that a specialist team will be needed to pack and load that anatomical waste, and that the loading may take something like two days.

A current estimate of the total clearance and disposal costs is around £250,000. I am conscious that those are estimates, not fixed figures. The issue around cost is that there is a contingency arrangement cost as well as a clearance and disposal cost, which somewhat complicates the answer to that question. Contingency, by its very nature, tends to cost more.

SEPA continues to carry out robust regulation and monitoring, and there is potential future action that it can take. As I indicated already, there is an investigation into whether criminal activities have taken place and we have to allow that to run its course.

**Alex Neil (Airdrie and Shotts) (SNP):** I realise that my two questions may require the cabinet secretary to check details before she can reply, but I ask, first, what the likely timescale is for the disposal of the waste in Scotland under those enforcement notices and, secondly, whether she can advise whether the local authorities concerned—North Lanarkshire Council and Dundee City Council—have powers under the Environmental Protection Act 1990 to remove the waste?

**Roseanna Cunningham:** Compliance with regulatory standards is, of course, mandatory and non-negotiable, whichever organisation is involved. NHS National Services Scotland is working hard to ensure that all contingency measures that can be taken are being taken, sensibly and properly. HES currently remains responsible for meeting its environmental obligations under its permits. That includes the removal and treatment of waste from its sites. SEPA is monitoring that weekly and continuing to seek compliance from the operator. Alex Neil has asked slightly more technical questions, so it would be advisable for me to get back to him when there is a more detailed response.

**Fulton MacGregor (Coatbridge and Chryston) (SNP):** One of the affected sites, as reported in the press this week, was a health

centre in Coatbridge. I understand what the cabinet secretary said about SEPA's inspections and that it has not identified any current risk of pollution from the waste. However, will she outline what action, if any, could be taken by SEPA if such a risk was identified at a later stage?

**Roseanna Cunningham:** As I indicated earlier, SEPA has continuing powers. If there is a serious risk to the environment or to human health, SEPA has powers within the Pollution Prevention and Control (Scotland) Regulations 2012 that would allow action to be taken to deal with that. In particular, section 57 of those regulations allows SEPA to arrange for steps to be taken to remove an imminent risk of serious pollution, should such a risk be clearly identified. Those powers also allow SEPA to recover from the operator any costs incurred in making the site safe.

### Responsible Dog Ownership

**3. Tom Arthur (Renfrewshire South) (SNP):** To ask the Scottish Government how it promotes responsible dog ownership. (S5O-02761)

**The Minister for Rural Affairs and the Natural Environment (Mairi Gougeon):** The Scottish Government code of practice on the welfare of dogs, which was approved by the Scottish Parliament, provides dog owners with information on caring for, and acquiring, their pets.

A recent awareness campaign, which was funded by the Scottish Government and designed in partnership with the main dog welfare charities, directed potential puppy buyers to detailed advice hosted by the Scottish SPCA. As I said last week in my statement to Parliament on improving animal welfare, that campaign elicited a 130 per cent increase in visits to the website and calls to the Scottish SPCA helpline. Also, we held a consultation last year to inform the modern system of licensing and registration of dog, cat and rabbit breeding that we will introduce.

**Tom Arthur:** I would like to recognise the work of my colleague Emma Harper on preventing livestock attacks and the work of my colleague Christine Grahame, who is progressing a members' bill on responsible dog breeding and ownership.

Yesterday, the British Veterinary Association reported findings from its voice of the veterinary profession survey that

"French bulldogs and Pugs top the list of dog breeds ... most commonly suspected of being imported illegally into the UK".

I should declare an interest as an owner of two pugs. Given the unscrupulous tactics that are employed by puppy smugglers, does the minister agree that responsible dog ownership begins prior

to purchase or adoption, with researching the breed, establishing whether one has the time, space and resources to offer a lifelong home to the dog and engaging only with reputable breeders? That is particularly important when considering the purchase of a popular breed, such as pugs, which can be susceptible to particular health problems.

**Mairi Gougeon:** Pugs are, of course, one of my favourite dog breeds. I see lots of pictures of Tom Arthur's pugs on Instagram and I encourage all members to follow him.

I absolutely agree with what Tom Arthur has said. A number of people care about issues in the area, which is why we have so many members' bills on animal welfare, including those from Emma Harper, Christine Grahame and Jeremy Balfour.

The Scottish Government has made general information on the purchase of puppies available to the public through its code of practice on the welfare of dogs, which the Scottish Parliament approved in 2010. As I mentioned last week, we ran an awareness campaign between November and December last year. Given its success and the number of people who then visited the Scottish SPCA website, we are looking at running another campaign later this year and doing everything that we can to tackle the scourge of illegal puppy dealing and the activities that drive the trade. Following our consultation on the licensing of dog, cat and rabbit breeding activities last year, we are looking at a number of measures that we hope will lead to responsible dog breeding and ownership.

**Maurice Golden (West Scotland) (Con):** The Scottish Government recently confirmed that the use of electric shock collars is still permitted. Can the minister confirm when the use of those harmful devices will be effectively banned, as promised?

**Mairi Gougeon:** The member has raised that issue on a number of occasions, and I believe that there has been a drop-in session for MSPs to attend today. Members from across the chamber have written to me about the issue, and it has been raised in the chamber a number of times. I met the Kennel Club recently, and it raised its concerns with me.

Our position on electric shock collars has not changed. We introduced the guidance to Parliament, which was agreed to by a number of people at the time and by the Environment, Climate Change and Land Reform Committee. We committed to reviewing the guidance within 12 months, and that is exactly what we will do. We will look at how the guidance has operated and whether it has changed behaviour, and we will re-evaluate it at that time.

**Emma Harper (South Scotland) (SNP):** Dog fouling is a huge concern for my constituents in the south-west of Scotland and for community councils across the south-west region. I have been exploring innovative ways of dealing with this nuisance problem. Is the minister aware of projects such as park spark and street clean, which use anaerobic digesters for dog poo to power park and street lighting? Would she be willing to look at such projects and their potential development?

**Mairi Gougeon:** Dog fouling is a scourge in all our communities across Scotland; it is certainly raised with me in my constituency. That view is shared by the Minister for Community Safety, who has responsibility for the issue under her portfolio. I believe that Emma Harper raised the issue directly with her last year.

Local authorities are responsible for tackling dog fouling in their communities, so the decisions on how best to deal with the problem are for them. However, I am always interested in innovative solutions that are being developed and in how we can tackle issues that affect our natural environment, and I would like to hear more about them. Anaerobic digestion is an important part of our waste infrastructure for food waste, and I see no reason why other materials cannot be utilised in the same way.

**Pauline McNeill (Glasgow) (Lab):** The Parliament should be commended for the importance that, in my experience, it has placed on animal welfare. However, like Maurice Golden, I believe that the use of electric shock collars should be banned. Is that the minister's view?

**Mairi Gougeon:** I know that the member raised the issue after my statement to the Parliament last week on improving animal welfare. She and many other members have written to me about the issue. I say again that we said that we would review the guidance and fully evaluate it within 12 months of its being agreed. I give the member an assurance that that will happen.

#### **District Heating Schemes (Carbon Reduction Target)**

4. **Tavish Scott (Shetland Islands) (LD):** To ask the Scottish Government whether it will provide an update on progress towards its 90 per cent carbon reduction target, and how district heating schemes can help achieve this. (S5O-02762)

**The Cabinet Secretary for Environment, Climate Change and Land Reform (Roseanna Cunningham):** Greenhouse gas emissions in Scotland have fallen by 49 per cent since 1990 and we are on track to meet our current statutory targets. As the member knows, a bill—the Climate

Change (Emissions Reduction Targets) (Scotland) Bill—to increase those targets is going through the Parliament.

Heat networks are one of the most cost-effective ways of reducing carbon emissions from heating, as they are able to make use of large-scale and low-cost renewables and recovered heat sources. The report, “National Comprehensive Assessment of the Potential for Combined Heat and Power and District Heating and Cooling in the UK” estimates that 6.7 per cent of Scotland's total heat demand in 2025 could be met by district heating and cooling.

**Tavish Scott:** I thank the cabinet secretary for her assessment of that source of heat. She is, of course, aware that a district heating scheme has been operating in Lerwick since 1998.

Does the cabinet secretary recognise the importance of the standard assessment procedure—SAP—rating system in ensuring that energy efficiency standards can expand across the country? There are plans to consult on the matter later this year. Will the Government ensure that there are no barriers to the expansion of district heating schemes, given the advantages that the cabinet secretary has pointed out?

**Roseanna Cunningham:** I think that all members of the Government would be able to answer yes to that. I know that Tavish Scott has been in discussion with my colleague Kevin Stewart on related issues; I should also say that my colleague Paul Wheelhouse will be anxious that I remind Tavish Scott of the commitment that he made in November to set out proposals to legislate, in the near future, on regulatory and licensing arrangements for district heating. I hope that the cross-portfolio nature of the response on the matter gives Tavish Scott confidence that it is being seriously undertaken.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Has the Government not already set a clear pathway for heat decarbonisation in its climate change plan, in the section of the plan that deals with the residential sector and throughout the document?

**Roseanna Cunningham:** Yes. We have set clear pathways for decarbonising our heat supply. Our initial efforts are focused on reducing demand for heat across the entire building stock and replacing high-carbon forms of heating in off-gas areas with lower-carbon alternatives, as well as developing heat networks where it makes sense to do so. That is in line with expert advice from the Committee on Climate Change. It is an issue that requires us to go carefully, because decarbonising heat brings into the discussion issues to do with fuel poverty, which we must make sure that we understand.



Members should be reminded that the issue of decarbonising the gas network remains reserved to Westminster and that, at the moment, gas provides an enormous amount of heating—particularly domestic heating—in Scotland.

**Alexander Burnett (Aberdeenshire West) (Con):** I am sure that the cabinet secretary agrees that the Scottish Government should lead by example. Will she encourage the First Minister to publish an energy performance certificate rating for Bute House and not to hide behind a statutory exemption?

**Roseanna Cunningham:** I will refer that question to the First Minister. I am not entirely sure that it is in her remit, given that Bute House is not owned by the Government, so I will have to ensure that the member is responded to appropriately.

### Small Businesses (Climate Change)

5. **Annie Wells (Glasgow) (Con):** To ask the Scottish Government, in light of the findings of a recent survey by WWF Scotland, how it supports small businesses to prepare for the risks posed by climate change. (S5O-02763)

**The Cabinet Secretary for Environment, Climate Change and Land Reform (Roseanna Cunningham):** The climate ready business guide, which was published last year by Adaptation Scotland, Scottish Enterprise and VisitScotland and sent to more than 20,000 businesses, provides guidance for small and medium-sized enterprises and includes examples of how businesses are responding to climate risks and opportunities. The guide continues to be available.

Last year, Adaptation Scotland sponsored the first vibes—vision in business and environment Scotland—award for business adaptation.

**Annie Wells:** Last month, a survey by WWF revealed that five out of six small firms in Scotland do not feel that their sector has direction from the Scottish Government about their role in tackling climate change, with 60 per cent saying that they felt underprepared.

Climate change poses severe risks to our economic stability, yet it is clear from the poll that Scotland's SMEs need more support and advice to ensure that their businesses have a sustainable future. Can the cabinet secretary tell me what action will be taken to ensure that the statistics improve and that the majority of small businesses are prepared?

**Roseanna Cunningham:** I am conscious that reaching SMEs in respect of a range of issues can be difficult, because often we are dealing with quite small businesses that are not always able to spend the time that very large businesses can on

some of the issues. However, we take the situation seriously.

I am aware of the WWF research. I can advise the member that we have a range of research projects under way, in order to better understand climate risks to business and to inform future policy. We are trying to keep on top of the situation, but I take on board the concern, particularly about microbusinesses and their ability to access some of the support. I am sure that the WWF research has been of particular interest to those of my colleagues who deal with very small businesses more often than perhaps I do.

**Claudia Beamish (South Scotland) (Lab):** The WWF report is very important, and I am sure that the cabinet secretary's answers bring some reassurance to SMEs. Does the Scottish Government have any plans to ensure that the just transition commission might be guided to engage with SMEs, rural and urban, to ensure that its recommendations support them to take advantage of the net zero emissions economy, including possible manufacturing and remanufacturing developments?

**Roseanna Cunningham:** The just transition commission will look at the issue of just transition in the broadest possible sense. We have already had some discussions about areas that might not be automatically assumed to be part of that. I raised the issue of hill farmers at committee—that is a just transition issue. Managing how very small businesses and microbusinesses are able to cope with progress to a decarbonised economy is also part of a just transition. It is important that we see the concept of just transition quite widely, and the just transition commission is well aware that we want to ensure that that takes place.

**James Dornan (Glasgow Cathcart) (SNP):** Given Claudia Beamish's supplementary question, can the cabinet secretary confirm that an important consideration for the Government's just transition commission is that no one should be left behind in our move to a carbon-neutral economy?

**Roseanna Cunningham:** That is indeed the purpose of having a just transition commission. The discussion is beginning to take place in a number of countries. It is very important that, as we move to our carbon-neutral economy, we do so in a way that is fair for all—and by "all", I mean all, because there is a danger that we lose and forget pockets of the economy in all of this.

Yesterday, we had a full afternoon's debate on the issue, and there was clear consensus across Parliament that no one should be left behind as we move to carbon neutrality. I hope that we can hold that consensus as we discuss just transition in the years to come.

## Rural Economy

### Food and Drink (Local Sourcing and Production)

**1. Jenny Gilruth (Mid Fife and Glenrothes) (SNP):** To ask the Scottish Government how it supports initiatives that celebrate and promote locally sourced and produced food and drink. (S5O-02769)

**The Minister for Rural Affairs and the Natural Environment (Mairi Gougeon):** The Scottish Government is committed to supporting the growth of local food throughout Scotland, including through farmers markets, farm shops and other local food initiatives, because the sourcing of local food and drink not only helps to strengthen the local economy but is also vital for our rural economy and the wider economy of Scotland as a whole.

Last month, we announced funding of £95,700 from the regional food fund for 21 projects across Scotland that celebrate and promote local food and drink. That fund is still open for applications, and I encourage all members across the Parliament to promote the fund within their constituencies and to encourage many to apply.

**Jenny Gilruth:** I welcome the funding from the regional food fund for the Fife partnership, but all the Government's work to promote the kingdom's fantastic food and drink sector is now threatened by the disruption of Brexit. Does the minister share my concern about the catastrophic impact that a no-deal Brexit would have on businesses such as the award-winning Balbirnie House hotel in Markinch, which has always employed upwards of 20 per cent of its staff from European Union countries?

**Mairi Gougeon:** I share that concern. Jenny Gilruth also raises an important point about people from EU countries who currently live and work in Scotland.

Yesterday, the cabinet secretary and I met representatives across the food and drink sector, who told us how vital EU citizens are across the board to that sector. That is also true in relation to vets and abattoirs, which fall within my remit, as 98 of the vets who work in our abattoirs are EU citizens.

I have to be perfectly honest and say that I do not think that I have the words to fully describe how absolutely outraged and disgusted I was last night to hear the Prime Minister, in response to her Government's defeat, suggest that, because of that defeat, there is now no clarity for EU citizens. Clarity is something that she and her Government could have given to EU citizens at the very start of the Brexit process, two years ago, as many other

countries across the EU did for British citizens living in their countries. That is exactly what she refused to give, because she was too busy playing to the hard right of her party.

I am proud that this Government has done all that it can to reassure EU citizens living in Scotland that we will do everything in our power to help them. It will be to the UK Government's eternal shame that it has not seen fit to do the same.

**Liam McArthur (Orkney Islands) (LD):** The minister will be aware of the importance of Orkney beef and lamb not just to the island's food and drink sector but to Scotland's food and drink sector. She may also be aware of the damage that the loss of the local abattoir has had on those high-quality brands. Following the cabinet secretary's efforts last year—for which I thank him—will the Scottish Government's ministerial team re-engage with the local council, NFU Scotland, Orkney Auction Mart Ltd and others to ensure that every possible option is explored in securing a long-term future for a local abattoir in Orkney?

**Mairi Gougeon:** Absolutely, and I know that that work is on-going. The issue of mobile abattoirs was raised during last week's statement on improving animal welfare. I know that projects are being looked at, and some of those have been funded through the rural innovation support service. I would be happy to meet the member to discuss the matter further.

**Brian Whittle (South Scotland) (Con):** The minister will be aware of the positive impact that East Ayrshire Council's public food procurement policy is having on the rural economy in East Ayrshire, not to mention on the health of our schoolchildren. What can the Scottish Government do to encourage that approach across Scotland?

**Mairi Gougeon:** I welcome that on-going work, which we are funding, too. Just before Christmas, I visited a project in the centre of Edinburgh that had experience of such initiatives.

Work is continuing to encourage that public procurement process. Indeed, I visited a primary school whose approach is all about sourcing locally produced food.

The issue is very much a priority for us, and we hope to continue that work.

**Colin Smyth (South Scotland) (Lab):** If Scotland's food and drink sector is to reach its potential, it needs to be supported by ambitious, comprehensive legislation. Over the past year, the Government has, at various points, proposed a good food nation bill, a food and farming bill and a Scottish agriculture bill. Which one will it be? Will

the legislation introduce a statutory right to food and put an end to the scandal of food poverty?

**Mairi Gougeon:** We are considering all options in that regard, and there will be a consultation on that.

**Gillian Martin (Aberdeenshire East) (SNP):** I share Jenny Gilruth's concerns about the increasing likelihood of our crashing out of the EU on 29 March. Does the minister agree that the absence of a trade agreement between the UK and the European Union will cause untold damage not only to food and drink businesses such as Macduff Shellfish, which is in my constituency, but to the wider local economy and the prospects of future generations that rely on the industry?

**Mairi Gougeon:** Absolutely. Probably nothing could illustrate the damage of not having a trade deal in place in a no-deal situation. Scotland Food & Drink, NFU Scotland, Quality Meat Scotland, the Food and Drink Federation Scotland, the Scottish Salmon Producers Organisation, Scottish Bakers and the Scottish Agricultural Organisation Society jointly signed a letter in which they estimate that the cost to our industry of having no deal would be at least £2 billion in lost sales annually on top of the short-term chaos resulting from transport delays and labour shortages.

Our businesses are already bearing the cost of having no deal, as they are having to spend millions of pounds and their time to mitigate the potential disruption. There is no doubt that a no-deal situation would be absolutely catastrophic for Scotland.

I mentioned that the cabinet secretary and I met some of those organisations. We also attended a meeting on Monday with Michael Gove in London, at which the cabinet secretary outlined that the UK Government needs to remove a no-deal Brexit as an option, because that would be catastrophic for Scotland in particular but also for the rest of the UK. The UK Government needs to stop blackmailing us with that, firmly remove it from the table so that it is no longer an option and work to find a solution for the hugely important food and drink sector in this country.

### Good Food Nation (Consultation)

2. **Ross Greer (West Scotland) (Green):** To ask the Scottish Government how it will engage stakeholders and the public with the good food nation consultation. (S5O-02770)

**The Cabinet Secretary for the Rural Economy (Fergus Ewing):** The publication on 21 December 2018 of our "Consultation on Good Food Nation Proposals for Legislation" represented an important step forward in the move towards Scotland's becoming a good food nation. The Scottish Government has invited more than

300 stakeholders and interested parties to respond to the consultation. Its publication was accompanied by social media coverage announcing the consultation, and social media will also be used to highlight the approaching closing date and to encourage responses.

**Ross Greer:** In preparing its report last year, the Scottish food coalition engaged more than 800 people in 160 conversations, to hear about what living in a good food nation meant to them. The top two concerns were the affordability of a healthy diet and the environmental impact of our food. There is clearly a strong desire for public engagement, but the open government action plan states that there is

"a growing mistrust of both the processes and the outcomes"

of consultations in Scotland.

Will the cabinet secretary confirm how the Scottish Government has taken such concerns into account in planning and designing the good food nation consultation and how it has met its commitments to open government?

**Fergus Ewing:** We welcome the responses to our consultation. We have encouraged more than 300 stakeholders and interested parties to respond, and I take this opportunity to seek responses from members, and perhaps from political parties, in the chamber. We take extremely seriously any responses to such consultations, which are open, transparent and free for people to contribute to. I very much hope and expect that the contributions received will be considered with due care.

**Rhoda Grant (Highlands and Islands) (Lab):** We all know that the main priority for people in food poverty is to feed their families and not to fill in consultation forms—that becomes a secondary concern for them—yet for the good food nation consultation more than most, we need to get the views and thoughts of the people who are using food banks. Will the cabinet secretary work with food banks to engage those who suffer from food poverty and to facilitate their responses to the consultation?

**Fergus Ewing:** That is a very fair point and I am pleased to advise Rhoda Grant that I am already engaging with them. Just a few weeks ago, I met the chief executive of the Trussell Trust and, very recently, I visited a food bank in Nairn in my constituency. It is a sobering and humiliating experience for people to have to go to such lengths. I was advised, both in Nairn and by the Trussell Trust, that, very often, people leave it until after they have been more or less starving for several days, because it takes desperation to force them to go there and subject themselves to such humiliation.

Thanks to the Cabinet Secretary for Finance, Economy and Fair Work, we are increasing the fair food fund budget from £1.5 million to £3.5 million in 2019-20, to enable us to continue our work in promoting food delivery models that embrace dignified food proposals. As I hope the member will agree, our whole approach is very different—like chalk and cheese—from the austerity approach of the United Kingdom Government, which so lets down people who are in food poverty in this country.

### Single Farm Payment Scheme (Brexit)

**3. Alex Rowley (Mid Scotland and Fife) (Lab):** To ask the Scottish Government what plans it has for the single farm payment scheme post-Brexit. (S5O-02771)

**The Cabinet Secretary for the Rural Economy (Fergus Ewing):** The Scottish Government has set out clear plans in relation to farm payments after exit from the European Union. I commend to Mr Rowley the “Stability and Simplicity” document—I think that this is the fifth time that I have brandished it in the chamber, and rightly so. We will implement our proposals, which cover payments up to 2024. As was stated in the motion in last week’s parliamentary debate on rural support—which I believe was agreed to by everybody except the Tories—we will set up a group consisting of producer, consumer and environmental organisations to inform and recommend a new, bespoke, long-term policy for farming and food production for Scotland.

**Alex Rowley:** I look forward to the cabinet secretary sending that document. Farmers are concerned about what will happen post-Brexit. When does the Scottish Government intend to introduce its agriculture bill? The cabinet secretary specifically mentioned the group consisting of producer, consumer and environmental organisations. When does the Scottish Government intend to convene that group, what will be the process for appointing representatives of those organisations and what will be their role once appointed?

**Fergus Ewing:** There were several questions there.

Mr Rowley referred to farmers, who responded to the document in large numbers last year. Overall, the responses were supportive of our approach, which is to provide stability and certainty in the face of the Brexit uncertainty to which Mr Rowley rightly referred. The proposals in the document are the most comprehensive set of proposals in the United Kingdom and will last for a period of five years in Scotland. That certainty and stability, which has been welcomed by farmers, is a positive step forward in helping the farming sector.

Alex Rowley asked what we will do about setting up the stakeholder group. The proposal came from Mr Rumbles and I was happy to agree to it—I am looking at Mr Rennie, but it was not him who proposed it; it was Mr Rumbles. We agreed to that just last Thursday, so we are obviously in the early stages of looking at those questions. However, I intend to make progress as rapidly as I can to bring forward a distinguished group that represents all relevant stakeholder interests, in accordance with Parliament’s wishes, as agreed to by a substantial majority last week, except by the Tories.

**Gail Ross (Caithness, Sutherland and Ross) (SNP):** Will the cabinet secretary advise what guarantees have been put in place to ensure funding for forestry, woodland creation and tree planting in the future?

**Fergus Ewing:** Funding for forestry is provided by the Scottish Government in partnership with the EU. We have come to rely on EU funding, which is vital to the continuing success of forestry.

On Monday, I sought from Michael Gove better assurances about the future of forestry, which I did following the submission to Mr Gove of a letter from Confor in Scotland. In the letter, it pointed out that, whereas some assurances have been received on funding for farmers until 2022, funding for forestry is subject only to assurances on contracts entered into up to 2020 and, not unreasonably, Confor asked for assurances for the same length of time as for farmers. I asked Mr Gove the question—it came from the industry and I thought that it was reasonable—and I pointed out that forestry is a long-term venture; for example, nurseries plan three years ahead and the average substantial woodland proposal takes 18 months.

The lack of assurances is already impairing investment in forestry in Scotland but, despite that, Mr Gove completely failed even to recognise that there is a problem. That is completely unacceptable of Mr Gove and I deeply regret that. However, we will continue to persevere and I hope that all colleagues—including even the Conservatives—will support the efforts to ensure that there is proper, structured, guaranteed, long-term, clear funding for forestry, which is a long-term sector.

### Land Management Support (Principles)

**5. Mark Ruskell (Mid Scotland and Fife) (Green):** To ask the Scottish Government what its response is to Scottish Environment LINK’s 10 principles for future land management support in Scotland. (S5O-02773)

**The Cabinet Secretary for the Rural Economy (Fergus Ewing):** The Scottish Government welcomes Scottish Environment

LINK's 10 principles for future land management support in Scotland. The proposals broadly reflect what other stakeholders, the agriculture champions, the national council of rural advisers and the common agricultural policy greening review group already recommended and also the key principles that were set out in the motion that was agreed in last week's parliamentary debate on future rural support.

The principles will be considered more fully as part of the wider process in relation to future policy. I particularly welcome the call for accountability on definable outcomes, which is why I have already signalled my intention to put a cap on the level of maximum payments in the future.

**Mark Ruskell:** I welcome the plans for stakeholder engagement that were discussed and announced last week. However, since 2016, the cabinet secretary has convened no fewer than five stakeholder groups to advise on food and farming policy, which, for the most part, have met behind closed doors, worked on short-term remits and reported only to him, not to Parliament. How will the cabinet secretary ensure that the new group is transparent and that Parliament and the wider public can be involved in its work?

**Fergus Ewing:** The public can be involved at any time by writing to me or to other MSPs; their representations are quite properly considered. They can also contribute to the work of the groups by making their views known. The groups have published their reports—they have been made available to the public—so I do not accept the principle that somehow the work has been other than welcome, positive and a constructive contribution to the debate overall. I think that I am right in saying—although Mr Ruskell will, no doubt, correct me if I am wrong—that the Greens last week supported the proposal to set up this group. I hope that that support is still forthcoming.

**Donald Cameron (Highlands and Islands) (Con):** I refer to farming in my entry in the register of members' business interests. Scottish Environment LINK also called for opportunities for young people to work and manage the land, and it hopes that new entrants to traditional sectors will be encouraged and supported. How can the Government realistically achieve that when it has decided to close its new entrants capital grants scheme and has failed to replace it?

**Fergus Ewing:** I have been proud that Scotland, in contrast with other parts of the UK, has had very substantial support for new entrants, which has helped many new entrants into farming. Such support was not available in other parts of the UK; Mr Cameron and his colleagues never mention that.

Of course, the farming opportunities for new entrants initiative, which Henry Graham is developing with our full support to help new entrants into farming, still continues, and the "Stability and Simplicity" consultation paper sets out very clear proposals on the desirability of looking to develop new proposals that will help further new entrants into Scottish farming.

## Scotland's Future Economy

**The Deputy Presiding Officer (Linda Fabiani):** The next item of business is a debate on motion S5M-15390, in the name of Richard Leonard, on Scotland's future economy. I invite members who wish to speak to press their request-to-speak buttons. I call Richard Leonard to speak to and move the motion.

14:58

**Richard Leonard (Central Scotland) (Lab):** In recent weeks, we have witnessed again the unacceptable face of capitalism, from Kaiam Europe Ltd in West Lothian to Healthcare Environmental Services Ltd in North Lanarkshire. While Parliament was in recess, almost 500 working women and men discovered first that they would not be paid and then that they were losing their livelihoods altogether.

There are outstanding questions about both those recent workplace closures, to which I hope we will get answers this afternoon—questions about who, including Scottish Government officials and even ministers, knew what and when. We will come to them in the debate. The point is that the industrious women and men who worked in those firms and who, through their hard work and endeavour, created the wealth that built those businesses up, were the last to know. By any measure—economic, social or moral—that is simply not right.

We will move the motion and have raised the debate not simply because that is a battle over jobs in the Scottish economy—although it is. We have done so because it is also a battle over justice in the Scottish economy.

The trouble is that what has happened in recent weeks is not unique. Over the past few months, I have met too many working people whose jobs are under threat. Along with Colin Smyth, who will speak later in the debate, I met Pinneys of Scotland Ltd workers in Annan, where 700 jobs have been lost in a devastating blow to the local community. In fact, I met those people on the day when the first of them were leaving the factory for the last time. They told me that it felt like a bereavement.

Just before Christmas, I met the workers at Gemini Rail Services UK Ltd in Springburn, whose jobs are also now under threat—jobs that have existed for 150 years. I have to say that the economics of neoliberalism, the rule of the market, the push for deregulation, the doctrine of fiscal austerity and the experiment of privatisation are what has led, in the end, to the threat to those jobs in Springburn.

Today's debate is about Parliament reasserting itself: it is a declaration of intent that the economy not be left to the market, and that we will not stand by while working people are exploited and cast aside. It is a rejection of the creed that the economy is nothing to do with Parliament and politics: it is everything to do with Parliament and politics. This Parliament is nothing if it does not side with the working people whom we represent.

I do not believe that the answer to the crisis in our economy is to be found in nationalism—either Scottish or British. We say to the Scottish National Party that, of course, Brexit represents a major immediate threat to our economy. The reason why many of us not only voted for remain but campaigned for it in 2016 was precisely the big economic shock that withdrawal would bring. It is why we have argued for a customs union with the European Union, for a close economic relationship with access to the single market, and for a commitment to maintenance of worker's rights, consumer rights and environmental rights. It is why, all along the line, we have implacably opposed a no-deal Brexit.

However, the damage that is posed to the Scottish economy by the threat of independence, about which the First Minister was tweeting just this morning and held a press conference just this afternoon, and the prospectus of the sustainable growth commission, which she was not tweeting about and which the Cabinet Secretary for Finance, Economy and Fair Work sat on, is a far worse threat. Therefore, we will not support the SNP amendment.

**John Mason (Glasgow Shettleston) (SNP):** Apart from the bit about nationalism, I agree with a lot of what Richard Leonard has said. If his attack is on neoliberalism, does he not think that Scotland might be healthier and might have less neoliberalism if we were independent?

**Richard Leonard:** No.

**James Dornan (Glasgow Cathcart) (SNP):** Do you want to back that up?

**Richard Leonard:** The member should look at the growth commission report. It is a recipe for neoliberalism and further austerity.

Neither will we support the Tory amendment, which advocates the very neoliberal, small-state, free-market economics that created the crisis in the first place, and which is now discredited—no least in the eyes of the people.

The existing imbalance of power in our economy will not be addressed by nationalism, which would simply leave economic relations—and, so, power relations—unreformed. Simply transferring power from one Parliament to another or from one group of politicians to another, whether from Strasbourg

and Brussels to London or from London to Edinburgh, will not address the real democratic deficit that exists.

People need more than a vote; they need a voice. That is why for us the answer is to be found first and foremost not in national sovereignty, but in popular sovereignty.

It is not enough to denounce the existing system, either. We have to give people hope. To do nothing is to be complicit in the injustices that we have witnessed in recent weeks. We firmly reject the doctrine of inevitable decline; rather, we need to invest in a modernised industrial base and we need to invest in the workforce to innovate in it and to run it, as well.

Let me be clear. The Scottish Labour Party is not simply calling for a Keynesian-style reflation of the old economy, or asking to

“take the tears out of capitalism”,—[*Official Report*, 1 June 2017; c 61.]

as somebody once said. We are calling for a wholly new approach that is based on popular democracy and workers’ rights, on sustainable development, and on a social as well as an economic purpose. We are calling for an approach to the economy in which the needs of all will count for more than the profits of the few, and in which there is nothing wrong with running industries and services in line with the wider national interest, rather than in the narrow shareholder interest.

It is a transformative change that we are after—change in which we build for full employment, that is investment led, in which we close production and productivity gaps, in which we secure an industrial renaissance that is ecologically sustainable, and with a new investment bank that looks beyond the market and opens up the prospect of public planning. The argument is not about whether we can afford to make the change; it is about a realisation that we cannot afford not to. It is about new ideas, but old ideals, as well.

We are proud of the fact that we are a Labour Party that stands firm with the trade union movement—a Labour Party that is proud of its past, but which is building for a future. We want Scotland—the home of Robert Owen and the birthplace of the Fenwick weavers—to be the co-operative wellspring of democratic ownership and to become the Mondragon Corporation of the north. A report by the New Economics Foundation, entitled “Co-operatives Unleashed”, shows the urgency of the situation.

With that ambition must come investment, but accountability must also come. It is welcome that, last August, the Scottish Government announced that it was setting up a new group to increase employee ownership in Scotland from about 100

to 500 businesses, but it is hugely disappointing that it was given only £75,000 to do it. We know that that is symptomatic of a wider level of mediocrity and malaise in the landscape of industrial development support in Scotland.

Since 2007, Scottish Enterprise has awarded £222 million in regional selective assistance grants. Just £140 million of that has been awarded to Scottish-owned firms. We know, because it is a matter of public record, that Michelin Tyre plc received £4.5 million in regional selective assistance, 2 Sisters Food Group in Cambuslang received £0.5 million and Kalam in Livingston received £850,000.

There is a wider point to be made about what that bias in grant awards means. It has not challenged, but has entrenched even further the branch-plant model of the Scottish economy, with the result that, according to the Scottish Government’s own statistics, overseas-owned firms now generate a third of all turnover in the Scottish economy. In manufacturing industries, at which much of regional selective assistance is targeted, nearly half of all turnover is now in firms that are owned overseas.

We want a rebalancing of the economy. We want a more mixed economy. That means that Gemini Rail Services UK, which for decades was in public ownership, should be considered once again for public ownership, when we return the railways back to public ownership. It means that Healthcare Environmental Services, which has grown as a result of public sector contracts, largely in the national health service, should be insourced, not outsourced. It also means that we should, with companies that seek RSA grants, or which will in the future seek Scottish national investment bank loans or equity stakes, be entering agreements that include not just job guarantees but investment guarantees.

**Murdo Fraser (Mid Scotland and Fife) (Con):** Will the member take an intervention?

**The Deputy Presiding Officer:** Mr Leonard is in his final minute.

**Richard Leonard:** Here is another radical idea: all workers should be given a statutory preferential right to buy the enterprise that they work for when it is put up for sale or faces closure. If Parliament can back land reform, it can also back industrial reform.

Parliament and the Government have a choice. We can go on as we are or we can take a more radical direction. Ownership is power. We can extend democracy in the economy, we can liberate people at work and we can make a real change. That is what people are crying out for, that is what the Parliament needs to do and that is

what the Labour Party will continue to argue and campaign for.

I move,

That the Parliament expresses its solidarity with the people and communities who have suffered as a result of recent workplace closures, including those at sites in Cambuslang, Dingwall, Dumfries and Galloway, Dundee, Livingston and Shotts; believes that Scotland's future economy needs to be rebalanced with an industrial strategy to promote indigenous business development and to grow a more diverse economy that puts the interests of employees and their communities at its heart, and calls on the Scottish Government to increase support for growing public, co-operative and employee ownership models.

15:10

**The Cabinet Secretary for Finance, Economy and Fair Work (Derek Mackay):** I am genuinely pleased to speak in today's debate on Scotland's future economy, which follows on from yesterday's pertinent debate on a just transition to a carbon-neutral economy. I am grateful to Richard Leonard for lodging his motion so that we can consider our efforts on the economy and the important matter of jobs. Across the chamber, we all agree that Scotland has huge economic potential and we all support fairness and quality employment.

Richard Leonard believes that Scotland's future economy needs an industrial strategy. I say that we already have one—it is focused on the strong, vibrant and diverse economy that is necessary to support quality jobs and strong, resilient regional economies.

**Claudia Beamish (South Scotland) (Lab):** As my colleague Richard Leonard highlighted, regional selective assistance is focused heavily on foreign-owned rather than indigenous firms. Why is that? Is there any way in which the Scottish Government could address that quickly?

**Derek Mackay:** I am genuinely trying to make the debate as consensual as possible, because I think that there is a lot of agreement on what we want to achieve for the economy. I am making a genuine attempt to ensure that we reach a consensus.

The simple answer is that we are bound by some legal impediments with regard to how we can direct financial support; I am referring to state-aid rules and so forth. Do I want to support indigenous companies? Of course I do, but if we take the example of Michelin, which is a foreign-owned company, I do not think that Richard Leonard was suggesting that we should not have supported Michelin to grow, expand and recalibrate. I make the point that, at the same time as we are asked why we do not do more to support companies to provide quality jobs, we are challenged on why we support certain foreign-owned companies to grow. Do we want to do more

domestically? Yes, we do. Do we want to do more on the just transition to a carbon-neutral economy, which we debated yesterday? Yes, we do. We are recalibrating the enterprise agencies' work on upskilling and upscaling domestic and indigenous companies. I am very focused on targeting our financial support on that, and I hope that that reassures Claudia Beamish.

The Government is working to create the conditions for greater and more inclusive economic growth, to raise the standard of living and to better fund our public services. It is right for the Parliament to reassert itself but, over recent times, we have taken action in relation to individual industrial and commercial difficulties. At last week's meeting of the Economy, Energy and Fair Work Committee, at which I, too, gave evidence, the Minister for Business, Fair Work and Skills, Jamie Hepburn, covered in detail the work that we are doing in relation to some of the companies that Richard Leonard mentioned.

As we might expect, the leader of the Labour Party seeks to abolish capitalism as he sees it, but I have to say that the Scottish Parliament is a wee bit constricted in what it can do from the point of view of macroeconomic policy and the economic model. [*Interruption.*] Murdo Fraser says that that is just as well. When it comes to macroeconomic policy, we are largely bound by Westminster decisions, but we are doing what we can to support an economic strategy that sets out our vision for sustainable and inclusive growth that boosts competitiveness while tackling inequalities and that delivers for our communities, the environment, workers and business.

The economic action plan, which was launched last year, reinforces the vision that we have set out. Examples of the financial investment that we are making to achieve that vision include city region deals, which focus on tackling inequality and supporting those regional economies. So far, we have committed more than £1 billion of investment through the deals across Scotland, and that significant injection of investment to accelerate inclusive economic growth can deliver tangible benefit in the form of jobs and new opportunities for businesses in growth areas to expand in an inclusive way. That is why my amendment refers to the growth deals and demands that the UK Government matches the funding to which the Scottish Government has committed.

In addition to their direct impact, the deals have been the catalyst for the development of the regional economic partnerships that are evolving across Scotland. The partnerships bring together local authorities, education and skills providers, the third sector and the private sector, and they



can be powerful tools for creating the linkages across the economy that drive inclusive growth.

I want to refer to some of the current economic indicators to show where we are right now. The unemployment rate sits at 3.8 per cent, which is the joint lowest rate on record and lower than that of the United Kingdom, and our productivity growth has been higher than that in any other country or region of the UK, including London, since 2007—in other words, over the period of this Government. Yes, we want more employee ownership, and we made commitments in that respect in the programme for government. I would also point out that we have had five consecutive quarters of growth in gross domestic product, but that is being challenged by the Brexit chaos that the UK Government has brought upon us.

I have heard what Richard Leonard has said very clearly. Many workers in Cambuslang, Dingwall, Dumfries, Dundee, Livingston and Shotts will take little comfort from the success that is being shown in those economic indicators, and I am absolutely mindful of the fact that those workers are being affected. The Government is putting in place support, with the involvement of partnership action for continuing employment, where that is required. Some companies volunteer to the Scottish Government the fact that they are in financial difficulties, but some do not—

**Neil Findlay (Lothian) (Lab):** Will the cabinet secretary give way?

**Derek Mackay:** No, I want to make progress. I have not much time left, and I want to say a few more things.

Where we can take action, we have done so, as I think that I have been able to show in a number of areas. PACE gets involved when there are redundancy issues, and we try to find the people involved alternative employment. However, we must not forget the example of Michelin in Dundee, which I have already mentioned. That involved a partnership approach that brought together key politicians, the local authority, the company itself and—crucially—the trade unions to ensure that we got the best possible outcome for the site and its workers. It will lead to future growth opportunities with quality employment and innovation that will make a difference to, for example, remanufacturing, recycling and low-carbon transport. It supports the ambitions that we have laid out in recent debates and the workers in what has been a very difficult time.

Of course, each company is different. At this point, I want to mention the biggest threat to our economy right now, and it is significant and real.

**Jenny Marra (North East Scotland) (Lab):** Will the cabinet secretary give way?

**Derek Mackay:** I think that I am in my last minute.

**The Deputy Presiding Officer:** He is indeed, Ms Marra.

**Derek Mackay:** I just want to say a word about Brexit. The Government's amendment refers to it because leaving the European Union and taking us out of the single market against our interest will place Scotland at a competitive disadvantage. This debate is focused on business, and it is not unreasonable to expect the UK Government to set out urgently and clearly its plans for supporting the economy and businesses as they face the Brexit challenge. I will set out the further support that we as a Government can deliver, but the chaos that has been created by the UK Government needs to be addressed.

We want Scotland to be the best place to live, work and invest in, and the Government is absolutely committed to that through our economic action plan and economic strategy. We will intervene where we can if there is any way in which we can support companies and the workforce, and, like Richard Leonard, we have a desire to see more employee-owned companies.

Scotland has huge economic potential. We want to work together to unlock it in the interests of all the people of Scotland.

I move amendment S5M-15390.3, to insert at end:

“; urges the UK Government to support Scottish industry by providing an additional £388 million to match the Scottish Government's commitment of £1,584 million to deals and additional investments in city regions; recognises that the biggest threat to Scotland's economy, including its industrial sector, is leaving the EU, and calls on the UK Government to rule out a no deal Brexit.”

15:19

**Dean Lockhart (Mid Scotland and Fife) (Con):** The fiscal framework now means that the size of the Scottish Government's budget will largely be determined by the performance of Scotland's economy relative to that in the rest of the UK. Over the past 11 years under the Scottish National Party, Scottish economic growth has averaged 0.7 per cent; the Fraser of Allander institute has described that as the longest period of low growth in 60 years, and the rate as half that of UK economic growth. The Scottish Fiscal Commission is forecasting another five years of Scotland's economy underperforming against that in the rest of the UK, which will have a significantly negative impact on the Scottish budget.

There we have it: after 11 years of SNP Government, we have a low-growth, low-productivity, low-wage economy. We have an SNP Government that has failed to meet every one of

its own seven economic targets. Scotland is now the highest-taxed part of the UK for workers who earn more than £26,000 and for businesses that are looking to expand. We have the lowest business creation rate in the UK and have seen a series of large-scale business failures—as referred to in Labour’s motion—which shows that the SNP’s enterprise policy is not working.

It does not have to be that way. Scotland’s long-term economic growth rate is above 2 per cent. Conservative members believe that Scottish economic growth can return to that level. However, for that to happen, we need a new direction in economic policy.

**Derek Mackay:** Will the member give way?

**Dean Lockhart:** I will. Perhaps Derek Mackay is about to tell us what his new economy policy will be.

**Derek Mackay:** Dean Lockhart just mentioned that there is a different path. Will Brexit assist or be a disadvantage to GDP growth?

**Dean Lockhart:** Brexit applies to all of the UK, and the economy of the rest of the UK is growing at a far stronger rate than Scotland’s economy. The cabinet secretary should not try to blame Brexit for the Scottish economy’s underperformance for the past 11 years under the SNP.

**Sandra White (Glasgow Kelvin) (SNP):** Will the member take an intervention?

**Dean Lockhart:** I need to make a bit of progress.

We have long argued that the SNP’s economic policy is not fit for purpose. The Fraser of Allander institute agrees. Late last year, it called on the SNP to change course—

**Sandra White:** Will the member take an intervention on that point?

**Dean Lockhart:** Let me make a bit of progress.

The Fraser of Allander institute said that it is

“time that the government looked again at its overall approach to economic policy.”

Commenting on Derek Mackay’s so-called economic action plan, the institute asked:

“where is the clarity of purpose ... that underpins what the government is trying to achieve?”

Our amendment to the Labour motion indicates how the Scottish Government can change course on economic policy and deliver the high-paid jobs that everyone wants. The UK industrial strategy is the most far-reaching and ambitious UK economic policy in decades. Under the strategy, £50 billion of funding will be made available for research and

development, investment in new technologies and the commercialisation of innovation across the UK.

The strategy makes available a scale of investment for Scotland’s economic development that would not be possible in a stand-alone Scottish economic policy. Investment of scale, additional R and D and global expertise are precisely what many of Scotland’s innovative new industries—including the life science, low-carbon and fintech sectors—need in order to scale up.

According to the Scotch Whisky Association,

“The UK Industrial Strategy presents an opportunity for ... the Scotch Whisky industry to flourish as a flagship manufacturer and exporter.”

**The Minister for Business, Fair Work and Skills (Jamie Hepburn):** Will Dean Lockhart give way?

**Dean Lockhart:** I will give way in a second.

To address Richard Leonard’s concerns about neoliberalism, I note that the UK industrial strategy is about creating higher-paid jobs; it is not about trickle-down economics.

**Jamie Hepburn:** If the UK’s approach to R and D policy is so much better than Scotland’s, can Mr Lockhart explain why, in 2017, R and D spend increased by 13.9 per cent in Scotland, but by only 2.9 per cent in the UK as a whole?

**Dean Lockhart:** I think that the minister will find that, over the past 11 years, R and D across the UK as a whole has been higher than in Scotland on business research and development.

To fully capitalise on the opportunities under the UK industrial strategy and to create the high-paid jobs that the Scottish economy needs, the Scottish Government should incorporate elements of the UK industrial strategy into its economic policy and work closely with the UK Government to deliver the full benefits.

We have also long argued that increasing the tax gap between Scotland and the rest of the UK will damage the economy. Scotland needs to attract the brightest and the best from around the world. That is important not just to address the skills gap in highly skilled sectors, but to attract more higher-paid workers to strengthen Scotland’s tax base.

The Finance and Constitution Committee heard evidence that, for every 20 new additional-rate taxpayers in Scotland, the Scottish Government would get an extra £1 million in tax revenue. If we could attract 2,000 new additional-rate taxpayers to Scotland, the Scottish Government’s budget would get an extra £100 million in tax revenue per year. However, instead of trying to attract higher-paid workers to Scotland, the SNP is doing exactly the opposite by making Scotland the highest-taxed

part of the UK for them. It is time for the SNP to listen to leading organisations such as the Scottish Lifesciences Association and reverse its policy of increasing the tax gap between Scotland and the rest of the UK.

I turn to the array of enterprise and skills policy. Scotland spends £2.5 billion a year on enterprise, which is over 50 per cent more than what the rest of the UK spends. However, business development rates and economic growth in Scotland are lower than they are in the rest of the UK.

Last year, the Parliament agreed to a motion that recognised the problem of the cluttered enterprise landscape. However, instead of streamlining the enterprise landscape, the SNP has created another two quangos: the Enterprise and Skills Strategic Board and the Scottish national investment bank. It is still not clear how those bodies will help to streamline the enterprise landscape. That is why we are calling for the enterprise landscape to be streamlined. That needs real leadership from the Scottish Government, and taxpayers need to see a better return on their investment.

Government policy needs to prepare Scotland for a digital future. The Economy, Energy and Fair Work Committee has heard that only 9 per cent of businesses in Scotland have embedded digital in their business operations, compared with 43 per cent of businesses in other countries. That digital gap presents a massive challenge for companies that are looking to increase their exports. The global export market is increasingly dominated by e-commerce and digital platforms. Scottish businesses will lose out on those trading opportunities if we do not address the digital gap. That is why we are calling for the establishment of a dedicated institute of e-commerce—a specialist public agency in Scotland that would help to move large and small businesses online in order to take advantage of global opportunities in e-commerce and get the Scottish economy ready for a digital future.

I will wrap up. We have heard yet again the cabinet secretary attempt to hide an 11-year economic failure by blaming Brexit. The reality is that the SNP has been in charge of Scotland's economy for 11 long years and has turned it into a low-growth, low-productivity and low-wage economy. That is why it is time for a new direction in Scotland's economic policy.

I move amendment S5M-15390.1, to leave out from “believes that” to end and insert:

“notes the economic forecasts of the Scottish Fiscal Commission, which state that Scotland's economic growth will continue to be subdued over the next five years and will continue to underperform that of the UK; regrets Scottish Government policies that have made Scotland the highest-

taxed part of the UK; believes that it is time for a new direction for Scotland's economy, and calls on the Scottish Government to work together with the UK Government to capitalise on opportunities arising from the UK-wide industrial strategy.”

**The Deputy Presiding Officer:** I call Patrick Harvie. You have a strict six minutes.

15:26

**Patrick Harvie (Glasgow) (Green):** I am grateful for the opportunity to contribute to the debate. In particular, I am grateful that Richard Leonard's motion gives us all the opportunity to reinforce its opening sentiment in expressing solidarity with those who have been affected by recent announcements on workplace closures and jobs losses. The individuals, their families and their wider communities should be in all our thoughts.

I am pleased that, in opening the debate, Richard Leonard made it clear that the wealth of our economy is created by all of us—by people who work in the economy, and not by some supernatural small subsection of society called “wealth creators” or “entrepreneurs”. It is not only those who own businesses or those who control capital who create the wealth of our economy; all of us do. Furthermore, it is not only those in paid employment who do so. There is a great deal of unpaid work in our society—caring for one another, looking after our communities and volunteering in our communities—and that is critical to creating the wealth of our whole society in the widest sense.

I am also pleased that the motion offers an opportunity for consensus. My amendment, which was not selected, would have added a little. The Liberal Democrats do not have an amendment, so I assume that they are happy with the motion—we will hear about that in a moment.

The Government's amendment also adds to the motion. If the Labour Party does not support the Government's amendment and the opportunity for consensus is not taken, I will regret that. I say bluntly to Richard Leonard in the best and—I hope—the most constructive sense that, if the Government's amendment had raved on about the growth commission, I would have absolutely voted against it. I would have voted against that kind of agenda without hesitation. However, the Government's amendment does not do that. It talks about extra investment, although perhaps not as much as is justified. I hope that none of us would be unwilling to welcome extra investment if the UK Government were to give it.

The Government's amendment also talks about ruling out a no-deal Brexit. I hope that the Labour Party agrees with that. I would regret it if we could not unite on that point.

**Neil Findlay:** I do not know whether Mr Harvie was in the chamber for the cabinet secretary's statement. I made it absolutely clear, as Richard Leonard did in his speech, that we absolutely oppose a no-deal Brexit and that we will never accept it.

**Patrick Harvie:** I am very pleased to hear that and I hope that we can unite around that position by backing the Government's amendment.

I am always happy to debate the future of the economy. One of the reasons why the green movement and the Green party exist is to offer different ideas about the future of our economy, because we are convinced that the current extractive, exploitative, fossil fuel-powered and growth-dependent economic model that is dominant in the world has given us a legacy of environmental crisis and inequality. Our approach to that, and to the case for an industrial strategy, was largely set out in yesterday's debate on just transition. The work that we have done, including our report "Jobs in Scotland's New Economy", shows that there is a huge opportunity to create high-value, lasting and genuinely sustainable employment in the industries that can replace the fossil fuel industries. However, we will not see the change take place if we do not recognise the change that is coming.

I will make a comparison between the approach to the fossil fuel industries as they exist in Scotland and, although on a smaller scale, the Longannet power station. For years, we all knew that Longannet was coming to the end of its life. The Government knew it, the local council knew it, the owners and operators of the plant knew it and the workforce knew it. Everybody knew that the plant was coming to the end of its life, but for the most part people buried their heads in the sand and said that they were fully committed to the long-term operation of the plant. The last 10 years of the plant's operation should have been dedicated to generating investment in the local area to replace that economic activity.

**Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** Will the member take an intervention?

**Patrick Harvie:** I will do so in a moment.

We are in danger of seeing the same failure to invest on a much bigger scale in relation to the North Sea. The oil and gas industry cannot last in its current form—at least, not on its current scale. It is not the future of our economy and we can make the case for investment in something new—something that can be genuinely sustainable—only if we recognise the change that is coming.

**Rachael Hamilton:** I am interested in Patrick Harvie's comments on jobs that are reliant on fossil fuel energy production. Going forward, we

will be looking at new forms of energy, and I wonder if the Green party has any solutions or suggestions for job recreation, if fewer jobs will be created in the fossil fuel industry.

**Patrick Harvie:** Yes, indeed. I will happily send the member a link to the various reports that we have published on that subject over the years.

I will set out the case for local energy companies as an example. If every local authority in Scotland had the opportunity to create its own local energy company, perhaps in concert with housing associations or other community bodies, such as local development trusts, there would be a huge opportunity to turn more of the energy industry's economic activity into public investment in the built environment and other areas.

I will make one more point—I know that we are tight for time, Presiding Officer. Brexit is a profound threat—indeed, not only Brexit, but the loss of freedom of movement, which is an historic political achievement that is about empowering people in the economy. I hope that, in his closing speech, Richard Leonard will take the chance to agree that we must not return to the idea of an economy in which capital is more free to move than people are. If his party is committed to that, will he continue to back the principle of freedom of movement, whatever the outcome of the Brexit shambles that we are seeing down south?

15:33

**Willie Rennie (North East Fife) (LD):** We are living at an incredible moment. I agree with the SNP amendment, that Brexit is the biggest threat to our economy, to our cost of living and to our way of life. Breaking from Europe would be damaging and I say to the Labour members who are still in the chamber, that means any form of Brexit, not just a no-deal Brexit. A no-deal Brexit would be damaging, but so, too, would any form of Brexit. Breaking from the UK by way of independence—if we ever agree to it—would be equally damaging, if not more so. We should learn the lessons from Brexit and reject independence, too.

Yes, the Scottish economy is stuttering. Yes, there is a real need to address both the job losses at the specific locations across Scotland that are mentioned in the Labour motion and the pain that those losses cause individuals and families. Yes, city deals are part of the solution. We agree that the UK Government should contribute more to the city deals. The difference between what the Scottish Government is contributing and what the UK Government is contributing is £388 million.

Nick Clegg was the driver behind city deals during the coalition days. I remember that period of politics and wish that we could return to that

calm period with Nick Clegg. It is reasonable for me to point out that the one deal that happened before the 2015 election—the Glasgow city deal—saw a broadly equal level of funding from the two Governments. The Conservatives should have stuck to that wise Liberal Democrat approach from the Nick Clegg days.

Today, I want to talk about an issue that does not affect just our economy and way of life, but will affect countries across the world. We are in the midst of a technological age that is transforming the world around us at a pace that we have never seen before.

The internet has fundamentally changed almost every aspect of our lives—how we work, shop and relate to one another. Advances in robotics and artificial intelligence are creating possibilities that, just a few short years ago, were in the realm of science fiction.

However, with the age of the internet, every great liberating advance that is produced throws up new problems, and new risks. Constant technological advances in automation and artificial intelligence threaten many traditional jobs, in manufacturing, retail, transport and professional services.

Over the next 15 years, almost one in every three current jobs in Britain could be automated. That will affect 10 million people. What will we say to the truck driver whose job is a thing of the past; to the shop assistant laid off as robots fill the gap; or to the paralegal or auditor whose knowledge and analysis is no match for the algorithm?

Machines still have limits, and will continue to do so. They cannot empathise or accurately mimic the full complexity of human interaction. Increasingly, that will be what separates us from them. Our very humanity will be more precious than ever.

For example, our ageing population requires a growing care sector. Care work should no longer be dismissed as low paid and unskilled. Instead, we need a care revolution, to place care-giving where it belongs, as a vital and hugely valued part of our society, with well-paid staff who are recognised for the significant skills that they bring.

I believe that we should welcome the advent of new technologies and the opportunities that they bring, but we must anticipate that people without adaptable skills could be hurt badly. One of the answers must be a massive investment in education, skills training and retraining.

New technologies can create high-skilled, well-paid jobs, or turn us into minimum-wage drones. Search for a list of potential new jobs and the roles sound like something straight out of a sci-fi novel:

cyber city analyst, man-machine team manager, personal data broker.

There are stories of faceless algorithms bossing around warehouse staff to meet next-day delivery targets, and workers who avoid drinking water so that they do not lose time going to the toilet. Technology is supposed to make work better; it is not supposed to turn us into machines. We must ensure, too, that the proceeds of that progress are not hoarded by the rich and powerful, but shared to create a fair and just society.

The Government must start planning for that future. This is not a time for incremental change. That is why my party has established a technology and artificial intelligence commission to explore how we can make the most of the possibilities that this revolution brings, and to ensure that all of us can benefit from them. The commission is being led by Dr Sue Black, who led the campaign to save Bletchley Park.

The advances in robotics and artificial intelligence will help us to do things that many of us have committed to over generations, on education, transport, poverty, health, care and more, but we must plan, address the challenges that come with that progress and ensure that we all share the proceeds of that change.

**The Deputy Presiding Officer:** We move to the open debate. I warn members that we are very short of time, so I ask for strict timings of six minutes, unless otherwise agreed.

15:39

**Jenny Marra (North East Scotland) (Lab):** My city of Dundee knows all too well the pain of factory closures and job losses. When globalisation was a new phenomenon, Dundee was at the forefront of it, with the bitter and heartbreaking closure of the Timex factory. Ten years later, the Levi Strauss & Co factory closed its doors, and NCR has gone from employing 6,000 people, including members of my family, to employing 500 today.

Now, the Michelin factory is due to close. At the start of November, Michelin announced that it would end production in Dundee by 2020, with the loss of 845 highly skilled, well-paying jobs and the closure of Dundee's last large-scale manufacturing plant. The cabinet secretary knows that it was known in the city for years that Michelin owed its survival in a difficult global market to having a productive workforce and a stellar relationship between the trade union and management. However, that was not enough for Michelin to survive today's environment. We have again seen the flight of capital from our city, and we have the awful knowledge of the impact that that will have on our community.

Just this morning, I visited Her Majesty's Revenue and Customs offices in Dundee, which are due to close in 2022, with the loss of another 300 jobs. People have planned their lives and families, taken finance on their homes and planned holidays on the basis of expected income and security. During my visit to the HMRC offices, I heard of staff who are married to staff at Michelin, both of whom are expected to lose their jobs in the next two to three years.

As well as the devastating impact on existing workers, the further critical consideration for us, as politicians, is that children who are leaving school and college will have fewer opportunities in the community. If there were only the 850 fewer opportunities at Michelin, that would be bad enough, but I have described some historical closures and the tally of job losses has made the situation much worse for families.

In 2016, I fought unsuccessfully alongside the 115 Flint Group workers to save their plant. A group of workers wanted to buy their plant, as Richard Leonard suggested, but that option was closed to them. In the same year, PressureFab Group Ltd closed, with the loss of 42 jobs. The previous year, Muirfield Contracts shut, with 284 construction workers being made redundant. More job losses in the games sector in Dundee have been announced just this week.

People generally feel more secure in public sector jobs, but that is not the case in Dundee today. There will be 300 job losses at HMRC, and Dundee City Council is expected to make approximately 400 council workers redundant as a result of the SNP's terrible budget settlement for local government. We now know that NHS Tayside is planning for 1,300 fewer posts over the next few years. Fewer members of staff will never solve NHS Tayside's well-documented problems, and the politicians who run the Government in Scotland should know that.

I say to Derek Mackay that we cannot go on like this. His Government is adding insult to injury with public sector job cuts. The cabinet secretary will remember that, at the end of November, he admitted to me at a meeting in Dundee that the Government has no economic plan for the city of Dundee. It has supported the waterfront development and put in place a steering group for Michelin, but we need a much wider economic plan for Dundee, where—I hesitate to say this—work is fast becoming a privilege rather than an expectation. That is why the Labour motion is so important. Our politics were founded on the basis that the right to work gives people dignity and brings hope and security. The constitutional debates are clearly critical for the economic conditions that such change creates, but we must

not take our eyes off what can be done here and now in Scotland to create a better economy.

**Derek Mackay:** Will the member take an intervention?

**The Deputy Presiding Officer:** Ms Marra is just closing.

**Jenny Marra:** I say to the cabinet secretary that we need a proper economic strategy—one that is specifically for Dundee. We have terrible employment figures: we have the lowest male employment rate in Scotland and the highest proportion of males in part-time work. He knows that where there is joblessness, there is poverty and all its associated problems. I would like him to commit, today, to a proper plan for Dundee.

**Derek Mackay:** She did not let me intervene.

**Jenny Marra:** I was not allowed to take the intervention, but I am sure that the minister will give me that commitment in his closing speech.

15:44

**Angela Constance (Almond Valley) (SNP):** Like other members, I am grateful for the opportunity to express my solidarity with all the people who have lost their jobs in Scotland in recent weeks.

I represent the constituency in which I grew up, and I have spoken before about how unemployment marked my upbringing. Whenever there are job losses in my constituency—most recently at Kaiam Europe—it feels as though a scab is being picked or a sore spot is being poked.

Like many members, over the years I have been involved in supporting and representing many people who have lost their jobs. Despite that, it is hard to find the words to express the experience of being present at the meeting on Christmas eve at which Kaiam's administrator, KPMG, broke the news to more than 300 workers that they were being made redundant without notice or pay. Despite the difficulty and distress of that meeting, I was struck by the dignity of the workforce, who should never have had to endure such treatment.

We should not forget that work is part of our purpose in life and our identity, as well as being how we make a living. The creation of meaningful employment is the most important social policy. The cabinet secretary has rightly made that point on a number of occasions.

I take the opportunity again to pay tribute to the wider West Lothian community for rallying round the Kaiam workforce. On the let's help Kaiam employees Facebook page, for example, people are posting job vacancies, offering to help with curriculum vitae and working on donations and fundraising.

The Kaiam experience reminds us that there are lessons that we really need to start learning. Our economic strategy needs to be smarter at getting the right balance and the right connections between the local, the national and the international. Globalisation is not new; it is not the discovery of our generation. We need only look at the history of the silk roads to understand that.

Time and time again in West Lothian, public money has been invested in large, often international, companies that have upped sticks at some point later. I want the Scottish Government and Scottish Enterprise to continue to invest wisely in West Lothian, and I recognise that we can only ever reduce risk and that we can never remove it entirely; but our actions and investments must always seek to anchor high-quality jobs in our communities and must be informed by a forensic understanding of the nature of any business and sector and the interplay between local, national and international issues. Kaiam, for example, was dependent on business from big data companies such as Google, Amazon and Facebook and was operating in a highly competitive market, with stiff competition from China.

Kaiam did not just shaft its workforce; it cheated small supply-chain companies out of payments, too. We must scrutinise how Scottish Enterprise and others detect the early warning signs of financial difficulties in companies, particularly the ones that they account manage. Kaiam had a history of late laying of accounts and had not made a profit since 2012. It also had a history of laying off staff.

We know that 95 per cent of companies in this country are small to medium sized. If we truly believe in diversifying the economy and not putting all our eggs in one basket, we need stronger, earlier outreach and support for smaller enterprises of all shapes and sizes, across all sectors, from the grass roots up. Next week's debate on regional economic partnerships and city deals will be timely.

We need a broad-based economic strategy, which has inclusive growth at its heart. The Government and its agencies should be more assertive and—dare I say—more aggressive about the business pledge and the fair work agenda.

Time is short, so I cannot bear to talk about Brexit.

We look forward to the day when more economic and financial powers—in particular, powers on the national minimum wage—are returned to Scotland.

The lightning rod of our economy should be about tackling inequality, supporting job creators

large and small, being serious about diversity in the workforce and diversification in our economy and getting out and about, to widen our horizons beyond the sterile Scotland-versus-the-rest-of-the-UK economic comparators—perhaps along those silk roads.

**The Deputy Presiding Officer:** I thank Ms Constance for her brevity and remind members that speeches should be six minutes, unless previously agreed.

15:50

**Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** I refer members to my entry in the register of members' interests.

Businesses are the backbone of our economy in Scotland and, indeed, in my Borders constituency. In recent times, we have seen significant job losses and business closures across the region.

Economic mismanagement is at the heart of today's debate and, for a decade, we have seen the SNP's fiscal incompetence hit businesses and, in turn, jobs. Scotland's economic growth forecast is lower than the UK's, as my colleague Dean Lockhart said; Scotland's economy is growing at half the rate of the economy in the rest of the UK; and business investment in Scotland is at a lower level than in 2014.

**John Mason:** Will the member give way?

**Rachael Hamilton:** I will do so in a second.

As Angela Constance said, this is not about comparisons with the UK, but I hope that we can get to the point where we are as successful as the rest of the UK is.

**John Mason:** Does the member accept that at least some of the responsibility for the economy might lie with the Westminster Government?

**Rachael Hamilton:** I would say that perhaps now is the time to consider getting involved in the UK Government's industrial strategy. It contains a long-term ambition to tackle productivity and the current low-wage economy, which hits families hard.

On the Conservative benches, we all know that one does not grow the economy by hiking up the tax on businesses. Unfortunately, under the SNP, we have seen just that. Whether it is on the high street or on the factory floor, the SNP's assault on business has meant that ordinary hard-working people have lost their jobs and that, in some cases, trading has ceased altogether.

A cacophony of higher taxes—whether the large business supplement or higher income tax—combined with an obsession with independence,

has damaged business investment and expansion in Scotland. That is regrettable.

The constituency that I represent—Ettrick, Roxburgh and Berwickshire—has seen its fair share of job losses and workplace closures of late, and that is mirrored across Scotland. Recently we have seen the coat hanger manufacturer Mainetti, in Jedburgh, suffer.

**Derek Mackay:** Will the member take an intervention?

**Rachael Hamilton:** Can I finish the bit about Mainetti please?

Mainetti employs more than 350 staff in Jedburgh. Before Christmas, the company saw 50 jobs cut due to a restructuring programme, which is fair enough, although the situation seems to be mirrored across Scotland, as I have said. However, 50 job losses in a small town such as Jedburgh is significant and the situation was—and still is—distressing for families, friends and all those involved.

Back in 2017, Mainetti made a loss of £561,000 and, this year, they are forecast to make a loss again. I will take the intervention and discuss afterwards how Jim Hutchison believes that has happened.

**Derek Mackay:** I thank Rachael Hamilton for referencing the economic indicators and the responsibility of the Scottish Government. What does she have to say about the fact that unemployment in Scotland is lower than in the rest of the United Kingdom? It is at a record low level.

**Rachael Hamilton:** I congratulate the Scottish Government on that figure but, since 2010, productivity has been low and the security of jobs and the number of hours that people are working are low. We need to make sure that people have future job security.

I was talking about Mainetti's troubles. The managing director of Mainetti, Jim Hutchison, could not have been clearer when he said:

"The business is faced with an ever-increasing cost base, with increases to the national minimum wage, higher electricity costs and higher business rates."

Here, we can look at the things that are the responsibility of the Scottish Government, and the large business supplement has been detrimental to business expansion in the Borders and is now causing firms to cut jobs. Recent analysis has shown that over 320 large businesses in the Borders will fork out over £1.4 million in the upcoming financial year because of the SNP's large business supplement, while some 10 miles over the border, in England, we see a different picture, with lower rates.

The SNP was warned about such disparity: its Barclay review recommended that the competitive disadvantage caused by the large business supplement should be ended. Jedburgh and Kelso are beautiful places that are wonderful to live and work in, but why would a large business want to trade there if, by relocating to Berwick, it could turn a larger profit, employ more local people and have the opportunity to invest further in its business? We know that policies drive behavioural change. At the moment, when it comes to business rates for large businesses, Scotland is uncompetitive and discouraging. Something could be done about that; Derek Mackay could sort it out.

However, the large business supplement is only one part of the story. The anti-business environment that has been created is evident in the recent start-up figures, highlighted in the *Sunday Times*, which show sharp increases in company formations in other major cities, in the rest of the UK, but tell a different story in Glasgow and Edinburgh: Glasgow saw 4.3 per cent fewer start-ups compared with 2017 figures; and the figures for Edinburgh were worse—they were down by 6.5 per cent.

Presiding Officer, I took two interventions. Will I get back my time for that?

**The Deputy Presiding Officer:** No, I have no spare time.

**Rachael Hamilton:** In that case, I come to my conclusion.

The SNP is hitting businesses with higher taxes and that has a consequence: fewer jobs and fewer business start-ups. There is also a lack of focus on supporting mature, job-creating companies. As Labour's motion highlights, that is where we need to see the focus because, somehow, mature companies are falling off the radar.

15:56

**Sandra White (Glasgow Kelvin) (SNP):** I have been looking forward to this debate. It is unfortunate that Richard Leonard chose to use provocative words; I will give him a couple of lessons in that respect. It seems to me as though everybody is seen as a basket case apart from the UK and the union. The most successful countries in the world are Luxembourg, Norway, Ireland, Switzerland, the Netherlands and Sweden. Those are all small, independent countries, Mr Leonard. It is about time that people learned that we do not have all the levers. I wish that we had.

I did not want to react like that—I am sorry—but it is time that people learned that having only 59 MPs representing them out of 650 MPs at Westminster means that the democratic playing field is not level.



I have said what I want to say on that matter, and I thank the Presiding Officer for bearing with me.

On the Labour Party's motion, I have been a shop steward and a trade unionist, so "solidarity" is not a strange word to me; the Labour Party does not own that word. I absolutely express

"solidarity with the people and communities who have suffered as a result of recent workplace closures".

I am concerned about the many people who are unsure and worrying about their jobs and the future, and my concern goes beyond the areas that are mentioned in the motion.

In particular, I am thinking of two huge companies that are based in my constituency. One is HMV. People are worried; they do not know what will happen and they are in limbo. The other is Debenhams. People are worried about that, too. I am thinking particularly about those companies, but I am also thinking about all the others where people are uncertain about their future. I will come on to speak about Brexit, which is certainly making the future uncertain.

I welcome the Scottish Government's calls in its amendment—others might have called for this too—for the UK Government to provide additional funding

"to match the Scottish Government's commitment of £1,584 million to city region deals".

It goes without saying that leaving the EU with a no-deal Brexit will have catastrophic results for Scotland and our economy. The Scotland branch office of the Federation of Small Businesses is in my constituency—I really do thank the FSB for the work that it does. Glasgow Kelvin has one of the highest percentages of SMEs, many of which use local produce in their products and many of which export their products and import parts and ingredients for those products.

On small business Saturday, I visited a number of SMEs in my constituency, as other MSPs did in their constituencies. Brexit loomed large in some of their questions, and concerns were expressed about importing and exporting, the exchange rate, tourism and the eventual viability of their businesses as a whole. It is important that we continue to support and grow our SMEs. They are the backbone and lifeblood of our communities; they are a huge part of our economy and the future. I think that everybody would agree with that.

In the time that I have left, I want to comment on the Fraser of Allander institute's report entitled "Brexit and the Glasgow City Region". Before I do so, however, I should say to the Conservative Party that the report says:

"Growth is projected to continue in the Scottish economy this year and next. But should a 'no-deal' outcome become an eventuality, then growth is likely to slow sharply."

That is a lesson, and the Conservatives should not quote various other issues to me when they cannot quote the absolute truth as well.

The report is about Glasgow and what will happen if a no-deal Brexit comes about. It says:

"As a major European city, with a diverse business base, the Glasgow City Region economy cannot expect to be immune from the impact of Brexit."

It goes on to say:

"Over the years, Glasgow City Region has often punched above its weight in attracting international investment ... Public services also rely upon EU workers to help deliver the care and support that we depend upon ... The City of Glasgow was ranked 6th in the UK in terms of international investment projects gained in 2017 ... There are over 700 EU owned enterprises in Glasgow City region, employing over 46,000 staff."

So, in contrast to Rachael Hamilton's saying that their numbers have dropped, SMEs in Glasgow are really booming. However, if Brexit comes about, the big worry is what will happen to people from the EU—the workers and also EU nationals who own such businesses. That is a huge worry in certain areas—and particularly in my area of Glasgow—and probably throughout Scotland.

I do not mind talking about my own area and my own constituency, so I point out that the report says that

"Glasgow City Region is crucial to Scotland's economy"

and goes on to say:

"Glasgow City alone is estimated to have contributed over £20 billion worth of GVA in 2016—over 15% of Scotland's economic output."

What could we do if we had the full powers and levers of an independent country? Much more than we can do while we are shackled to what I can only call the basket case of the UK as it stands just now and which will become even worse with Brexit.

I ask once again whether Richard Leonard will support the SNP's amendment. It is rather sad that he comes to the chamber with a very good motion but divides it like that.

I am now being told to be quiet, so I will conclude there.

16:02

**Neil Findlay (Lothian) (Lab):** I begin by echoing Angela Constance's very sensible call to end the banal comparison between Scottish statistics and UK ones. That means absolutely nothing to the workers at Kaiam, Michelin, Healthcare Environmental Services Ltd, Carillion,

Gemini Rail Services UK, Spark Energy, Debenhams, HMV, Aulds, Homebase, House of Fraser, Marks and Spencer, STV, Burntisland Fabrications Ltd and Macdonald Hotels—just a few of the companies that have announced closures or significant job losses.

We should not forget that, since 2009, more than 30,000 jobs have been lost in councils alone—the equivalent of a Kaiam a week for 100 weeks. That is the extent of the situation not in the public sector as a whole, but just in councils.

All of that has caused uncertainty, fear and worry for those who remain in employment, as pay is cut in real terms; hours are cut or, at times, increased with no financial reward; and terms and conditions are attacked. That is not good for our economy and society, for people's wellbeing or for social cohesion.

I was alerted to the situation at Kaiam by a pal of mine who worked at the factory. Quickly thereafter, I received phone calls and emails from staff at the plant who were worried about their future. On the Friday before Christmas, Angela Constance and I met West Lothian Council and Scottish Enterprise to discuss the situation. It was clear then that the company was on the verge of going under. There was an outstanding response to support the workers over that weekend from the community and West Lothian Council, and later from the PACE team and other agencies. On the following Monday, we attended a very busy meeting called by the administrators, at which KPMG advised all workers that their jobs would be lost and that the wages that they were owed on Christmas eve would not be paid. Merry Christmas, indeed.

However, as with much in the corporate world, all was not what it seemed. It soon emerged that, in the previous year, the owner of Kaiam had been involved in the purchase and sale of a business in the north of England, securing what he described as “a windfall” in the process. Rightly, workers are asking where the tens of millions of pounds went.

We know that the company filed its accounts late and that it was threatened with closure by Companies House. At the Economy, Energy and Fair Work Committee yesterday, Scottish Enterprise painted a picture of an improving business and a move to profitability, but staff who worked at the plant have said that, at times, they were sitting around doing nothing and that they regularly asked the company how it was making money when they saw work drying up.

We established that Scottish Enterprise was informed of Kaiam's troubles on 16 November. Ministers were informed on 22 November, which was more than a month before workers were told that there was no money to pay them. Further, at

least one contractor, who I met recently, told us about receiving an order for goods and services on 27 November, which put that contractor out of pocket for a significant sum of money and meant that they have had to make staff redundant. The owner of that business is absolutely furious that they have been put in that position when Scottish Enterprise and the Scottish Government could have helped to avoid that. Instead, workers left that meeting on Christmas eve in tears, with no money.

I find it difficult to comprehend that people simply want to brush aside the fact that Scottish Enterprise and the Scottish ministers knew that the company was in major difficulty, with a serious danger of going under and leaving workers being left unpaid, yet no one thought to alert 300 families of that before Christmas.

Last week, we found out that Government minister Jamie Hepburn did not lift the phone to speak to the company. Minister, if you will not lift the phone to try to save 300 jobs, what will it take for you to act? In the same circumstances, would you do the same again? Will you take the opportunity today to apologise to the workers at Kaiam for your inaction?

The responsibility for the company's demise lies with the chief executive. However, there is something wrong with a system that hands over public money and allows that to happen. We must have a serious look at how the conditions of grant awards to such companies are managed and enforced, and at the rights of workers to know what is going on in the place where they work and invest their time and effort.

If the recent industrial bad news from Kaiam and elsewhere has taught us anything, it is that we must have an industrial strategy that rebalances our economy. We cannot carry on with the status quo. We need planning, more industrial democracy and greater accountability.

**The Deputy Presiding Officer (Christine Grahame):** I remind members to speak through the chair. I understand why members might use the word “you”, but, as has often been said, they should please speak through the chair.

I call James Dornan, to be followed by Gordon Lindhurst. Time is absolutely tight—not just for you, Mr Dornan, but for everybody.

16:07

**James Dornan (Glasgow Cathcart) (SNP):** There is no doubt that this is an important topic and I am delighted to participate in the debate. I, too, extend my best wishes to the employees affected by recent workplace closures, particularly to those who were made aware of their

redundancy during the Christmas period. There is never a good time for someone to lose their job, but that is an especially cruel time of year to do so.

I am under no illusions about the challenges that our economy faces, but there should be recognition that Scotland has recovered comparatively well over the years since the global recession. Our economy has continued to strengthen in the first half of 2018, with annual GDP growth that is the strongest that it has been since 2014 and which is above that of the UK as a whole. Scotland's labour market also continues to perform strongly, with unemployment numbers falling over the past year and remaining close to record levels.

Scotland has advantages and resources that few nations can match. This SNP Government is committed to building a fairer and more competitive and sustainable economy and, since 2007, it has taken action to support businesses, create jobs and build a more equal country.

Thanks in part to the work of the Scottish Government in encouraging businesses to pay the living wage, as well as to our free access to higher education and our labour market strategies, productivity in Scotland is growing much faster than it is in the UK as a whole, as measured by output per hour worked. Scotland's best resource has always been its people and SNP policies will continue to support them.

We are assisting our businesses. Scotland's international exports, which were valued at £29.8 billion in 2016, are up 44 per cent under the SNP. Scotland is the top destination outside of London for foreign direct investment, and we are helping small businesses to expand and create jobs. Thanks to the small business bonus scheme, around 100,000 business premises now pay no rates at all and, to date, small businesses have saved £1.3 billion through the scheme.

We are also standing up for Scottish industry. The Scotland for EO—employee ownership—group has been mentioned. In addition, the Scottish Government has worked to secure futures for Scottish steel, the last remaining aluminium smelter at Lochaber and the Ferguson shipyard, too.

The Scottish Government is taking the steps to help our workers, businesses and industries to grow. Of course, we can always do more to improve the economy, but Scotland does not yet have full control over all the levers to grow the economy. Key powers remain at Westminster: power over tax allowances for business, capital gains tax, corporation tax, employers' national insurance and tax on dividends and savings, to name but a few. We are trying to run this economy with one hand tied behind our back.

As is shown consistently in polls, the people of Scotland trust MSPs here at Holyrood far more than they trust Westminster to look after their interests. The greater the powers that this Parliament is given, the greater our chance to support our people and our communities. Let us be honest: the public's lack of confidence in Westminster will only be exacerbated by the carry-on down there over the past few weeks—a carry-on that would have made Sid James and Hattie Jacques blush with embarrassment.

Last night, the Prime Minister lost her Brexit vote, yet, despite the fact that it was obvious to everyone outside the Downing Street bunker that that would be the result, it is clear that she does not have a clue what to do next. It could not be clearer that the main risk faced by Scotland's economy continues to be the prospect of a hard Brexit. Any Brexit presents a huge threat to jobs, trade, living standards and investment in Scotland, but a Brexit outside the single market could cost Scotland 80,000 jobs over a decade and cost people an average of £2,000 in wages.

All Scotland's hard work in protecting and improving our economy will be seriously undermined by the Tory Brexit to which we are subject—a Tory Brexit that, it still amazes me, continues to be enabled by Labour. Bear with me, as I read from the *Official Report*:

"In the wake of the Brexit vote, a survey by the Fraser of Allander institute of 320 firms across Scotland found that 60 per cent believed that the outcome of the EU referendum will have a negative effect on their business and that even more—67 per cent—believed that the uncertainty that it creates is an additional problem. As we all know, the people who suffer most from any business downturn are those working people who are already on the most precarious contracts, who are already the lowest paid, who are in the deepest in-work poverty and who are living from week to week. Those people will be the victims of any economic collapse as a result of Brexit and they are the people the Parliament must speak up for."—[*Official Report*, 20 September 2016; c 20.]

Those very wise words were from Richard Leonard MSP in 2016. He was right: businesses are weary of Brexit and the losers will be the workers. However, only last week, he refused to confirm whether his party would campaign in a snap election to stay in or out of the European Union. Even worse, last night, Rebecca Long-Bailey confirmed that Labour would campaign to leave the EU in a forthcoming general election.

Given his previous comments, surely it is incumbent on Richard Leonard to back a people's vote and then ensure that his Scottish Labour colleagues campaign for remain. Labour Party members want him to do that and Scotland wants him to do that, so let us hope that he takes the opportunity. It is clear that the people of Scotland strongly believe that Scotland's future lies in the EU, as does this Parliament. Of course, we in the

SNP believe that Scotland's future would be best served by being there as an independent nation, which I truly believe will happen before too long. However, in the meantime, I urge Richard Leonard and his colleagues to get behind any move to revisit the most damaging decision that the UK has ever made voluntarily. That way, they really would be protecting Scotland's future for us all.

16:13

**Gordon Lindhurst (Lothian) (Con):** Other members have spoken about this, but it is important that we emphasise the situation. Just days before Christmas, we learned of the fate of the computer technology firm Kaiam, in West Lothian. As workers across Scotland packed up for the holidays, Kaiam employees were informed en masse that they would not be receiving Christmas wages and told that they would not have jobs to come back to. Whatever beliefs members across the chamber hold about how we run our economy, I am sure that we all agree that the mistreatment of Kaiam workers has been truly shocking in this whole sorry episode. Our immediate thoughts must be with the workers and on how their long-term futures can be secured. It is encouraging to hear of the potential for the company to be purchased as a going concern, with what appear to be more than 20 notes of interest.

However, as well as those immediate tasks, there are clear lessons to be learned for the future of our economy. In particular, there are lessons about how Government resources can be used more effectively to deliver the sort of growth that is so badly needed in our economy.

During recent meetings of the Economy, Energy and Fair Work Committee, we have had to ask some difficult questions about just how those resources were used in the case of Kaiam. Government financing was intended to bring jobs and grow the economy of Livingston, West Lothian and wider Scotland. However, more than £800,000 later, the company was laying off workers and continues to fail to register a profit. That taxpayers' money could now be lost to a company whose track record in delivering for Scottish jobs and growth has been sketchy at best. In the interests of the future of our economy, I hope that the due diligence over how these public funds are being used can be reflected on and that lessons can be learned for the future, especially given the sums involved and the jobs that have been lost.

Our best interests are also served by maximising the opportunities that are available to us to succeed in the modern economy. Those opportunities arise from initiatives such as the UK industrial strategy, which identifies and supports

areas in which Scotland plays to its strengths and which will be important for the future. Those areas include financial services, life sciences and higher education and research. In those sectors, some of the £1 billion arising from city deal investments will help to deliver the high-quality and diverse jobs that we want. In my region, there has been £300 million-worth of UK Government investment as part of the Edinburgh and south-east deal, which is delivering exciting prospects including major investments that could see the region become the data capital of Europe.

The industrial strategy challenge fund further supports Scottish businesses and researchers, providing, among other elements, a combined £9 million to Heriot-Watt University and the University of Edinburgh, which is used for research into marine offshore infrastructure.

Support is going to a wide variety of worthwhile projects, and funding is being directed to areas in which Scotland already does well. That enables our country to benefit from playing a key role in UK ambitions to be at the forefront of a modern economy in areas such as artificial intelligence and clean growth.

However, as we look forward and consider the future of our economy in a changing world, one thing that remains constant is the importance of our relationship with the rest of the UK. That is important not only with regard to working together on the initiatives that I have outlined but with regard to the importance of that market to our businesses. It is worth nearly four times as much as the EU market is worth to Scotland. Trading across that open border has become the norm for our businesses that export, and 500,000 Scottish jobs remain reliant on that border remaining open and barrier free.

Therefore, rather than sow division within the UK and raise the prospect that that trade could be damaged, the SNP Government should work to maximise the possibilities that being part of the UK market brings. It should take the threat of so-called independence off the table, as it is currently hanging over the heads of businesses for which the UK is the most important export market. By doing that and by working constructively with the rest of the UK to deliver a pro-business environment, Scotland can improve its economic outlook, which currently sees growth at a lower level than in the rest of the UK in the years ahead. I will not go into those figures again, because we have heard about them a number of times already.

We must look ahead optimistically to a positive economic future that we can all work together to secure for Scotland.

16:18

**Shona Robison (Dundee City East) (SNP):** I will begin my remarks—as I should—with a well-deserved tribute to the Michelin workforce in my constituency. They are an extraordinary and tenacious group of men and women who, over the years, have overcome many hurdles to keep the Dundee factory open in the face of adversity. The partnership that they have with the management team is a model of good working, which has seen the workforce lead many of the reforms at the plant over the years. I have lost count of the times that I have spoken about Michelin's positive industrial relations model. Others could take a leaf out of its book.

The response of the Michelin management team stands in marked contrast to that of Healthcare Environmental Services. I recently met with the eight Dundee-based former employees of HES, who have been treated appallingly by the company bosses—there has been no communication and no partnership working, and workers have been left out of pocket with unpaid wages and other entitlements owing. Again, I call for the company to do the right thing and pay the former employees what they are due.

Given the history of strong partnership working at Michelin, it is not surprising that, when the devastating news emerged that Michelin will finally cease tyre production next year, the local management team and the workforce approached that huge challenge in the same spirit, determined to work together to get the best outcome for the workforce and the best legacy for the factory and its site. We all wish that it could have been a different outcome.

The response from the Scottish Government and from the Cabinet Secretary for Finance, Economy and Fair Work, Derek Mackay, has been commendable. The Scottish Government was swift to offer every assistance and to try to persuade Michelin of an alternative course. When that proved impossible, the Scottish Government moved swiftly to establish an action group to examine all the options for retaining tyre production or, if that were not possible, for repurposing the site to secure its long-term economic future.

Those efforts have been recognised by Michelin at the highest level and, unusually for the company, it has agreed to engage with the Scottish Government to ensure that the site can be repurposed and a legacy be created so that there are job opportunities not just for the existing workforce but for the future generations who will need alternative job opportunities to Michelin.

Michelin is working in partnership with the Scottish Government, Scottish Enterprise, Dundee

City Council and others to develop the next phase of the company's presence in Scotland and to transform the site into a key location for new economic opportunities in manufacturing, remanufacturing, recycling and low-carbon transport. It is welcome that Michelin has appointed a senior executive to co-chair the steering group, and we await the group's proposals, which will emerge in due course. On Monday 17 December, Michelin signed a memorandum of understanding with Scottish Enterprise and Dundee City Council to formalise that commitment.

The £10 million for the Tayside industrial strategy that was announced recently in the Tay cities deal is, of course, welcome. It has, however, always been the case, as Derek Mackay stated, that support for the Michelin plan will need resources beyond that in the Tay cities deal, most of which had already been allocated to projects across Tayside. I was pleased that the First Minister reiterated that commitment as recently as last week at First Minister's questions, when I asked her to do so. I also reiterate my call for the UK Government to step up to the plate with £50 million that would match the Scottish Government's contribution, to ensure that Dundee is supported through its manufacturing strategy.

I understand that there has been considerable potential commercial interest from many parties in developing economic opportunities at the Michelin site, and I hope that much of that interest will come to fruition in due course, through the work of the steering group. Our ambition should be that at least as many good, well-paid jobs will be created at the Michelin site as there are at the factory before the final tyres are produced. I believe that that is achievable, but it will require strong leadership, determination and, where necessary, resources deployed strategically to deliver the plan once it is in place.

**Jenny Marra:** Will the member give way?

**Shona Robison:** I will if I have time.

**The Deputy Presiding Officer:** You have time.

**Shona Robison:** I hope that we may also retain a political consensus and support for the plan—as, I hope, Jenny Marra will confirm.

**Jenny Marra:** As Shona Robison knows, I have been working closely on the issue and am happy to back solutions for the Michelin plant. Given the job situation in Dundee, will she confirm her opposition to job losses and redundancies at Dundee City Council?

**Shona Robison:** Money is tight, as Jenny Marra knows, and John Alexander and the SNP administration are working extremely hard to avoid compulsory redundancies. Jenny Marra knows

well that Labour is not capable of offering alternative budget proposals, either in Dundee or in this place. That fatally undermines her credibility on the issue, because she has nothing to bring forward as an alternative plan. John Alexander has led from the front in Dundee, trying to seize every economic and job opportunity, and I hope that Jenny Marra will back him on that. The workforce—whether at Michelin, Dundee City Council or anywhere else—deserves and, indeed, expects nothing less from us as local politicians.

When it comes to how the Scottish Government can best assist with the delivery of the vision for Dundee, it is critical that strategic investment decisions support that vision and that there is strategic investment in renewables and decommissioning in the deep-water port so that it can grow and compete for future offshore wind contracts and become a main player in that field as opportunities emerge. I know that Dundee Decommissioning Ltd and Dundee City Council are working very hard on that.

Dundee is a city that is transforming itself, building on its already strong performance in life sciences and gaming and—now that it has the V&A—as a cultural centre. A strong manufacturing base is equally important for the city and the port has huge importance in that vision. Alongside the redevelopment and repurposing of the Michelin site, it can ensure that Dundee not only retains a strong manufacturing base but expands and diversifies that base.

16:25

**James Kelly (Glasgow) (Lab):** It is absolutely right for Labour to devote its business to the number of closures that have taken place throughout the country in recent months. It is right to do that for two reasons: to show—as Patrick Harvie mentioned—support for and solidarity with the workers affected in local communities and to learn the lessons from those closures so that we can move forward and avoid such events in the future.

I will draw on my experience of the closure of the 2 Sisters plant in Cambuslang, which I found deeply upsetting, because, as well as representing the area, I grew up there and continue to stay locally in Cambuslang. Some aspects of that closure were deeply unsatisfactory. When Ged Killen—the local member of Parliament—and I went to meet the management when the closure was first mooted, it was quite clear that they had already made up their mind, even though they had still to go through a consultation process. The plant had been there for 40 years, processing chicken, and it was still a viable business. As things unfolded, it became clear that the company had been in collusion with the main supplier,

Marks and Spencer, which was supportive—it confirmed this to me in writing—of moving the business from Cambuslang to Suffolk.

In addition, when the 457 jobs were lost, which had a devastating impact on the area, it transpired that, over a period, 2 Sisters had been given grants from Scottish Enterprise totalling £543,000 on condition that it kept the plant operational until 2021. The company turned its back on the community, the workforce and the plant. Through freedom of information requests, it was revealed in November that 2 Sisters had still not paid back the £543,000 despite the fact that it had closed down the plant fully in September. I raised that issue at First Minister's question time in November, and, when I met Scottish Enterprise just before Christmas, the money had still not been paid back. I urge the cabinet secretary to ensure that that money is returned. When it is returned, it should be reinvested in the Cambuslang community to support the people and families who lost their jobs, many of whom had worked at the plant over a number of generations.

We need to focus on the use of public money—

**Derek Mackay:** Will Mr Kelly take an intervention?

**James Kelly:** Sure.

**Derek Mackay:** I am listening closely to what members are saying about enterprise support. The purpose of enterprise support is to create sustainable economic growth. We need to make the right interventions and there must be due diligence.

I might have misheard what Richard Leonard said about whether Labour members will vote for the Government's amendment, but, if they do not, they will miss the opportunity to say to the UK Government that any Brexit would be bad but a no-deal Brexit would be catastrophic. I am listening closely to members' impassioned—

**The Deputy Presiding Officer:** Cabinet secretary, I hear what you are saying, but that has been a long intervention. I will give Mr Kelly the time back, because I think that the point can be dealt with in your summing up. I am sorry.

**James Kelly:** The cabinet secretary was sitting on the front bench earlier and heard Neil Findlay make it very clear that the Labour Party is totally opposed to a no-deal Brexit.

I go back to the serious point that I was making about loans and the use of public money. Richard Leonard has pointed out that the use of RSA grants has seen £220 million go to foreign companies and only £140 million go to Scottish companies. We need a proper assessment of the economic impact of those grants. As for the loans, they are a matter of real concern. In December,

the *Sunday Mail* reported that £18 million of loans had gone to firms and companies that operate in tax havens such as Jersey and the Isle of Man and that are, therefore, not paying tax. We should call in any loan that is not being used by an ethical firm.

I think—[*Interruption.*] I am drawing to a conclusion, Presiding Officer. We need another approach that puts people first and that looks at alternative business models such as co-operatives. We need to upskill in those areas where people have lost jobs, and we must look at the challenge of automation. It is crucial that we learn such lessons if we are to show support for these local communities and move things forward.

**The Deputy Presiding Officer:** I am sorry, Mr Kelly, but time is tight.

16:31

**John Mason (Glasgow Shettleston) (SNP):** I certainly agree with a lot in the Labour motion. However, I have one or two reservations and some questions about it, which I will try to touch on in my speech.

Like others, I agree that we should express solidarity with people who have suffered because of workplace closures. We are all part of a community, and we all have a responsibility to help to ensure that suitable jobs are available to everyone, and to work with employers that are facing difficult times.

At yesterday's Economy, Energy and Fair Work Committee, we had a useful evidence session with Scottish Enterprise on its involvement with Kaiam. I hope that the plant will have a future, but I want to look back at that meeting and to highlight a number of points that came up.

First, we expect Scottish Enterprise to take some risks, and we have to accept that some investments will not work out as well as we, SE and everyone else hope.

Secondly, we expect Scottish Enterprise to take a hands-on approach, but not to micromanage businesses or take the place of their actual management. Finally, as we have heard, the management of some companies are, at the end of the day, much more proactive and transparent than others when they hit problems, and it is quite difficult to legislate for that sort of thing.

That leads on to the question about the types of jobs and employers that we should be looking for in the future. Perhaps, as others have suggested, we have been too dependent on a few big foreign-owned employers in some of our cities and towns, such that when something has gone wrong with them, the whole town is hit badly. I broadly favour attracting inward investment; however, that comes

with risks, so I agree with the use in the motion of the word "indigenous", which I think is extremely good.

On Monday evening, the Rural Economy and Connectivity Committee, which is currently considering the South of Scotland Enterprise Bill, held a formal meeting in Dumfries. A range of issues came up, including whether in a town such as Annan it is good to have one big employer with 700 staff or whether that puts too many eggs in one basket. Is it better to have 20 organisations with, say, 35 staff each, or does it take too long to grow that number of enterprises?

There is another question about the type of business and what it does. I think that there is broad agreement that Scotland should focus on the high end of the market—in other words, quality food and drink and technology—instead of trying to mass produce cheap widgets. After all, we are never going to be able to undercut India or China on cost. However, that leaves us with a challenge. What happens when one of our more traditional factories that has been going for a long time and produces a lower-end product hits problems and closes, as I have seen in my constituency?

I agree with the motion that we want "indigenous business development" and "a more diverse economy." The Economy, Energy and Fair Work Committee has looked at those issues, and there are encouraging signs in respect of the level of business start-ups. However, the committee was concerned about what is called "fear of heights" and the tendency for small indigenous businesses in Scotland to be sold off too soon. Often, the owners are from outwith Scotland and potential has not been realised.

I will go back to the motion. I hope that most of us would agree with putting

"the interests of employees and their communities"

at the heart of the economy. Enterprises must serve their wider community, rather than the community being there to serve the enterprises. However, there is a balance to be struck, so I am slightly concerned that customers are not mentioned in the Labour motion. In the past, we have had problems with organisations including British Rail and British Airways, when the good of their employees was perhaps overemphasised to the detriment of the organisations' customers. The result was very poor loss-making public services. I strongly believe in public ownership and would prefer that our gas, electricity and railways were still in public hands. However, we have to strike the right balance: a good enterprise will be good for the customers, the employees and the community.

I agree with the motion that we want more

“co-operative and employee ownership models”.

Last Friday, I visited one of the largest social enterprises in Scotland—the Wise Group, which is based in my constituency. I continue to be impressed by all that it does.

The Conservative amendment is nothing if not predictable. I actually wrote the next bit of my speech before I saw the amendment, which turned out to be just as I had expected. As usual, the Conservatives argue for low taxes to boost the economy, as if cheap and cheerful is always best. I agree about stability in taxation: the SNP Government has provided that, with relatively small adjustments year on year.

However, I challenge the Conservatives on whether business is always attracted to the cheapest place. London seems to remain a very attractive place for the finance sector, despite high office rents, high salaries and high housing costs. I presume that that is because other factors are at play—for example, a large pool of suitable labour and a desire for similar businesses to co-locate.

Equally, places with low taxes and poor public services will not necessarily be attractive to business. Many businesses look for a good education system and a skilled workforce, and their employees want a good health service and good schools for their kids, even if that means paying a bit more tax.

In conclusion, I am pleased that Labour has initiated today’s debate. As a party, Labour is somewhat detached from reality—[*Laughter.*]

**The Deputy Presiding Officer:** I am sorry, but you must conclude. I have not even spare seconds. You must sit down.

**John Mason:** I am much happier to be aligned—

**The Deputy Presiding Officer:** You must sit down.

**John Mason:** I am much happier to be aligned with the Labour Party than with the Conservatives.

**The Deputy Presiding Officer:** You must sit down. Do not speak over the chair. I call Jamie Greene.

16:38

**Jamie Greene (West Scotland) (Con):** Thank you for ending that speech, Deputy Presiding Officer—much to the benefit of the chamber. Do not get me wrong: bits of Mr Mason’s speech were interesting, such as the bits about diversification in the economy. I will probably also touch on some of those issues.

However, John Mason’s mystical predictions about our amendment fascinated me. Nowhere

does our amendment say anything about our wanting Scotland to be a cheap place to come and do business. I am sorry, but the tone of that comment sends out completely the wrong message to any businesses that are listening to their Parliament and watching the debate.

I thank the Labour Party for bringing a debate about the economy to the chamber; it is nice to see some Labour members actually arriving in the chamber as we approach the debate’s final minutes.

Labour’s motion mentions specifically business closures that we have seen. We talk about those issues a lot in the chamber. Throughout the debate, many members from all round the chamber have touched on the important point that when large and medium-sized companies that are very important to small towns and cities go out of business, the effect on those communities is immense and profound. Losing a job is never easy: for many people, redundancy is not just a financial issue but a psychological one.

We have many differences of opinion on issues such as taxation, state intervention and the privatisation versus nationalisation issue that Labour opened with. However, whatever our differences, we should remember that jobs—people’s livelihoods—lie at the heart of the matter. Growing the economy is not just about people having a few extra pounds in their pocket. It is also about the important positive emotional and mental effects that being in work provides.

There are many things to welcome in Labour’s motion. It calls for a new

“industrial strategy ... to promote indigenous business”.

We could argue that we are already doing quite well at that. Scotland is famous for—and is getting better at being famous for—its industries. The whisky industry is the most commonly cited industry, but what about our video games industry in Dundee, the satellite industry in the west, or dairy farming in the south?

The UK Government produced an industrial strategy in 2016. In the interest of time, I will not go into it in too much detail, but it looked at some things that the UK and Scotland need to do to future proof their economies. It set out plans to increase investment in R and D and to attract those types of businesses; to improve productivity, which we all accept is an issue; to promote science, technology, engineering and mathematics subjects to children at an early age; and to significantly upgrade infrastructure, which means digital, housing and transport networks infrastructure, in order to attract people and businesses to the area.



As others have mentioned, the city deals have provided more than £1 billion of investment in Scottish cities and regions. Some of that money will go towards specific projects.

I think that we would see tangible benefits from other projects that I have mentioned before, including the Glasgow airport rail link.

**Bob Doris (Glasgow Maryhill and Springburn) (SNP):** Will the member take an intervention?

**Jamie Greene:** I am really tight for time. I am sorry.

I hope that we can all get behind the Glasgow airport rail link. I would like to see some projects that I think would deliver tangible benefits coming to fruition.

However, that is not enough in itself. The Scottish economy faces significant challenges. It is growing at half the rate of the UK economy. That is not a political point. Wage growth is slow, and the forecasts put us behind the rest of the UK. The reality is that, for many quarters, our economy has been teetering on the edge of negative growth. That should not be acceptable to anyone in any party in Parliament.

To Labour's credit, it outlines in its motion the need for business diversification and for support for indigenous growth. Those are two really important points in the debate. It is important to recognise that many areas of Scotland have suffered as traditional industries have declined.

In my area, we face a problem with Texas Instruments, which is a tech business in Greenock. We have been struggling to find a buyer for that business for quite some time, and significant cross-party effort is going into looking at options for it. If we cannot find a buyer, it will close. That is what it will come down to. What are the options for the people who work there? It is the same story every time there is a significant closure: people need to be reskilled and they need to find other opportunities, or many of them will take early retirement. However, it can be done.

We can future proof our economy, but to do that and truly to have an indigenous economy, we need to support our young people. We need to give them the right skills for the future, and we need to support our new industries, including the gin industry, the tech sector, the games industry and the satellite industry. Improving the STEM skills of transitioning workers can help them to move from old traditional models into the new world.

Conservatives have some ideas of our own. We do not have time to go into them today, but I want to touch on a specific idea of ours: the institute of e-commerce. We think that there should be a

specialist public agency that is dedicated to e-commerce in order to bridge the gap between Scotland and some of our competitive markets. Specialist training, support and advice to businesses are needed in order for businesses to get into the digital space. We will miss opportunities unless there is a renewed focus on the digital industries. When I was the digital economy spokesman, I called many times for a dedicated digital minister in the Government. It is good to see the renewed focus on the digital industries. That will help to refocus our minds.

The context is that this is a Labour Party debate, and it thinks that we can just have an academic argument about neoliberalism. I am afraid that Conservative members make no apology for saying that Scotland needs an economy of growth and entrepreneurialism and that "wealth" and "job creation" are not bad words and should not be seen as such in the Parliament.

16:44

**Colin Smyth (South Scotland) (Lab):** However long I have the privilege of serving the people of South Scotland as an MSP, I suspect that I will look back on 3 April 2018 as one of the darkest days. Parliament was in recess. I was sitting in my constituency office that morning when I received a phone call from someone whom I suppose we would call "an insider". They told me that, later that day, the workforce at Pinneys of Scotland in Annan would be summoned to a meeting with management from the owner, Young's Seafood, and told that the Pinneys factory on Stapleton road in Annan would be closing.

To say that I felt sick to my stomach would be an understatement. I have lived in Dumfriesshire all my life and I knew that the closure was an economic tsunami for the area. Pinneys was the largest private-sector employer in Dumfries and Galloway and the closure meant the loss of 450 permanent jobs and hundreds more agency and seasonal posts. I will put that into context: Annan has a population of just 8,500 and 600 job losses in the community was the equivalent of 48,000 job losses in Glasgow, 41,000 in Edinburgh, 18,000 in Aberdeen or 12,000 in Dundee.

Pinneys had been part of the economy in Annan since the factory was established more than 40 years ago. Generations of families had worked there, in some cases whole families at the same time. On the evening of the announcement, I spoke to one mum who told me that she worked at Pinneys, as did her husband and her daughter—a whole household facing the loss of their livelihoods in a single day.

The response from the Scottish Government to the closure was to set up a so-called task force.

The community was told that no stone would be left unturned in convincing Young's Seafood to change its mind. The community was then told that everything would be done to find a buyer for the factory and that support would be given to the people who were losing their jobs to find alternative employment. In truth, since the closure announcement was made, just £250,000 has been invested by the Scottish Government directly to support the Pinneys workforce, which came from an existing budget of the south of Scotland economic partnership. We need an investment of £10 million and a proper economic action plan for Annan, not just £250,000. It has been six months since the last worker left Pinneys. The factory has closed and many of the workers feel forgotten. As the trade unions have highlighted, the UK Government's decision in 2013 to halve the consultation period before large-scale redundancies can take place from 90 days to just 45 days gave no time in which to properly explore alternative options for Pinneys.

The tragedy of the Pinneys closure is not just the way in which so many livelihoods were cast aside so quickly at the whim of big business owners, Young's Seafood, but the fact that there were simply no alternative employment opportunities in the local area for people to turn to. Fewer than 200 of the workers who held permanent posts at Pinneys have found new employment and just 38 of those jobs are within the town of Annan. Unemployment across Dumfries and Galloway is rising and is now at its highest level in four years.

The closure of Pinneys exposes the neglect of the south-west economy. The gross value added per head in Dumfries and Galloway is just 80 per cent of the Scottish average and it is the lowest paid region in Scotland—earnings are 15 per cent below the national average. The proportion of people of working age who have no qualifications is 12 per cent, which is twice the level that exists in the Highlands and Islands. We have a chronic problem of outward migration of young people, due to the lack of high-skill, high-wage job opportunities. The Government talked about regional equity and inclusive growth in its past two economic strategies, but where has the inclusive growth been for the people of the south-west, which has, for far too long, been a forgotten region? There has been a chronic lack of investment in our infrastructure, both physical and digital, and key trunk roads, such as the A75, A76 and A77, are simply not fit for purpose. The lack of interest in the region from national agencies under Government direction, such as Scottish Enterprise, has meant that opportunities to properly support growth in indigenous businesses have been missed, thereby robbing the Pinneys

workers of the opportunities that they so desperately needed.

The tragedy of Pinneys highlights the need for a new approach, one that sees investment in all of Scotland, by expanding further and higher education opportunities in the areas that have been left behind and delivering, for once, a competitive advantage in our rural areas when it comes to the digital economy, where they always have to play catch up. We must ensure that we have a locally accountable south of Scotland enterprise agency that properly supports local businesses, co-operatives and social enterprises in growing and delivering the strong, diversified sustainable economy that we desperately need. We must resolve to pursue that alternative approach, in order to build the economy of south-west Scotland. It may be too late for Pinneys, but it would allow us to say, "never again."

16:49

**Fulton MacGregor (Coatbridge and Chryston) (SNP):** In all sincerity, I thank Labour for bringing the motion to the chamber. I share Labour's concern about the number of companies that are going out of business and the impact that that has on their staff.

One of the first issues that came to my attention after being elected in 2016 was the closure of the Tannoy business in my constituency. As members may know, Tannoy had been a major employer in Coatbridge for decades and the closure had a devastating impact on the workforce and their families.

More recently, there was the sudden closure of T.O.M. Vehicle Rental, which, although in nearby Airdrie, impacted a great number of my constituents who worked there, and my colleagues Alex Neil MSP and Neil Gray MP, as well as the Minister for Business, Fair Work and Skills, Jamie Hepburn, have been doing a lot of work on the recent closure of the Healthcare Environmental Services site in Shotts, which is also nearby. I pay tribute to them for that.

I welcome some of the steps taken by this Government to grow our economy. My constituency has, for example, benefited greatly from the Glasgow city region deal through the huge investment in and the delivery of the Gartcosh and Glenboig link road through the community growth area project. I take this opportunity to join calls from my colleagues for the UK Government to be more proactive and to match Scottish Government funding of city deals across the country.

As I have said, I welcome the opportunity to debate this issue, and I commend the Government amendment to the chamber. Both the motion and

the amendment raise important issues, and I will put a bit of focus on Brexit.

Despite the people of Scotland voting overwhelmingly to reject Brexit, we are seeing our country and its businesses being affected in a most damaging way by what has gone on since the vote. With less than three months to go before the UK crashes out of the EU, we have probably the most incompetent Prime Minister in history, who led her Government to the biggest defeat in history yesterday over a deal that took her two-and-a-half years to negotiate and would have done nothing but damage to businesses, not only in Scotland but across the whole of the UK.

Like many colleagues, I spend some of my time in the constituency visiting local businesses large and small, and the fear and concern about Brexit—particularly a no-deal Brexit—is very real. Today, my office spoke with the managing director of Chemco International, Colin Wade, whom I will be visiting on Friday. Chemco is based in Shawhead and employs around 30 people locally. It is an international company that recently became employee owned, and it develops the most advanced coatings worldwide. Just this morning, Colin Wade sent a communication to the senior managers in his company to outline the preparations for a no-deal Brexit. In it, he describes the European Union as

“easily the largest single market”.

The communication also outlines that the issue will be not only with shipping finished products to the EU, but that

“Chemco relies significantly on certain raw materials and specialist packaging that are manufactured, else components sourced, from within mainland European Union.”

It goes on to say that a no-deal Brexit will lead to delays in shipping due to queues at ports throughout the UK.

I also want to speak briefly about Clarke Fire Protection, another international company operating on the world stage, which is based in Townhead in Coatbridge and employs almost 100 local people. I had the pleasure of visiting that company recently, and the general manager told me that the complete lack of certainty about what will happen with Brexit has left the company unable to prepare properly, given that, like everyone else, they have no idea what will be happening from one day to the next. She explained to me that more than 80 per cent of the products produced there are exported, and that the business is under threat from its direct competition in mainland European Union. It is simply unacceptable that the UK Government is causing my constituents such uncertainty in relation to their livelihoods.

I am immensely proud to have such multinational companies in my constituency, getting on with their job day in, day out. Those are just some; I could mention many others, including Retronix, Freightliner in Gartsherrie or the collagen casing producer, Devro, which is based in Moodiesburn. It is clear that Coatbridge and Chryston is open for business, supported by initiatives from both North Lanarkshire Council and the Scottish Government. However, the reality is that Brexit is causing significant concerns and there are very real dangers facing businesses up and down Scotland as a result of the shambolic UK Government's handling of the negotiation process. That is the real threat to businesses in Scotland.

There can be no doubt that Brexit poses that threat and, as discussed earlier, if a hugely damaging no deal cannot be avoided, it will become increasingly clear to a majority in Scotland that our best interests, needs and welfare will be met only as a fully independent nation. I know that such self-determination will protect the businesses that I have mentioned, others in my constituency, and the many workers and their families who depend on the jobs.

I have one last plea, for the Labour Party. Please, when it comes to decision time, if you have not already made your decision about how to vote, do not vote against the SNP amendment for the sake of voting against the SNP. Given what happened yesterday with Brexit, it is time to unite against the Conservative Government and send a message. Please back the Scottish Government amendment.

16:54

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

This has been an interesting debate, and I thank the Scottish Labour Party for giving us the opportunity to discuss Scotland's future economy. Despite some of the rhetoric that we heard from Richard Leonard in his rant against neoliberalism—to be fair to him, he does rhetoric very well—we have a number of points of agreement with the Labour Party. In the spirit of consensus, I will deal with those points first, before I come to some points on which we do not agree.

Members from across the chamber talked about the impact of large plant closures on their communities. Jenny Marra and Shona Robison talked about Michelin in Dundee; Angela Constance, Neil Findlay and Gordon Lindhurst talked about Kaiam in West Lothian; Rachael Hamilton talked about Mainetti in Jedburgh; James Kelly talked about the 2 Sisters plant in Cambuslang; and Colin Smyth talked about Pinney's in Annan—there might have been other references that I missed. It is absolutely right to

highlight concern about individuals who have lost their jobs or whose jobs are at risk following those recent workplace closures. That is always a difficult time for such individuals, and any Government must be active in providing support to people who lose their jobs.

It is a sad reality that, in a dynamic economy, businesses will fail from time to time. It is not the business of Government to be involved in trying to save all failing businesses, regardless of the circumstances, otherwise we would still be subsidising candlemakers and wheelwrights. The role of Government should be to support people who lose their jobs, and if it is appropriate through Government intervention to secure a future for a business by going down a new route, that should be explored. Above all, Government should create a supportive business environment that allows successful companies to be created and expand, and which provides jobs for people who might be the victims of redundancies elsewhere. That is precisely what the Scottish Conservatives believe the economy should be all about.

**Derek Mackay:** Does Murdo Fraser believe that Brexit provides that helpful environment in which businesses can prosper?

**Murdo Fraser:** Brexit is creating headwinds, but it is not the biggest threat to the Scottish economy at the moment. We heard a number of speeches from SNP members who were pressing the case for independence at this time. There is no greater threat to Scotland's economic recovery than the prospect of another independence referendum.

I want to pick up on the suggestion that too much support has been given to foreign-owned companies, which was raised in the debate first by Richard Leonard and then by others, including John Mason. A gentle irony from Richard Leonard's speech was that he railed against nationalism in all its forms, but then went on to make that comment about foreign-owned companies. I recall the issue of whether Government agencies are more supportive of inward investors than they are of indigenous companies being addressed on the economy committees in the Parliament on which I served in previous sessions. It is a perennial issue but, despite that, it is quite hard to find evidence that supports the contention that more support is given to foreign-owned companies. Scotland has a very good record in attracting inward investment—we have had that record for at least the past three decades. We should not see that as a negative, because many people have had successful careers in such companies, with well-paid and secure jobs.

However, it is fair to recognise that the structure of our economy means that we are not growing enough of our home-grown talent. We have an

hour-glass-shaped economy, with a smallish number of very large companies—if they close, there is a major impact on jobs—and a very large number of very small companies, but not enough in the middle. If there has been a failure of enterprise policy over a period of decades, it has been the failure to grow middle-sized economies, which are the mainstay of the economy in many other countries, such as Germany.

Where we depart from Labour is in relation to the solutions. We believe that Scotland needs a competitive tax regime, not one under which business is treated as a cash cow. Corporation tax might not be devolved, but business rates are. As Rachael Hamilton pointed out, it remains a concern that the large business supplement is still set at a much higher rate in Scotland than in the rest of the United Kingdom, which puts our businesses in the sector at a competitive disadvantage. That issue particularly affects areas that are close to the border, as Rachael Hamilton's constituency is. I fear that the Labour Party would go even further than the SNP has gone in taxing business.

**Neil Findlay:** Will the member take an intervention?

**Murdo Fraser:** I need to make progress; I have only a minute left and I want to talk about the industrial strategy, which Dean Lockhart, Gordon Lindhurst and Jamie Greene mentioned.

The industrial strategy is a substantial investment from the United Kingdom Government, to promote innovative ideas, great people, major infrastructure upgrades, the best business environment and prosperous communities across the UK.

We see evidence of that in the city deal projects that are being promoted across the country. In the area that I represent, the UK Government's contribution to the Tay cities region deal has been supporting innovation. Among other projects, there is £20 million for the international barley hub and £25 million for the advanced plant growth centre at the James Hutton Institute in Invergowrie; £5.7 million for the development of a cybersecurity centre of excellence at Abertay University, which I visited last week; £10 million for the Perth city transformation project, which includes the refurbishment of Perth city hall; and up to £5.2 million for advanced plastic reprocessing in the area. Those are practical examples of how the UK industrial strategy is working to improve the economic environment in our country.

**The Deputy Presiding Officer:** And there you must conclude. I am sorry, Mr Fraser. Thank you.

17:00

**The Minister for Business, Fair Work and Skills (Jamie Hepburn):** Like other members, I welcome today's debate. Although this might not have appeared to be the case at many junctures, there is, across the parties, much agreement with the sentiment of the Labour motion, which we will support at decision time.

I want to talk about the Tory amendment and the opening speech from Dean Lockhart. Ordinarily in debates, the closing speakers reflect on what members said; I want to reflect on what Dean Lockhart did not say. He failed to say that over the past year economic growth in Scotland has outstripped that of the UK as a whole. He could not explain why the most recent figures show that Scotland has outstripped the UK in business research and development expenditure growth, with a rate of 13.9 per cent compared with the UK rate of 2.9 per cent. He did not mention that, since 2007, there has been a 93.6 per cent increase in business research and development expenditure, compared with 27.2 per cent in the rest of the UK. He did not mention that between 2007 and 2016 productivity growth was higher in Scotland than in any other country in the UK and in all regions of England—it was three times the rate of the United Kingdom.

**Dean Lockhart:** Will the minister take an intervention?

**Jamie Hepburn:** Mr Lockhart can mention whatever he wants to mention in a minute. Let me continue to tell him what he did not mention.

Mr Lockhart did not mention that we have a joint record low level of unemployment. He did not mention that we have achieved—four years early—our headline target of reducing youth unemployment by 40 per cent by 2021 from the 2014 level. He did not mention that youth employment is 3 per cent higher in Scotland than it is in the UK. He did not mention that the Scottish Fiscal Commission has revised its growth forecast for the Scottish economy in 2018 by double the previous estimate. He did not mention that the number of registered businesses has grown by 16.6 per cent in Scotland since 2007, which belies Rachael Hamilton's suggestion that there is an unsupportive environment. He did not mention that the value of exports in Scotland went up 45 per cent between 2000 and 2016.

Let us hear what Dean Lockhart wants to mention now.

**Dean Lockhart:** I did not mention those because the vast majority of data shows that the Scottish economy is underperforming compared with the rest of the UK.

The minister mentioned productivity. Productivity in Scotland is still below that of the UK, and the SNP has failed to meet every single one of its seven economic targets.

**Jamie Hepburn:** I have systematically gone through indicators that demonstrate the success of the Scottish economy, often by comparison with the rest of the UK, and yet Mr Lockhart wants to tell us about an underperforming economy.

I thought that it was important to put Mr Lockhart's remarks in context. However, of course we should recognise that we face challenges, locally and nationally. In that regard, let me turn to Labour's position in respect of our amendment.

It is clear that the most fundamental and immediate danger to our economy is Brexit. Just today, Colin Borland, from the FSB, said:

"We're not going to find our way out of this mess"—

that is, the UK Tory Government mess—

"without cross-party collaboration and co-operation."

We have heard the Labour Party say clearly, on a number of occasions, that it is against a no-deal Brexit. Labour members today have the chance to put their money where their mouth is and demonstrate that that is the case. Today of all days, when we debate the economy, knowing that Brexit presents the most fundamental risk to the Scottish economy and that a no-deal Brexit will lead to further closures and job losses, this is Labour's chance to demonstrate that it is against a no-deal Brexit, by backing the Government amendment. It is beyond my understanding why the party refuses to back our amendment. Perhaps Mr Findlay will explain why.

**Neil Findlay:** I say for the third time today that we oppose a no-deal Brexit. What part of that does Jamie Hepburn not get? I gave that commitment. Will he give a commitment to apologise to the Kaiam workers for failing to lift the phone and make any effort to save 300 jobs?

**Jamie Hepburn:** I will come to Kaiam in a minute. Here is my challenge to Mr Findlay. He says that he has said three times that Labour opposes a no-deal Brexit. Well, I am asking Labour members just one time—they have one chance today—to press their buttons to support our amendment and to demonstrate that they are against a no-deal Brexit.

I will not be able to cover all the other issues that have been raised, but there was a suggestion by the leader of the Scottish Labour Party of bias in regional selective assistance. That is an unfair characterisation. The basis of any consideration is that a proposition for regional selective assistance that is placed before our enterprise agencies will be given full consideration. Of the 75 offers made

to companies in 2017-18, 99 per cent were made to small and medium-sized companies, which I am sure that every member would welcome. The idea that regional selective assistance is not supporting Scottish-owned enterprise is not correct. From 2009-10 to 2017-18, 869 offers of RSA were accepted, of which 578, or 66.5 per cent, were made to Scottish companies, 109, or 12.5 per cent, were made to UK but non-Scottish companies, and only 21 per cent were to companies owned outwith the UK. Clearly, we want to do more, and we must and will do more.

Michelin has been mentioned. We very much regret the decision that Michelin took to withdraw from its current activity, but we can see in that situation a positive example of a company that is willing to remain engaged in the city and to work with the Government and unions to secure a positive future. We will take that forward through our Michelin action group and the memorandum of understanding that we have signed with the company. That will secure a positive future for the Dundee site. Jenny Marra asked what support we can give to the city of Dundee. We are providing £200 million for a city region deal for Dundee. The UK Government is short-changing that deal by £50 million.

Here is another challenge to the Labour Party and to Ms Marra. They have the opportunity to demonstrate that they support the Dundee city region and every city region area in Scotland by calling on the UK Government to meet the Scottish Government's commitment and to provide the same amount of investment.

**Jenny Marra:** We have done that.

**Jamie Hepburn:** Labour can do that again today. Labour can rule out a no-deal Brexit and it can back the Scottish city regions by saying that the UK Government should invest the same amount, and to do that it can back our amendment.

17:08

**Rhoda Grant (Highlands and Islands) (Lab):** We have brought the debate to Parliament today in the shadow of company closures and huge job losses. The statistics are frightening, and they all represent people's lives and futures. For a person to be told that they, and possibly others in their household, are losing their jobs is truly terrifying. Their future is in the balance.

Many people are only one pay packet away from a food bank. We saw that graphically illustrated at Christmas when workers were not paid and were forced to resort to food banks.

We need real change in order to rebalance our economy. We need to move away from chasing

inward investment from abroad to supporting and promoting our indigenous businesses. We need to put employees and the communities that they support at the heart of our economy.

Workers need to be able to own and run their own companies. We have seen success in many worker-owned businesses and co-operatives, yet those models of ownership are left on the sidelines when it comes to support. That is simply wrong. Those companies endure and they provide jobs and economic development. The wealth that they create is kept in their communities rather than moved overseas.

I am a Scottish Co-operative Party MSP, and proud of it. In the short term, we want the co-operative economy in Scotland to double in size. That would lead to greater wealth in our communities and more socially aware employment.

Richard Leonard and Neil Findlay listed many companies that are under threat of closure. The number is a damning indictment of the SNP's management of the economy. It knew but did nothing about many of those closure threats. Other closures can be put down to its mismanagement of the Scottish economy. We need real change in economic policy—we need the opportunity for workers to buy failing companies, using the right-to-buy principles of land reform.

**Derek Mackay:** I simply ask why, if Labour believes that Brexit is a threat to the economy and will lead to more closures, it will not vote against that this evening?

**Rhoda Grant:** I will come to that. First, I want to point out to the Government that its policies are wrecking the Scottish economy. The cuts that the Government has imposed on councils have led to huge job cuts in our communities. The Government has done nothing about that. Those well-paid jobs are needed in our communities; they support the most vulnerable people.

Jenny Marra talked about the impact of job losses on the wider community in Dundee. She mentioned Michelin, HMRC and local government, and she went all the way back to Timex. The first trade union conference that I attended was addressed by Timex workers. The women who were fighting for their jobs inspired me to get involved in the trade union movement and in politics.

Neil Findlay reminded us of the distress of Kaiam's workers who went unpaid just before Christmas. They must have been so angry knowing that the Government had pumped in money, but the company, when it knew that it was going under, did not even warn them. Where did

its loyalties lie then? Did they lie with its Scottish workforce, or with its overseas owners?

**Neil Findlay:** Does Rhoda Grant share my frustration that, in a debate on recent job losses and the Scottish economy, the minister who was involved in the Kaiam situation did not even mention it in his speech?

**Rhoda Grant:** I absolutely agree with that. It is disgusting that the minister—

**Jamie Hepburn** rose—

**Rhoda Grant:** Maybe the minister will address that very comment.

**Jamie Hepburn:** I point out that, of course, I will always reflect on what more I can do personally in any such circumstances. Ms Grant and the Labour Party must surely understand that every effort is made by the Government and our agencies to do whatever we can. That was the case with Kaiam. Unfortunately, things do not always work out as we would like them to. Effort was made there, and that will continue to be the case as we go forward.

**Rhoda Grant:** That fell short of the apology that we were looking for.

James Kelly talked about 2 Sisters Food Group, which received £540,000 of public money. Had that money been given to the workforce, maybe their jobs would still be here today.

Colin Smyth talked movingly about the impact of the closure of Pinneys, which devastated a whole community. He highlighted that large-scale job losses in small communities can have a disproportionate effect, which I understand, given the job losses in Dingwall, Invergordon and Fort William in the Highlands, and the impact that those have had on their communities.

The SNP amendment talks about the “threat” of Brexit—it is a threat, and it has already damaged our economy. We will never—I repeat, never—support a no-deal Brexit. However, what is lost on the nationalists is that independence is an even bigger threat. We do four times more trade with the rest of the United Kingdom than we do with Europe. If the past few months have told us anything, it is that we must avoid independence at all costs. *[Interruption.]* SNP members do not see it. The SNP’s cuts commission pointed that out, but its members still do not see it. The biggest threat to the Scottish economy is independence. *[Interruption.]*

**The Presiding Officer (Ken Macintosh):** That is quite enough. Let Ms Grant conclude her speech. Order, please.

**Rhoda Grant:** We need to retain the benefits of industry within our communities, and we need to work with them. That is the way to build our economy and lift people out of poverty. We need

an economy that works for the many, not for the few—one in which wealth and power are shared. That will empower our people and should be at the heart of the Scottish industrial strategy.

## Healthcare (International Arrangements) Bill

17:15

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of legislative consent motion S5M-15391, in the name of Jeane Freeman, on the Healthcare (International Arrangements) Bill.

*Motion moved,*

That the Parliament agrees that the relevant provisions of the Healthcare (International Arrangements) Bill, introduced in the House of Commons on 26 October 2018, relating to powers to make healthcare payments; healthcare agreements and data processing, in so far as these matters fall within the legislative competence of the Scottish Parliament or alter the executive competence of the Scottish Ministers, should be considered by the UK Parliament.—[*Jeane Freeman*]

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

## Business Motions

17:16

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of business motion S5M-15428, in the name of Graeme Dey, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

That the Parliament agrees—

(a) the following programme of business—

Tuesday 22 January 2019

2.00 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Topical Questions (if selected)

*followed by* Scottish Government Debate: City Deal and Regional Economic Partnership

*followed by* Committee Announcements

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Wednesday 23 January 2019

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions:  
Transport, Infrastructure and  
Connectivity;  
Justice and the Law Officers

*followed by* Ministerial Statement: Review of  
Personal and Social Education

*followed by* Ministerial Statement: NHS Waste  
Management

*followed by* Scottish Government Debate:  
Supporting Entrepreneurship

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 24 January 2019

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

*followed by* Members' Business

2.30 pm Parliamentary Bureau Motions

2.30 pm Finance and Constitution Committee  
Debate: Committees' Budget Scrutiny

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time



Tuesday 29 January 2019

2.00 pm Time for Reflection  
*followed by* Parliamentary Bureau Motions  
*followed by* Topical Questions (if selected)  
*followed by* Scottish Government Business  
*followed by* Committee Announcements  
*followed by* Business Motions  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business

Wednesday 30 January 2019

2.00 pm Parliamentary Bureau Motions  
 2.00 pm Portfolio Questions:  
 Government Business and  
 Constitutional Relations;  
 Culture, Tourism and External Affairs  
*followed by* Scottish Government Business  
*followed by* Business Motions  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business

Thursday 31 January 2019

11.40 am Parliamentary Bureau Motions  
 11.40 am General Questions  
 12.00 pm First Minister's Questions  
*followed by* Members' Business  
 2.30 pm Parliamentary Bureau Motions  
 2.30 pm Stage 1 Debate: Budget (Scotland)  
 (No.3) Bill  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time

(b) that, in relation to any debate on a business motion setting out a business programme taken on Wednesday 23 January 2019, the second sentence of rule 8.11.3 is suspended and replaced with "Any Member may speak on the motion at the discretion of the Presiding Officer"

(c) that, in relation to First Minister's Questions on Thursday 24 January 2019, in rule 13.6.2, insert at end "and may provide an opportunity for Party Leaders or their representatives to question the First Minister".—[*Graeme Dey*]

*Motion agreed to.*

**The Presiding Officer:** The next item of business is consideration of three business motions: S5M-15416 and S5M-15418, on the stage 1 timetables for two bills, and S5M-15417, on the stage 2 timetable for a bill.

*Motions moved,*

That the Parliament agrees that consideration of the Management of Offenders (Scotland) Bill at stage 1 be extended to 8 February 2019.

That the Parliament agrees that consideration of the Climate Change (Emissions Reduction Targets) (Scotland) Bill at stage 1 be extended to 8 March 2019.

That the Parliament agrees that consideration of the Damages (Investment Return and Periodical Payments) (Scotland) Bill at stage 2 be completed by 1 February 2019.—[*Graeme Dey*]

*Motions agreed to.*

## Parliamentary Bureau Motion

17:16

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of Parliamentary Bureau motion S5M-15415, on approval of a Scottish statutory instrument.

*Motion moved,*

That the Parliament agrees that the Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criteria) Order 2019 [draft] be approved.—[*Graeme Dey*]

## Decision Time

17:17

**The Presiding Officer (Ken Macintosh):** The first question is, that amendment S5M-15390.3, in the name of Derek Mackay, which seeks to amend motion S5M-15390, in the name of Richard Leonard, on Scotland's future economy, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

**For**

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Constance, Angela (Almond Valley) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)  
 Denham, Ash (Edinburgh Eastern) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Finnie, John (Highlands and Islands) (Green)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Greer, Ross (West Scotland) (Green)  
 Harper, Emma (South Scotland) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Johnstone, Alison (Lothian) (Green)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Uddingston and Bellshill) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP)  
 Martin, Gillian (Aberdeenshire East) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McArthur, Liam (Orkney Islands) (LD)  
 McDonald, Mark (Aberdeen Donside) (Ind)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)

McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Rennie, Willie (North East Fife) (LD)  
 Robison, Shona (Dundee City East) (SNP)  
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)  
 Rumbles, Mike (North East Scotland) (LD)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Scott, Tavish (Shetland Islands) (LD)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Wightman, Andy (Lothian) (Green)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

### Against

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Balfour, Jeremy (Lothian) (Con)  
 Ballantyne, Michelle (South Scotland) (Con)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Chapman, Peter (North East Scotland) (Con)  
 Corry, Maurice (West Scotland) (Con)  
 Findlay, Neil (Lothian) (Lab)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Golden, Maurice (West Scotland) (Con)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Greene, Jamie (West Scotland) (Con)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Harris, Alison (Central Scotland) (Con)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Kelly, James (Glasgow) (Lab)  
 Kerr, Liam (North East Scotland) (Con)  
 Lamont, Johann (Glasgow) (Lab)  
 Lennon, Monica (Central Scotland) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 Marra, Jenny (North East Scotland) (Lab)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, John (Ayr) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Elaine (Central Scotland) (Lab)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Smyth, Colin (South Scotland) (Lab)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)

**The Presiding Officer:** The result of the division is: For 70, Against 47, Abstentions 0.

*Amendment agreed to.*

**The Presiding Officer:** The next question is, that amendment S5M-15390.1, in the name of Dean Lockhart, which seeks to amend the motion in the name of Richard Leonard, on Scotland's future economy, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

### For

Balfour, Jeremy (Lothian) (Con)  
 Ballantyne, Michelle (South Scotland) (Con)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Chapman, Peter (North East Scotland) (Con)  
 Corry, Maurice (West Scotland) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Golden, Maurice (West Scotland) (Con)  
 Greene, Jamie (West Scotland) (Con)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Harris, Alison (Central Scotland) (Con)  
 Kerr, Liam (North East Scotland) (Con)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Scott, John (Ayr) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)

### Against

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Beamish, Claudia (South Scotland) (Lab)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Bibby, Neil (West Scotland) (Lab)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Constance, Angela (Almond Valley) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)  
 Denham, Ash (Edinburgh Eastern) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Findlay, Neil (Lothian) (Lab)  
 Finnie, John (Highlands and Islands) (Green)

FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Greer, Ross (West Scotland) (Green)  
 Harper, Emma (South Scotland) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Johnstone, Alison (Lothian) (Green)  
 Kelly, James (Glasgow) (Lab)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lamont, Johann (Glasgow) (Lab)  
 Lennon, Monica (Central Scotland) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Uddingston and Bellshill) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP)  
 Marra, Jenny (North East Scotland) (Lab)  
 Martin, Gillian (Aberdeenshire East) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McArthur, Liam (Orkney Islands) (LD)  
 McDonald, Mark (Aberdeen Donside) (Ind)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 McNeill, Pauline (Glasgow) (Lab)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Rennie, Willie (North East Fife) (LD)  
 Robison, Shona (Dundee City East) (SNP)  
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Rumbles, Mike (North East Scotland) (LD)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, Tavish (Shetland Islands) (LD)  
 Smith, Elaine (Central Scotland) (Lab)  
 Smyth, Colin (South Scotland) (Lab)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Wightman, Andy (Lothian) (Green)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

**The Presiding Officer:** The result of the division is: For 28, Against 88, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that motion S5M-15390, in the name of Richard Leonard, as amended, on Scotland's future economy, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

**For**

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Constance, Angela (Almond Valley) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinrossshire) (SNP)  
 Denham, Ash (Edinburgh Eastern) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Finnie, John (Highlands and Islands) (Green)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Greer, Ross (West Scotland) (Green)  
 Harper, Emma (South Scotland) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Johnstone, Alison (Lothian) (Green)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Uddingston and Bellshill) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP)  
 Martin, Gillian (Aberdeenshire East) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McArthur, Liam (Orkney Islands) (LD)  
 McDonald, Mark (Aberdeen Donside) (Ind)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Rennie, Willie (North East Fife) (LD)  
 Robison, Shona (Dundee City East) (SNP)  
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)

Rumbles, Mike (North East Scotland) (LD)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Scott, Tavish (Shetland Islands) (LD)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Wightman, Andy (Lothian) (Green)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

### Against

Baillie, Jackie (Dumarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Balfour, Jeremy (Lothian) (Con)  
 Ballantyne, Michelle (South Scotland) (Con)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Chapman, Peter (North East Scotland) (Con)  
 Corry, Maurice (West Scotland) (Con)  
 Findlay, Neil (Lothian) (Lab)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Golden, Maurice (West Scotland) (Con)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Greene, Jamie (West Scotland) (Con)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Harris, Alison (Central Scotland) (Con)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Kelly, James (Glasgow) (Lab)  
 Kerr, Liam (North East Scotland) (Con)  
 Lamont, Johann (Glasgow) (Lab)  
 Lennon, Monica (Central Scotland) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 Marra, Jenny (North East Scotland) (Lab)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, John (Ayr) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Elaine (Central Scotland) (Lab)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Smyth, Colin (South Scotland) (Lab)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)

**The Presiding Officer:** The result of the division is: For 70, Against 47, Abstentions 0.

### *Motion, as amended, agreed to,*

That the Parliament expresses its solidarity with the people and communities who have suffered as a result of

recent workplace closures, including those at sites in Cambuslang, Dingwall, Dumfries and Galloway, Dundee, Livingston and Shotts; believes that Scotland's future economy needs to be rebalanced with an industrial strategy to promote indigenous business development and to grow a more diverse economy that puts the interests of employees and their communities at its heart; calls on the Scottish Government to increase support for growing public, co-operative and employee ownership models; urges the UK Government to support Scottish industry by providing an additional £388 million to match the Scottish Government's commitment of £1,584 million to deals and additional investments in city regions; recognises that the biggest threat to Scotland's economy, including its industrial sector, is leaving the EU, and calls on the UK Government to rule out a no deal Brexit.

**The Presiding Officer:** The next question is, that motion S5M-15391, in the name of Jeane Freeman, on the Healthcare (International Arrangements) Bill, be agreed to.

### *Motion agreed to,*

That the Parliament agrees that the relevant provisions of the Healthcare (International Arrangements) Bill, introduced in the House of Commons on 26 October 2018, relating to powers to make healthcare payments; healthcare agreements and data processing, in so far as these matters fall within the legislative competence of the Scottish Parliament or alter the executive competence of the Scottish Ministers, should be considered by the UK Parliament.

**The Presiding Officer:** The final question is, that motion S5M-15415, in the name of Graeme Dey, on the approval of a Scottish statutory instrument, be agreed to.

### *Motion agreed to,*

That the Parliament agrees that the Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criteria) Order 2019 [draft] be approved.

## Highland Youth Survey

**The Deputy Presiding Officer (Linda Fabiani):** The final item of business is a members' business debate on motion S5M-15052, in the name of Gail Ross, on the Highland youth survey. The debate will be concluded without any question being put.

### *Motion debated,*

That the Parliament notes the outcome of a survey by Highland and Islands Enterprise (HIE), which suggests that there has been an increase in the number of young people committed to staying in the Highlands; understands that almost all areas in the region report an increased proportion of young people expressing a commitment to staying, with over 54% expecting to be living in the Highlands in 10 years' time; acknowledges that fewer school leavers are committed to leaving than in 2015, with that figure falling from 56% to 42%; welcomes the positive view that 70% of participants in the survey considered that those who stayed in the Highlands were lucky to be able to work or study locally; notes what it sees as the important part that young people play in supporting thriving communities; recognises the role of the Highland City Region Deal in delivering projects, such as the Northern Innovation Hub and Science Skills Academy, and commends the work of HIE and the University of the Highlands and Islands, including their role in developing and implementing the Developing the Young Workforce strategy, which it considers has contributed to these positive findings.

17:22

**Gail Ross (Caithness, Sutherland and Ross) (SNP):** I thank colleagues for signing my motion and for speaking in the debate.

For a long time, communities in the Highlands and Islands have tried to find solutions to the challenge of depopulation. The loss of our young people has been sorely felt, especially that of school leavers who have been lured by the bright lights of the city. We should, of course, never tell young people that they cannot follow their dreams; that should be positively encouraged. What we need to do is ensure that the Highlands and Islands are an attractive place to live, work and study, and somewhere to come home to.

Although retaining our young people has been difficult in the past, new strategies offering the conditions that they need to thrive in the Highlands and Islands are starting to have effect.

In November, Highlands and Islands Enterprise published the results of its latest survey, "Young People and the Highlands and Islands: Maximising Opportunities". It has two main aims, which are

"to provide an overview of the evolving attitudes and aspirations of young people in the Highlands and Islands, and how these have changed since 2015"

and

"to identify gaps within the current provision of education, training and employment"

and consider how

"opportunities can be maximised for all young people."

According to the study, the population of the Highlands and Islands was approximately 470,000 in 2016. However, those aged 15 to 30 comprised only 17 per cent of the population, compared with 21 per cent in the Scottish population as a whole. That deficit is most acutely felt in the Outer Hebrides, Lochaber, Skye, Wester Ross, Argyll and our islands.

The first statistic that jumps out from the report tells us that 55 per cent of young people are committed to staying in the region, which is up from 43 per cent in 2015. There is also evidence of an increase in potential returners: those are people with an interest in, and attraction to, living in the region who are from the Highlands and Islands but who live elsewhere. Sixty-nine per cent of those who stay feel that they are lucky to be able to work or study locally, which is up from 62 per cent in 2015.

Sixty per cent of young people think that there is a good educational offering in the Highlands and Islands, which is up from 56 per cent in 2015. There is now less of a perception that the young people who stay lack ambition, which is due to the range of further and higher education that is available. There is no doubt that the University of the Highlands and Islands is having a positive impact on keeping our young people in the area and is attracting young people from throughout the United Kingdom and the world to study and stay in our area.

North Highland College, which is a partner in the UHI, is one of Scotland's top colleges for positive student destinations, boasting rates of 90 per cent, a statistic that everyone involved is extremely proud of. To add to that, North Highland College and West Highland College student leavers have the highest progression rates into work, at 40 per cent, well above the national average.

This is North Highland College's third year of delivering foundation apprenticeships. That very welcome endeavour is supported by the European social fund and enjoyed by young people who have taken the opportunity to learn in that way throughout the area. This year, the subjects that young people can study have increased with the introduction of business skills, information technology and hardware and system support; engineering is awaiting approval. Those new subjects send a powerful message to young people: the Highlands are not only open for business—we are open for innovation and success, too. I draw the chamber's attention to my

entry in the register of members' interests as an adviser to the board of North Highland College.

Eighty-seven per cent of young people are proud to be associated with their community, which is up from 78 per cent in 2015. Sixty-four per cent want to work in the region, which is up from 44 per cent. I have mentioned foundation apprentices and there is no doubt that the developing the young workforce initiative has been pivotal in pulling together schools, colleges and the public and private sectors and encouraging them to work in a way they never did before. The Caithness and Sutherland group is facilitated by Caithness Chamber of Commerce and has provided a wide range of employment and career development activities and support, which has led to an increased number of work placements, employability workshops and events, employer-led mock interviews and science, technology, engineering and mathematics opportunities. STEM development has been further boosted through support from the Highland city region deal: £350 million of funding, consisting of £135 million from the Scottish Government, £127 million from Highland Council and its partners and £53 million from the UK Government.

Those are good stats, Presiding Officer, but, as always in life, not everything goes up and not everything is good news. For balance, the numbers participating in their communities are down by 9 per cent. That statistic surprised me, because I attended a youth volunteer awards ceremony in Wick in November where there were loads of young people who were all active in the community and extremely proud to be receiving their awards. I know that our islands also have a strong cohort of young volunteers, having met some of them in Parliament last year.

Thirty-eight per cent say that a lack of local opportunities is a barrier to achieving employment goals and although 71 per cent were happy with the choice of subjects that they can study, 46 per cent felt that the range of available subjects will limit their post-school options, which rises to 63 per cent in fragile areas. There is no doubt that there can be issues with school subject choices in rural areas and that a main barrier is teacher recruitment. I have raised the subject of allocating probationary teachers earlier in the school year to allow more flexibility with subject choices and timetables, and the Cabinet Secretary for Education and Skills has assured me that he will look into it.

Half of young people agree that their community is a place where it is okay to be different, which is the same as in 2015. However, research by LGBT Youth Scotland shows that, in rural areas, 81 per cent of lesbian, gay, bisexual and transgender young people experience at least one form of

bullying in education and that 9 per cent of lesbian, gay or bisexual and 27 per cent of transgender young people left education because of it. That is only one of the reasons why an inclusive approach to education is even more important in the Highlands and Islands.

In conclusion, this is a welcome report that shows that more and more young people are realising and taking advantage of the opportunities that are offered to them to enable them to live, study and work in the Highlands and Islands. We have always had an issue with depopulation, but we should never completely halt that outward migration and neither should we seek to. Our young people will always want to broaden their horizons, whether that involves going to other parts of Scotland or other parts of the world. However, what this study shows is that we are empowering young people with more choice and that the days of them being forced away from their community because there are fewer prospects for studying and employment are in the past.

We need to ensure that these figures continue to rise, especially in our most fragile communities, by building on the work that has been done in areas such as provision of and access to opportunities, education and training and engagement with arts, leisure and culture activities. We also need to ensure that there is adequate housing for those who choose to stay or come back. Two or three new houses could make a huge difference in places such as Lochcarron, Kinlochbervie and Applecross.

I will close with a quote from the report:

"The Highlands and Islands is such a wonderful place and I always love telling people that is where I am from."

Me too.

17:31

**Jamie Halcro Johnston (Highlands and Islands) (Con):** I welcome the debate and congratulate Gail Ross on bringing it to the chamber.

As a Highlands and Islands MSP, I am perhaps biased, but I think that our region is one of the most diverse, most beautiful and most friendly in Scotland. The region has drawn many in, charmed by our landscape and sense of community, and it is undoubtedly a spectacular place to live.

However, it is certainly not without its challenges, which are not new. For generations, many people who were born in the Highlands and Islands have looked further afield for opportunities. They have felt that they cannot continue their education or progress in their chosen career and remain in the land where they were born and raised.

There is undoubtedly a sense of that in rural communities across our country. Young people will move away from such areas for university or work. What cannot be denied is the extent to which that is more pronounced in the Highlands and Islands. As Highlands and Islands Enterprise's survey indicates, people aged between 15 and 30 make up 17 per cent of the population of our region, as opposed to 21 per cent across Scotland as a whole. There is a divide in the region, too, with the figure being lower still in some of the Western Isles and the west Highlands.

One of the most pronounced impacts of rural living early on in a person's life is education, and the issue of subject choice is significant. Even where we see innovations such as the extension of foundation apprenticeships, we still see choice narrow in more remote communities. Some might suggest that that is natural, that it is a consequence of the choice to live in rural communities and that it is simply what would be expected in areas where there is a lower density of population. That will certainly be true in some aspects of life. However, there is also a stronger theory, which is that Government exists to expand opportunity, to share prosperity and to provide services that are similar across a country's population. As far back as we can reasonably analyse, Scotland has had higher public spending than the UK average—today, we see that delivered through the Barnett formula. The chief justification for that disparity is that we have these geographic and demographic challenges. Where, we might ask, is that additional expenditure going if not on creating a level playing field in public services within Scotland?

There will always be a pull to a local community—being close to friends and family, and feeling a sense of home. For many, that pull will not be loosened by the odd difficulty. However, for people in these communities, the challenges of staying can be overwhelming.

As a young person leaves school and looks to their future, they might be able to accept a narrower choice in their education, but they might consider other possibilities, too. Can they get public transport to college, university or training? Can they be sure that they will be able to pick up a part-time job to supplement their income? These are areas where government can take a greater lead—preferably government at a local level that is responsive to the particular needs of remote and rural communities. My party has often pushed for localism. Decentralisation will be a part of any solution, yet our established organs of local government are struggling more than ever.

I mentioned foundation apprenticeships, but I should also touch on some of the opportunities

that are presented by graduate apprenticeships. We should also consider how other elements of our education structures such as articulation from college to university can be valuable in our region. If we can properly adapt those educational routes to our difficult geography, we will not only increase life chances but provide a route that will enable those reluctant leavers to stay.

Those are just a few of the areas that could be mentioned. We could consider infrastructure, from roads to broadband, or the need to encourage entrepreneurship. I do not feel that those approaches are not understood by policymakers—they are. However, choices are made or not made, and the pace of change can be glacial.

The challenges of not making progress are stark. The future of young people in the Highlands and Islands is the future of our economy, of our public services and of the opportunities for generations to come.

17:35

**Rhoda Grant (Highlands and Islands) (Lab):** I congratulate Gail Ross on securing the debate. I also want to express my support for Highlands and Islands Enterprise surveying young people. That is a benefit of having an enterprise company with a social as well as an economic remit.

It is heartening to know that so many young people want to live and work in the Highlands and Islands. That said, I am not against people spreading their wings and seeing a bit of the world. The Highlands and Islands are famous for sending people around the globe. Unfortunately, much of this outward migration was, and is, not from choice; it is due to a lack of education and career opportunities in the region. We need to make sure that the decision to stay or leave is a real choice, enabling people to stay without compromising their life chances and career.

Gail Ross said that one of the biggest developments that has stemmed outward migration is the development of the University of the Highlands and Islands, which offers excellence in many of its institutions. She spoke about North Highland College, and there are many others as well. They provide the normal courses we would expect in a further education college but also the excellence that comes from a higher education facility. It is often the combination of both that provides opportunities that are not available in other institutions.

However, it is still the case that young people have to move away when their chosen course is not available locally. Otherwise, they are forced to compromise, as is shown clearly by the statistics that show lower educational qualifications among



those who opt to stay compared with the national figures for qualifications.

Those figures also disguise movement within the area, with people having to move a distance from home just to access further and higher education. That leads to internal migration by young people to the more urban areas within the Highlands and Islands. The study showed that young people wanted to stay in the more fragile areas due to the stronger sense of community but, again, were less likely to be able to do that for career and educational reasons.

A recent study in the Uists showed that more young people were either returning or joining the community there. There was an increase in the number of children in the primary schools because of that. There are a number of reasons for that trend, but what is crucial to young people is work, housing and access to services. If we can provide those things, we can halt depopulation and bring new life to communities that would otherwise be dying.

Another issue that Gail Ross touched on in her speech is the diversity of a community. The LGBT Youth Scotland 2017 survey showed that young LGBT people living in rural areas are more likely to have poor mental health because there are fewer safe spaces for socialising. Gail Ross talked about bullying, and that is totally unacceptable. Although rural areas can be the best places in the world to live, no one is anonymous. That makes coming out difficult, because people cannot do that gradually, due to the lack of privacy. That lack of privacy makes it difficult for people with poor mental health to seek help when there is the added perception of stigma.

Such communities can be the most supportive. Everyone knows everyone else, so a person is less likely to be looked upon as a one-dimensional person but is recognised for all their attributes. Yet, we all instinctively want to conform and not stand out from the crowd, so anything that appears to make people stand out can be much more difficult to deal with.

The Highlands and Islands is a wonderful place to live, and, although I had to move from where I stayed when I was a child, for all the reasons that have been highlighted, my first home will always be home to me. I never chose to leave; I do not want any other young person to be forced to make that choice.

17:39

**Jenny Gilruth (Mid Fife and Glenrothes) (SNP):** I congratulate my colleague and friend Gail Ross on securing this evening's members' business debate.

The motion is focused on the Highlands, so I will begin by declaring an interest as the proud descendent of a Highlander. My granny, Flora MacRae, was the daughter of a crofter. My great-grandad, Donald, was also the postman for Muir of Ord and Muir of Tarradale, where the family croft was and still stands today.

For my granny, leaving the Highlands was almost a necessity, as it was for many of her generation. Indeed, the depopulation of that part of the country is remembered as one of the saddest times in our country's history. The Highland youth survey is important because it tells us the story of the next generation's ambitions and aspirations for Highland Scotland.

Gail Ross's motion rightly points to the important part that young people play in supporting thriving communities. Indeed, 70 per cent of participants in the survey considered that those who stayed in the Highlands were lucky to be able to work or study locally. That speaks volumes about the opportunities that are now available for young people in the Highlands.

Members will remember that last year marked the year of young people, which focused on inspiring the country through our young people, celebrating their achievements, valuing their contributions to communities and creating new opportunities for the generations yet to come. Although there is no direct Fife equivalent, the Scottish Government-commissioned young people in Scotland survey asked young people a number of questions about their ability to make their views heard on decisions that affect their lives. When they were asked about adults in general, more than half the young people who were surveyed agreed that adults were good at listening to their views and good at taking their views into account when they took decisions that affected them.

Young people need to have their views listened to, but they also need to be part of the decision-making process. The Highland youth survey is therefore encouraging, as it shows that increasing numbers of young people want to live and work in the Highlands and Islands, with the proportion of committed stayers increasing from 36 per cent in 2015 to 46 per cent.

Depopulation is not limited to the Highlands. This week, I have been lucky enough to be shadowed by an S6 pupil—Jennifer Smith, from Auchmuty high school in Glenrothes. Ahead of the debate, I asked whether she would stay in Fife when she finishes school in the summer. She said, "When I leave school, I want to go to Edinburgh to live and study, and then maybe to London. Maybe one day I'll come home to Fife." I completely understand Jennifer's motivations for wanting to do that. I, too, grew up in Fife, and I left to go to the big smoke in Glasgow. Gail Ross did likewise.

We need to balance the needs of our rural communities, such as those in the Highlands and Fife, with the needs of young people to explore our cities and to experience different places. We should not place a limitation on their ambitions; instead, we should seek to empower our young people to have a real voice in decision making from the outset, whether that is through the school council or modern studies. Perhaps the real test of last year's year of young people will be whether, in 2019, we continue to engage young people in our work as parliamentarians.

The Highland youth survey is certainly an invaluable tool for measuring societal shifts in that part of Scotland. Last month, reflecting those shifts and responding to the survey in *The Press and Journal*, historian Jim Hunter wrote about his experience of growing up in the Highlands. He said:

"So prevalent was the conviction that success could only be achieved elsewhere that someone still at home when in their early twenties was likely to be seen as being, by definition, a failure".

We should contrast his view with that of the young person whom Gail Ross quoted earlier, who said:

"The Highlands and Islands is such a wonderful place and I always love telling people that is where I am from."

For Jim Hunter, what has made the difference in what he describes as a "transformation" in the attitudes of young people is the work that Highlands and Islands Enterprise has done, with the backing of successive Governments, so perhaps I should be calling for a kingdom of Fife enterprise.

On a serious note, the Highland youth survey provides us with information that is invaluable in measuring attitude shift. With that in mind, I will write to Fife Council, asking whether we can seek to learn from the survey by listening to the views of young people across the kingdom.

17:43

**John Finnie (Highlands and Islands) (Green):** As others have done, I start by thanking Gail Ross for securing the debate. It is an interesting subject, and I congratulate her on her motion.

I declare an interest as a man who was lured by the bright lights of Fort William many years ago. I was born and bred in the Highlands, and I have spent all but a handful of years living there. Therefore, I am delighted that one of the findings is that the number of young people who are committed to staying in the Highlands has increased. However, I go along completely with all those who have said that we should not be negative about people who leave the area. It is very important that we have a rich mix of people, and that comes about partly through people

leaving. Many people from the Highlands and Islands who have done lots of good things around the planet have returned there and continued to contribute.

I want to make a small negative point about the report. I was disappointed to find that there was no mention in it of Brexit or Europe. Part of the rich mix in the Highlands—and the big change that has happened in my time—is the number of people from all sorts of cultures who are contributing to making it the vibrant place that it is now. However, Brexit looms over everything. I am thinking in particular of the Erasmus programme, which Dr Winifred Ewing, when she was an MEP, was instrumental in bringing in, and the benefits that have come from it. As things stand, people could well be denied some of those opportunities.

The comparator for this survey was the period up to 2015, when the previous study was undertaken, and we have the raw statistics in that respect.

Before I go on, I should say that I have just remembered another very minor negative. I am happy to go along with my colleague Gail Ross's comments on the northern innovation hub and the science skills academy, but it disappoints me that £119 million that could be doing something very constructive is going on constructing roads in the Inverness area that will improve people's journeys between locations by only 12 seconds at peak time. This is about priorities and, for a lot of people, the priority will be to understand the needs in a community.

I find the level of youth participation very heartening, because it is important that we have more parliamentarians who look like Gail Ross and fewer who look like John Finnie. There are far too many men in suits, which is the very thing that puts people off. Things are changing, and for the better.

I thought it significant that outward migration was concentrated in the 15 to 19 age group. On the issue of education, which has been repeatedly mentioned by members, my colleagues Gail Ross, Rhoda Grant and I visited e-Sgoil, an important development in the Outer Hebrides that caters for remote learning and, significantly, uses video technology to allow teachers to deliver classes from their homes. When I was there, some of the services were being provided to local authorities in the north-east of Scotland. We need to embrace such technology. Indeed, the whole collegiate system of UHI, which has been a great boost, is based on small groups of people, who by their very nature will still be in their communities, contributing to the whole. There is an opportunity in that respect.

There are many rich cultures in the Highlands, including the Norse culture in the north. I also highlight the developments in Gaelic, particularly in Skye. In my day, Gaelic was something that was spoken at ceilidhs, largely by old people, but the innovation is that people are now making very good livelihoods from taking Highlands and Islands culture all over this planet. That, too, has brought young people to the area.

There is a lot to be very positive about, and I thank Gail Ross for lodging the motion.

17:47

**Donald Cameron (Highlands and Islands) (Con):** I am delighted to follow John Finnie, who spent some of his childhood in my local village. I hope that, as one of our younger MSPs, he, too, will return home at some point.

I thank Gail Ross for securing the debate, and I feel that the discussion has been very worth while. We have started the year with a lot of pessimism and negativity, for all sorts of reasons, so it is very pleasing to take part in such a positive debate.

Like others, I am, as a Highlands and Islands MSP, all too aware of depopulation and the major impact that it has on rural and remote communities. Let me take a few statistics from the HIE report. First, it says that there is a deficit in the 15 to 30 age group; only 17 per cent of the population in the Highlands and Islands is aged 15 to 30, compared with 21 per cent in Scotland as a whole.

The report also says that, although the population in the Highlands and Islands is predicted to be stable to 2041, the 15 to 30 age group is expected to decrease by 15 per cent, which is a significant number. For example, it has long been predicted in Argyll and Bute that its working age population will decline by more than a third; likewise, it has been estimated that the working age population in the Western Isles will decline by 27 per cent. There is a real problem to deal with; however, it is not a recent phenomenon. The history of the Highlands and Islands over the past 250 years is one of more people leaving than arriving.

That said, many signs of improving attitudes to living in the Highlands and Islands are becoming abundantly clear, with more young people seeing a future for themselves in the region. I think that we will all welcome that, and rightly so. One speaker—I think that it was Rhoda Grant—mentioned the Uists, and I remember a report published last year that said that, unlike other island communities, the Uists appeared to be bucking the trend with a marked 67 per cent rise in the birth rate in the past decade.

An article in *The Herald* last year described the situation. It spoke about what it called the young “returners” who are helping to reverse the depopulation trends along with the

“new generation of young people”

that is

“keen to lay down roots”

in those communities. Many reasons were cited for this, including a feeling of greater safety for bringing up a family, the landscape, and the untapped markets for business enterprises.

It is clear from the HIE report that there are many more opportunities for young people now than there were even just a few years ago. The report notes that the Inverness and Highland city region deal will have an impact and also mentions projects such as the northern innovation hub and other rural growth deals.

Other speakers—including John Finnie—mentioned e-Sgoil, which I visited in Stornoway last year. It is an example of using technology to enable, in this instance, school children to learn, but it could easily be extended to other areas. There has also been investment in the region from STEM industries, which gives hope for long-term economic regeneration.

Longstanding businesses and organisations—such as BASF Pharma in Callanish in Lewis and MG ALBA in Stornoway—have committed to a long-term future in the region, which will ensure that there remains a demand for skilled workers in the area.

One thing that struck me in the HIE report was the fact that although 87 per cent of young people think that life in the Highlands requires making compromises—we accept that to be true—they nonetheless believe that there are growing opportunities for young people.

Lastly, I was struck by Gail Ross’s comments about housing; it is absolutely right to recognise housing as an issue. There are also issues with ferry connections, poor roads, broadband and so on; those are all issues that those of us who represent the Highlands and Islands know and talk about. Nonetheless, there is so much impetus for young people to stay and work in the region. I am delighted to have taken part in the debate, because getting it right now and ensuring that the economic regeneration of the Highlands and Islands continues will serve only to encourage more young people to live, work and make their lives there.

17:52

**The Minister for Business, Fair Work and Skills (Jamie Hepburn):** I join others in thanking

Gail Ross for bringing this motion for debate. I also thank members for their speeches. Like Donald Cameron, I welcome being able to take part in a positive debate. It is fantastic to see the progress that is being made in supporting more young people to live and work in the Highlands and Islands and how their attitudes have changed with regard to their desire to do so.

Jamie Halcro Johnston said that he might be biased in celebrating the area that he represents—he should not feel biased, because it is an outstanding part of the world, as is demonstrated by the very welcome trends that we have debated.

Jenny Gilruth and others placed the debate in its proper historical context. Like Jenny Gilruth, some part of the historical family experience of most of us who live in other parts of Scotland will be rooted in the depopulation of the Highlands and Islands. I therefore welcome that situation turning around.

I will place many of my comments in the context of the developing the young workforce initiative, which is mentioned in Gail Ross's motion. Developing the young workforce is making a positive difference the length and breadth of the country, and it is certainly making a difference in the Highlands and Islands.

Before I turn to that issue, I will talk about the role of Highlands and Islands Enterprise, which pulled together this very welcome report, for which I thank it. HIE is integral to creating the right conditions for the Highlands and Islands to thrive. It has been involved in supporting the right conditions for Scotland's employers and has made progress in implementing the city region deal and delivering projects such as the northern innovation hub and the science skills academy. We should therefore commend the work of HIE. We should also commend the role of UHI in creating opportunities for young people in the region and acting as a hub for research and innovation.

The Scottish Government is committed to improving outcomes for those who live in the Highlands and Islands. That is why we are investing £135 million over 10 years through the Inverness city region deal. The deal sets out that investment of £135 million, a further £53 million from the UK Government and £127 million from Highland Council and regional partners. That represents some £300 million of investment in the region over 10 years. The programme will deliver a step change in transport, innovation, digital connectivity, housing, skills, infrastructure and tourism. It will improve the lives of many people who live and work in and visit the Highlands and Islands, and it will be able to further the trends that we have been debating.

Of course, there could have been £82 million more if the UK Government had matched the Scottish Government's investment. I am very happy that, with the exception of the Conservative Party and the Labour Party, the Parliament voted at decision time to reiterate its position that the UK Government should match that level of investment, but I will not linger on that.

As the minister with responsibility for developing the young workforce, I will say a little about our progress in supporting schools, colleges and employers to widen choice and improve outcomes for young people. The headline achievement of the initiative has been the reduction in youth unemployment of 40 per cent from 2014 levels. The ambition was to achieve that by 2021, but we achieved it four years early. We want to build on that progress.

In the Highlands and Islands, it is critical that we continue our long-term plan to strengthen education and skills partnerships between schools, colleges, training providers and employers, based on local circumstances. In that regard, I am pleased to note the positive shift in the perceptions of young people in the area. That is undoubtedly down to a variety of factors, such as the Highlands and Islands being an outstanding part of the world to live in, but there are also the efforts that schools and others are taking to redesign and refocus their curriculum offer to better meet the needs of employers and young people.

We have spoken about young people leaving the Highlands and Islands. Gail Ross, Rhoda Grant, John Finnie and others have made the point that there is absolutely nothing wrong with young people leaving any part of the country if that is what they aspire to do and if they want to take up that opportunity. However, when I visit areas in any part of the country—but particularly rural communities—I often find that young people leave because of a misperception that limited opportunities are available on their own doorstep. We have to break down misperceptions that create the idea that a young person has to leave the area that they have grown up in, which is not always the case.

I have seen such situations on more than one occasion. Through the developing the young workforce initiative, I have been able to engage with young people who have taken up opportunities on their doorstep, quite often with an employer that has been in their community for generations and which the young person did not know was based there. That is why it is important to have employers involved in the delivery of the developing the young workforce initiative.

We have 21 industry-led regional groups, six of which are in the Highlands and Islands. All those

groups work towards the same aim, but they are responsive to local economic and skills needs. I have been very happy to visit groups across the country, including in the Highlands and Islands, and I look forward to being able to return to them in the future.

I know that there are particular challenges in supporting education and training opportunities in Scotland's rural communities and in the Highlands and Islands. There have, of course, been improvements. The University of the Highlands and Islands has made a system change in the delivery of higher education opportunities in the Highlands and Islands. I, too, have had the privilege of visiting the e-Sgoil, which John Finnie and Donald Cameron mentioned. It is a fantastic model for the delivery of education.

However, we know that there are barriers to and additional costs in the delivery of employment and training in the area. That is one reason why we have adapted our modern apprenticeship system by creating a rural supplement. That is of importance to the Highlands and Islands. The fund supports training providers and employers to overcome barriers that are traditionally faced in rural areas to the delivery of modern apprenticeship opportunities.

Those are just some of the ways in which we are committed to supporting young people in the Highlands and Islands through our DYW agenda, our skills system and our strategic economic investment. Gail Ross and other members can be assured of that on-going commitment.

*Meeting closed at 17:59.*



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