

MEETING OF THE PARLIAMENT

Thursday 9 March 2000

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Scottish Parliament

Thursday 9 March 2000

[THE PRESIDING OFFICER *opened the meeting at 09:30*]

Manufacturing

The Presiding Officer (Sir David Steel): This morning we are debating motion S1M-642, in the name of Henry McLeish, on “Created in Scotland—The Way Forward for Scottish Manufacturing in the 21st Century”, and an amendment to that motion.

The motion as it appears in the business bulletin is not quite correct. It should read:

“That the Parliament notes the Executive’s aim of pursuing a successful manufacturing sector and welcomes the Executive’s report *Created in Scotland—The Way Forward for Scottish Manufacturing in the 21st Century*, published on 2 March 2000.”

The wording will be corrected before decision time in the revised business bulletin that will be issued this afternoon.

09:31

The Minister for Enterprise and Lifelong Learning (Henry McLeish): I am glad that you cleared up that technical change, Sir David. I did not want to give you any more burdens at this time.

Last week I launched our publication “Created In Scotland—The Way Forward for Scottish Manufacturing in the 21st Century”. Today we have an opportunity to debate the contents of the report and to send out a strong message giving this Parliament’s support for manufacturing. Members from all political parties in this chamber have tried to develop what I shall constantly refer to as the new economic model in Scotland. That model is about inclusivity and consultation, and it links the work of the Enterprise and Lifelong Learning Committee, the Parliament and the Executive. That is in the best interests of manufacturing and of every sector of the Scottish economy.

In sending our message of support, it is important to underline the importance of manufacturing to the Scottish economy. Some 300,000 jobs depend directly on manufacturing, and manufacturing companies also support up to 300,000 related jobs in the service sector. That adds up to nearly 30 per cent of Scottish employment. Manufactured exports were worth almost £19.3 billion in 1999. There was a 7.8 per cent growth in exports in the four quarters to the

third quarter of 1999. Scotland’s share of United Kingdom manufacturing exports rose to a record 12.3 per cent. The manufacturing sector’s output grew by 1.4 per cent in the four quarters to the third quarter of 1999, compared to a decrease of 0.7 per cent for the UK as a whole.

We have world-class companies in Scotland and we are attracting world-class companies. For example, ADC Technology’s investment in Glenrothes will provide 1,100 jobs in a quality manufacturing outlet. PPL Therapeutics is an example of a leading edge, new technology company in Scotland, and Scottish Enterprise has confirmed an investment in its alpha-1-antitrypsin therapeutic protein products, which will be manufactured in Scotland. We can take great pride in the fact that that has been developed here and will stay in Scotland, providing Scottish jobs and benefiting Scottish people. I hope that those important messages go out from this Parliament with the full backing of members from all parties.

Scotland is facing global competition. Its future is increasingly dependent on being more competitive, more productive, more innovative and more responsive to the needs of the marketplace, whether that marketplace is in Scotland, in the United Kingdom or worldwide. There are signs that that is happening, and many firms are responding to the challenge. The company that I chose for the launch, Cashmaster International at Rosyth, is an excellent model of what can be achieved, and is one of the many examples of best practice mentioned in the report. Cashmaster International is a small manufacturer of weighing scales, which has successfully diversified into production of innovative touch-screen kiosks, with marketing opportunities for tourist sites worldwide.

I was pleased to see in last week’s Bank of Scotland report that manufacturing output rose again last month for the 12th month in a row. Manufacturing employment also rose for the seventh successive month, demonstrating that new jobs are being created in the sector. As I said earlier, there was excellent inward investment last week by ADC. Of course, everyone knows that we need to work hard to ensure that manufacturing continues to take its rightful place as part of the knowledge-driven economy of the future. The Executive is determined to support manufacturers in achieving that, and I hope that the Executive’s thrust will be supported by the Parliament.

“Created in Scotland” is the culmination of work that I initiated last year. It is perhaps helpful to recap the path that we took to produce this publication.

In March last year, the report “Pathfinders to the Parliament” looked at the business agenda for several broad sectors of the Scottish economy, including manufacturing, and produced many

helpful recommendations. In June, I announced that we would build on that work, and would be consulting business leaders, trade associations and trade unions to discuss future support for manufacturing in more detail. I then formed a steering group of prominent people to advise me on the main areas of concern, and to recommend to me what action would be helpful.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): The minister referred to the pathfinders document. Does he regret the fact that the Lib-Lab Executive has breached the recommendations in the manufacturing section of "Pathfinders to the Parliament", which stated that there should be a

"Level playing field across UK for business rates and taxes",

given the decision by the Minister for Finance, Mr McConnell, to impose a business rate poundage that is 10.1 per cent higher for properties in Scotland than for properties in England that are of identical value?

Henry McLeish: First, the pathfinder reports were enormously helpful in the run-up to the new Parliament, and since then, and I intend to provide a résumé report of pathfinder report ideas that have not yet been published or taken up.

Secondly, the Minister for Finance outlined the situation regarding the business rate. He had a difficult balance to achieve, but this Executive is committed to a level playing field throughout the United Kingdom, so that Scottish companies are not competitively disadvantaged.

Thirdly, I will be chairing a committee over the next few months to discuss with the business community and others the way forward through the difficulties that some of the companies may experience in the years ahead.

In September, after the steering group was established, subgroups were formed to look at particular subjects, and just before Christmas, those groups put to me papers outlining their recommendations. Those papers are available in the Scottish Parliament information centre.

I did not want to constrain their discussions, so it is not surprising that the groups have produced recommendations that range between modest, down-to-earth proposals and what might be called blue skies thinking. With the agreement of the steering group, the Executive took the papers and distilled from them the thinking and actions that were most likely to be achievable in the short to medium term.

Finally, the steering group met and reviewed the report last month, and was broadly highly supportive of it. The group agreed that it was not possible to include all the group's

recommendations in detail in the report, nor, given budgetary priorities, was it possible for there to be new action on all of them. The report does not try to duck that; it clearly acknowledges that the steering group did not necessarily support all the Executive's actions.

I want to record my appreciation of the steering group's efforts. I hope that we will be able to deploy the expertise, enthusiasm and commitment of members of that group in the months that lie ahead. I wish to give a special mention to the Scottish Trades Union Congress. That is not a partisan point. I mention it because when I came into this job, the STUC was one of the first organisations to say that it wanted a powerful message about manufacturing. I hope that that message has now been delivered and I thank the STUC for its participation.

The report is a statement of our commitment to manufacturing, and charts the significant progress that is being made. It also sets out a clear vision. I would like to throw in two points about the cultural change that will be required for this Parliament to send another message to Scotland. We can talk about technicalities, productivity, competitiveness, investment, innovations, skills and lifelong learning, but fundamental to this debate is the requirement for a wholesale change in attitude not only in this chamber, but throughout the country.

I would like to quote some parts of the report that tackle two areas of cultural appreciation: what is happening within Scotland and what is happening in the global economy.

First of all, as far as Scotland is concerned. "Created in Scotland" states:

"Manufacturing is an increasingly diverse activity, and there is often debate about what should be included within its definition."

Margo MacDonald put that point to me in the chamber recently.

"For many people in Scotland, manufacturing still conjures up images of heavy engineering and shipyards. These are still important to the Scottish economy and will continue to be so, but manufacturing now encompasses much more.

In the past, manufacturing was very much based around the production process. Focus on production was considered to be essential as 'making and selling something' was considered to be the key way value was added to the process. Manufacturing was tangible—you could touch your value, and you created more by making more.

Today manufacturing is both about 'creating' and 'making'. Many manufacturers now view the process much more in its entirety—research and development, design, supply, production, software, services, distribution, delivery, aftercare—and successful companies focus on those parts of the process which add real value to the product. Increasingly, having identified a market, for many companies the priorities are R&D, design, and prototyping

in order to deliver a high quality product”.

The value added element is crucial.

Mr John Swinney (North Tayside) (SNP):

Does the minister agree that as manufacturing gross value added has increased dramatically in Scotland, compared to a decline in the rest of the United Kingdom, manufacturing is a more important sector to the Scottish economy than it is to the economy of the rest of the United Kingdom?

Henry McLeish: That is largely true. Members should consider the export figures which I mentioned earlier—12.3 per cent of the total manufacturing exports from the United Kingdom are from Scotland. That is more than our share of the population.

When we consider labour productivity as a value added exercise, we are still, per head, less than the UK in gross value added per head, so we could do better in some ways. However, John Swinney’s point is largely correct. As far as Scotland is concerned, there must be an acceptance that there is a wider dimension to manufacturing than there has ever been.

I will reinforce that message by considering the global situation. The report states:

“We are living in a time of significant change in the way in which we do business. Globalisation and the dominance of knowledge as the key business resource is creating radical shifts in all areas of the economy, none more so than manufacturing. Manufacturing is and will remain a key area of economic activity in Scotland. However, the very nature of the industry and the factors driving competitive success are undergoing fundamental change. For many sectors this is a rapid step change.”

I use those quotes to highlight, as I said earlier, that in addition to the technical issues surrounding manufacturing, we must also identify the key cultural, attitudinal and perception problems. It requires not only the public’s perception to change but this Parliament to shape the new perceptions which reflect the changing realities of the Scottish economy.

The report also identifies—and this is an aspect on which members can unite—a number of areas in which Scottish companies are facing up to the challenges but in which they need to do more. Those are: diversification into new products and processes; better application of new technology; developing use of e-commerce; increasing product value; commercialisation of new ideas; developing alliances and relationships with companies; and improving customer focus.

Vital to all of that is what we do to help small and medium enterprises, which are crucial to every aspect of the Scottish economy, and the lifelong learning revolution, which is taking place but needs to accelerate at a much faster pace.

Throughout my speech so far, I have

emphasised the importance of the report as a unifying document for the future of manufacturing. The steering group also wholeheartedly supported one important new initiative. We intend to draw up a campaign to raise the image of the manufacturing sector. Scottish manufacturers believe that the image of the manufacturing industry is unjustly outdated and can be negative. Front page stories about job losses, which are inevitable because it is a free press and has a right to comment, often give the impression that only certain aspects of manufacturing are doing well or badly.

The negativity and misconceptions inevitably affect what young people think about a career in manufacturing. The fact that fewer are applying to universities for courses such as engineering and the fact that there are skills shortages in certain sectors are proof of that. For example, software engineering is one of the rapidly expanding sectors of the Scottish economy, yet it has an enormous number of vacancies.

There are skill gaps, a fact which is not entirely due to the perception that young people, or adults, have of engineering or of the economy. On the other hand, if we take the software aspects of creative industries, for example, interactive videos, there is a whole range of activities where we have to say, powerfully: “This is a career worth pursuing. This is a growth area.” To use the expression that I used at the launch of this for young people, it is a cool activity for them to seek a career in.

Alex Neil (Central Scotland) (SNP): I hope that my suggestion is helpful. On the one hand, we have a shortage of software engineers and programmers and, on the other hand, a high percentage of our graduates in those skills leave Scotland shortly after graduating. One of the successful programmes in matching need with supply has been the software graduate placement programme run by Glasgow Development Agency. Will the minister consider the possibility of expanding that programme into other local enterprise company areas, because it has undoubtedly been a major success?

Henry McLeish: I thank Alex Neil for that, because I agree with the thrust of the debate that we need to create an environment in Scotland in which young people stay in Scotland after graduating. The Parliament could unite around that issue. I am impressed by the work of the GDA; indeed, Lothian and Edinburgh Enterprise Ltd has set up a software academy—another innovation. We need to build on those developments. I agree that if something positive is happening in one area of Scotland, we should not take years to reinvent the wheel somewhere else. That is a challenge for Scottish Enterprise.

We need to set the record straight on perception. We intend to set up a project group involving some members of the manufacturing task group along with others, to consider how best we can go forward from developing manufacturing as a worthwhile career to giving a general and more positive view of manufacturing to the public at large. As part of that, we intend to have a champions for manufacturing sectors programme to link up people who are well known in manufacturing, who are doing good work in Scotland and to whom the public can relate.

David Mundell (South of Scotland) (Con):

Does the minister agree that the problem is two-sided? On the one hand, there is the traditional view of manufacturing and, on the other hand, the new, creative manufacturing, for example, in the video game industry. Being involved in developing video games is somehow perceived as not being a proper job. However, Scotland, with companies such as Red Lemon Studios and others, is at the forefront of those developments. Scotland has world-class developments in that regard. The Parliament should give credibility to those activities.

Henry McLeish: I could not agree more. Part of the task of the group will be to consider that fundamental point. Because of our history, which has been good, and because of our investment in many areas of industry, many people think that if a job is not in one of the traditional areas, it cannot be construed as a real job, with real career prospects and a real income. David Mundell has given an excellent example of the fact that that is not the case.

One other aspect of what is a fascinating area for the Parliament is the document that we published, alongside our manufacturing strategy, called "Partnership Action for Continuing Employment", or PACE. It is about tackling another issue that affects every member of this chamber. "Created in Scotland" refers to the need to improve how we deal with potential and actual redundancies. The PACE document is a best practice guide.

Job losses are an unwelcome but inevitable part of any dynamic economy. We need to do all we can to prevent them, but if they cannot be avoided, we need a consistent, rapid and united approach for dealing with companies and, more important, the individuals involved. I am determined to work with all key agencies to create the conditions necessary to improve partnership working across agencies, across areas, across sectors and across Scotland.

The review of our current arrangements sought to identify the lead roles of the various local agencies, to determine how best they can work in partnership and to establish a framework for a

strategic response plan. That is what is happening.

I wish to finish on a very positive example, which caused enormous difficulties for the individuals, for the company and for the local communities. I refer to the success of our approach when it was applied to those who were made redundant at Continental Tyres at Newbridge. Of the 831 people who were affected last October, at least half have gained new, full-time employment. Others have been found training places or have become self-employed. Efforts continue to find jobs for those, around a sixth of the work force, who are known still to be without work. I have every confidence that the team approach will also be successful for those who will be made redundant at the Grampian Country Foods Ltd factory in Newbridge.

As we move manufacturing forward, there is an ambitious agenda for the Parliament, the Executive and the country. In the transition, there will be difficulties. That is why the PACE report was designed, to show how best the Executive, the Parliament and every agency in the country can rally to respond.

I have two brief final points. First, manufacturing matters—it has a huge future in Scotland. Secondly, we are not in the business of picking winners and losers. I firmly believe that all manufacturers—large or small, high tech or from the traditional sectors—deserve our support. We should unite around the reports that have been produced. There will be differences in tone, emphasis and substance; nevertheless, manufacturing is vital to Scotland. I commend the motion to Parliament.

I move,

That the Parliament notes the Executive's aim of pursuing a successful manufacturing sector and welcomes the Executive's report *Created in Scotland—The Way Forward for Scottish Manufacturing in the 21st Century*, published on 2 March 2000.

The Presiding Officer: I ask all members who want to take part in the debate to press their request-to-speak buttons now. That will enable me to work out the time limit for back-bench speeches.

09:51

Mr John Swinney (North Tayside) (SNP): This is our second debate on manufacturing. At the start of the first debate, on 29 September 1999, I said rather flippantly that the first part of our new manufacturing strategy should be to get more lecterns for the Parliament. You responded, Presiding Officer, by saying that they were on their way. I am pleased to compliment you on the manufacturing achievements made by your office

in providing the lecterns for our second debate on the subject. That was an example to us all.

Many aspects of the Government's strategy on manufacturing are of enormous significance and worthy of support across the political spectrum. I will address a number of those aspects. The first concerns the framework for economic development in Scotland, which the Government set as one of its main action points in the development of its strategy. We welcome that, as we welcome the on-going debate on creating that framework. We have some uncertainty over where the debate will end and what the framework will look like—Henry McLeish and Nicol Stephen probably agree with me on that—but it is important that we raise the basic understanding of the Scottish economy to higher than its present level. It is also important that we have some shared understanding of the difficulties that exist in the different sectors and industrial bases that we are trying to tackle.

I was struck by the comments of Professor Brian Ashcroft of the Fraser of Allender Institute about the Government's strategy document. In effect, he said that what was missing from the manufacturing strategy was an understanding of the problems and challenges that are faced by the Scottish manufacturing sector. I hope that the economic development framework that emerges from the work of the Government's chief economic adviser advances us towards a shared understanding of the strengths of the sectors that we are trying to assist, and focuses Executive—and Executive agency—action very purposefully on addressing the issues that emerge from that process.

The Government also put improvements in the delivery of local economic development services and in existing performance on business start-ups, survival and growth at the heart of its manufacturing strategy. The ministers will not be surprised to hear that those sentiments are supported firmly by the SNP, as is the Government's emphasis on the importance to the economy of inward investment. However, inward investment has to be balanced against the need to develop and strengthen the indigenous company base in Scotland and to guarantee that we have a special relationship with those companies that have in Scotland their roots and commitments—and, I venture to suggest, their headquarters—in developing their contribution to the Scottish economy.

Some aspects of the Government's manufacturing strategy need further development. In that strategy, the Government makes a commitment to review the five-year export development strategy for Scotland. I have one thing to say to the Government on that, which—coming from me—is not exactly a new point: we

must ensure that the export development strategy that is put forward for Scotland has a distinctly more ambitious curve than any previous such strategy has had.

Although manufacturing exports may be increasing, they are doing so from a base that has contracted heavily in the past few years. They are on an upward trend, but from a lower base. Having read the reports of previous House of Commons select committee inquiries on exporting and considering the development work done by Scottish Trade International, I am struck by the relatively modest ambitions of our export development strategy. Ministers must tackle that decisively in the current review.

Henry McLeish: I agree with the points that John Swinney has made. He did not mention that within the export drive were other targets that were also unambitious—so much so that we have exceeded them, in some cases a year before the final target date. That is something on which we should compliment exporters, although I agree that we should have targets that are more ambitious. We also need to diversify, so that we are pushing certain exports, which, in previous years, have not had the drive that they should.

Mr Swinney: I am glad that the minister has made those points. It is important that we set a decisive, new and ambitious target for exporting. We do not want a 3 or 4 per cent increase in exports per annum; rather we need a step change in our export performance to provide us with the ability to trade in the global economy.

The SNP has supported many aspects of the Government strategy in the past and I will not go through them all. However, I would like to reiterate one concern that we have raised, about the significance of the Scottish university for industry in the development of skills in the Scottish economy. Despite having taken part in a debate on the subject with the Deputy Minister for Enterprise and Lifelong Learning, I am aware of the limited communication on the progress that has been made on the Scottish university for industry and I want to hear more from the Government about how the university fits into the overall lifelong strategy. I do not see how that will take place.

I refer members to the document on which Mr McLeish commented, "Partnership Action for Continuing Employment". I welcome the document, because it gives a process for handling the difficult situations that we have encountered, such as those that arose at Continental Tyres, Grampian Country Foods and Volvo. PACE gives us a guide to best practice and I noticed that some of the people who have contributed to the discussion are those who have a great deal of experience and have done much to pioneer

development work in that area.

I was struck by the diagram in appendix E, which shows the partners that need to be around the table. I encourage members to look at that diagram and to reach the conclusion that fewer agencies should be involved in such policy development. If not, as my colleague Fergus Ewing has just said, we will need a very large table. The diagram includes some key partners, but also clearly shows the congestion in that policy area.

Henry McLeish: Are you going to do something about it?

Mr Swinney: We will see.

The manufacturing sector represents an important component of the Scottish economy, whichever measure one uses. The minister cited the direct number of jobs involved in the sector as 300,000. The indicator that I take to be enormously significant is that of the gross value added in the sector. In the last four quarters, there has been a decisive increase of 1.2 per cent in gross value added in the Scottish economy, whereas the rest of the UK economy experienced a contraction of 0.7 per cent. That suggests the beginnings of the development of the value added aspects of the manufacturing sector in Scotland.

We also have information from the Government's "Scottish Economic Statistics 2000" about the average net output per head in the manufacturing sector, which shows that the performance in Scotland has been outpacing that of the rest of the United Kingdom for several years. That highlights the significance of sector in Scotland. I was pleased that the minister agreed that manufacturing is of disproportionate significance to the Scottish economy.

I would like to ask the Government some questions about its strategy. In the summary to the "Created in Scotland" document, I was struck by the statement that part of the Executive action will be

"to support Scottish manufacturers where it is considered that UK and EU proposals will have an unfair impact on the competitiveness of Scottish manufacturers."

That is a welcome indication of Executive action, but I would like to probe a little to find out what it actually means. Listening to the radio this morning as I came to Parliament, I heard Mr Peter Hughes, the chief executive of Scottish Engineering, giving a slightly different impression of the health of the manufacturing sector in Scotland. When I then opened my mail, I found the "Scottish Engineering Quarterly Review" from March 2000, in which Mr Hughes starts with the words:

"I am sorry to report that hard times continue for the manufacturing sector. There is ongoing pressure on

exports, pricing levels and margins."

He goes on to comment on the cutback on plans for capital investment and on the actions of the monetary policy committee of the Bank of England in increasing interest rates.

Those comments chimed with a document that I read the other day—a submission to the Chancellor of the Exchequer from the Engineering Employers Federation, which represents a multiplicity of organisations in the engineering and manufacturing sector. It represents some 10,000 companies that together employ 1.8 million people throughout the United Kingdom. I was struck by some of the language in its submission, which detailed the issues that he should pay attention to while preparing for his budget of 21 March.

The reason that I have lodged my amendment is to ask the Executive to recognise that it is all very well having a manufacturing strategy for Scotland, with an approach that we can support and with objectives that we can share, but the United Kingdom framework in which our companies have to operate is not conducive to the best development of our manufacturing sector.

I will quote from the EEF's submission:

"If it is assumed that policy makers will attempt to slow domestic demand growth then this should be done through fiscal policy rather than higher interest rates."

That is a very clear indication that the chancellor's decisions to step back from the use of fiscal policy as a player in the regulation of the economy, and to rely exclusively on the actions of the monetary policy committee whose deliberations we will hear about in a couple of hours' time, will cause difficulties for the manufacturing sector because of interest rates that are higher than the sector believes that they should be.

Another part of the submission says that:

"Although the outlook for the public finances is promising, the Chancellor should not be tempted to cut personal taxation. Prudence is still required because future finances depend on Treasury economic forecasts being correct . . . Personal tax cuts would only serve to stimulate consumer demand at a time when the MPC has been trying to restrain domestic demand. Government borrowing would also be likely to rise, increasing the probability that monetary policy would have to tighten."

The moral of all that, backed up by what Peter Hughes is saying in the "Scottish Engineering Quarterly Review", is that we dare not risk having the chancellor opting out of his obligation to take sensible decisions in relation to the formulation of UK economic policy. If he does so, and if he goes down the route that the organisations that I mentioned fear, we will see UK interest rates increasing in a way that will be damaging to the capital investment programme of a number of organisations in Scotland—organisations that depend on being competitive and that depend on

the Government creating an economic climate that allows the strategy of the Scottish Executive to have some hope of getting off the ground.

My fear is that if the Chancellor of the Exchequer gets his budget decisions wrong in few days' time, the interest rate increases that we have experienced in the past couple of months will continue to affect the Scottish economy. As a result, however worthy the Government's manufacturing strategy might be, we will find it very difficult to achieve that strategy's aims if companies in Scotland are placed at a competitive disadvantage through higher interest rates and an increase in their cost base, with the result that the ability to undertake long-term investment fundamental to the health of those companies is compromised.

Malcolm Chisholm (Edinburgh North and Leith) (Lab): Will Mr Swinney give way?

Mr Swinney: I will take an intervention if the Presiding Officer allows it.

Malcolm Chisholm: I have been listening carefully and with great interest to John Swinney's speech. However, if he is saying that, in two weeks' time, the Chancellor should take the heat out of the economy through fiscal measures, does the SNP advise him to raise taxes, cut public expenditure or both?

Mr Swinney: It is not for me to decide the contents of the Chancellor's package. However, Mr Chisholm will be aware that I fought last May's election on the basis of freezing the basic rate of income tax, because I believed that that was a credible and honest position. Indeed, I am quite sure that he would almost agree with that position if he were given the freedom to do so by the whips on the Government benches. I think that I hear one of them shouting loudly about keeping Mr Chisholm in line.

Mr Chisholm cannot deny that the Scottish Government's ability to realise its worthy manufacturing strategy will be compromised if UK economic decisions are taken in a way that undermines long-term investment in the Scottish economy. As the whole Government strategy is predicated on the ability to secure long-term investment in Scottish companies, we need decisions that allow Scottish companies to invest in their own businesses and staff. If the UK Government's macro-economic strategy fails to deliver the conditions that allow such investment, the Government's worthy strategy will be rendered weak and meaningless to deal with the real challenges facing the Scottish economy.

I move amendment S1M-642.1, to insert at end:

"but recognises that appropriate UK macro-economic decisions must also be taken to ensure the prosperity of the manufacturing sector in Scotland."

The Presiding Officer: Although back-bench speeches will be limited to four minutes, I will allow an extra minute for speakers who take interventions. We should be able to get everyone in that way.

10:07

Miss Annabel Goldie (West of Scotland) (Con): I apologise if I sound a bit nasal; I blame monsoon conditions at Troon.

The Conservative party welcomes the document "Created in Scotland—The Way Forward for Scottish Manufacturing in the 21st Century" as a positive contribution to any debate on the enterprise economy. Indeed, the document shows a healthy recognition that, when we use the word "manufacturing", we should not think exclusively of big bits of metal and the horny hand of toil, however attractive those attributes might have been in the past. However, the honest sweat of brow remains enduringly relevant, as I shall explain.

It is refreshing to find references in the document to how factors such as research and development, design, supply, production, software, services, distribution and aftercare can combine to create the process of manufacturing. It is equally helpful to track the course of manufacturing jobs over the past 19 years and to be presented with the analysis of the steady increase in electrical and instrument engineering jobs over the past five years.

The chart in the document that illustrates a comparison between 1973 and 1998 of gross value added by the manufacturing sector is particularly illuminating. Although the chart shows where there has been sector decline, the consistent growth in other parts of the sector and the huge productivity gains in the past 20 years are both positive aspects.

However, smiling at ourselves in the mirror becomes pointless when we lag behind competitors such as France, Germany and particularly the USA in terms of productivity. Successful business, whether in the manufacturing sector or elsewhere, exists on innovation, creation, productivity and competitiveness. To nurture those criteria, the document includes an extensive list of things to do, all of which are relevant and laudable. However, the question is how many of them are happening. Will some of them ever happen, or are they just a well-intended wish list?

Since the Parliament began, the minister has given a string of announcements about initiatives, as Mr Swinney said. What has happened to them? Has anything happened because of them? Is anybody measuring output or outcomes? Has

anyone set targets?

Mr Swinney appropriately referred to the Scottish university for industry. My perception is that there is slight scepticism among the business community about the relevance of the concept. I hope that that scepticism can be dispelled, but we must be much more public about the achievements and consequences of established initiatives. If such initiatives are not to be discredited and if politicians are to enjoy any respectability with business, we need to put flesh on the bones of such initiatives and we need to do so quickly. I hope that the minister can give us an early report on progress to date.

I want also to mention a particular hobby-horse—the reviews of Scottish Enterprise and Highlands and Islands Enterprise. The minister should be under no illusion: business is looking for radical proposals and for clear links, not confusion.

We must examine the Executive's intentions for the business environment if we are to avoid the Executive's publication being discounted. Page 5 of the document says that the Executive will

"take steps to ensure that the regulatory burden is kept to a sensible minimum".

That is great news, but what is happening?

According to the British Chambers of Commerce, since 1997, the Labour Government has implemented more than 2,600 regulations and repealed only 20. Much of Scotland's manufacturing sector is made up of small concerns employing fewer than 10 people. For such businesses, being hamstrung and strangled with red tape is a threat to survival. An inquiry by National Westminster Bank plc found that the total cost of compliance with Government red tape was 8.5 per cent of turnover for businesses with a total turnover between £20,000 and £50,000 and 4.1 per cent of turnover for larger businesses.

Those are alarming statistics, because they go to the heart not only of survival, but of competitiveness. My suggestion—which I make purely constructively, I hope—is to beef up IRIS. I am not exhorting the minister to go around fattening up women; I refer to the improving regulation in Scotland unit. I suggest that the unit be given a target and that the Scottish manufacturing steering group be asked to produce proposals for a reduction in red tape over the next four months. The minister should then ask IRIS to report on the proposals to see whether they can be implemented. I assure the minister that that will raise a cheer like nothing else.

Page 5 of the report also says that the Executive will

"ensure the competitiveness of Scottish manufacturers is not adversely affected by decisions on the business rate".

Mr Ewing referred to that. Because Jack McConnell, the Minister for Finance, has abolished the uniform business rate, we have a built-in business rate pound discriminator between Scotland and England. That is bad news and bad public relations for the Scottish business community, which needs to attract, not deter, inward investment.

I do not expect a wand to be waved, but the minister should be aware that there is a disparity between words and what is going on—there is a shortfall. I am as anxious as anybody that this document should enjoy credibility, but it will do that only if deeds begin to match words.

Another of the Executive's declared aims is to

"build an integrated transport system, which meets Scotland's economic and social needs, but does not threaten the health of our environment".

So far, we have no integrated transport system. According to the Minister for Transport and the Environment, we are not getting one this year, next year, sometime never. If the minister knows something that we do not, we should be put out of our suspense. We would like to know what M74 extension card is up the minister's sleeve, because unless a card is coming out of a sleeve—or a rabbit out of a hat—the commitment in the report means nothing. We have had only deterrent factors, which hit competitiveness. They include the highest fuel prices in Europe, proposals for road-user charges and taxes on workplace parking.

On page 6 of "Created in Scotland", which deals with

"the use of knowledge and technology",

the Executive says that it will

"develop an e-commerce strategy for Scotland".

That is very worthy, and it is obviously vital, but let politicians not make the mistake of thinking that e-commerce is a stand-alone electronic innovation or an end in itself. I quote an economist, George Kerevan, who was writing recently in a Sunday newspaper.

Mr Swinney: A very good chap—good sources.

Miss Goldie: He referred to the remark of the Chancellor of the Exchequer, Gordon Brown, that he would make the UK

"the best place to do e-commerce".

George Kerevan said:

"But the whole point of e-commerce is that place disappears over the internet. There is no best place, only worse place where Government regulation limits individual access."

Whatever the individual opinions in this chamber may be about Mr Kerevan's credentials, I think

that he is a fine man. [MEMBERS: "Oh!"] He is articulating a point of view that would certainly strike a chord with the business community in Scotland.

Mr Swinney: We will send him a copy of the *Official Report*—or he will see it on the web.

Miss Goldie: We have to—[*Interruption.*]

The Presiding Officer: Order. This is not St Valentine's day.

Miss Goldie: More's the pity.

If we are really serious about e-commerce, we have to get computers and business into our primary schools, so that e-commerce is literally a tool of the trade. By the time those children who are now in primary school get to secondary school, the enterprise culture should be brought to our young people not as a freak for the few, but as a fact of life for all.

Just to reassure the people of Scotland that I do not spend my weekends lolling around in indolence, I bring to their attention an article in the business section of *Scotland on Sunday* on 5 March. I found the article disturbing. It said that, unless crucial investment is made to provide high-speed connections, large swathes of Scotland could be by-passed by the information superhighway. The minister should confirm that he will enter into urgent consultation with current connection providers to address that threat. If there is such a basic problem with the infrastructure, the Executive's document will simply not stand up.

Mr Swinney has referred to the macro scene. I have a certain sympathy with his doing so, although his credentials are slightly questionable—I remain unconvinced that the SNP would be anything other than a high-taxation party in an independent Scotland. The current platform of taxation is oppressive. The director general of the British Chambers of Commerce, Chris Humphries, said on 11 March last year that the net effect of the budget was that business would be £500 million worse off in 1999, £1.5 billion worse off in 2000 and £1.2 billion worse off in 2001. We cannot regard those as empty statistics. Those figures have a significant impact on business. The manufacturing sector is particularly vulnerable.

The Conservative party commends the spirit of the Executive's report. Out there in our manufacturing sector, there is at every level the honest sweat of brow. Let us not turn that into a cold sweat. In "Created in Scotland", we have bones. I say to the Minister for Enterprise and Lifelong Learning that, unless we put flesh on those bones, I am afraid that there will be no conviction on the part of the business community that the Executive's initiative is anything more than

a verbal one. Speaking for my party, I want the initiative to be anything but that. I believe that the document is good and that its spirit lies in the best traditions of trying to help industry.

10:19

George Lyon (Argyll and Bute) (LD): On behalf of the Liberal Democrats, I, too, welcome the publication of "Created in Scotland". I especially welcome the remarks made by the Minister for Enterprise and Lifelong Learning in opening the debate.

Since May last year, I, like Annabel Goldie, have expressed concern about the number of initiatives that the minister has introduced. Of course, the minister wants to get things done, but it has been regularly suggested in the chamber that the initiatives were being created with little thought for the overall strategic goals. We have to recognise that the "Created in Scotland" document is one of the first attempts to allow us to see the wood for the trees. It provides us with firm evidence that the Executive has clear ambitions and objectives in mind.

We welcome the Executive's understanding that the problems resulting from the 18 years of neglect and decline of our manufacturing base can be dealt with only by a joined-up approach. I hope that the proposals in the document will be fully implemented and will begin to turn the situation around.

Miss Goldie: Will the member give way?

George Lyon: Certainly, but I hope that Miss Goldie is not going to make a proposal.

Miss Goldie: Mr Lyon is perfectly safe.

I am curious about Mr Lyon's reference to the past 18 years. The one fact that comes through clearly in the document is that dramatic productivity gains have been made in that period. The document also points out that the difficulties that manufacturing encountered in this country are no different from the difficulties that were encountered in other countries. Mr Lyon is being selective with the facts when he makes his criticism.

George Lyon: I think that the damage that was done in those 18 years of Tory rule is evident throughout the central belt.

Let us not forget the importance of the manufacturing sector to the Scottish economy. Thirty per cent of Scottish jobs depend directly or indirectly on manufacturing, which is a vibrant and exciting part of the economy. Over the years, smokestack has given way to high tech and technology has been transformed from the white heat into the little grey cells of the knowledge

economy. It is important to note that there has been a huge change in the kind of industries that we have in Scotland.

As a number of members have said, substantial challenges face the Scottish manufacturing sector. The high value of sterling and high interest rates in the UK make us less competitive than our neighbours in Europe and mean that our manufacturing industry—exporters in particular—have a steep slope to climb.

Despite those disadvantages, our manufacturing industry has remained competitive. To the surprise of many of us, it has traded its way through the current difficulties. According to Scottish Executive figures, Scottish manufacturing output is rising while UK output is static.

The latest Scottish Chambers of Commerce business survey tells us that 56.8 per cent of manufacturing firms expect increased turnover in 2000 whereas only 12.1 per cent expect turnover to decline. That shows that progress is being made. The survey also shows that 50.6 per cent of manufacturing firms expect improved profitability in 2000 whereas only 22 per cent expect a reduction.

Mr Swinney: Does George Lyon believe, as the logic of his argument would suggest, that if interest rates were lower, Scottish manufacturers and exporters would be able to achieve even greater levels of performance and would contribute even more to the Scottish economy?

George Lyon: I am just about to address that issue.

The ability of Scottish industry to overcome the problems of sterling and interest rates should not make us complacent. As John Swinney mentioned, Peter Hughes, speaking on behalf of the engineering industry on "Good Morning Scotland" today, said that he believed that the voice of the manufacturing sector was not being heard by the independent monetary policy committee of the Bank of England. The Executive needs to ensure that the views of Scotland's manufacturing exporters are heard and heeded by the monetary policy committee. I hope that the committee will announce no interest rate rise today. The Scottish Parliament should project the interests of Scottish manufacturing industry in the strongest possible terms. I hope that the minister will respond positively to that when he sums up.

Outwith the UK, 63 per cent of Scottish exports are to our European neighbours—our largest overseas customer is France—so exports to Europe are vital to the future of the Scottish economy and to manufacturing in particular.

Alex Neil: The SNP agrees that the top priority must be exports. However, the total budget for

Scottish Trade International is around £7 million. The Danes spend more on promoting their bacon abroad than we do on promoting the whole of our industry abroad. Does George Lyon agree that the priorities in Scottish Enterprise's budget must be reordered to allocate proper resources to export promotion, specifically to Scottish Trade International?

George Lyon: As Alex Neil will know, the Enterprise and Lifelong Learning Committee is considering such issues; we are studying ways in which Scottish Enterprise and its various component parts can be radically overhauled.

It is vital for the longer-term success of the Scottish manufacturing sector, our export sector and our primary industries that strong economic arguments are deployed in favour of joining the single European currency. At the moment, the arguments are being lost by default because the political parties do not have the courage of their convictions to put forward the sound economic arguments that lie behind that case.

Lifelong learning is the key to manufacturing strategy. Technology marches on and time stands still for no sector of the economy. Scotland must continue to specialise in high added value and in quality manufacturing. Gone are the days when we competed in the commodity markets; we can no longer compete at that level. Lifelong learning must be a continual updating of expertise and retraining to keep our work force at the cutting edge.

The Scottish university for industry and the University of the Highlands and Islands have significant roles to play in facilitating lifelong learning in partnership with industry and individuals. Individual learning accounts, which were a Liberal Democrat idea a couple of years ago, have come on stream and will help to underpin our learning strategies. The Executive's £50 million deal for students will go a long way to widening access and equipping the next generation with the skills that will be essential to ensure that Scotland's manufacturing industry remains competitive.

Miss Goldie: Mr Lyon mentioned student fees. Some students who previously paid no fees will now have to pay fees. Will that induce our young people to go to universities?

George Lyon: The fact that no fees will be payable this year will induce many more students to go to university. The new grants scheme that will come into operation next year will enable an even greater number of young people from low-income backgrounds to go to university, which is what we want. The Executive's announcement is therefore very welcome.

I was pleased that the minister highlighted one

of the key problems that we face—the perception of manufacturing industry. Manufacturing industry needs a makeover, so I am pleased that the minister has announced a campaign to overcome its image problem.

The Irish Government has identified growth in the high-tech manufacturing sector as a priority. The number of computer science and software engineering students who are leaving Irish universities and colleges shows the importance that the Irish Government attaches to such students in attracting inward investment to Ireland. That must be one of the targets that the Scottish Executive sets here in Scotland. Ireland has gone down that route in an attempt to become the e-commerce hub of Europe. It is important that Scotland is not left behind in the race; we must ensure that we can compete against Ireland.

Positive action and solutions to our problems are required. In Scotland, we need to maintain and develop our competitive advantages in specialist niche markets, and we need to excel. We need to continue to cut red tape wherever possible to allow business to grow freely and to generate a true enterprise culture. I welcome the commitment in “Created in Scotland” to minimising the burden of regulation on industry.

As I said, we must radically review the local and national enterprise companies to streamline their operations. We must have value for money from such organisations so that they truly support industry. Scotland must remain competitive, particularly in our key growth industries. That means a stable tax base and encouraging entrepreneurship and risk taking by individuals and, as important, by financial institutions. The Scottish Executive must act responsibly and progressively to further our economic and social priorities. As John Swinney rightly said, we need and expect the UK Government to create the right economic framework.

That is a big responsibility and concept. I want to spell out to John Swinney and his SNP colleagues what it means. Over the past few months, we have all heard the SNP’s increasingly ludicrous financial proposals. Week after week, it announces yet more spending commitments: £800 million on roads; £108 million on student fees. Yesterday, it announced another £1 billion to clear the outstanding debt from the water industry and pay off the private finance initiative contracts. I have lost count of the total—I stopped counting at £3 billion. If the SNP intends to keep its spending promises, there would have to be massive increases in tax to finance them.

Nick Johnston (Mid Scotland and Fife) (Con): Will the member give way?

Mr Swinney: Will the member give way?

George Lyon: To both?

Members: Toss a coin.

The Deputy Presiding Officer (Patricia Ferguson): Nick Johnston.

Nick Johnston: Does George Lyon agree with Matthew Taylor, the Liberal Democrat economic spokesman, who said that, under the Labour Government, hidden indirect taxes would cost the average earner £180 a year, the equivalent of 1.5p on income tax?

The Deputy Presiding Officer: You must wind up, Mr Lyon.

George Lyon: If we are to believe that the SNP meant its promises to spend all that money, that would mean massive increases—

Mr Swinney: Will the member give way?

George Lyon: I have to wind up.

Mr Swinney: Mr Lyon is attacking the SNP. I must have the opportunity to reply.

George Lyon: Okay, I will give way.

Mr Swinney: Would Mr Lyon care to clarify something that is totally confusing me? In the partnership document, the Liberal Democrats signed up to a deal whereby the tax-raising powers would not be used during this parliamentary session. On Tuesday, however, the federal leader of the Liberal Democrats came to Ayr—which, unless I am mistaken, is in Scotland—and said that the Chancellor of the Exchequer should not be cutting the basic rate of income tax. How can we take what George Lyon says a whit seriously when his federal leader says one thing and his Scottish party leader says another?

Fergus Ewing: He is a Liberal.

The Deputy Presiding Officer: You must wind up, Mr Lyon.

George Lyon: That is rich coming from Fergus Ewing, given the amount of money that he would spend.

Charles Kennedy was, as he said yesterday, referring to Westminster and not to the Scottish Parliament’s powers to raise taxes, as John Swinney well knows—[*Interruption.*] Just calm down, John. An independent Scotland would be the most highly taxed, most uncompetitive economy in Europe. It would be bad for business, bad for jobs and disastrous for the people of Scotland. I support the motion.

The Deputy Presiding Officer: We now move to speeches from other members. Members will have four minutes—five if they take interventions.

10:34

Mike Watson (Glasgow Cathcart) (Lab): It is good that the Parliament is having its second debate on manufacturing since it was established, as that shows the importance of that sector.

John Swinney and George Lyon have referred to arguments in the "Scottish Engineering Quarterly Review", and I, too, heard what Peter Hughes said on "Good Morning Scotland". To some extent, those arguments jar with what has been said today.

A major manufacturer in my constituency, Weir Pumps, recently announced redundancies, so I share the concerns of members of all parties about the level of interest rates. I certainly echo George Lyon's wish that there will not be a further increase in interest rates today. However, we must guard against the view that if we were part of the single European currency our interest rates would be half what they are now and we would be doing as well as Ireland. We might only be doing as well as France, Germany and Spain, which have far higher rates of unemployment. To say that we would do better if interest rates were lower is a simplistic argument, although I echo Mr Hughes's point that lower interest rates would aid exports.

Mr Swinney: If Mike Watson had listened carefully to my speech, he would understand that I said that the Chancellor of the Exchequer had got reliance on monetary policy out of balance with reliance on fiscal policy. The Engineering Employers Federation argues against cutting personal taxation because that would increase the pressure for increases in interest rates, which Mr Watson has said that he does not want. Are interest rates not a significant issue to be tackled in this debate about the future of the manufacturing sector?

Mike Watson: Interest rates will not be tackled in this debate because we do not have powers over them. We can refer to them tangentially, but there is no point in going into that issue in detail. I regret the effect that interest rates are having on exports. However, it is simplistic to say that we are doing less well than we would do if we had far lower interest rates.

In terms of manufacturing and exports, the Scottish economy is outperforming the economy of the rest of the UK. I do not accept the SNP argument that interest rates are set purely with regard to the south-east of England. Information is sought from all over the UK, including from the Scottish Executive, before the monetary policy committee makes its decision. One could argue about the weight that is given to Scottish statistics, but I do not accept that we are ignored. One must take into account the relative strength of Scotland within the UK.

I do not want to go over ground that has been covered by others, but I welcome the "Created in Scotland" document and the work of the Scottish manufacturing steering group. The steering group has a broad base of representation, including from trade unions, which is my background. That broad representation—which would probably have been absent if such an exercise had been undertaken by the Conservative Government—means that the steering group's recommendations give a fuller picture.

Training and retraining are vital for manufacturing. I am excited about the creation of the Scottish university for industry. I do not share John Swinney's pessimism about it—perhaps that is to be unfair to John Swinney, as he asked where the university would fit into the overall strategy for lifelong learning. I think that it will sit very neatly with that strategy. It will particularly aid small and medium enterprises and enable them to access relevant training opportunities when they need them—often they require training at short notice.

I am keen that apprenticeships should be developed. I should perhaps say that I want apprenticeships to return, because they are almost a lost art. There are very few apprenticeships in Scotland, which is partly a reflection of the fact that heavy industry has been in serious recession. Members will know that the coalition Government is committed to producing 20,000 modern apprenticeships over the next three years, which will make a major contribution.

I stress the importance of the document "Partnership Action for Continuing Employment", which was published with "Created in Scotland". I welcome the sort of initiatives that "Partnership Action for Continuing Employment" proposes. All too often, employees learn of their impending redundancy through listening to the radio or reading newspapers. There has to be greater consultation and contingency planning and more of a partnership approach.

There have been a number of mergers recently, including between Glaxo Wellcome and Smithkline Beecham and, potentially, between CGU and Norwich Union, which may lead to thousands of job losses. There has to be greater consultation of trade unions. That is not to say that we are against globalisation, as there are benefits to be had from globalisation. Manufacturing in Scotland has always been international. However, we have to ensure that we cater for the downside as well as the upside of globalisation. Those who are dislodged by the vagaries of international manufacturing must be looked after, retrained and reintroduced to the Scottish economy.

10:40

Christine Grahame (South of Scotland) (SNP): Like many members, I welcome the recognition of the status of manufacturing. However, I could do without another shiny brochure.

Before I can settle down, I must get a few comments about the prose out of my system. Page 13 of the document states:

“The internet and digital technologies are radically changing the ways in which we do business.”

On page 14 we find the statement:

“For Scottish manufacturers to be successful they have to be competitive.”

Well, well—there is so much to learn, so much that I did not already know.

From that we move on to the sort of managerial speak that appears to have import but is, in fact, weightless and obfuscating. On page 34 we find the heading, “What will a successful UK manufacturing industry look like in 2020?”, but what does

“in many instances, has entirety of value stream co-located in the UK”

mean? I would like answers on a postcard. I can understand fairly intricate prose, pleadings and litigation—even B & Q assembly instructions—but I cannot understand that.

Let us talk straight for a change—let us have deeds that match words. Let us apply some tests to the Borders economy to show that manufacturing matters. Page 26 of the document talks about ensuring a level playing field for Scottish manufacturers relative to their competitors elsewhere in the UK. I know what the minister said about the Continental Tyre Group, but roll up Via Systems. After buying up two Borders plants, it bought a plant in the north-east that already had access to regional selective assistance and applied to inherit the £12 million-plus grant. The company then closed down its Borders plants and transferred work to the north-east. Eighteen months later, it held the local authority and local enterprise company to ransom by refusing to sell a prime, but now derelict, Galashiels site. That is bare-faced robbery; it seems to be okay for people to get away with the loot.

Has there been an inquiry at any time into the scandal and the role of the Department of Trade and Industry? Of course not. After an internal investigation—the results of which were not disclosed—the DTI said that everything was in order. It is good if people can get away with policing themselves. Never mind—the Executive sent down Lord Macdonald, a task force and, of course, promises. Enter the ubiquitous promised

saviour—the call centre. Scottish Borders Enterprise invested £500,000 to refurbish the premises in anticipation of one starting up. A further £70,000 was spent on retraining potential employees and on continual training, so that the prospective operators did not forget the valuable skills that they had been trained in—answering the phone. Are there now banks of telephones on the site? No—no call centre has been set up and there is none on the immediate horizon.

In answer to my question S1W-4523, the Minister for Enterprise and Lifelong Learning said that Locate in Scotland had announced 60 jobs. That is true. They were announced, but they are not there—lost in the post. According to that answer, Locate in Scotland has announced another 140 jobs in the Borders for the period from 1996 to 1999. That speaks for itself. During the same period, 1,000 Via Systems jobs and 2,000 textiles jobs went. I think that that is called a debit balance—but I am no economist.

Recently I asked the First Minister a supplementary question about whether he could guarantee that Pringle of Scotland will still be in production in the Borders three years hence, and whether there was a funded strategy to reinvigorate the textiles industry, but answer of substance came there none. What examples are there of plans to develop a high-quality and sustainable Borders knitwear industry? What initiatives have been taken to raise the level of average income in the Borders above the current rate, which is the lowest in Scotland—£50 per week below the average? The source for that figure is another big glossy brochure—“Scottish Economic Report: January 2000”. Why was there a delay in awarding regional selective assistance? Page 28 of “Created in Scotland” states:

“Once the new Assisted Areas map is settled, details of a new initiative for grants of up to £1,000 will be announced.”

Can the minister confirm that there has been a delay, because the maps that were submitted were based on the old ward boundaries and had to be resubmitted, with the result that electronic companies such as Signum Circuits in Selkirk are now delaying expansion?

I call on the minister to translate this production and to tell me his way ahead for the Scottish Borders—a humble sheet of A4, one-sided, will do.

10:44

Alex Fergusson (South of Scotland) (Con): I thought that the debate took a quantum leap forward when George Lyon said something about Liberal convictions. Until that point, I had no idea that those two words could be linked. [Laughter.] I am only sorry that he has left the chamber—

leaving behind him 50 per cent of today's Liberal party representation. For that reason, if for no other, I am delighted to take part in the debate.

During the campaign for the Scottish parliamentary elections, I often described the south of Scotland as becoming a sort of economic no-go buffer zone between the border and the central belt of Scotland. Nothing has happened since then to persuade me to change that view. As traditional manufacturing has declined elsewhere, rural Scotland has been affected to a disproportionate extent. When a factory or workshop shuts down in Selkirk or Stranraer, Galashiels or Girvan, there is unlikely to be much alternative employment.

The sad result is that that gradual and persistent haemorrhaging of manufacturing jobs has led to areas such as Girvan in South Ayrshire and Newton Stewart in Wigtownshire being among the worst five travel-to-work areas in Scotland for unemployment. That is not only sad, but totally unacceptable, leading, among other things, to the drift of population away from areas such as Dumfries and Galloway, which was highlighted in a recent statistical report, "Scottish Economic Statistics 2000".

I am glad to see that the First Minister will be waving his magic, spinning wand over that situation during First Minister's question time this afternoon. The Executive needs to use a magic wand, given that its response to unemployment in Newton Stewart is not to try to encourage manufacturing growth in that small town—rather, the response has been to close Penninghame prison, which is one of the main providers of quality jobs in that area.

Let us face it—the debate is really about jobs and the basic right of an individual to live and work in the area of his or her choice. The statistical report, which showed the drift in population, was interesting. It showed that, where a given rural area is within commutable distance of a manufacturing base, it will retain its population density. The population declines in areas that are not within such commuting distances, such as Galloway and the Western Isles—not out of choice, but out of necessity, as young people are forced away from home for educational and employment reasons.

The Executive simply must address that unsustainable situation if it is to live up to its promise to govern for the whole of Scotland. While there are seldom easy answers, strong possibilities certainly exist to reverse those discouraging trends. That is in addition to the new information technology manufacturing opportunities that other members mentioned.

As I speak, the village of Garlieston in the

Machars of Galloway, which has been in the news for all the wrong reasons recently, is suffering the most appalling disruption as timber lorries incessantly rumble through its too narrow streets for up to 16 hours a day, to fill a ship destined for Birkenhead with 1,200 tonnes of newly felled timber. Communities across Scotland are increasingly aware of the increase in forestry traffic, which will double over the next 10 to 15 years as output increases. That also applies to agricultural products, for which there are ever-increasing journey times to the processing and manufacturing plants en route to the supermarket shelf.

One does not need to be of rocket science intelligence to realise that, given the proper vision, Executive strategy and fiscal incentive, those products could be used to reverse the manufacturing decline that has taken place in the areas in which they are produced. Rather than complain about the traffic created by those products, how much more sense it would make to manufacture, process, package and market them as close as possible to their points of origin. Jobs would be created, value added and population drifts reversed. The environment would also benefit from vastly decreased transport problems. We could then begin to see the creation of an economic regeneration zone in the south of Scotland, rather than the almost no-go area that exists at present.

10:49

Mrs Mary Mulligan (Linlithgow) (Lab): Like other members who have spoken in the debate, I wish to welcome the document, "Created in Scotland".

I come to the debate today knowing just how important manufacturing is to people in my constituency, which includes half of West Lothian. In 1997, West Lothian had, at 31 per cent, the highest percentage in Scotland of employees involved in manufacturing. West Lothian shares its situation with the west midlands, which has the highest percentage in England and which is an area well recognised for its dependency on manufacturing. Even in the short period since we were elected to this Parliament, I have shared with my constituents some of the highs and lows felt in the manufacturing sector.

Members have referred to the closure of Continental. Although the company was based in Edinburgh, many of its workers lived in West Lothian. That closure was closely followed by that of Levi Strauss in Whitburn. Last week we heard about the closure of and loss of jobs from Grampian Country Foods in Newbridge. Those losses have caused great personal distress and upheaval to the individuals who are affected. I

welcome the minister's statement, which shows that he is committed to putting a plan in place that will ensure that those individuals are offered alternative employment.

We must, however, recognise that while there have been losses, there have been substantial gains in employment at Quintiles and Motorola in Bathgate. I believe that we will continue to see boosts from firms such as Quintiles because their operational base is broader than just production. They are there at the beginning of the process, in research and development of their products. They see their products through the manufacturing stage and follow that up with support services for customers. That emphasises how added value can encourage retention of employment.

Such a process is more sophisticated than merely manufacturing goods. Quintiles's highly skilled work force allows it to compete in the global market. I am sure that other manufacturers throughout Scotland would be pleased to follow that example.

Another example of good practice is in Sun Microsystems UK in Linlithgow, which is also involved in high-tech manufacturing. Since that company established a base at Linlithgow 12 years ago, its product base has changed on a number of occasions. That is important in a sector such as the one in which it operates and in which knowledge and technology have progressed at a tremendous pace. Changes in its product base have been made possible through employers and employees developing a solid relationship built on trust. It has also been important that on-going training has been available to update the skills of all employees. I was delighted that Hugh Aitken of Sun Microsystems is a member of the Scottish manufacturing steering group. I am sure that his contribution to addressing the issues of the manufacturing sector in Scotland will be worth while.

If manufacturing is to succeed in the global economy, it must have a number of supports. First, there must be a well-educated work force. The Executive is pursuing that, especially through its desire to raise standards in all our schools. It is also helpful to have a local college that offers support to local industry, as West Lothian College does for its community. Local enterprise companies must work closely with local manufacturers. Most important is the need for employers and employees to work together to address the constantly changing needs in their sectors.

Finally, Parliament must ensure that the right conditions for manufacturing exist so that companies can prosper.

10:53

Linda Fabiani (Central Scotland) (SNP): I join those who have given the document a cautious welcome, because it has provided an opportunity to have the debate. However, the problems that face Scotland's manufacturing sector are beyond the scope of Parliament's powers. My Scottish National party colleagues and I reserve the right to argue, with the support of the Scottish people, that Parliament should assume the wider powers that are necessary to address those problems.

Mike Watson: Will Ms Fabiani give way?

Linda Fabiani: What, already? Okay.

Mike Watson: I thank Linda for giving way so graciously.

I accept what Linda Fabiani says, but what is the SNP proposing for Scottish manufacturing in the short term? It will be a long, uphill struggle to independence—if it ever happens. People want jobs, prosperity and training in the meantime.

Linda Fabiani: In the short term, we would place the same importance on exports as we do on inward investment.

The minister's Westminster colleagues are again condemning the SNP's proposals, which they say threaten Scotland with economic upheaval. Where I live, families face economic upheaval right now. More than 200 workers at Philips Lighting in Hamilton, some of whom have worked there for 30 years, are facing redundancy, despite having the highest performance standards in Europe for delivery and quality. Sometimes being highly skilled just does not matter a jot. In East Kilbride, even the buoyant mobile phone sector has suffered almost 200 job losses at Vodafone.

Many people in Scotland, including voters in next week's by-election, take a different view from that of Dr John Reid and his cohorts. The message that is coming through strongly is that Scotland is fed up with a union that delivers stable but steady economic decline.

If the minister were here, I would remind him—in his absence, I shall remind his deputy instead—of the words that he spoke during the initial debate on this topic on 29 September last year. He said:

"We are preparing an overall economic strategy for Scotland. Our manufacturing strategy will be set in that context."—[*Official Report*, 29 September 1999; Vol 2, c 811.]

Reactions to the minister's document demonstrate how far it is from the strategy that he tells us he wants to put in place. The responses have concentrated on the major issues that affect our manufacturing sector, and especially on the strength of sterling, which, if it continues, will undermine all this Parliament's efforts.

I shall revert briefly to my interest in housing. It is a widely shared view that an obsession with owner-occupation is one of the factors that force up interest rates in the UK and undermine manufacturing investment. Perhaps the minister could have a word with his colleague the Minister for Communities and persuade her of the merits of a well-functioning housing market, instead of pushing more and more people into marginal owner-occupation. Perhaps he could also have a word with the UK Prime Minister this afternoon and ask him whether Scottish manufacturing jobs are a price worth paying for cooling the economy in London and the south-east.

I make a plea for this Parliament to take globalisation seriously. The results of globalisation are already with us. As an example, I refer again to Philips Lighting in Hamilton. The 223 jobs that are disappearing from Scotland will be relocated in Poland. Over the next few years, no other issue will have as much impact on our manufacturing base as globalisation will, and the minister referred to that in his speech of 29 September and again this morning. It is all very well for the minister to refer to those matters, but if this Parliament has no arrangements to monitor international developments, he might as well not bother.

I make no apology for drawing attention once again to developments around the World Trade Organisation. It is time that this Parliament established a committee to monitor the WTO and other international developments. When that happens, this Parliament might be able to make a serious effort to develop a plan for manufacturing, rather than simply approving reports on what the Executive is doing to cope with the problems created by its Westminster colleagues. I commend to the Parliament the amendment in John Swinney's name.

10:58

Irene Oldfather (Cunninghame South) (Lab): I welcome the opportunity to contribute to today's debate, which is vital to the economic future of constituencies such as mine, and which begins to map out the considerable challenges faced by the manufacturing sector.

I shall begin by posing a straightforward question. What does Scotland have to offer in the way of manufacturing industry in a global economy? The answer must not be underestimated, and I shall venture two suggestions: quality products and niche markets. To that we should add a commitment to harnessing our brainpower to our industrial muscle, matching the knowledge economy with a skilled work force.

How are we to go about selling our unique

attributes? An aggressive marketing strategy, including the whole concept of branding, must go hand in hand with other initiatives, such as broadening our industrial base, to ensure that spin-offs from inward investment strategy involve the creation of high-tech small and medium enterprises to act as supplier networks. Our universities have highly skilled research and development scientists and academics, but we must find a way of putting their potential to commercial use.

Exports are important. Scotland has a small domestic market and is reliant on exports to the rest of the United Kingdom and to Europe. The problem is that Scottish exports cover a narrow range of products, with electronic goods heading that list. That makes us vulnerable to economic shocks to the economy. In fact, 26 companies in Scotland export around 50 per cent of manufactured goods. That means that broadening our industrial base and expanding our SMEs is essential.

With regard to marketing, I wish to mention the results of studies that were undertaken by the Scottish Council Development and Industry into exporting expertise in Scottish manufacturing companies. Only 33 per cent of Scottish exporters that responded to the survey had a dedicated export manager, and only 22 per cent had an export department. If Scottish business is to be more serious about exploiting export opportunities and competing in global markets, more support and training for small companies is necessary, and resources must be prioritised accordingly.

One of the companies that is profiled in "Created in Scotland", Altamira Colour Ltd, is in my constituency. It is a success story in an increasingly competitive textiles market. An important fact that the document does not mention is that the company has excellent working conditions, with basic wage rates that are well above the national minimum wage. Through utilising new technology and productive partnerships, companies such as Altamira show the potential that exists in Scottish manufacturing, while still managing to maintain good conditions for the work force.

It would be remiss of me to participate in this debate on manufacturing without drawing members' and ministers' attention to the major job losses in my constituency at the Volvo plant in Irvine. Members may be aware that the plant has been threatened with closure for more than a year. Two weeks ago, management announced that efforts to secure a buyer for the site had failed. The work force is asking why Volvo is relocating and what efforts have been made to find an alternative buyer. The market for buses in the UK is buoyant. In excess of 8,000 buses are

purchased annually. Are those now to be imported from Sweden and Belgium? I call on Volvo to answer those questions. Answers are the least that the loyal work force in Irvine expects.

Scottish manufacturing industry has the potential to make a huge contribution to the economy well into the 21st century, and by harnessing the tools of the modern age—aggressive marketing, dedicated export departments and encouraging the commercialisation of research and development—we can find a future for our traditional industries. I call on members to support the motion.

11:03

Richard Lochhead (North-East Scotland) (SNP): I was delighted to see in the glossy document “Created in Scotland” mention of NCR in Dundee, in my own constituency. That highlights the importance of manufacturing to the city of Dundee, because it is the biggest employer in that city. However, I would like to say a few words about the importance of the manufacturing sector to rural Scotland, and in particular its importance to the rural areas of my constituency, because it is important that this chamber, ministers and the Executive set their sights beyond the former industrial heartlands in the central belt, and remember the importance of the sector to rural Scotland.

In the north-east, many small towns rely heavily on manufacturing companies for employment. In Turriff, the biggest employer manufactures printer ribbons and cartridges. One of the biggest employers in Fraserburgh makes refrigerated trailers. There are fish processors and processors of other foods, and there are small manufacturing industries throughout the north-east—indeed, throughout Scotland—that make shortbread and whisky. There are textile companies in the north-east. All those companies face special challenges, and this Parliament can have an influence on them, especially in the area of transport, which is referred to in “Created in Scotland” several times.

An issue of relevance is the campaign for a western peripheral route in Aberdeen, which has an impact on all manufacturing businesses in the north-east, because of the logjams that hold up the transport of goods. There is a ridiculous situation between Ellon and Peterhead, where the A90 is a single-carriageway road. That would not happen anywhere else in the UK, but in the north-east there is a single carriageway, although Peterhead has the UK’s newest state-of-the-art power station, Europe’s biggest white fish port, and Europe’s biggest gas terminal. The road is a scandal. Many local manufacturing businesses work closely with those large businesses.

The Scottish National party’s amendment is about the importance of macro-economic policy to the manufacturing sector in Scotland. Macro-economic policy is vital for rural manufacturing businesses. The whisky industry, for example, relies on the right policy coming from Westminster on whisky duty—if it is not right, it can be devastating for the whisky industry in rural Scotland.

Fuel duty is also crucial. Many hauliers are going out of business, yet they serve the manufacturing sector in rural Scotland—a lack of haulage businesses hits the manufacturing sector hard. The strength of sterling is another policy decided in Westminster. Manufacturing in the north-east is heavily weighted towards exports, so the strength of sterling has had a major impact on manufacturing companies’ ability to make profits and keep going.

On the oil and gas sector in Aberdeen, macro-economic policy on oil and gas taxation is also decided in London. The big question mark that hung over oil and gas taxation a year or two ago had a huge impact on the north-east of Scotland and on the fabrication yards of the Highlands and Islands. That question mark has led to investment drying up. It is time that the Executive put the utmost pressure on the Chancellor of the Exchequer down in London to help the oil and gas industry, so that we can spur manufacturing in that sector back into action.

The oil and gas industry gives the best illustration of the missed opportunity for Scotland’s manufacturing sector. We have somehow got into the position where much of the infrastructure is built abroad—the floating production vessels are built in Korea, Norway and so on. I understand that Norway is giving assistance towards the building of some of those production vessels in Norway. I hope that the Executive will investigate what assistance is being given in building those vessels. Why can it not assist companies in this country to build the infrastructure for our oil and gas sector?

There is also tension between the majors and the smaller companies in the oil and gas sector. Cannot the Executive intervene? If the majors allow the smaller companies in the oil and gas sectors to develop the reservoirs, that will spur more manufacturing activity in Scotland.

On the potential of renewable energy, we should learn from past mistakes and exploit our resources for the manufacturing sector. Renewable energy is a prime opportunity. I read a fantastic article in *The Press and Journal* recently, by Jeremy Cresswell, on the opportunities in the renewable energy sector. It states:

“Scottish companies are conspicuous in their failure to

capture business in the alternative energy sector.”

It goes on to state that, in relation to renewable energy,

“the UK offshore component represented a £4 billion opportunity.”

Let us ensure that Scottish manufacturing benefits from that £4 billion opportunity, because we missed out when it came to the traditional oil and gas sector. We should go for that opportunity. I want to hear today what the Executive will do to ensure that we exploit that opportunity.

11:08

Nick Johnston (Mid Scotland and Fife) (Con):

The Executive motion has much to commend it. It identifies, in broad terms, a focus and direction with which the Conservatives can identify. Like many of the recent statements made by the Minister for Enterprise and Lifelong Learning, there is very little in the vision that we object to. The business community will welcome the adoption of many Conservative policies.

We will welcome and embrace the strategy if it achieves the intention behind it, and ensures that manufacturing continues to play a significant role in the future of the Scottish economy. I have made my contribution to Scottish manufacturing as I am now on my third pair of varifocal lenses—I still cannot see my notes.

Most members have concentrated on the big glossy document, which is full of what we have been inoculated against by now after 10 months of this Parliament. I would like to mention and praise the PACE document. It is tempting to try to find clever acronyms for it—Please Allow Creative Energy, Profits Are Critical Everywhere and, most appropriate for this debate with this Executive, Politicians Accept Change Eventually. I will specifically consider pages 14 to 16 of the PACE document, which deals with the mitigation of company difficulties. I will highlight the difficulties with the minister’s old favourite—a case study or four.

The strategy suggests that we must provide support to businesses that are temporarily struggling. I will paint a picture of two companies. No 1 has been established for more than 90 years, is a world leader in a traditional industry, is one of the last of its kind in the UK, manufactures in the peripheral textile sector, holds the royal warrant and is involved in an industry that is struggling because the value of the pound is making exports difficult, but not impossible, and its competitors in Belgium are finding the UK a soft market for their exports.

Company No 2 was established 10 months ago. “High-tech manufacturer” would describe it in pure

terms, but it is, in reality, a small shop assembling computers for the small and medium enterprise and domestic markets.

No 1 employs 800 people on two sites; No 2 is a father and son operation, set up with £2,000 of redundancy money. Both are trying to engage with the enterprise network; both are manufacturers. No 1 has been offered limited support with training. It praises the account manager system, but it has short-term needs that are far greater than the capacity of local enterprise funding.

No 2 has been told to come back in a year, once it has an accepted trading pattern. It made the mistake of launching on faith and is now rejected by the local enterprise company, the banks and the local authority.

I see that Mr Lyon has returned to his seat—if he wishes to answer my question now, I will let him intervene.

No 1 has the potential to increase its work force, but in the market conditions that apply at present it would find that difficult. In the difficult current market, raising private capital is a challenge. It is looking to the future and embraces the philosophy of the business in the chamber event—that

“An educated work force is essential to competing in global markets.”

As the market stands, it is not possible to embrace the opportunity to train for the future. However, if No 1 was given some incentive to take on the unemployed and, without them being a burden on the payroll, support them through the three or six months of necessary training—in other words, if the unemployed were funded into work by being paid to train rather than sit at home watching daytime television, and skilled workers were released to engage in advanced training—it would be well placed to take advantage of the return of its traditional market.

When the company asks for advice, the only route I can suggest is that it shuts down its two factories, puts its workers on the dole, sell its sites for redevelopment and, after two or three weeks, phones Henry McLeish and says, “We want to start a manufacturing business. We want to employ 800 staff in two unemployment black spots and we want some start-up help.” Perhaps the minister could tell us how much support it would receive from the enterprise network.

And what of No 2? It is still struggling on. It still has the potential to survive and to expand, and perhaps even to take on more staff. It may survive—just—without support, but with support it could become the Gateway, the Tiny Computers or the Compaq Computer of tomorrow. How sad is the lack of vision of those entrusted with providing support. Because the company is quasi-retail and

probably falls into the displacement category, the enterprise agencies seem restrained in offering support.

The minister should read again pages 14 to 16 of PACE. Perhaps, in his summing up, he could tell us how those two companies—uncomfortably real examples that are repeated across Scotland time and time again—are to be helped by his manufacturing strategy.

11:12

Cathy Peattie (Falkirk East) (Lab): I welcome the minister's statement and the launch of "Created in Scotland".

I live in Grangemouth, which is the home of an ever growing petrochemical cluster. BP Amoco is building a new propylene plant; we are soon to have a new rail freight terminal; and Grangemouth docks are the busiest in Scotland. Indeed, Falkirk East is playing a major role in Scotland's economy.

It has not been all good news in Falkirk East. For example, a number of jobs have been lost in the clothing industry over the past months. There are lessons to be learned from that, which is why I particularly welcome the PACE report. There are many examples of good practice that we should take into consideration.

Russell Athletic was a manufacturing company in Bo'ness, in my constituency. The announcement of its plant closure was heard by the work force in the morning, before they went to work. No one told them what was going to happen. There was no recognition that workers in the manufacturing industry are stakeholders in the company.

Although the company had plans to move the plant and the contracts, and so on, it had no plans to speak to the work force. Only after pressure from the MP, Michael Connarty, and me did it consider bringing in Forth Valley Enterprise and Falkirk Council. The partnership of Forth Valley Enterprise and Falkirk Council enabled the staff to consider ways forward: jobs, training and other options. That should have happened long before the announcement of closure. It is appalling that people treat their staff in that way.

Another recent example of bad news is the Bairdwear factory in Grangemouth. It is closing down. Marks and Spencer, for whom Bairdwear produced garments, had told the company that its products were about the best in Scotland and that it was very pleased with them. Days later, it decided to buy overseas and end the contract with Bairdwear, which had been in place for some years. That caused great frustration. The factory's work was good. Some workers in Bairdwear had

worked there since they left school. The company knew it had a good product.

Bairdwear workers mounted a campaign to persuade people to buy local, and were to be seen on the High Street in Falkirk and elsewhere encouraging people not to buy foreign goods in high-street stores but to look for UK labels. The workers were frustrated because the garments that had originated overseas were not any cheaper and were not of such good quality, yet people were buying them.

That is why I return to "Created in Scotland". Will the minister consider a "Created in Scotland" label? The workers in Bairdwear feel that that would play a crucial role in encouraging people to buy local. A joined-up campaign that used "Created in Scotland" labels for our produce as well as our manufactured goods would also help growers and farmers in Scotland. I welcome "Created in Scotland" and urge the minister to consider such a label to ensure that, when products are created in Scotland, the label says so.

11:16

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): This is a debate on manufacturing, so it will come as a relief to the minister, and to members, that I will not declare an interest in any sort of dairy product.

We have heard a series of fine speeches from lady members of Parliament. When Alex Fergusson referred to "buffers", I assume he was referring to members on the Conservative benches—Mary Scanlon and Annabel Goldie excluded. Annabel's suitably coy and witty speech was absolutely splendid.

To set the debate alight, my theme today will be women. I plan to introduce a character who I will call Rosie the Riveter, but before I launch into the fair sex, I will take up briefly the minister's point about the image of manufacturing industry. My own experience will highlight that point. When I graduated, unlike most of my peers—who went off to become solicitors, accountants or whatever—I had to don the wellies and go off to the oil fabrication yards at Nigg, Kishorn, Sullom Voe and such places.

I remember my friends and acquaintances saying, "Poor Jamie. He's got the rough end of the deal—he's got to get his fingers dirty." I was almost not spoken about, such was the embarrassment. That image is still with us, and when the minister talks about tackling it I say, "Good on you, but you have one heck of a task ahead." I wish him well; it will not be easy to get out of the default drive of thinking that someone's job is good only if they wear red braces and a

stripey shirt and do something clever with millions of quid in the city.

There is an initiative called WISE—women in science and engineering—and, indeed, one called GIST—girls into science and technology. They are opening our eyes to the opportunities for women, but the fact remains that, in 1998, only 4.7 per cent of engineers were women. Up to the age of 16, females are required to learn science. The problem comes after that stage. Two statistics bear that out. Of the pupils presented for higher in craft and design, only 28 per cent—according to the most recent figures—were female; for physics, the figure was 31 per cent. We talk about the great untapped asset of women; in all my days of working in the oil yards, I met only one lady engineer, whose name was O'Shaunessy. I remember her very well.

We are wasting brain power and ability. We must grab the female problem, if I can call it that, of getting females into manufacturing industry. In my constituency, we have the example of Pat Grant of Norfrost Ltd, of whom many members will have heard; she is an astonishing lady. John Swinney has turned to look at me, but I have my doubts as to whether she voted SNP last time—that will be a shock for him. She has done incredible work in producing freezers and selling to a world market.

The only way to tackle that female problem is to go out and sell a female role model, which is why I conjured up Rosie the Riveter. We must make it sexy for women to go into manufacturing. Members may laugh, but I am not joking. We are wasting one of our country's most important assets. We must get moving. I have no doubt that the minister will make every effort to ensure that that happens.

I would like to conclude by quoting to Annabel Goldie two lines from Andrew Marvell's poem, "To His Coy Mistress":

"But at my back I always hear
Time's wingèd chariot hurrying near".

Let us get on with it.

11:20

Elaine Thomson (Aberdeen North) (Lab): That was a riveting speech.

I welcome the opportunity to take part in this important debate. I would like to talk about manufacturing in relation to the oil and gas industry. As many members will know, the North sea is now a mature province: the volume of oil is thought to have peaked and it will probably decline over the next 20 years.

Aberdeen and the north-east of Scotland has a reservoir of skill and expertise in offshore

exploration and production, particularly in areas such as sub-sea technology. There is a strong future for the companies involved in those areas to continue to design, manufacture and export to anywhere in the world where oil and gas exploration and production is taking place. That can happen for as long as we continue to use oil and gas.

Fergus Ewing: Does Elaine Thomson agree that the announcement made by the chancellor shortly after the Labour party won the 1997 general election, of a review of the oil tax regime, was deeply damaging to the oil fabrication industry and to investment in Scotland? The fact that the review lasted for more than a year probably resulted in the loss of orders that could have provided valuable work for oil fabrication yards.

Elaine Thomson: I do not accept that. The oil and gas task force was set up and from the discussions that I have had with representatives of the oil industry I know that it was well received. The main driver in investment and activity in the oil and gas industry is the price of oil.

Richard Lochhead: Will the member give way?

Elaine Thomson: If Richard Lochhead does not mind, I would like to continue my speech.

There is as much oil and gas still to be extracted from the North sea as has already been extracted over the past 25 years. However, that depends on an efficient, modern engineering and manufacturing industry. That industry must deliver innovative products, allowing production costs to be continually driven down so that that UK continental shelf remains globally competitive.

I welcome "Created in Scotland" and the issues that are discussed in it. It correctly identifies the need for manufacturing companies to continue to invest and modernise, and to make maximum use of the new technologies. We must ensure that companies' product ranges are available on the web and that availability checks and ordering can be carried out using e-commerce.

As has already been said, proportionally, Scotland exports and manufactures more than the rest of the UK. We need to take advantage of every opportunity to ensure that Scottish manufacturing succeeds globally. There is no doubt that we can find an extra competitive edge through the effective use of e-commerce. We have a narrow window of opportunity to rid ourselves of some of the disadvantages that arise from being situated on the western periphery of Europe.

"Created in Scotland" also discusses issues relating to skills. The current initiatives on lifelong learning, from the national grid for learning to the Scottish university for industry, are vital. Last week, I visited an engineering company in

Aberdeen that is participating in one of the pilots for the Scottish university for industry, delivering high-quality training to employees at work via the web. Trainees will be allowed to train at their own pace and in their own time, to suit them and their company. Training is an area in which we in Scotland score badly. If employers are asked—especially small and medium employers—why they do not invest in training, many talk about the cost of doing so and about the time employees would be away from work. Much of the training that will be delivered by SUFI will address those concerns.

The Offshore Petroleum Industry Training Organisation, which is the leading national training organisation for the oil and gas industries—there are several others—has produced a document on the skills required in the oil and gas industry. It has a clear agenda to do with women and gender. On average, 45 per cent of employees of most companies are women. In engineering, that figure is 20 per cent. In oil and gas companies with more than 250 employees, the figure is 10 per cent. I would describe that as miserable. A lot of opportunity is being lost. I ask the minister to address this problem to ensure that we use the skills and abilities of everybody in the economy.

11:26

Mary Scanlon (Highlands and Islands) (Con): I would like to start by dealing with George Lyon—someone has to.

Miss Goldie: Steady!

Mary Scanlon: All right—I will try to follow Annabel's advice.

George Lyon's naive and simplistic answer to everything seems to be, "Enter the single currency." The euro was supposed to be worth 71p, but the value of the single currency is falling by the day—it is now worth 61p. Our economy does not fulfil the convergence criteria, it does not fulfil the Treasury criteria as set out by Gordon Brown, and—on recent forecasts—it is unlikely to be convergent for at least a decade. A common interest rate can work to solve only common economic problems. It is hardly surprising that the chancellor, the previous chancellor and the chairman of the European Central Bank are all out of step with George.

The Executive's document contains some excellent ideas. I was pleased to read on page 23 that the Scottish Executive believes that

"all manufacturing companies, whether large or small, whether from a high technology or 'traditional' sector, deserve support"

and that it

"is open to suggestions for rationalisation"

of that support, rather than being open to red tape and confusion.

Many visitors to Scotland want to buy home-produced goods and would often be prepared to pay extra for them, but because it is not compulsory to label products with the country of manufacture, there is nothing to prevent cheap foreign imports masquerading as genuine Scottish products.

Like Alex Fergusson and Christine Grahame, I would like to change the emphasis and get away from the high-powered world of e-commerce, call centres and global, portable, homogenous products. I make the plea that we should not forget our own, unique, textiles industry—although I note that two people from the textiles industry are on the steering group.

Textiles is Scotland's fourth largest manufacturing industry; its exports were valued at £0.5 billion in 1998. Although I fully acknowledge the great history of textiles in the Borders, I am obviously more familiar with the Highlands. I am pleased that Jamie Stone is sporting a Hunters of Brora tweed jacket today. I am sorry that he has left the chamber and cannot give us a twirl. No, I am wrong—here he is now. He can give us a twirl. [*Laughter.*] Well done, Jamie—thank you. I wanted to do my bit for marketing a product of the Highlands.

The best of our unique products is undoubtedly Harris tweed. The strength of the pound and accelerating import substitution are making export sales very difficult. I will not go through the list of redundancies—because by mentioning George Lyon, I am now short of time.

I would like to talk about Alasdair Morrison's tourism strategy, which contained the excellent suggestion that we could combine enterprise and tourism. The Harris tweed and Scotland's textile industry would make a fine such combination.

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): Mrs Scanlon could wear a Ballantyne cashmere twinset on her tours in the Borders.

Mary Scanlon: I prefer Johnstons of Elgin myself.

Such a synergistic approach would help both industries and enable our textile industry to have a presence at more trade shows and missions. When I hear about people closing factories, I remember that Harris tweed is not just a manufacturing industry, but a way of life. The industry is a barometer of the strength of the local economy. The history of the Harris tweed, in particular, conjures up the Highlanders' strength, straightforwardness and hardiness, all of which are respected worldwide. We should be proud of

this unique product, which is hand-woven from Scottish wool in crofters' homes. With the projected 14 per cent decline in the population of the Western Isles, I make a plea that we fully support the industry.

Henry McLeish said that he is starting a campaign to change the image of manufacturing, and I noted Irene Oldfather's aggressive marketing strategy. Given the coverage that the Parliament receives across Scotland, the First Minister and the other men in dark and grey suits in the chamber could brighten up our proceedings and help to market our textiles by following John Farquhar Munro's dress code and investing in Harris tweed.

11:32

Malcolm Chisholm (Edinburgh North and Leith) (Lab): I should first apologise for my grey suit. I welcome this morning's co-operative approach to micro-economic policy and Opposition parties' acknowledgement of many excellent Executive initiatives such as the application of new technologies, export diversification, e-commerce, modern apprenticeships and the PACE report.

I also welcome the acknowledgement of Scotland's many manufacturing successes in spite of the undoubted difficulties caused by the high exchange rate. Several members have pointed out such figures as our 12.3 per cent share of UK manufacturing exports; our 7.8 per cent increase in manufacturing exports, according to the latest statistics; the 1.4 per cent increase in manufacturing output; the increase in manufacturing output for 12 months in a row; and the increase in manufacturing employment for seven months in a row.

Fergus Ewing had the only serious carp about the Scottish Parliament's areas of responsibility. He made his standard point about the business rate and once again was completely wrong. If we examine the product of valuation plus rate poundage, we will find that there is a level playing field throughout the UK. Of course, the same does not hold if we examine either valuation or rate poundage in isolation, but I do not think that anyone but Fergus Ewing would do that.

Fergus Ewing: Will Malcolm Chisholm give way?

Malcolm Chisholm: I want to make some progress, because I have quite a lot to say.

Annabel Goldie had a minor carp about targets—or the absence of them, as she saw it. The Executive has set many important targets, such as 100,000 new business start-ups in 10 years. What could be more important than that? Page 25 of "Created in Scotland" lists the

manufacturing steering group's recommendations for other important targets on research and development, training and internet sales, and I hope that the Executive will take those on board as it develops the framework.

Although the SNP and others put forward a very positive view about Labour in Scotland, I am afraid that we also heard the SNP's standard negative view about Labour at a UK level. There was silence about many of UK Labour's successful initiatives, which are also outlined in the document. For example, research and development tax credits, the university challenge, the science enterprise challenge, Faraday partnerships and the defence diversification agency are mentioned on page 39.

There was also complete silence about the great advantages for Scotland of macro-economic stability at a UK level.

Fergus Ewing: Does not Malcolm Chisholm recognise that the chancellor has created at least one distinction in Scotland in that we have the highest fuel tax and the highest fuel costs in the whole world?

Malcolm Chisholm: That is an interesting point; I was just about to pick up on John Swinney's recipe for curing some of the problems. For the first time, perhaps, he acknowledged that it is not possible to reduce interest rates without creating knock-on effects on the whole economy. He seemed to be advising Gordon Brown to take fiscal measures in the budget to cool down the economy. I found that interesting, so I intervened to ask whether that meant increasing taxes, lowering public expenditure or both. He swerved the question. Now, his colleague Fergus Ewing is asking for a reduction in taxation. They cannot have that at a macro-economic level. John Swinney wants to take fiscal measures and Fergus Ewing and many of his colleagues want lower taxes and higher public expenditure. It makes no economic sense.

Mr Swinney: Will the member give way?

Malcolm Chisholm: No. I think I am running out of time. Am I?

The Deputy Presiding Officer (Mr George Reid): You have plenty of time, Mr Chisholm.

Malcolm Chisholm: I have plenty of time. All right. I give way to John Swinney then.

Mr Swinney: I thought that the Deputy Presiding Officer was going to save Mr Chisholm there.

Can Mr Chisholm not understand the point that is being made? The chancellor is effectively leaving decisions about cooling down the economy to the blunt instrument of monetary policy. He is taking no steps, as the Engineering

Employers Federation has suggested, to use fiscal policy to restrain domestic demand.

I know Mr Chisholm is an experienced member of the Westminster Parliament and has sat through many more budgets than I have. My argument is simply that the chancellor is avoiding using aspects of policy that are at his discretion and is leaving all the bad news to the monetary policy committee. That is a rather bankrupt way of conducting economic policy.

Malcolm Chisholm: I am certainly experienced enough at Westminster not to second-guess what Gordon Brown will say in two weeks' time. I have said—and I do not mind saying it again—that I hope that he does not make further reductions in income tax, but that is my personal view. However, that is not what John Swinney was implying; he was talking about raising income tax.

What we did not get from John Swinney today was the more standard SNP line about increasing interest rates to deal with overheating in the economy in the south-east of England. We did get that from Linda Fabiani, who related it, in particular, to housing. That was a simplistic analysis. House prices here, in the city that I represent, are going up more steeply than anywhere else in the United Kingdom apart from London. It is not a simple Scotland-England interest rates issue; there are variations within Scotland and within the UK. Similarly, on the euro, the Germans want interest rates to do down, while many other countries in Europe want them to go up.

The high exchange rate causes a problem. Capital is flowing into the United Kingdom—partly because of the weakness of the euro and partly because of the economic competence of the Labour Government. The monetary policy committee was considering direct intervention to bring down the exchange rate. Indeed, it talked about little other than the exchange rate when it attended the Treasury Select Committee last Tuesday. I hope that that idea will be reconsidered, because there is clearly a problem which, in the spirit of co-operation, we all acknowledge. We should not, however, try to find a simplistic solution or give a simplistic analysis of it.

11:39

Alex Neil (Central Scotland) (SNP): First, I am the only member of the Institution of Economic Development in the chamber. As such, I am more than happy to offer free economics lectures to Malcolm Chisholm, George Lyon and one or two other members who spoke this morning. Secondly, I intend to concentrate my remarks on what the Parliament can do in the short term, as Mike

Watson described it.

We should not kid ourselves, however: this Parliament, with the limited powers and resources available to it, can only do so much. Let me provide two illustrations of that. The first is exchange rate and interest rate policy. The impact of any changes in exchange rates or interest rates, up or down, is far more important than this Parliament's available budget for economic development.

Secondly, although the Scottish Enterprise budget, coupled with that of Highlands and Islands Enterprise, is well over £500 million a year, that represents less than 1 per cent of Scottish gross domestic product. Although we want the maximum value from that public sector money, there are limitations to what micro-intervention can achieve in relation to macro-economic policy. We need to get this into perspective: in this Parliament, we have very limited budgetary powers compared with the powers available to Westminster.

I will turn to the issues over which we do have some control, and about which we can do something. Essential to a successful manufacturing sector is the availability of the skills required for the new technologies. A report by the National Audit Office about Scottish Enterprise's current skillseekers programme came out last week. That programme represents a fair chunk of Scottish Enterprise's budget. The NAO report showed that about half the people who engage in skillseekers leave the programme before gaining any vocational qualifications. The report also showed that around two thirds of participants would gain places anyway, even without the subsidy that is effectively available through skillseekers. I call on the minister to review urgently the skillseekers programme and consider its relevance to his manufacturing strategy.

Individual learning accounts have been set up to address the development of skills. A lot of them have been piloted in various local enterprise companies. The most successful one has probably been the pilot run by Fife Enterprise. However, it is being overruled from Bothwell Street by Scottish Enterprise, which is trying to impose the model for individual learning accounts, which, in turn, has since been imposed from south of the border—from Sheffield. I ask the minister to intervene on that matter.

Although it is not strictly in the manufacturing sector, the construction sector is suffering a major skills shortage. Vacancies are therefore not being filled because there are not the skilled people required to fill them. A major short-term boost could be given through Scottish Enterprise and the other agencies to the level of employment in the construction industry by taking urgent action to relieve that skills shortage immediately and to get

people into the construction sector, through apprenticeships, modern apprenticeships and other means.

One of the problems with all the funding schemes for small and medium businesses is that the businesses are often tied up in bureaucracy. It takes so long to get funding applications through. I draw members' attention to the Prince's Scottish Youth Business Trust, which I was involved in setting up, and on whose board Annabel Goldie sits. That nationwide organisation effectively provides venture capital at very favourable, non-commercial rates to young entrepreneurs between the ages of 18 and 25. They can get their money quickly; they receive help with producing their business plan; they get training before they start, if required; for the 18 months to two years after they start, there is an intensive aftercare programme to ensure that their businesses succeed. PSYBT has one of the highest levels of survival and sustainability in Scotland for businesses that are starting up. I therefore ask the minister to consider that model and apply it elsewhere.

In response to what Mike Watson said, there are four or five sensible suggestions, but, at the end of the day, we will never solve the manufacturing problem until we get independence.

11:45

Dr Elaine Murray (Dumfries) (Lab): It is good to hear the Executive and most of the members who have spoken talking with confidence about the future of the manufacturing industries in Scotland, as we sometimes get the impression that manufacturing is in terminal decline. It is true that manufacturing employment in Scotland has fallen by about a third in the past 20 years but, compared to the rest of the UK, Scotland's manufacturing industries are doing well. Productivity has grown by 1.4 per cent in the year to October 1999 while it has fallen by 0.7 per cent in the rest of the UK.

However, there is no room for complacency. There have been recent job losses in manufacturing throughout Scotland and a number of regrettable closures and reductions in my constituency. One of the measures that I will be using to assess the success of our policies will be a reversal of those job losses in my constituency and throughout rural Scotland.

Manufacturing has been in a process of change for some time and only those industries that can adapt will be able to survive in the long term—that is one of the main principles of evolution. Some businesses are adapting well and are taking advantage of the emerging knowledge economies and are blurring the distinctions between services and products, adding value to what they do.

Lessons can be learned from the success of those businesses and from the failure of others.

I was pleased to note that the Executive document was produced after extensive discussion and close working with representatives of all parts of the business community. On several occasions, we have talked in this chamber of the importance of improving the business environment, of the vital role of the knowledge economy and of the need to continuously improve the skills of our working people by investment in lifelong learning. Talk is fine, but it needs to be translated into objectives and actions. The document contains a series of specific actions to be taken by the Scottish Executive and the UK Government to address the needs of manufacturing in this country.

Last week, I asked an oral question about the progress of the science strategy. At the risk of boring the minister by droning on about science again, I will say that I am particularly pleased that the Executive has listed its plans for the development of the science base and the encouragement of commercialisation. It has become axiomatic that—due in part to the low level of investment in research and development by Scottish business—Scotland produces good research but does not turn that into good technology or jobs for its people, but the axiom will change. I was pleased to hear from the minister of the discussions that he is having with members of the scientific community to work out how that change can be achieved.

The Executive has invested £11 million of additional funding to aid the promotion of commercial activity. That money will bridge the gap that exists between laboratory research and marketable products. We need more mentoring for scientists to allow them to turn their work into saleable products and we need to change the way in which research is funded and assessed.

The Executive is also investing £6 million in improving the infrastructure of higher education institutes to assist with the development of research for commercial uses. Research equipment is extraordinarily expensive: a mass spectrometer costs about £6 million and needs constant upgrading. However, without that type of equipment, our laboratories will not be able to produce saleable commodities.

I welcome the success of Scottish bids in a number of UK initiatives such as university challenge, which was a panel game on television when I was young but is now the name of a science enterprise challenge.

Research and development is essentially related to the businesses that it supports in the cluster strategies. The "Created in Scotland" document

and the Scottish Enterprise network cluster strategy documents that tie research and development into job creation show that we are developing templates that will enable us to improve our manufacturing base and put Scotland back on the international manufacturing map.

11:49

Des McNulty (Clydebank and Milngavie) (Lab): In recent years, substantial progress has been made in terms of Scotland's economic prospects, but we should recognise that economic success is unevenly spread throughout Scotland. In Edinburgh and some of the surrounding areas there is evidence of relatively high levels of economic success. However, in part of the area that I represent, West Dunbartonshire, there are continuing high levels of male unemployment. That is partly linked to the historical legacy of manufacturing decline, and emphasises the need for a coherent and directed regional strategy in Scotland.

Regional strategies have traditionally been viewed in a UK context, with comparisons being drawn between Scotland and other parts of the UK. In particular, the rate of economic development in the south-east has been compared to that in other areas of the UK. However, Scotland has an emergent pattern of economic separation—a pattern of economic differences between one part of Scotland and another. It is important for this Parliament to acknowledge that and to ensure that, as we progress with our manufacturing and economic development strategies, we deal with that.

In the review of Scottish Enterprise that the minister is undertaking there should be a strong regional dimension. That regional dimension should not involve simply strengthening the position of the different local economic development companies such as Dunbartonshire Enterprise; the regional dimension must be incorporated into all the activities of the different agencies. Agencies such as Locate in Scotland and Scottish Trade International must take into account the economic needs in different parts of Scotland when making their recommendations and when inviting companies to move.

My second point is that there is uncertainty among manufacturing companies such as Kvaerner in my constituency. I have been working closely with the minister to address that, but we must ensure that we provide support to existing manufacturing companies, especially those in areas that have suffered severe losses in manufacturing jobs. The needs of those companies and areas must be appropriately addressed.

11:52

Brian Adam (North-East Scotland) (SNP): One of the inhibitors to starting up small companies, and to developing small companies, is the high level of bureaucracy that is involved in the administration of the various aspects of business.

In the past few days, we have all received a letter from the Federation of Small Businesses, which highlights the fact that we are now asking businesses—or, at least, Westminster is asking them—to administer the family tax credit scheme. That type of additional burden is a disincentive to the growth of small companies. Particular segments of our manufacturing industry will also be hard hit by the great increases in water rates that were announced yesterday. Those increases are another disincentive to the growth of businesses.

Mr Duncan McNeil (Greenock and Inverclyde) (Lab): Many of those small organisations have campaigned against the minimum wage, the working time directive and the rights of part-time workers. Would Brian Adam describe those as burdens on business as well?

Brian Adam: There are a variety of burdens on business, but I wholeheartedly support the minimum wage. Having a minimum wage does not increase the bureaucracy; it merely offers people a living wage. However, there has undoubtedly been a transfer of burden from central Government to business in dealing with the administration of tax arrangements. I cannot support that and I hope that Mr McNeil does not.

A plea has been made today to highlight things that are created in Scotland. There is a major problem in the processing sector of our food industry, as it is difficult properly to identify the labelling arrangements. I hope that, in conjunction with the Meat and Livestock Commission, we will be able to deal with that in the near future.

We have a blunt instrument in the interest rates for dealing with macro-economic policy. The changes in interest rates have been driven largely by the fact that the level of inflation in house prices in the south-east of England has been very high. I acknowledge Malcolm Chisholm's point that there is a similar problem in Edinburgh. That is a macro-economic solution to a micro-economic problem. We ought to be considering micro-economic solutions to the problem of house price inflation, rather than driving up the costs for manufacturing and other industries.

11:55

Allan Wilson (Cunninghame North) (Lab): I will try in the short time available to summarise the debate. I take employment as my theme.

Scotland's share of manufacturing exports is considerably higher than its share of manufacturing employment. Scotland's export share has increased since 1980 while its share of manufacturing employment has declined. To contradict the point made by Linda Fabiani, that can in part be explained by Scotland's success in attracting export-oriented inward investments. Non-UK companies now produce over 70 per cent of all Scottish manufactured exports.

The export market is dominated by large companies. As Mary Mulligan said, the electronics sector is particularly important—53 per cent of exports are from that sector. As has been said earlier, export targets are being met and even exceeded. That also means—and this is one of the few occasions when I agree with John Swinney—that there is a need to diversify from our existing manufacturing base and to set new targets.

Much of that success is the result of high productivity. Manufacturing labour productivity in Scotland has increased and is now above the UK average, although as Annabel Goldie said, we lag behind France, Germany and North America. That is what the debate is about: the current and projected UK economic climate in a global economy, and Scotland's position in it. Scottish and UK manufacturers have performed resiliently in the face of difficult international trading conditions.

Contrary to the doom and gloom spread by the SNP talking down the Scottish manufacturing sector, in fact, as Henry McLeish said, manufacturing output in Scotland increased by 1.4 per cent while it decreased in the rest of the UK, an example of UK monetary policy benefiting manufacturing industry in Scotland.

Mr Swinney: If Allan Wilson had listened to my speech this morning, I gave a number of points of information on areas where I support the improved performance of the manufacturing sector in very difficult conditions. However, I do not want the Government presenting a strategy to Parliament today that ignores the realities of trading conditions experienced by engineering and manufacturing organisations. Such a strategy would not be very effective.

Allan Wilson: Henry McLeish did not ignore those points. John Swinney ignored the point that Malcolm Chisholm was making about his solution to the problem. The manufacturing sector has grown by 7.8 per cent and Scotland's share is at an all-time high. As Mike Watson said, and it is worth repeating, the Scottish manufacturing industry is outperforming the rest of the UK.

I want to stress that over the period of decline in manufacturing employment, employment as a

whole has grown: 65,000 jobs as a result of growth in the new service sector. New high-tech industries have more than compensated for the loss of jobs in traditional manufacturing. International Labour Organisation figures show that unemployment is the lowest for a generation and levels of employment are at a 30-year high.

Alex Neil: Will the member give way? The Labour Government increased unemployment in Scotland to over 100,000.

Allan Wilson: I will keep going. I will come to Alex Neil's point in a minute. When new Labour came to power many sceptics, including Alex, claimed that we had a political ball and chain. The doctrine of the right that new Labour defeated was that unemployment was a price worth paying for economic growth—

Alex Neil: The Labour Government increased unemployment in Scotland to over 100,000.

Allan Wilson: We defeated the Conservatives.

One of the many factors that distinguishes us from the failed right is our commitment to employment as an engine of economic growth as well as of social justice. The minimum wage is another distinguishing factor.

I can remember the previous Labour Government—Alex Neil can, too, because the SNP and its Tory cohorts defeated that Government to herald in a right-wing, Thatcherite, monetarist agenda. I remember the lessons of that Labour Government and I remember the Saatchi & Saatchi "Labour isn't working" posters. The charge was that Labour could not manage the economy. It was argued that we were synonymous with a run on sterling, a balance of payments deficit, public expenditure cuts, a weak pound, runaway inflation and high personal taxation.

Miss Goldie *rose*—

Alex Neil *rose*—

Allan Wilson: Our people paid the price for the loss of that Labour Government, which the SNP brought about. Our record in office now is low inflation, low and falling unemployment, growing employment, public expenditure growth, manufacturing export growth, lower relative interest rates, and low—soon to be lower—personal taxation.

We have a successfully managed economy, the result of which is strong sterling. The exchange rate is not set by Government but by the exchange markets. Like Mike Watson, I think that it is important to recognise that the monetary policy committee sets interest rates for the economy as a whole and not for any one sector, region or nation. That has brought economic stability and the ability to grow public expenditure and cut personal

taxation and overall taxation at the same time.

John Swinney's amendment, by implication if not explicitly, threatens that economic stability, as does Alex Neil's nonsense about independence in Europe—even if the Europe part of that is dropped—which nobody believes in, except the majority fundamentalist wing of the SNP.

Mr Swinney: That was uncalled for.

Allan Wilson: He cannae deny it.

The Deputy Presiding Officer: To a point and to a conclusion, Mr Wilson.

Allan Wilson: Although John Swinney is rapidly retreating from the idea, his proposition of a neverendum is arguably worse. It introduces constitutional instability, which produces economic instability à la québécoise. We have seen what constitutional instability has done to the Quebec economy; it would do the same to ours.

I support the motion and reject the amendment.

12:02

David Mundell (South of Scotland) (Con): I declare my registered interest in British Telecommunications.

I am grateful to Allan Wilson for pointing out the difficulties that Labour created for the UK economy in the 1970s and the benefits that it inherited in 1997.

Before I talk about the "Created in Scotland" document, I want to make a general point about the relationship between manufacturing and e-commerce and the knowledge economy. In some debates, there has been a suggestion that e-commerce is an entity in itself, but it is not; it is a tool, and a way of presenting and selling products and services, developing new products and service, accessing new marketplaces or maintaining a position in existing markets. Therefore e-commerce relies on people who have created a product or a service. E-commerce is not separate from any other sector of our economy, but is inextricably entwined with them. I do not think that the document or our debates have made that point clearly enough.

Dell Computer Corporation from the US provides a good example of e-manufacturing. Dell allows one, in effect, to assemble one's own computer on-line with the features that one chooses, and then to have it delivered. Michael Dell, who is the chairman of the company, is well placed to point out that electronic commerce is the new electricity or air-conditioning—something that one must have to develop a business, but not an entity in itself.

Scottish companies are taking advantage of the opportunities afforded by the net. I was pleased to

see a number of manufacturing companies on the list of finalists for Scottish Enterprise's "Winners @ the Web 2000" competition. As tonight's awards ceremony at the Hilton hotel in Glasgow is described as a dazzling affair, I had presumed that the Minister for Enterprise and Lifelong Learning would be presenting the prizes.

Manufacturing companies such as AorTech and IBH, both of which are based in Scotland, are part of the process. When I keyed in "manufacturing and Scotland" to my internet search engine yesterday, one of the results was a company called Reekie, which is based in Forfar and is a potato system manufacturer. It makes some interesting products, such as bed makers—which, unfortunately, do not do what the name might initially suggest—and clod separators, which we might use in this Parliament. It is important that such companies should play a part in our manufacturing industry and be seen as part of the e-commerce world. Commitment to e-commerce, the latest technology and the most modern practices will help to turn the image of manufacturing around.

This morning the speeches of members from all parties have progressed that discussion. For too long, industry—and manufacturing in particular—has at various levels in our education and careers system come across as second class when compared with the professions. There is some evidence that that perception is changing, but we must ensure that manufacturing's importance is understood and respected here in Scotland. That applies particularly to the new companies that I alluded to in my earlier intervention—companies such as Red Lemon, Vis and Steel Monkeys.

I take on board Mary Scanlon's point that we should all be wearing the products that are manufactured by our textile industry, but perhaps we should also be playing the games that are manufactured by our games industry. However, I am sure that the minister plays "Take The Bullet" every week at the Cabinet. That is a game that Red Lemon is promoting.

Henry McLeish: That is a bit tortuous.

David Mundell: Perhaps. However, we should all be prepared to get to know and understand the products that companies here in Scotland are delivering.

The aims of the document are good, but we need to see their delivery. As my colleague Annabel Goldie pointed out, it all very well to say that regulatory burdens should be kept to a sensible minimum but, as the minister knows, since May 1997 regulation has increased, increasing costs for manufacturers across the United Kingdom. If we are serious about letting industries thrive, the time has come to roll back

that regulation.

We also need to know what is going to be done about the transport system. I do not think that the minister can say that the strategic roads review document and the integrated transport document alone address that issue. As Alex Fergusson pointed out, a lot more will have to be done to enhance our infrastructure and allow the timber industry to take advantage of the manufacturing opportunities that exist.

We also need to know what is going to happen with planning. Many members see planners as failing to take a commonsense approach to economic developments that arise in their area because of their insistence on local plans and national planning guidelines. We need to see some substance to back up this document's very laudable aims.

In both the traditional sector and new industries, Scotland has manufacturers of world renown who can lead it into the 21st century. We do not have any difficulty in supporting Mr Swinney's amendment, the Executive's motion or the strategy that has been outlined. However, it is now time for the talking to stop and for the Executive to deliver on what it has set out in its document.

The Deputy Presiding Officer: I call Fergus Ewing to wind up for the Scottish National party.

12:10

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I came to the chamber this morning with low expectations of our having an interesting debate. However, I have been pleasantly surprised, as the tone of the debate has been largely constructive and, if I may say so, good humoured.

I am rarely accused of having a lively imagination, but even if I were so accused—or even if I were in possession of such imagination—I do not think that I could conceive of Annabel Goldie lolling in indolence at the weekend or at any other time. However, she and members of all parties made interesting and intelligent speeches on the wide-ranging nature of the manufacturing sector.

That good humour was interrupted only by the ritualistic attacks and side-sniping on the Scottish National party. [MEMBERS: "Shame."] I do not like to point out that behaviour, but I feel duty-bound so to do. The attacks and side-sniping varied in tone from the incoherent and splenetic attack from Mr Lyon at the beginning of the debate to the rather Neanderthal attack from Allan Wilson. I say this in the kindest possible way—I thought that Allan's speech was firmly rooted in the past century. Perhaps we should all listen and learn.

I want to start on a positive note, which may not continue for long. I welcome many parts of the "Created in Scotland" document. I welcome the commitments in the document, although I question whether those commitments will ever be implemented. In particular, I welcome the commitment on page 29 to make the planning system more proactive and positive.

I cannot help but feel that the document may be a hostage to fortune when we come to review the performance of the Lib-Lab Government in years to come. I hope that I will be proved wrong.

I also welcome the commitment on page 5 to "take steps to ensure that the regulatory burden is kept to a sensible minimum".

Like Annabel Goldie, I am afraid that the reality is that we are being bombarded with red tape and more regulations. She said that 2,600 regulations had been implemented while only 20 had been repealed. When the Deputy Minister for Enterprise and Lifelong Learning sums up, will he set a target for repealing regulations? We have targets for just about everything else and it would be an interesting concept to have targets for repealing regulation in the pig industry, the whisky industry—

Mr McNeil: Will the member give way?

Fergus Ewing: As always, I am happy to give way to Duncan McNeil.

Mr McNeil: Is Fergus Ewing referring to health and safety regulations, which many people in the Federation of Small Businesses, which he purports to represent, seek to have repealed? Are those regulations included in his agenda?

Fergus Ewing: No, not at all. In my opinion, the primary purpose of regulation is to ensure health and safety, which is a serious matter. I do not think that anyone in this chamber would advocate for one moment doing anything to remove the protection that regulations are intended to provide in relation to the health and safety of employees. However, we should examine far more closely many of those directives that emanate from Westminster or Europe in which the Parliament has a say. I look forward to the time when the Executive takes steps to deal with that.

Brian Ashcroft pointed out in an article that

"Scottish manufacturing productivity has grown more quickly than the UK's during the past decade".

However, one point that has yet to be made is that that is not necessarily the case in the indigenous manufacturing sector, as foreign-owned inward investment contributes much to the total figure.

When the Minister for Enterprise and Lifelong Learning opened the debate, he was quite correct to say that we need an attitudinal change. I hope

that the Executive will take up the suggestion made by the Enterprise and Lifelong Learning Committee to incorporate in the Standards in Scotland's Schools etc Bill provisions to enable business to participate directly in schools, as that is where participation is required.

I also suggest that, for the same purpose, the minister may wish to revisit page 46 of the document "Pathfinders to the Parliament", on which three proposals are made. The first is to

"cross-rotate civil servants into manufacturing on a secondment basis".

The second is to implement

"programmes for managers from industry to spend time in classrooms".

The third is to

"encourage practice of open days for communities to visit manufacturing sites".

Those measures will not cost money, but they will change children's opinions of manufacturing as a career. That is important and I do not hesitate to endorse the minister's approach.

I would like to make a serious point regarding Malcolm Chisholm's speech. I have spoken previously about the effect of business rates on Scotland's business community. Mr McConnell's decision to set the business rate for Scotland at 10.1 per cent higher than that of England may be the most significant decision affecting businesses that has been taken in Parliament—it is certainly the most damaging.

The business rate in Scotland has been set at 45.6p in the pound, as opposed to 41.4p in the pound in England. That means that a Scottish business with a property pays 10.1 per cent more than is paid by a business that owns a property of identical value in England. If two businesses in Inverness and Colchester have properties that are valued at £20,000, the business in Inverness will pay £840 more in the year 2000-01. That is a fact and I am willing to take an intervention from any member who will deny it.

Malcolm Chisholm: As Fergus Ewing has invited intervention, I must make one, if only to repeat my previous point. One must look at both sides of the equation—the valuation and the rate poundage. If Mr Ewing asked the Convention of Scottish Local Authorities or anybody else whether there is a level playing field in business rates between Scotland and England, they would say that there was one. The two factors must be examined and Mr Ewing is looking at only one. Six times four is the same as eight times three.

Fergus Ewing: It is not the case that there is a level playing field. The calculation of rateable value is the same north and south of the border—it

has been harmonised. If a business rate of 45.6 per cent is applied in Scotland and a rate of 41.4 per cent is applied in England, the bill in Scotland will be 10.1 per cent higher than for a property of identical value in England.

If Mr Chisholm does not agree with me, he might want to consult the Scottish Council Development and Industry, which wrote to Mr McConnell suggesting that his policy would place Scottish business at a competitive disadvantage. The document that we are debating says that the prime concern of manufacturing industry is for a level playing field in business rates, but we do not have that—Scottish businesses are playing uphill.

I would like to introduce a fact about business rates that has not yet reached the public domain. Mr McConnell's justification for discriminating against Scottish businesses by imposing on them a 10.1 per cent surcharge has been that the total yield of non-domestic rates income must not decrease. I understand from COSLA figures that the total yield of non-domestic rates income will increase from £1,441 million to £1,663 million—an increase of £222 million raised from the business community. Mr McConnell said that he could not afford to give Scottish businesses a level playing field. I've got news for you—he can. The £222 million is available; Malcolm Chisholm will, no doubt, accept those figures from COSLA.

Malcolm Chisholm: Will Fergus Ewing give way?

Fergus Ewing: Mr Chisholm had his chance and he blew it—there is nothing personal in that.

I have tried to make a serious point and I am grateful for having had the opportunity to spell it out at more length than a humble back bencher such as I might normally be able to do. We will come back to this issue—Jack's tax is a phrase that we will remember and that the Executive will not be allowed to forget.

12:20

The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen): I am pleased that we have taken, in the main, a co-operative and inclusive approach to this important issue. There has been a cross-party approach to the subject of this morning's debate; the Executive, the Enterprise and Lifelong Learning Committee and the Parliament rightly co-operate on this matter. Most important, there is co-operation between politicians and the manufacturing sector, including both management and employees. Indeed, the width of representation on the task force was commented on.

Henry McLeish spoke about the new economic model. We must be more innovative, creative,

customer focused and design led. There are huge opportunities, which we must seize. Fitness for purpose and reliability are no longer enough on their own, although they remain essential. High-volume, low-margin, low-waged, low-skilled products are not Scotland's future.

There is general agreement on the scale of the dramatic changes that are taking place. As David Mundell said, world-class computer games are now one of Scotland's core manufacturing skills. We are all about quality products and niche markets, as Irene Oldfather pointed out. Because of the changes, there is a dynamic, volatile and constantly changing position in manufacturing. Some areas have continuing decline, some have significant growth and some have huge growth. However, the balance is positive, and huge new opportunities exist.

The problems of change bring crucial responsibilities. Lack of skilled staff is a problem, but it is a good problem to have, and I am determined that all of us will be able to respond powerfully to it. Software engineering was mentioned as an area in which there are skills shortages. Alex Neil had some positive suggestions for solving that problem, such as the software academy.

Electronics is another area in which there can be skills shortages. In Livingston, new innovative ways of working are being developed, with high-technology equipment being used in one location by university, college and vocational students. That is the sort of flexible future that we must try to create.

We are tackling the problem of skills shortages with the university for industry, individual learning accounts and the new learning centres that are springing up throughout Scotland. There are more students and more modern apprenticeships, but we still have problems, especially in science and engineering and in attracting students from disadvantaged backgrounds.

Jamie Stone mentioned Rosie the Riveter. He was right to highlight the waste of skills and ability among Scottish women, and we must address that issue. It is only by investing in skills that we will create the champions of manufacturing of tomorrow. We are determined to support the steering group's view that promotion of manufacturing as a dynamic and exciting future is vital.

I agreed with many of John Swinney's points. The framework for economic development is important, as is balance between inward investment and growing locally based companies. We all want to give new emphasis to our existing companies, without lessening for a minute the importance of inward investment. Export

development strategy is also important, and we need more ambitious targets. We must start to develop new markets now. Although the global market is moving fast, it can sometimes be frustratingly slow to get real benefit from the effort that is required to develop overseas and global markets.

Mr Swinney: Will the minister say a little more about the Executive's review of the export development strategy, its time scale and its relationship to the evolution of the e-commerce strategy that Scottish Enterprise is leading?

Nicol Stephen: Clearly, e-commerce is an important part of the export review, and the potential of e-commerce in developing global markets is huge. We intend to complete the review by the end of the year; it will form an important part of the review of national and local enterprise networks.

John Swinney mentioned Peter Hughes's comments. I, too, listened to Peter Hughes on the radio this morning; he welcomed the report and the support that it gives to his sector of industry. We should remember that we are talking about 7.8 per cent growth in our exports in the year to the third quarter of 1999. John Swinney made some positive points about the encouraging signs in the Scottish economy: 1.2 per cent growth in Scottish productivity, as opposed to a decline in the rest of the UK. However, there are difficulties as well, which we do not deny or duck. The growth, development and momentum that we are seeing is encouraging, but we must give time and attention to some of the problems.

The UK Government plays a hugely important role. Interest rates and exchange rates are an important part of that, but we have our own separate responsibilities, and it is on those responsibilities that we are determined to deliver.

Annabel Goldie spoke about the need to improve productivity further. We agree. She spoke about the need to make further progress in certain other areas. We agree that things can still be done; the document is about creating a focus for that. We are doing well in terms of employment, which has risen. Output is expanding. Exports are growing, in some cases dramatically, so I believe that we have the foundations of something potentially very exciting, provided that we can resource the growth.

Skills are key to that. I agree with many of George Lyon's remarks on that issue. His words of support were encouraging and he helped to highlight other areas in which we are taking action. Those include the promotion of manufacturing, which is an important area; supporting innovation and new technologies; the review of the enterprise networks; encouraging inward investment; and the

creation of new businesses. The most important part of the agenda is skills, and the work that we are doing in relation to universities, colleges and lifelong learning is central to that.

Many of those issues are strongly held Liberal Democrat convictions, which are shared by our Labour partners. They are also shared by many individuals in this chamber. I mention that because Alex Fergusson spoke disparagingly about Liberal convictions. It is important to contrast those convictions with Conservative convictions, which are an interesting concept—these days, sadly, they seem to mean that the politicians in question end up behind bars, although I should emphasise that I am not referring to the kind of bars that are found in the House of Commons.

Mary Mulligan mentioned the exciting exponential growth in companies such as Quintiles, Motorola and Sun Microsystems. We must get behind those companies and encourage greater growth from them, although we acknowledge what Des McNulty said about the need to emphasise traditional companies and industries.

Richard Lochhead made an important contribution, emphasising the potential of our rural areas and the fact that some exciting companies are developing there. Elaine Thomson built on Richard's comments about the importance of the oil and gas industry and its potential as a world-class industry with world-beating skills to promote and sell those skills internationally over the next few years.

Mary Scanlon touched on the problems in the textile industry. However, there is huge potential in that industry because of the quality of the products and the quality of new design skills and new product innovation. I know that my colleague Alasdair Morrison is working closely with producers and the development agencies to support the Harris tweed industry, for example.

Alex Neil had lots of positive suggestions, some of which I would like to investigate further, especially his comments on individual learning accounts. I will come back to him on those points. The only point at which he went off the rails, in my opinion—and I am sure in that of some of my colleagues—was in his final sentence. However, 2007 is an interesting new target.

The "Created in Scotland" report provides a helpful focus for all those efforts. It maps the way ahead and the way in which manufacturing companies are already facing up to the global competitiveness challenge. It brings together for the first time the actions and initiatives in which the Executive is engaged to support manufacturing. The only way forward is for manufacturers to keep pace with the demands of the new marketplace.

We intend to help that to happen.

The Executive has already moved to establish forums in which the needs of textiles and shipbuilding can be discussed. We are closely examining the opportunities for establishing centres of excellence for specific sectors throughout Scotland. Our next step will be to form a project group to oversee the campaign to raise the image of and improve attitudes towards the manufacturing sector. The Executive will convene another meeting of the steering group to set all that in train.

There will be a new angle on the report once the results of the consultation on the framework for Scottish economic development are published in a few months.

Some concerns were raised this morning about follow-through and monitoring against targets. We intend to set up a tracker document for all actions that are referred to in the manufacturing strategy document. The Scottish Executive will detail its progress on the internet, so that that progress can be seen by everyone in the chamber and in Scotland who is interested in this vital issue.

Business Motion

The Presiding Officer (Sir David Steel): The next item of business is consideration of business motion S1M-645, in the name of Mr McCabe. I call Mr McCabe to move the motion.

Motion moved,

That the Parliament agrees the following revision to the Business Motion approved on 2 March 2000:

Thursday 9 March 2000

after Motion on The Scotland Act 1998 (Cross-Border Public Authorities) (Forestry Commissioners) Order 2000, insert:

followed by Motion on Political Parties, Elections and Referendums Bill

and, b) the following programme of business—

Wednesday 15 March 2000

2.30 pm Time For Reflection

followed by Stage 2 of the Census (Amendment) (Scotland) Bill

followed by Stage 3 of the Census (Amendment) (Scotland) Bill

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business – debate on the subject of S1M-614 Dr Elaine Murray: Cashpoint Services

Thursday 16 March 2000

9.30 am Committee Business

followed by Business Motion

followed by Parliamentary Bureau Motions

12.00 pm Decision Time

followed by Members' Business – debate on the subject of S1M-443 Euan Robson: Rail Travel for the Blind

2.30 pm Question Time

3.10 pm First Minister's Question Time

to conclude at 3.30pm

Wednesday 22 March 2000

2.30 pm Time for Reflection

followed by Ministerial Statement

followed by Debate on Stage 1 of the Standards in Scotland's Schools etc Bill

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business –

Thursday 23 March 2000

9.30 am Non Executive Business (SNP)

followed by Business Motion

2.30 pm Question Time

3.10 pm First Minister's Question Time

3.30 pm Executive Business

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business—[Mr McCabe.]

The Presiding Officer: No member has asked to speak against the motion, so I put the question to the chamber.

The question is, that motion S1M-645, in the name of Tom McCabe, be agreed to.

Motion agreed to.

The Presiding Officer: I remind members that we are having an open meeting in this chamber at 2 pm with a distinguished visitor.

12:32

Meeting suspended until 14:30.

14:30

On resuming—

The Presiding Officer (Sir David Steel): After an extended time for reflection, we get down to our normal business.

Question Time

SCOTTISH EXECUTIVE

Health Service (Lanarkshire)

1. Mr Gil Paterson (Central Scotland) (SNP): Thank you, Presiding Officer—I guess that you were away seeing off our guest.

To ask the Scottish Executive whether the recovery plan submitted by Lanarkshire Acute Hospitals NHS Trust proposes a change in the provision of clinical services. (S1O-1331)

The Minister for Health and Community Care (Susan Deacon): Lanarkshire Acute Hospitals NHS Trust is forecasting to meet financial targets. The Scottish Executive does not, therefore, require the trust to submit a recovery plan.

Mr Paterson: I take it that the minister is guaranteeing that there will be no cuts in services in Lanarkshire. If that is the case, I very much welcome it.

The Presiding Officer: Do you wish to respond, Ms Deacon?

Susan Deacon: No. Carry on.

Anti-social Behaviour Orders

2. Patricia Ferguson (Glasgow Maryhill) (Lab): To ask the Scottish Executive how many anti-social behaviour orders have been issued in Glasgow and how many applications for such orders are currently before the courts. (S1O-1317)

The Minister for Communities (Ms Wendy Alexander): I understand that two applications have been made for anti-social behaviour orders in Glasgow. There are currently no applications before the courts.

Patricia Ferguson: As a relatively low number of orders has been requested, does the minister consider that such orders continue to be a deterrent to those who might indulge in anti-social behaviour?

Ms Alexander: There is no doubt that the orders have a deterrent effect. Nine have been granted in other parts of Scotland, and we have commissioned the Chartered Institute of Housing to report on how those orders are operating in

their first 12 months. We expect that report in the next few weeks, with information on how we can spread the use of anti-social behaviour orders more widely across Scotland.

Business Innovation

3. Elaine Thomson (Aberdeen North) (Lab): To ask the Scottish Executive what steps are being taken to encourage innovation in Scotland's business community. (S1O-1323)

The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen): The Scottish Executive, along with the Department of Trade and Industry and the enterprise networks, have in place a wide range of business support schemes to encourage innovation through research and development, commercialisation of research, technology transfer, use of new technologies, and the spread of best practice.

The knowledge economy task force, chaired by Henry McLeish, is currently looking at business innovation in the context of a knowledge-based economy. A review is also currently under way of the enterprise networks, including their business support functions.

Elaine Thomson: Does the minister think that further support is required for small innovative companies in the oil and gas sector, where technological innovation is acknowledged as being key to the continued global competitiveness of the sector in the North sea and the rest of the United Kingdom continental shelf? Will he discuss with the oil and gas operators, the enterprise networks, and anyone else with whom it might be appropriate to discuss it, how best to support small and medium enterprises with innovative products, to help them to attain full commercial viability?

Nicol Stephen: I recognise the importance of the oil and gas industry to the whole of the UK, and especially to Scotland where it employs 7 per cent of the work force. I appreciate that we have great opportunities to capitalise on our world-leading skills; that was mentioned during the debate on manufacturing strategy this morning. I should be happy to take up the issue with the oil and gas division of Scottish Enterprise, and with others including the United Kingdom Offshore Operators Association. I should be happy to give further information in due course to Elaine Thomson and, if it is so wished, to the Parliament.

Forth Crossing

4. Mr Keith Raffan (Mid Scotland and Fife) (LD): To ask the Scottish Executive when it expects to be in a position to announce a starting date for the construction of the new crossing of the Forth at Kincardine and the eastern bypass at Kincardine. (S1O-1320)

The Minister for Transport and the Environment (Sarah Boyack): The timetable for construction will depend on public reaction to the draft orders relating to those proposals and on the availability of funds. I expect to publish draft orders for the new crossing in the summer of 2001. If the current investigations prove that it is feasible to construct the eastern bypass in advance of the new bridge, draft orders for that road will be published towards the end of this year.

Mr Raffan: Will the minister do whatever she can to accelerate the timetable for this crucial project not only because it is key to the economic development of Clackmannanshire and west Fife, but because of the increasing and unacceptably high level of congestion and pollution in Kincardine and the higher than average level of asthma among the schoolchildren in that community? Is she prepared to attend a meeting of the west Fife villages forum to explain the current position?

Sarah Boyack: It might help Mr Raffan to know that I met the chair and secretary of Kincardine Community Council to discuss precisely that matter. I am well aware of congestion problems in the village, and we are trying to make progress on the matter as quickly as possible, which is why I have asked officials to examine the issue of the eastern bypass. If we could do something about that, it would begin to tackle some of those congestion problems.

Scott Barrie (Dunfermline West) (Lab): I thank the minister for her answers to Mr Raffan's questions and for the meeting that we had last week. Will she join me in congratulating Fife Council on its current investigations into easing the chronic road safety problems in the village by blocking off some of the more notorious rat-runs and improving the pedestrian crossing?

Sarah Boyack: Yes, I also congratulate the council on its work on that matter. We are closely examining Fife Council's work and particularly the pelican crossing in Kincardine, which is the responsibility of the Scottish Executive. It is important to take a partnership approach to tackle the problems in the village.

Mr David Davidson (North-East Scotland) (Con): What is the minister doing to expedite the construction of the western bypass at Aberdeen that starts in the other Kincardine further north?

The Presiding Officer: No, no. Your question was a good try, but it is not in order.

Care of the Elderly

5. Dennis Canavan (Falkirk West): To ask the Scottish Executive what progress is being made on the implementation of the recommendations of the report of the Royal Commission on Long-Term Care of the Elderly. (S10-1297)

The Deputy Minister for Community Care (Iain Gray): As I indicated in a debate in Parliament on 2 December, we have broadly accepted one of the two main recommendations and will consider the other during the present spending review. We are making considerable progress in implementing the other recommendations.

Dennis Canavan: When will the Scottish Executive implement Sir Stewart Sutherland's recommendation that the costs of what he calls personal care of the elderly should be met by the state? Will the minister assure us that the Executive will not simply wait for Mr Blair's permission to do so, as any failure to implement that recommendation would be a gross betrayal of the generation of men and women who built our welfare state?

Iain Gray: Mr Canavan's question purported to be about progress, but that is not the case. We have made progress on the Scottish commission for the regulation of care; on joint working between health and social services; and on the availability of direct payments to older people, which I hope will be introduced this year. We have also introduced the carers strategy. Those measures are all recommendations from the Sutherland report. I made this point last week, and I will make it again today: people who reduce the commission's report to a single recommendation which they then spin into a soundbite do the commission's work no service at all. We will consider the second main recommendation in the course of our current spending review.

Christine Grahame (South of Scotland) (SNP): As the minister might be aware, I have lodged a bill on this very issue. I refer him to a letter from Sir Stewart Sutherland, in which he says on the subject of the bill:

"You put the issue very well and have a very precise question to ask. Let's hope somebody can give a good answer to it!"

Will the minister support my bill?

Iain Gray: It seems that that question was more about Sir Stewart Sutherland's letter than the Royal Commission on Long-Term Care of the Elderly. I am not sure which bill is being referred to, although—[MEMBERS: "Oh."] I believe that Christine Grahame's bill concerns dementia sufferers. I have considered it and have reached the conclusion that its terms would be impractical. None the less, we continue to support many measures to improve the care of people who suffer from dementia.

The Presiding Officer: Question 6 has been withdrawn.

Standards in Scotland's Schools etc Bill

7. Mr John Munro (Ross, Skye and Inverness West) (LD): To ask the Scottish Executive whether the Standards in Scotland's Schools etc Bill will not, in any circumstances, take precedence over the Race Relations Act 1976. (S10-1349)

The Minister for Children and Education (Mr Sam Galbraith): Ministers are bound by all UK statutes, and the Executive is not aware of anything in the proposed Standards in Scotland's Schools etc Bill which would take precedence over any UK statute.

Mr Munro: Is the minister aware that in April to December 1999, in the Lothian and Borders area, there were 435 racially motivated incidents, an increase of 62 per cent on the 1998 figures? What steps does the minister intend to take to address the problem?

Mr Galbraith: As the member knows, addressing that problem falls not only to me but to all ministers with responsibilities for all the portfolios of this Government. We—particularly my colleague the Deputy Minister for Communities, Jackie Baillie—have taken many steps to deal with the problem. The member can be assured of the Government's commitment to ensuring that everyone in our society, no matter their age, background, gender, class, creed or religion, is treated equally and with dignity and tolerance.

Nicola Sturgeon (Glasgow) (SNP): I welcome the minister's comments, but is he aware that when Morag Alexander of the Equal Opportunities Commission commented on the draft education bill, she gave the Executive a mark of one out of 10 for its attempts to promote equality in education? Does the minister concede that that is an area where there is room for improvement? Will he outline the specific initiatives that he is taking or intends to take to ensure that every child in Scotland, regardless of gender, race, age or economic background, enjoys equal access to educational opportunities?

Mr Galbraith: I could talk about the inputs, which will start with one of the largest increases in education expenditure ever; the fact that 90 per cent of four-year-olds and 60 per cent of three-year-olds now get pre-school education; family centres; early intervention; or the 800 extra teachers and 1,500 classroom assistants. I could go on and on, but Sir David would quite rightly pull me up for it. Those measures are just the start of the answer to the question. I have much more to say.

Planning Legislation

8. Karen Gillon (Clydesdale) (Lab): To ask the Scottish Executive what guidance is available to

local communities in relation to planning legislation. (S10-1345)

The Minister for Transport and the Environment (Sarah Boyack): The Scottish Executive publishes national planning policy guidelines, planning advice notes and circulars. Those are available free of charge on request and most are now on the planning home page on the Scottish Executive website. The Executive also operates a planning helpline. In addition, most local authorities make available booklets and leaflets.

Karen Gillon: I thank the minister for that comprehensive answer. Given the importance of the planning process to local people in developing sustainable communities, particularly in rural areas, and the difficulties that people often face in obtaining appropriate advice and information, will the minister consider conducting an audit of best practice among planning authorities in Scotland and producing a readable guide to be made available to members of the public by central Government?

Sarah Boyack: On the second point, I am happy to say that I am considering the production of an easy read, which would make it possible for people to understand how planning operates at the Scottish and local levels and empower local communities in relation to the development of their area.

On the first point—the operation of local authorities—we are in regular contact with local authorities to discuss best practice at local level. We are always open to ideas on how local authorities can improve their performance. There are innovative ideas; some local authorities are thinking about putting their development plans on the internet. I am keen to ensure that each local authority does what is possible with the resources that they have, to ensure that people understand how the planning system operates.

Fiona McLeod (West of Scotland) (SNP): Does the Scottish Executive intend to review and reform planning law during this Parliament? In particular, will a right of appeal be introduced for individuals and local communities that make representations on a particular planning application?

Sarah Boyack: At the moment, the right of appeal lies with the developer. I am keen to ensure that local communities are much better informed at an earlier stage in the planning process, whether about the local plan or about the structure plan. Those documents sometimes seem remote to communities, but they are the basis on which local authorities take decisions, so it is important that people are involved in a meaningful way much earlier in the process. That is where I

want us to focus our energies.

Tavish Scott (Shetland) (LD): Does the minister accept that there are concerns in the wider community about the fairness of the planning system? Will she consider addressing concerns about the weight that is given to evidence and advice from bodies such as Scottish Natural Heritage?

Sarah Boyack: Scottish Natural Heritage is an adviser to the Scottish Executive on nature conservation. Its advice should be acted upon in such a way that people can see that their many points of view have been taken on board when a planning decision is taken—and it is often difficult to come to a decision—and when a report is published.

Student Finance

9. Mr John Swinney (North Tayside) (SNP): To ask the Scottish Executive what consultation it has had with the Secretary of State for Social Security regarding the recommendations of the independent committee of inquiry into student finance. (S1O-1312)

The Minister for Enterprise and Lifelong Learning (Henry McLeish): My officials have been in discussions with the Department of Social Security and the other education departments about the interface between student support and the benefits system. We are also preparing a full response to the committee's report, and that response is to be published in the spring. I intend to speak to the appropriate UK minister before the response is completed.

Mr Swinney: Will the minister give the Parliament more information on the stance that has been adopted by the Scottish Executive towards the eight recommendations of the Cubie committee relating to business concerned with the DSS? Is the Scottish Executive taking a positive or negative stance towards the recommendations of the committee of inquiry?

Henry McLeish: I am pleased to say that we will be considering all the other recommendations of the Cubie committee in the report that is being prepared and which will be published in the spring. It will be subject to the deliberations of the Enterprise and Lifelong Learning Committee, under John Swinney's convenership.

We are also preparing a legislative timetable for the graduate endowment, which will also be considered by the Enterprise and Lifelong Learning Committee. We are considering a timetable for the full implementation of the package that we outlined and are preparing a full response to the Cubie committee's other recommendations. In addition, we will identify outstanding issues relating to student funding and

higher education which were not covered by the Cubie report. I hope that, by the spring, we will have a full response to the immediate points that have been raised and to some of the wider issues that require to be debated.

Capital Projects (Costs)

10. Bill Aitken (Glasgow) (Con): To ask the Scottish Executive what mechanisms it has to monitor and control the costs of major capital projects. (S1O-1302)

The Minister for Finance (Mr Jack McConnell): When we undertake major capital projects, managers are required to put in place management and monitoring arrangements covering accountability, project ownership, project sponsorship and project control. I am determined that those procedures should continue to ensure the highest possible standards of budgetary control, including thorough scrutiny of any budget variations and rigorous on-going monitoring arrangements.

Bill Aitken: If the minister is satisfied, as he obviously is, that those mechanisms are in place, does he agree that he should consider further mechanisms to ensure the accuracy and truthfulness of estimates given for the cost of capital projects, bearing in mind the First Minister's total inaccuracy in the various statements that he made regarding the potential cost of the Holyrood project?

Mr McConnell: That supplementary question was based on so many untruths and distortions that it does not merit a response, Presiding Officer.

Ms Margo MacDonald (Lothians) (SNP): I wonder whether the minister will favour me with a response.

With regard to the monitoring and control of the cost of our major capital project, the Holyrood project, is the suggested figure of £109 million the figure at which the Executive is prepared to see the cost level off? If so, can it say now what other facilities will have to be sacrificed to meet that cost? If that is not the figure for the cost, what criteria will be deployed to calculate what we should pay for the Holyrood project?

Mr McConnell: Any proposed alteration to the budgeted cost of the Holyrood project is currently a matter for the Scottish Parliamentary Corporate Body. If any changes to the current budget for the Holyrood building are proposed, the SPCB will have to make those proposals, and the Parliament and the Executive will have to consider the impact of those proposals. That will be done openly in the chamber. That is one of the benefits of the arrangements that have been set up in the Parliament, which ensure that we have open

decision making and which I continue to support.

Ms MacDonald: On a point of order. The Minister for Finance has just given straightforward information about the information that will be available to and decided upon by the members of this Parliament, and I thank him for that. I read today that a spokesman for the Parliament had refused to—

The Presiding Officer: Order. I am sorry, but that is not a point of order.

Roads (Child Fatalities)

11. Dr Sylvia Jackson (Stirling) (Lab): To ask the Scottish Executive how it plans to reduce the number of child fatalities on Scotland's roads. (S10-1351)

The Minister for Transport and the Environment (Sarah Boyack): The Scottish Executive and the UK Government recently announced targets for road accident casualty reductions in the period to 2010. They include a 50 per cent reduction in the number of child fatal and serious casualties. The targets, together with a strategy for achieving them, were published on 1 March.

Dr Jackson: At a community council meeting that I attended recently in Lochearnhead, concern was expressed about Strathyre primary school and the lack of information about the safer routes to school scheme. Will the minister review the way in which that information is disseminated?

Sarah Boyack: I would be happy to do that. The purpose of the safer routes to school guidance was to enable local authorities, schools and the police to work with parents to identify safer routes to school. We want the guidance to reach the widest possible audience; I will investigate the case that Dr Jackson raised.

Lord James Douglas-Hamilton (Lothians) (Con): Will the minister confirm that good progress is being made by local authorities on installing 20 mph speed limits outside primary schools, that she strongly supports such initiatives and that she is urging local authorities to go ahead with them?

Sarah Boyack: I have made it clear to local authorities that they, as the local transport authorities, are in the best position to identify the areas that need that change in speed limit. We have identified schools and areas around residential developments where child accident reduction measures could be put in place.

This is an issue on which local authorities can take the lead and that is why, last year, we gave them the power to do so.

Business Competitiveness

12. Mr Kenneth Macintosh (Eastwood) (Lab): To ask the Scottish Executive what assistance is being given to existing small and medium-sized companies to improve their competitiveness. (S10-1340)

The Minister for Enterprise and Lifelong Learning (Henry McLeish): The Scottish Executive is committed to creating a culture of enterprise and a sustainable business environment that will deliver higher levels of competitiveness and productivity.

The Scottish Executive and its economic development agencies—Scottish Enterprise and Highlands and Islands Enterprise—have a range of measures in place to assist small and medium-sized companies to innovate, invest, export and access new technology, particularly e-commerce. All those things can improve and have an impact on the competitiveness of the companies.

Mr Macintosh: Is the minister aware of areas such as Barrhead in my constituency that have suffered from the decline in manufacturing? Ten years on, the area is still feeling the effects of the loss of the Shanks factory.

Does the minister recognise that it is the duty of Government, working with local authorities and local enterprise companies, to nurture new businesses and help small and medium-sized businesses to expand to cater for the needs of such communities?

Henry McLeish: I endorse the sentiments behind the last part of the question. The Government is committed to ensuring that new businesses and small and medium-sized enterprises are supported.

The Shanks site in Barrhead was vacated in 1996. It was bought, and there has been some development—I think that 150 jobs have been created. I believe, however, that more could be done, so I assure Mr Macintosh that I will take up the matter with Renfrewshire Enterprise and the local council. I will inform him of the outcome of those discussions.

David Mundell (South of Scotland) (Con): What progress has been made in Scotland on the UK Government's campaign to get more small and medium-sized businesses involved in Government procurement, a move that was recommended in the "e-commerce@its.best.uk" report?

Henry McLeish: I am working closely with the Minister for Finance on the e-commerce aspects. Jack McConnell is responsible for the modernisation of government programme and I am involved in the e-commerce aspects of that, including the impact on the wider business community.

We will set ambitious targets to help to ensure that we set a good example to people whom we are encouraging to trade on the internet. As part of the process, there are detailed discussions between Westminster and the Scottish Parliament.

It is important that we take e-commerce seriously. We need a revolution in thinking in Scotland, and the Government is well placed to take the lead.

Inverness College

13. Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): To ask the Scottish Executive whether it is practicable for Inverness College to repay a capital deficit in excess of £4 million from revenue. (S10-1301)

The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen): That is a funding matter which, from 1 July last year, is the responsibility of the Scottish Further Education Funding Council. Inverness College and the funding council have been working closely together to formulate a robust financial recovery plan for the college.

Fergus Ewing: Does not the minister accept that it is totally impossible for Inverness College to pay from its modest revenue a capital deficit of more than £4 million, and that the existence of that debt is seriously damaging the morale of the staff, including that of support staff whom I met recently? Does not the minister agree that it is shameful that staff cuts in Scotland should be the cost of failed Tory and Labour policies and of past mismanagement?

Nicol Stephen: It is wrong to say that all the deficit of more than £4 million is capital; only about a quarter of the deficit arises from capital items. The college has had operating deficits over the past five years, and the first stage in any recovery plan is to arrest those operating deficits. After that, a longer-term recovery process will be considered. It would be entirely wrong to speculate on the matters to which Fergus Ewing alludes before the plan has even been submitted.

Mary Scanlon (Highlands and Islands) (Con): Is the minister aware that courses and staff have been cut back, which has led to fewer students and less income? The college is now less responsive to local training and educational needs. How would he advise the college to build for future growth in those circumstances?

Nicol Stephen: I am certain that that can be achieved. That matter will be addressed by the Scottish Further Education Funding Council. I can only draw a comparison with other colleges in which there has been a significant turnaround in finances, and in which there has been dramatic expansion in recent years. Our colleges in

Scotland are a success story.

Health Service (Tayside)

14. Irene McGugan (North-East Scotland) (SNP): To ask the Scottish Executive whether the recovery plan submitted by Tayside University Hospitals NHS Trust will have any implications for waiting times. (S10-1325) [*Interruption.*]

The Presiding Officer: Order.

The Minister for Health and Community Care (Susan Deacon): As I announced on 16 February, a task force has been appointed to work with Tayside Health Board and the two local trusts to ensure that local health services are planned and delivered effectively, and within the total resources that are available. [*Interruption.*] With the task force's support, a financial recovery plan, which covers services throughout Tayside, is being prepared.

Irene McGugan: I am not sure that I heard all of Susan Deacon's reply.

The Presiding Officer: Keep going, please.

Irene McGugan: Could the minister repeat the answer that she gave? [*Interruption.*]

The Presiding Officer: I suspend the meeting for two minutes.

14:57

Meeting suspended.

14:59

On resuming—

The Presiding Officer: We will continue. I ask Susan Deacon to reply.

Susan Deacon: I am happy to repeat the answer that I gave.

As I announced on 16 February, a task force has been appointed to work with Tayside Health Board and the two local trusts to ensure that local health services are planned and delivered effectively, and within the total resources that are available. With the task force's support, a financial recovery plan, which covers services throughout Tayside, is being prepared.

Irene McGugan: Would the minister care to comment on the potential impact on waiting times at Ninewells hospital when, as was widely reported earlier this week, acute general medicine is withdrawn from Stracathro and patients from Angus are diverted to Dundee? Would not it be preferable to resource the service adequately pending the outcome of the acute services review and the findings of the task force, instead of refusing admission to those high-dependency

cases?

Susan Deacon: I feel duty bound to comment on a certain pattern that is emerging this afternoon in the Scottish National party's line of questioning on health. The first question I had was on a deficit that does not exist; the second question that was lodged, although subsequently withdrawn, was on an NHS trust that does not exist; I am now being asked to comment on a review, proposals for services and a recovery plan that as yet do not exist. Nothing has been agreed. In future, in its questions on the health service, the SNP would do well to have more respect for the Parliament, for the Scottish people and for the facts.

Mr Andrew Welsh (Angus) (SNP): Is the minister aware of the latest major cuts in services proposed at Stracathro hospital? Are they part of her recovery plan? Will she now admit that the on-going closures at Stracathro pre-empt the Tayside acute services review? Should not she be concentrating her mind on that?

Susan Deacon: Day in, day out, week in, week out I concentrate my mind on the best way in which to move forward in providing high-quality health services for people across Scotland and on how best to direct the additional investment that we are putting into the NHS in Scotland, to deliver real benefits for patients. As I have said to Mr Welsh and many of his colleagues since the first day of the Parliament, robust local decision-making processes must be in place, to decide on how best local services are to be provided. If Mr Welsh and his colleagues in Tayside want to engage in that debate, I encourage them to do so. For my part, I have arranged for experts to work with the local health authorities to make sure that we turn the situation in Tayside round for the benefit of the people of Tayside.

Mr John McAllion (Dundee East) (Lab): Would the Minister for Health and Community Care like to reconfirm, for the sake of SNP members who have not been listening to her replies, that as yet there is no agreed recovery plan for Tayside, nor should there be until local people have been fully consulted?

Does the minister agree that the maintenance of a major teaching hospital in Dundee and two full-blown acute hospitals in Angus and Perth is unsustainable in a health board area with a population of just 400,000? Either we decide to increase the population base through merging health board areas or we accept that there is no alternative to reconfiguring the present structure of services in that area.

Susan Deacon: I agree with Mr McAllion, first, that any changes made to NHS local services must follow widespread consultation and communication at local level. All too often, the

tragedy of such situations is that some politicians, for their own short-term political ends, add to confusion and disinformation among the public, and that process is going on now. Secondly, while I would never prejudge the outcome of any local review, I say, as I have said here before, that we must have change in the NHS if we want it to be fit for the 21st century and to deliver high-quality, modern services to people everywhere in Scotland. The process of change that is taking place in Tayside at present is one of many examples of service reviews that I hope will result in real improvements for people across Scotland. I hope that politicians in all parts of the chamber will engage in sensible discussion of the changes needed.

The Presiding Officer: Question 15 has been withdrawn.

Education (Violent Incidents)

16. Elaine Smith (Coatbridge and Chryston) (Lab): To ask the Scottish Executive whether it will respond to the recently published survey by its education department on incidents of violence against local authority school staff in 1998-99. (S10-1295)

The Deputy Minister for Children and Education (Peter Peacock): We have made it clear that violence against school staff is completely unacceptable and have put a number of measures in place to help schools deal with difficult and disruptive behaviour.

Elaine Smith: Is the minister aware that North Lanarkshire Council has employed a full-time counsellor in its education department to support staff? Will he consider promoting that to other authorities as an example of good practice, perhaps through the Scottish schools ethos network?

Peter Peacock: That is a good illustration of yet another progressive approach to education taken by North Lanarkshire Council. The role of the ethos network is to help spread good practice in Scottish schools. I am happy to commend that approach to other councils.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Given that in 1998-99 the total number of reported violent incidents against school staff was 1,898, of which 40 per cent occurred in primary schools, does the minister agree that the approach to the problem should be three-pronged: from local authorities, from schools and from school staff?

Peter Peacock: We are trying to address the problem. A training package for teachers is available. We are putting money into the scheme of alternatives to exclusion that deals with the pupils who are often the most disruptive. As part of

the school security programme, local authorities can train staff in personal safety matters. There is a range of provision in this area. Part of the responsibility lies with us to share good practice, part lies with the local authority, and part lies within the school.

Richard Lochhead (North-East Scotland) (SNP): Does the minister accept that, under this Government, stress-related illnesses are increasing among teachers in Scotland? Violence is one reason behind that trend, but there are others, such as increased paperwork and the amount of work teachers are expected to cram into each working day. Will the minister produce a report on stress-related illness and absence among teachers, and on their causes?

Peter Peacock: We always keep under review a range of matters that affect our teaching staff. We are keen to ensure that we have a well-motivated teaching staff and that we can attract and retain more teachers into the profession. We are always happy to consider ways in which to improve the situation.

Volvo

17. Michael Russell (South of Scotland) (SNP): To ask the Scottish Executive whether it will now publish the names of the companies involved in the unsuccessful negotiations for a continuation of manufacturing at the Volvo plant at Irvine in order that the Volvo work force can make representations to those companies. (S10-1299)

The Minister for Enterprise and Lifelong Learning (Henry McLeish): For reasons of commercial confidentiality, I cannot disclose details of the companies involved in the discussions.

Michael Russell: At least this chamber is being treated in the same way as the work force and the trade unions. Will the minister confirm that the Transport and General Workers Union wrote to him on 21 January to complain? Its letter said:

"Should it be the intention of your goodself and Agencies to continue with the exclusion of our representatives and the failure to provide us with proper information, I have no alternative but to review the position of the T&G with our representatives and members, that we are most disappointed at the way in which our representatives have been treated and our Union ignored."

In another letter—

The Presiding Officer: One letter is enough.

Michael Russell: There are 400 jobs at stake. Why does the minister not do something?

Henry McLeish: Nobody will be surprised at Mike Russell's response, but I am terribly disappointed by his irresponsible behaviour in turning the conditions at Volvo into a political

football.

If we were to divulge publicly the names of the companies with which we were involved to try to help the work force, no other companies would become involved. We have worked for many months to try to secure a future for manufacturing at the Volvo plant. The best thing that Mike Russell can do is to get to grips with some facts about the matter, with which I am happy to furnish him. He is not doing the work force a favour. We will meet the work force next week and we have met the trade unions. Every conceivable step has been taken.

It is quite disgusting that Mike Russell will use the prospects of the Volvo workers, who are seeking a way forward, to make political capital for a by-election. We have not given up trying to get a facility.

Irene Oldfather (Cunninghame South) (Lab): Will the minister join me in paying tribute to a loyal work force, which in the face of continuing uncertainty has produced high-quality vehicles at Volvo? Will he affirm his commitment to working in partnership with local trade unions, the local authority and local people between now and June to reach an agreement and secure a future for the Volvo site?

Henry McLeish: I am pleased to endorse the constructive and responsible attitude of the local MSP for the Volvo plant. It seems that it is okay for certain list members—I will be careful with my words—to freelance around at the expense of the work force. The trade unions, the local plant, the local enterprise company, Scottish Enterprise, the rest of the Scottish Executive and I are still looking for a way forward. I did not want to be so dishonest as to keep discussions going until the plant closed and then tell the work force. We were courageous enough to say that we had tried but that at that stage we could not secure a facility. I want to continue to work with Irene Oldfather and everybody else locally who wants success in Ayrshire rather than a cheap political opportunity to kick the issue around this chamber.

The Presiding Officer: Because of the disruption in the gallery, I will allow an overrun of one question in both question time and First Minister's question time.

National Cultural Strategy

18. Pauline McNeill (Glasgow Kelvin) (Lab): To ask the Scottish Executive what progress is being made following the consultation on the national cultural strategy and whether the principles of social inclusion will be emphasised in response to that consultation. (S10-1311)

The Minister for Children and Education (Mr Sam Galbraith): A consultation report was

published on 7 February. We are now examining particular aspects, including access and social inclusion. The national cultural strategy will be published this summer.

Pauline McNeill: The minister may be aware of the submission that Mr Macintosh, the member for Eastwood, and I made, asking for an extension of the definition of culture to include the popular music industry. Does he agree that that would be an important amendment to the cultural strategy which might make young people feel more involved in the Parliament?

Mr Galbraith: The definition of culture used in the national cultural strategy consultation includes rock music. That is a splendid way of ensuring that culture involves social inclusion. [MEMBERS: "The oldest swinger in town."] Absolutely—the oldest swinger in the game. I remember Donald Peers.

The First Minister (Donald Dewar): Who?

Mr Galbraith: Our aim will be to ensure that the strategy is inclusive not only across all social classes, but of young people.

The Deputy Minister for Local Government (Mr Frank McAveety): Well done, Elvis.

First Minister's Question Time

SCOTTISH EXECUTIVE

Scottish Executive Cabinet (Meeting)

1. Mr Alex Salmond (Banff and Buchan) (SNP): To ask the First Minister what issues were discussed at the most recent meeting of the Scottish Executive's Cabinet. (S1F-183)

The First Minister (Donald Dewar): We discussed several matters of significance to the Executive and to the people of Scotland.

Mr Salmond: Does the First Minister accept as a matter of fact that the increase in water charges that was announced yesterday will, in most areas of Scotland, take up the entire paltry 73p pension increase for old-age pensioners, and that in some areas of Scotland it will be twice the pension increase? Whom does the First Minister blame for that deplorable situation? Does he blame the Labour placepeople on the water boards or does he accept responsibility on behalf of an Executive that has cut funding to water year by year?

The First Minister: As Alex Salmond knows, council tax bands are geared, which provides a rough correlation with income. That is important. It is true that, this year, the uprating of the pension was modest—for the best of all possible reasons: inflation was low. As many old people have savings, low and stable inflation at between 2 and 2.5 per cent is an important safeguard for them.

It is vital that we get the very substantial investment that is needed—something like £1.6 billion, if I remember rightly, over the next three or four years—into our water system. If we do not, the high opinion that we have always had of Scottish water and its supply will be sadly misplaced. We must get the investment in, and it is right that the water boards should face up to their responsibility to do that and to the impact of European directives in this area.

Mr Salmond: I am not sure that old-age pensioners around Scotland will be satisfied with the knowledge that they are getting a 73p correlation from the First Minister.

I know that the First Minister does not excel at controlling budgets, but this is his budget. It shows the Executive's support for the water boards as declining from £221 million this year to £194 million. If so much investment is required, why is central support declining?

Today is budget day around Scotland for local councils, and Labour councils are cutting jobs and services, including in education. Will the First Minister tell us who is responsible—is it Labour

councillors, or does he accept responsibility on behalf of the Labour Executive?

The First Minister: Of course I accept responsibility for the budget and for the allocation of the budget. As Alex Salmond will know, the North of Scotland Water Authority has had a very considerable extension of its external financing limits; we are trying to help in that area of real difficulty.

On local government, I ask Alex Salmond to look at the facts. We have expanded local government services quite considerably in a large number of areas. People will say that statistics cannot be trusted, but for politicians statistics are important tools. Government supported expenditure is up by 3.7 per cent next year in comparison with this year and guideline expenditure is up by 3.4 per cent. In key areas, such as education, there was a rise of 6.2 per cent in comparison with last year. Next year, expenditure will again rise by 3.87 per cent.

During question time, Sam Galbraith gave figures for education; 1,500 classroom assistants are already in place. If one considers the building programme, the 800 extra teachers and the early intervention scheme, it is possible to see how we are spending and how we are improving local government services. That does not mean that there are no tough decisions for councils to take, nor does it hide the fact that they must take decisions about their own allocations within the budget, but for the second year running, the budget is well above the rate of inflation. We hope to repeat that next year.

Mr Salmond: The First Minister is out of touch with what is happening around Scotland. If salary rises and the new obligations on local government are included, the local government settlement has been cut by £225 million.

To bear out the First Minister's arguments, he should look at a council at random—such as South Ayrshire, which is facing a cut of £5 million. Who is responsible for that—South Ayrshire's Labour council or the Labour Executive?

The Deputy First Minister has just called for Gordon Brown's war chest to be opened to help fund local services in Scotland. Will the First Minister support his deputy, or will he continue to wash his hands while councils cut services around Scotland?

The First Minister: I am afraid that this is becoming a rather repetitive exchange.

On occasion, Alex Salmond has been known to claim that he is a first-class economist. I therefore presume that he likes to examine the figures and the statistics. I repeat that Government supported expenditure is rising by 3.7 per cent.

Mr Salmond: What about the war chest?

The First Minister: I remind Alex Salmond that inflation is between 2 and 2.5 per cent and that there is an increase of 3.4 per cent in guideline expenditure.

I have mentioned the education figures. Taking South Ayrshire Council, to which Alex Salmond referred, as an example, the grant-aided expenditure for 1999-2000 was £58 million. This year, the GAE is more than £60 million. As I said, that does not mean that there are no tough decisions to be taken, but they will be taken against the background of a general increase in local government finance.

Mr Salmond: What about the war chest?

The First Minister: Alex Salmond probably knows this—although he does not mention it. The GAE for 2000-01 will be the highest level ever in real terms in the history of Scottish local government.

I do not know the secrets of the budget, but I think that we will hear some reasonably good but responsible news that will allow us to continue with that steady and sensible growth in local public services.

Labour MPs (Meetings)

2. David McLetchie (Lothians) (Con): To ask the First Minister whether he has any plans to meet back-bench Labour MPs to discuss the performance of the Scottish Executive to date. (S1F-178)

The First Minister (Donald Dewar): I do so every day.

David McLetchie: I am glad to hear that and I hope that the First Minister will have another opportunity to do so at his party's conference this weekend. However, given his track record, I recommend that he avoid dust-ups in the bar. A long list of Labour members are queueing up to have a go: Brian Donohoe, Ian Davidson, George Galloway and Michael Connarty all use terms such as "frivolous" to describe the Executive's agenda.

The Presiding Officer (Sir David Steel): Can we have a question?

David McLetchie: They accuse the First Minister of having "lost the plot".

Has it ever occurred to the First Minister that those MPs might be right and that his Executive must really be on the rocks when even George Galloway has a greater grip on reality than the First Minister?

The First Minister: Seldom has the word "even" had more comic overtones.

Mr McLetchie really is a trier, but his attempt to establish my reputation as a bar-room brawler—

[*Laughter.*] All I can say is that he sure is going to have to work at that.

In all seriousness, I will give to the views of the gentlemen Mr McLetchie mentioned the due weight their views deserve.

David McLetchie: The First Minister is magnanimous to his colleagues. Considering the backstabbing of his colleagues at Westminster, he must be thankful for the loyalty of his back benchers in this Parliament. [MEMBERS: "Hear, hear."]

Of course, that does not apply to the Liberal Democrat partners in the First Minister's coalition. Last week, half the Lib Dem back benchers rebelled on the financial settlement for Scotland's councils that he has just discussed with Mr Salmond. Although there is supposed to be some partnership in Scotland's Government, there does not seem to be any collective responsibility or discipline. Labour back benchers are whipped into line, but Liberal Democrat members can pick and mix as they choose. How long does the First Minister intend to put up with that? When will he and Jim Wallace get a grip on it?

The First Minister: The prospects become more fearsome by the minute.

I will worry about the partnership—Mr McLetchie need not. The partnership will last for a long time, and although that will be a great disappointment to him, he will have to put up with it.

Malcolm Chisholm (Edinburgh North and Leith) (Lab): I can understand that two Westminster MPs must seem a very large number to the Scottish Conservatives, but is not it the case that there are 56 Scottish Labour MPs at Westminster and that approximately 54 of them can tell the difference between the significant achievements of the Executive and the transient froth of many newspaper headlines? Will the First Minister take this opportunity to reassure Labour's traditional support and everybody else that the social justice agenda is at the heart of the Executive's programme and that further significant progress will be made in the next few months and years?

The First Minister: I was a little worried about where that "transient froth" was coming from, but it turned out to be the newspapers, so that is all right.

I thank Malcolm Chisholm for his question. I was in Westminster the other day, and I had some friendly and positive discussions with colleagues there.

The social justice agenda is, of course, at the centre of the Executive's programme. That is a theme that I will try to develop in a speech I will make on Saturday, which I hope Malcolm

Chisholm will hear.

Drugs

3. Karen Whitefield (Airdrie and Shotts) (Lab): To ask the First Minister whether joint working across geographic boundaries is necessary in order to combat the problem of drugs. (S1F-187)

The First Minister (Donald Dewar): I agree with Karen Whitefield on that point. As the Prime Minister said in his address to members of the Scottish Parliament, drugs do not recognise boundaries. There is a great deal of work going on to try to ensure that we co-operate internationally and within the United Kingdom with all the authorities that are involved. Joint action and sharing of ideas and techniques will benefit everybody and is something to which the Executive intends to give a great deal of attention.

Karen Whitefield: I thank the First Minister for his response. I agree with him that those who peddle drugs in our communities do not recognise geographical boundaries.

Does the First Minister agree that the most effective way in which to tackle many of the most serious social problems—including drug misuse, which blights many parts of my constituency—is to play a full and active part in the United Kingdom, and to co-ordinate the approach of all the relevant agencies? Does he further agree that an integrated approach would be threatened by the divorce of Scotland from the United Kingdom—the objective that was recently re-invigorated by the Scottish National party?

The First Minister: I believe strongly in co-operation. As has been widely noted, there will be a meeting this afternoon between the Prime Minister, Keith Hellawell—who is in charge of drugs strategy at Westminster—and Jim Orr, who has just been appointed as head of the Scottish Drugs Enforcement Agency. Sensible discussions are already under way. Minimum penalties throughout Europe and co-ordination of European courts and authorities are important. I agree with Karen Whitefield's fundamental point: it is important that we work well with agencies such as HM Customs and Excise, which operate throughout the UK. They must also work well with other areas within the United Kingdom in which there is interest in such matters.

Mr Keith Raffan (Mid Scotland and Fife) (LD): I welcome the Prime Minister's visit to Phoenix House—the residential drug treatment centre in Glasgow—this afternoon, but is the First Minister aware that its current waiting list is nine months? That is far too long. Services there could be developed relatively cheaply and easily if the centre did not continually have to face

bureaucratic difficulties and insecurity about funding. Will the First Minister personally undertake examination of the problems that the centre faces?

The First Minister: I will get a report on the matter that Keith Raffan raises. The Executive is looking carefully at how to improve and strengthen rehabilitation and treatment in the campaign to limit drug damage in our communities.

The Scottish Drugs Enforcement Agency, as its name suggests, is on the enforcement side, but the Administration is conscious that that is only one part of the broad range of measures that we must strengthen and introduce. Phoenix House is an interesting and successful place, although I have to say in passing that treatment is an area that raises great controversies and differences of opinion, so it can sometimes be difficult to get a unified approach. Perhaps there is a case for trying many different methods to make progress; I agree with Mr Raffan's point.

Depopulation

4. David Mundell (South of Scotland) (Con):

To ask the First Minister whether the Scottish Executive has any plans to tackle potential depopulation in parts of Scotland identified in the recent population projections released by the registrar general. (S1F-174)

The First Minister (Donald Dewar): I have a great deal of sympathy with the points that are made about depopulation. It is worth reminding David Mundell that the population movement projections since 1991 in Scottish Borders, Dumfries and Galloway, East Lothian, South Ayrshire, East Ayrshire and South Lanarkshire—all important rural areas—show an increase in population. However, that does not mean that there is room for complacency. Through extra funding for local enterprise companies and other initiatives, we are trying to ensure that food, tourism and forest products industries move to those areas. As he will know, there have recently been some important developments in forest products.

Mr Mundell may also be interested to know that Scottish Borders is one of the areas of Scotland in which the registrar general predicts a welcome increase in population during the next 20 years or so.

In conclusion—because I cannot resist offering my genuine thanks—I must thank Mr Mundell for his intervention during last week's question time, in which he suggested that I should take upon myself the role of Che Guevara. That is a creditable effort of imagination on his part.

David Mundell: Not only do I want the First Minister to take on the role of Che Guevara to lead

an e-revolution, I want him to take on that role in leading the revolution of the economy in South of Scotland. Despite the figures that he has quoted, he may not be aware that Dumfries and Galloway and Scottish Borders have the lowest percentage of people between the ages of 15 and 29 of any part of the United Kingdom. Does he agree that that is a cause for concern and is inextricably linked to the economic prospects of South of Scotland?

Is the First Minister aware that, only today, Seacat has announced that it is pulling out of Stranraer—with the loss of 19 direct jobs—citing lack of transport links as the reason? Will he undertake to put on the Scottish Executive's agenda those things that will genuinely improve the economic prospects of the south-west—improving the A75 and improving the timber extraction routes from the area?

The First Minister: I understand the importance of the A75; Sarah Boyack has it very much in mind. We have to make priorities. The amount of money that is available for major road improvements is limited, but we always try to keep in mind strategic requirements and priorities. I mentioned that there have been substantial forest product developments in the south of the country—in the Dumfries and Galloway area and in the Stewartry—and I am glad of that.

Another important development, which is rather less relevant but which keys in with what Mr Mundell said, is the big investment in the harbour at Ayr, which was announced the other day. It will allow timber from the west coast to be brought into Ayr by water and to be taken on from there. We are trying to make the most of the indigenous industries of the area, but we are also working hard to ensure that new industries are brought in.

I know that David Mundell is a genuine champion of new information technology and its possibilities. It is encouraging to see new jobs being created, because of fibre-optics and broadband technology, in areas in which it would once have been inconceivable. I hope that such jobs will be created in his part of the world in the not-too-distant future.

Alex Neil (Central Scotland) (SNP): Is the First Minister aware that one of the main reasons for depopulation rearing its ugly head again is the increase in net emigration from Scotland? Last year, the net civilian migration was -5.4 per cent. Many of those who leave the country are young people, whom we need for the future of Scotland—the people whom Miss Jean Brodie would call *la crème de la crème*. Will the First Minister take measures to encourage young people to stay in Scotland?

The First Minister: As someone who has not

left Scotland—a feature that I share with Alex Neil—I am not sure that I want to assume that the crème de la crème are those who are not with us, but no doubt that is a matter of opinion.

I want not so much to hold people as to offer them the attractive jobs that will tempt them to stay. We are all united on that. I like to think that the present healthy state of the Scottish economy—with the lowest unemployment claimant count for 24 years and pressure on the jobs market in some parts of Scotland—will create opportunities for people to return. I would like that. An economy that is in good nick, as it is at present, is the best way in which to encourage such a trend.

I do not want, in anything that I have said, to underestimate or talk down the problem of population loss. In reply to David Mundell, I was simply trying to make the point that if one looks at the figures for, for example, Scottish Borders and Dumfries and Galloway over the past eight or nine years, there has been a population build-up. It is a modest one, but it is an increase. That does not mean that we should not take seriously the population profile. Nor does it mean that we should stop the efforts to make things better.

Dr Elaine Murray (Dumfries) (Lab): Does the First Minister agree that the figures released by the registrar general are for a worst-case scenario, because they do not take into account issues such as the opportunities that are presented by the manufacturing strategy, which we discussed this morning? In Dumfries and Galloway's case, no account was taken of such issues as the development of the Crichton university site and the possibilities that arise from the world-class new technology that is being installed there. Indeed, many of us here hope that the Scottish university for industry will be based at that site. The registrar general's figures give us a baseline above which we have to perform. Instead of being pessimistic about the opportunities for areas such as Dumfries and Galloway, we should be moving ahead optimistically and making the most of all the new opportunities that exist in those areas.

The First Minister: Elaine Murray has made an important point, which I should have stressed. Most of my colleagues will recognise the point. The figures from the registrar general that I have been quoting are projections on the present population line, assuming that no further action is taken. I hope that we will be able to do better. I am delighted that she mentioned the Crichton site; I know it well.

The co-operation between Bell College of Technology, the University of Glasgow and the University of Paisley has opened some extraordinarily exciting gateways. It was great to be on the campus and talking to students who

have been attracted there from other parts of Scotland and, indeed, other parts of the United Kingdom. It is bound to be a growth point. If it does as well as the sponsoring organisations believe it can, it will, I hope, have a considerable impact on the population projections.

Climate Change

The Presiding Officer (Sir David Steel): We move on to the statement by Sarah Boyack on climate change. There will be questions immediately after it. I am conscious that we have a heavy agenda this afternoon, so I will be strict about time for everybody.

15:33

The Minister for Transport and the Environment (Sarah Boyack): I am pleased to announce the launch today of the Scottish Executive's consultation on a climate change programme. Copies of the consultation paper are available in the document supply centre.

Last month, in moving our motion on sustainable development, I stated that environmental policies are at the heart of everything that the Executive stands for. In launching this consultation on the Scottish climate change programme, we are demonstrating that commitment and moving the debate forward. The policies that we are proposing reflect sustainable development in action, and address concerns about the way in which we use natural resources, protect the environment, maintain and enhance economic growth and deliver social justice.

It is fitting that I should be making this statement today. I endorse Tony Blair's comments about the importance of the partnership that the United Kingdom government and the Scottish Executive have built. Our relationship with the European Union and the wider world is also important, and is the driver behind our work on climate change. John Prescott is today launching a consultation on a comprehensive and ambitious UK climate change programme. The development of that programme has benefited from our partnership approach. We are delighted to be part of the UK programme, as well as to be launching our own programme with distinct proposals for Scotland.

Before moving on to the detail of our programme, I will talk about the recent events in southern Africa. No one can have been unmoved by the images from Mozambique following the devastating floods. The worst flooding in living memory has caused hundreds, perhaps thousands, of deaths in Mozambique, Zimbabwe, Botswana and South Africa. A million homes have been destroyed and Mozambique's infrastructure has been devastated. It is predicted that it could take 20 years, or more, to recover from the damage that has been done.

This tragedy emphasises the human cost of extreme climatic events. Developing countries should not have to bear the consequences of the

developed world's pollution. Few people in Scotland will associate flooding in Africa, or even flooding in Scotland, with emissions from their cars, factories or power stations, but we are all contributing to the climate change problem. We must all therefore play a part in its solution.

We cannot be certain that the African flooding was a direct result of climate change, but it is one more example of a growing number of extreme weather events, which scientists have predicted will occur more frequently if we do not act. We must act now and we must act decisively.

The threat of climate change was recognised some time ago. In response, voluntary agreements to stabilise emissions were made at Rio in 1992, but those have not been met. Most countries have had priorities other than keeping pledges on climate change. When Governments met in Kyoto in 1997, we moved from talking to action. We must, therefore, ratify the legally binding agreement that establishes the initial reduction targets for all industrialised countries.

I would like to emphasise "initial". Although Kyoto was an historic achievement, it was only a first step. There can be no doubt that we must do more in the future; but for now ratification is crucial. I am therefore delighted to inform Parliament that John Prescott has today called on our EU partners to ratify the Kyoto protocol at the 6th Conference of the Parties, which will take place in The Hague in November.

However, we should not see action only as an obligation. Our policy measures also offer opportunities: the opportunities to provide warmer, more comfortable homes; to develop new technologies; to create jobs; to provide a modern, integrated public transport system; and to make our industries and our homes more energy efficient.

What we do in Scotland to combat climate change is important. People know that already. In a survey undertaken by System Three for the Executive, 80 per cent of those surveyed thought that climate change was a serious issue. Along with air pollution, they rated it as the most serious issue for the environment in Scotland. Seventy five per cent of those surveyed thought that they should do more personally to protect the environment; but over half were unsure what changes they could make in their lifestyles to do so. This is, therefore, more about providing people with choices and more information than about having to convince them to change their attitudes. That must be good news.

There is also the issue of environmental protection and natural heritage. Biodiversity is affected by climate change and, in Scotland, the initial effects will not be positive, but the

recommendations from the Scottish Biodiversity Group will be important in setting out action that we can take.

Our aim should be to protect our environment by tackling issues at home, which will in turn make a contribution globally.

At the end of last year, I published the results of a scoping study into the Scottish implications of climate change. It was a wide-ranging study, which identified some key issues for us. With our draft Scottish climate change programme, we are today taking forward a number of those issues.

The Scottish Executive is committed to working in partnership. I am keen that we engage the widest possible audience in the debate on the programme that we propose today. Our scoping study identified that information and discussion were crucial to success in meeting emission reduction targets.

Our consultation paper sets out a programme for meeting our commitment under the Kyoto protocol. It will also move us towards our domestic goal of reducing CO₂ emissions by 20 per cent by 2010. That domestic goal is far more difficult than the target we agreed at Kyoto, but we are determined to drive forward emissions reductions and to make an ambitious and significant contribution.

In the time available today, I cannot cover all the measures in our draft programme. However, I can say that we have sought to address all the main points raised in the previous climate change consultation. I will therefore concentrate on two of the main sectors in which greenhouse gas emissions are significant for us in Scotland.

The first is transport. Greenhouse gas emissions from transport are significant. In our programme for government, the Executive set out a plan of action for the implementation of integrated and sustainable transport policies across Scotland.

We need to improve the fuel efficiency of vehicles using our roads. The European Commission's deal with the car industry will make a major contribution to meeting emissions reductions targets. Calculations by the European car industry show that fuel efficiency of 20 per cent can be achieved. In short, if consumers paid £350 more for their cars, they would save £1,000 on their fuel bills. That is a win-win situation.

But there is much more that we can do in Scotland. Tackling traffic congestion will help to improve fuel efficiency. It is estimated that fuel consumption on urban roads is at least 10 per cent higher than on rural roads and as much as 25 per cent higher in the centres of our largest cities, just because of congestion. Encouraging and promoting modal shift from the private car to public transport or to other forms of transport such as

cycling and walking will also reduce emissions. Our integrated transport strategy is therefore central to addressing climate change.

Energy is another crucial sector in which we must reduce emissions. Ensuring secure, diverse and sustainable supplies of energy at competitive prices is, quite rightly, a key policy objective of government. This policy recognises the important environmental impact of energy production and its use. However, there is no question of our abandoning fossil fuels overnight. We need to factor in economic, resource management and social considerations, as well as environmental ones, when developing our response.

That said, our climate change targets clearly require us to take action in the energy sector. We can expect more stringent international targets for the commitment period after 2012. Meeting those may well require fundamental changes in the way in which we produce and use energy.

We have a programme for government commitment to develop renewable energy. Through this consultation exercise, I am seeking views on a Scottish contribution to the objective of delivering 10 per cent of GB electricity from renewables by 2010. If we meet that target, we will reduce our CO₂ emissions by around 2 per cent, a significant contribution for a single sector.

In Scotland, with our extensive hydro schemes, and through the Scottish renewables obligation, we expect to be generating 12 per cent to 13 per cent of our electricity from renewables by 2003. If we increase this by a further 5 per cent—the same increase that is needed in the rest of the UK to meet a 10 per cent obligation—Scottish renewables would meet around 18 per cent of generation by 2010. Clearly, this is an area in which we in Scotland can make a difference—another win-win for Scotland. More renewables means more jobs as well as cleaner electricity.

I do not underestimate the environmental impact of renewable energy schemes. Although Scotland has some of the best sites in Europe for wind power, we also have areas of natural scenic beauty and sites that are set aside for wildlife protection. The quality of those sites and wind turbines do not always sit easily together.

The Executive was conscious of that tension, and our programme for government includes a review of planning guidance on renewable energy. New guidance will be introduced in the summer, which will provide for the planning system to take on a more enabling role in the development of renewable energy. I am sure that renewables developers will welcome that important initiative.

We also need to address attitudes towards wind farms. I want to consider people's actual experiences with wind farms, so that we can

address their concerns in our new guidance.

In Rio the nations of the world said that we must act. In Berlin we said that we must act. In Kyoto we did act, and we reached agreement. In Buenos Aires we ensured that the momentum was continued and we agreed timetables for action.

Climate change will affect us all. We must face up to the real challenges before us. The challenge is to make the choices that make a difference. The political challenge is to ensure that the Kyoto protocol is ratified. That is what world leaders must do in The Hague later this year. It is why we must have a climate change programme—a programme that offers well thought out proposals for a robust response to the threat of climate change. That is why I am delighted to launch our consultation on a Scottish programme today.

The Presiding Officer: Many members wish to ask questions, so if we have short, sharp exchanges, we will try to get everybody in.

Mr Kenny MacAskill (Lothians) (SNP): The minister is right to impose obligations, but they need consequent resources—it cannot be all stick and no carrot.

Can the minister tell us what representations she has made to the Chancellor of the Exchequer and whether she will seek to ensure that the climate change levy and any funds gathered from green certificate trading will, first, be hypothecated for environmental, and especially renewable energy, matters, and secondly, that Scotland will get her fair share of those hypothecated resources. If not, why not?

Sarah Boyack: We are in discussions with the Treasury and with the Department of the Environment, Transport and the Regions and the Department of Trade and Industry on precisely that matter.

It is important to acknowledge that more resources will be coming through to enable us to develop our climate change programme. The climate change levy is a key issue, where we hope to get resources that will enable us to target how we can improve our response to climate change. One of the key questions in our climate change consultation concerns how best we should use those resources. Renewables is a key area in which we can take the debate forward.

John Prescott announced today a new round of energy efficiency performance standards, not just for the electricity companies but, significantly, for the gas companies. That will deliver more resources to enable us to tackle reducing the fuel bills of people who are on low incomes, in particular pensioners in low-income households. Major changes are taking place today, not just in Scotland but across the UK. It is important that we

work together, as Kenny MacAskill suggested, to deliver real improvements for Scotland.

Miss Annabel Goldie (West of Scotland) (Con): The Conservative party welcomes the initiative. We agree that the real problems that are emerging must be addressed and that this is an appropriate way in which to do that.

We listened to a debate on manufacturing this morning, when there was all-party agreement on the fundamental need for our Scottish industry to remain competitive. I want to ascertain that the minister will consult with her colleague the Minister for Enterprise and Lifelong Learning on the proposed introduction of the climate change levy and any strategy for industrial and commercial waste, to ensure that business in Scotland is not placed at any greater disadvantage than business elsewhere in the UK.

Sarah Boyack: I thank Annabel Goldie for her support for the broad principles of what we are addressing today on climate change. She is absolutely right: we must ensure that Scottish industry remains competitive. The point of having an integrated UK strategy is to enable us to do that. The discussions on the climate change levy affect industries throughout the UK. That is why we must have a common response.

Annabel Goldie mentioned commercial waste and industries' performance. I have been involved in extensive discussions on these issues with Henry McLeish, and our officials have had many discussions to ensure that industry is firmly on board.

The significance of John Prescott's announcement is that it is important that the UK does not just lead on its own. We want to ensure that other EU countries sign up to their obligations, so that the EU can be seen to lead the way. International action must be taken, so that we meet our environmental obligations and so that our industries have a fair level playing field with industries not only in Europe, but in the rest of the world.

Tavish Scott (Shetland) (LD): From the Liberal Democrat benches, I welcome the minister's statement. She mentioned the modal shift and changes in transport. Does she accept that the Executive's policies on developing transport infrastructure must include measures towards stabilising and eventually reversing traffic growth if the objectives of the Scottish climate change programme are to be achieved?

Further, does the minister recognise that the use of liquid petroleum gas can be a particularly helpful measure, especially in the Highlands and Islands and rural areas, towards alleviating the high cost of fuel that is faced by people in those parts of Scotland?

Sarah Boyack: Tavish Scott is absolutely right. We must ensure that we can tackle our transport emissions effectively. A key way of doing that is through our investment to enable local authorities to improve the range and quality of available public transport to let people make that modal shift.

Local authorities also have a major role through their local transport strategies, through which we can address at a local level the key issues of providing people with safer routes to school and alternatives to taking their cars into the city centres. The congestion measures that we are introducing in our legislation will be a key part of those strategies. Traffic growth is an important issue for us to tackle, and I thank Tavish Scott for his full support on that matter.

Tavish Scott's points on LPG are also important. In the Executive, we now have bi-fuelled vehicles that allow us not only to use low-lead petrol, but to have the opportunity of using LPG. There are important economic mechanisms to encourage firms, whether they have large or small fleets, to shift the type of fuel that they use in their vehicles.

I would also like to identify the opportunities presented by low-sulphur fuel. A range of technologies is available. I am keen for the Executive to work with the oil industry on that. Tavish Scott is right to point out the economic benefits to people in rural areas if that fuel were more readily accessible. Unleaded fuel provides us with a good example. It took some time for unleaded fuel to spread through rural areas, but it has happened. I am keen to ensure that other forms of more environmentally friendly fuel are also made available and at a lower cost.

Elaine Thomson (Aberdeen North) (Lab): I welcome the minister's statement and the consultation. Is she aware of the data held by the Marine Laboratory in Aberdeen, which goes back a hundred years and shows that the ocean temperatures north of the Faroe Islands are increasingly fluctuating? That could indicate a weakening of the Gulf stream, which undoubtedly controls the Scottish climate. If the Gulf stream fails, Scottish agriculture, tourism and several other things would be wiped out. Does she agree that that is a serious issue, which makes curbing carbon emissions extremely important, and that innovative transport policies must be supported?

Sarah Boyack: I am well aware of the Marine Laboratory research to which the member refers. We know that climate change is happening. The Executive must set out a strategy to ensure that we contribute to the global effort to cut carbon emissions. We must also begin to think about adapting our current patterns of land use and economic development to the climate change that is already happening. We know that we are

experiencing more severe climate events such as flooding, many of which are linked to climate change.

We must identify a programme to which businesses, local authorities and individuals can sign up so that they can see that they are making a practical difference. That will allow us to add up the reductions in emissions that we have made, so that we go beyond the tough targets that were set in Kyoto and we make a real contribution to the UK situation.

Janis Hughes (Glasgow Rutherglen) (Lab): I thank the minister for her statement. I am particularly interested in the preventive measures that we can take to address climate change. What is the Executive doing to adapt to those changes that have already begun to happen?

Sarah Boyack: One of the major issues that we must address is that of flooding. Several local authorities have applied to the Executive for help and I am pleased to say that we have identified resources to ensure that they can begin to address some of the flooding problems.

Work has also been done through the scoping study on climate change, which considers adaptation measures that can be taken by local authorities and businesses. The Home Energy Conservation Act 1995 has come into force and local authorities are now preparing plans to improve energy efficiency.

There are many practical ways in which we can respond and adapt. I suggest that we improve our building regulations in Scotland to meet tougher standards of energy efficiency. That will go a long way towards tackling climate change and will also help to tackle fuel poverty.

In developing adaptation strategies, we must identify what makes sense in terms of our economic performance and our social justice objectives. We need a more joined-up approach. I hope that the questions that we have asked at the end of the consultation paper will enable businesses, local authorities and individuals to focus on the way in which they can contribute and how the Executive should respond to the challenge.

Linda Fabiani (Central Scotland) (SNP): I am sure that the minister would agree that all relevant sectors of our economy should contribute to meeting the climate targets. Are there sector-by-sector targets for Scotland and, if not, how will ministers judge progress?

Sarah Boyack: There are two areas for which Scotland has higher emissions than the rest of the UK. The first is land use. The land in Scotland has more carbon locked into it and we know that that is a problem, as it gives us a proportionally higher

level of emissions. The second area is that of energy emissions. We know that, because of our fuel production, we did not have the dash for gas that England experienced, and so have a proportionally higher level of emissions. If we take those two areas out of the calculation, Scotland has per capita emissions that are similar to those of the rest of the UK.

We need to know what the different sectors are doing about emissions. Businesses have improved their record, which is partly because major companies have become more energy efficient, and partly because of economic restructuring. Our key task should be to identify where we can win in areas such as renewables and energy efficiency, and to identify where it makes economic sense for us to move.

We have to meet the overall UK targets. I am confident that we meet the 12.5 per cent target for emissions; the 20 per cent target is more rigorous. That is why I do not consider it appropriate for Scotland to have separate emissions targets for each sector. We need to monitor emissions, and to ensure that we make gains where there are major opportunities to do so.

Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab): Will the minister join me in commending the work of South Ayrshire Council and the South Ayrshire Energy Agency? In some senses, their work has been ahead of today's announcement in giving advice to existing businesses and new businesses that are setting up as to how best they can increase their energy efficiency. Would the minister care to comment further on what she sees as the role of local authorities in taking on such work in future?

Sarah Boyack: As Cathy Jamieson suggests, when good work is done, it is important that it is commended and supported. We need to offer support for energy efficiency to small and medium enterprises. They do not have the level of research and development facilities that some of our big firms and companies have. I have discussed with Henry McLeish ways in which we can ensure that energy efficiency information is communicated effectively, especially to the small business sector, which needs to modernise and be more environmentally and energy efficient and which would derive major benefit from doing so. Local information is critical.

Local authorities can play a major role in providing information, in bringing together local businesses and in setting local objectives that can be met. In April, I will be meeting the Convention of Scottish Local Authorities and individual local authorities to talk about how we can address climate change. We will have to discuss energy efficiency, local transport strategy and waste management. We have a common agenda, and I

look forward to working in partnership with the local authorities.

Euan Robson (Roxburgh and Berwickshire) (LD): The minister will know that methane is an especially powerful greenhouse gas. Will she contact the energy industry regulator to ask that public gas transporters have adequate resources to reduce, if not to rid the medium-pressure and low-pressure gas mains of leaks?

Sarah Boyack: A key issue that we have discussed in Parliament during debates on waste strategy is methane that arises from landfill sites, but I am happy to take Mr Robson's point on board.

Maureen Macmillan (Highlands and Islands) (Lab): Will the Executive support further research and development into wave energy? Such research and development is in its infancy, but it has tremendous potential. In fact, Scotland has the potential to become a world leader in this area, especially in the Highlands and Islands, where we have great scope for developing wave energy. I believe that electricity companies, oil companies and oil fabrication yards might be interested in that.

Sarah Boyack: I agree with Maureen Macmillan on the importance of research and development into new forms of renewables. Technology moves ahead all the time. We have to ensure that we do not miss the boat. Wave energy is an untapped opportunity for Scotland, and one that has been missed in the past. There are now major collaborations between academia and business to consider the economic opportunities. Last year, I was pleased to visit a research project involving the University of Glasgow and the University of Strathclyde. They are getting to grips with what the major companies can do and with how we can manage our energy requirements. There are many opportunities there.

A major research programme is being carried out by the Department of Trade and Industry. We have an input to that. It is important that Scotland has a part to play in the programme and that the research that is carried out is disseminated across the United Kingdom.

Dr Sylvia Jackson (Stirling) (Lab): The task of changing behaviour and attitudes seems to be immense. Will the minister comment on the way in which the education system and community organisations might help in that task?

Sarah Boyack: Dr Jackson is absolutely correct that changing attitudes needs to be at the heart of what we are trying to achieve. There is clearly a role for schools or higher education to provide more information and to put the issue higher up the agenda.

Helen Eadie (Dunfermline East) (Lab): I thank Sarah Boyack for her excellent statement. Will she join me in commending Fife Council's work on developing the only shoreline management plan in Scotland? That plan has highlighted the problems in areas where sea levels will rise and begin to reclaim the coastline. There are areas in Fife where the sea has reclaimed land with homes on it and the situation has now affected a local firm.

I would like to know whether the minister is encouraging other local authorities to take the same safeguards as Fife Council, because there is no doubt that climate change is happening and, unless we take the measures that Sarah Boyack has highlighted, we will see more and more of this problem. There is a real need for local authorities across Scotland to follow the example of Fife Council to make sure that the sea does not affect land, homes and jobs.

The Presiding Officer: There was a question there, I think.

Sarah Boyack: I have found it. I think that the question was about encouraging local authorities to do what is practical and appropriate in their areas. Authorities with major areas of low-lying land that meet the sea must address issues of long-term planning, identify adaptation measures and choose how to tackle potential rises in sea level.

As I said, it is critical for local authorities to identify what is appropriate in such areas to ensure that adaptation strategies link in with local circumstances. Affected local authorities should begin to consider this issue, because a "business as usual" attitude is not enough. We must think further into the future and begin to examine how we adapt to change.

Census (Amendment) (Scotland) Bill: Stage 1

The Presiding Officer (Sir David Steel): The next item of business is on motion S1M-636, in the name of Mr Jim Wallace, on the general principles of the Census (Amendment) (Scotland) Bill. Members who wish to speak in this stage 1 debate should press their request-to-speak buttons now, so that we can see how many we need to fit into this short debate. I invite Jim Wallace to open the debate.

16:02

The Deputy First Minister and Minister for Justice (Mr Jim Wallace): This short bill, which has only two sections, fulfils an undertaking that I gave to the Parliament on 16 February during the debate on the draft Census (Scotland) Order 2000. I said then that, having listened carefully to the strong views expressed, the Executive had decided that a religion question should be included in the 2001 census in Scotland, as in other parts of the UK.

As I made clear at the time, the inclusion of a religion question will require a change in the primary legislation, which will be found in the Census Act 1920. The bill before us today seeks to amend that act by adding religion to a schedule to the act. An amendment to the 1920 act is necessary, because the schedule, which specifies those matters on which particulars can be required in a census, does not provide for questions on religion. Furthermore, we propose to amend the section of the act on penalties for failing to comply with census obligations, to ensure that those who do not answer questions on religion will not be liable to a penalty.

The Executive has been prepared to listen to the views of the Equal Opportunities Committee, the Commission for Racial Equality and others on the case for a religion question in the census. We acknowledge the force of the argument that users of the census, who were consulted widely, may not have given full weight to the developing agenda of equality proofing and social inclusion.

We recognise the sensitive nature of personal views on religion. We are satisfied, as we are required to be, that the bill's proposals are consistent with the European convention on human rights. Although asking a religion question in the 2001 census may amount to a prima facie interference with the right to respect for private and family life, it is our view that there is no interference where there is no compulsion to answer the question.

In any case, any interference can be justified in terms of article 8.2 of the convention, which states that a public authority can interfere with the enjoyment of the right to respect for private and family life only where that

“is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.”

The main purpose of the religion question is to provide benchmarking information for social inclusion policies designed to prevent discrimination against specific religious groups. The question will also provide information that will improve services to minority religious groups. It is the Executive's view that the legitimate aims of such policies are the protection of the rights and freedoms of others, the prevention of disorder and crime and, possibly, the economic well-being of the country.

Article 9 of the European convention, which confers the right to freedom of thought, conscience and religion, is also relevant. It is our view that asking a person to state his or her religion does not constitute interference with that person's right to hold and to manifest any religious belief, particularly given that there is no criminal penalty for failing to answer the question. Accordingly, it is considered that the bill is compatible with the convention.

The proposals in the bill follow the approach in Northern Ireland and in England and Wales by making it clear that the religion question or questions will, in effect, be voluntary. As I have said, the normal penalties for refusing to answer a census question will not apply in the case of religion. The voluntary nature of the religion question will be made clear on the census form.

Our willingness to listen and to change our initial views on this topic were widely welcomed in the debate on the draft Census (Scotland) Order 2000. I said then that I hoped that MSPs who pressed for a religion question would help the passage of the bill through Parliament as speedily as possible so that the timetable for the census would not be placed in jeopardy and extra costs could be contained.

Following the passage of the bill through the Parliament, we intend to introduce a census amendment order, and census amendment regulations, to add religion to the list of topics to be included in the 2001 census and to specify the precise form of the question or questions to be asked.

A separate consultation is currently in hand on the form of the religion question or questions to be

asked. Responses have been requested by 17 March. It is not the purpose of today's debate to go into the detail of that, although I take this opportunity to encourage those who have been invited to submit their views to do so before 17 March.

A similar bill is currently before the Westminster Parliament to enable a voluntary question on religion to be asked in the 2001 census in England and Wales. Northern Ireland already has primary legislation enabling a religion question to be asked.

At stage 2, there will be an opportunity to look in more detail at the bill. Meanwhile, I commend the general principles of the bill to Parliament and look forward to Parliament's co-operation in ensuring the bill's swift passage.

I move,

That the Parliament agrees to the general principles of the Census (Amendment) (Scotland) Bill.

16:08

Irene McGugan (North-East Scotland) (SNP):

On behalf of the Scottish National party, I confirm that we welcome the amendment to the Census Act 1920 to enable a question or questions on religion to be asked in the next census in Scotland. It is reassuring that the bill makes it clear that the criminal penalties for not answering questions in the census will not apply to questions on religion.

Before and during the debate on 16 February, many strong arguments for including a religion question were put forward so successfully that the minister was persuaded, as he has said, to change his mind on the matter.

Researchers and others who are closely acquainted with the evidence of social exclusion and discrimination arising from religious background and affiliation in Scotland are convinced that the information will help to establish the facts about the extent and location of inequality.

I notice that the policy memorandum, which accompanies the bill, states:

“While alternative procedures such as household surveys can provide some relevant information for the Executive's purposes, only a Census can give comprehensive coverage of all households to enable authoritative, accurate and comparable statistics to be produced for all parts of the country and for small geographical areas and sub-groups of the population.”

We totally agree with that, but it is still a matter of regret that the Executive was not persuaded of the need to include a question on the Scots language in the next census for the same reasons. I would like to assure the minister, however, that

efforts to promote Scots and to confer status on and recognition to the language will continue—on a cross-party basis, I hope. Many expressions of support were articulated from all parts of the chamber last month.

It was regrettable that the convener of the European Committee chose to write, in his *Paisley Daily Express* column of 21 February, a most insulting and ill-informed article, which ridiculed the language and those who speak it. It is a pity that he does not seem to subscribe to the Executive view that the Scots language is an important part of Scotland's distinct linguistic and cultural heritage and, as such, merits support. Moreover, he does not seem to appreciate that Scots is the language that many children bring to school or that the Executive advocates the inclusion of Scots in the curriculum as the most appropriate means of teaching a proper awareness and appreciation of the language, which is much needed by Hugh Henry.

I acknowledge the consultation exercise that is being carried out. It will allow individuals and representatives of organisations with an interest in census questions—either generally or on religion and ethnicity in particular—to express their opinions and preferences, even if the explanations and descriptions of the various options are a little convoluted and restrictive. For example, there is insufficient space for both option 1 for religion and option 3 for ethnicity.

Much mention has been made of space and of the intention to limit the number of pages in the 2001 census to 20. One of the reasons given for that was cost. However, the minister assured the Equal Opportunities Committee that cost was not a factor. I suggest that it is more important to ensure that the questions are relevant, meaningful and guaranteed to provide useful information.

We await with interest the outcome of the consultation, but we support the Executive motion on the Census (Amendment) (Scotland) Bill.

16:12

Mr Brian Monteith (Mid Scotland and Fife) (Con): I welcome the minister's legislative proposals, which take forward the undertaking that he gave in the previous debate on the census.

The minister mentioned the pressure that was brought to bear by the Equal Opportunities Committee and others. I suspect that I fall into the "others" category, being one of the members who lodged a motion on this matter. I was pleased by the cross-party support that the motion attracted, and I thank those members, from all parties, who supported it.

I am particularly encouraged by the minister's

undertaking that there will be no criminal penalties for those who wish to avoid answering the question. Although that undertaking may encourage some people to avoid answering it, I think it important that, on religious faith, people have the option not to answer.

I am keen for a question on religion in the census because I believe Scotland to be an open, tolerant society. For those people who have suffered religious discrimination, society has been becoming more open and tolerant over the years, and I am sure that, when the question on religious faith is included not just in the 2001 census but in the 2011 census, we will be able to establish the degree to which Scotland enjoys tolerance.

I am particularly keen to ensure the speedy passage of the bill, so, after a record time of less than two minutes, I will sit down.

16:14

Karen Whitefield (Airdrie and Shotts) (Lab): I am pleased to have been given the opportunity to speak on behalf of the Labour party, especially as, at the beginning of the year, I was the first to raise the matter with the minister in the chamber. I am pleased that the Scottish Executive has demonstrated its readiness to listen and to act when necessary.

I believe that the Scottish Parliament is strengthened by its willingness to listen to the genuine concerns of the Scottish people and that the Scottish Executive is similarly strengthened by its willingness to accept those legitimate concerns when they are put forward rationally and persuasively. If anything is a sign of the much-vaunted new politics, that is.

The passing of the bill, with amendments, will be a significant step in the development and growing confidence of our Parliament. It will clearly illustrate that the mechanisms and structures of the Scottish Parliament are fulfilling the function for which they were designed. We have been particularly fortunate that the establishment of the Scottish Parliament has fallen at precisely the right time to allow us to influence the type of data that we will recover from our next census.

In the 18th century, John Rickman, clerk to the House of Commons, said that the intimate knowledge of any country must form the rational basis of legislation and diplomacy. That is a succinct and enduring justification for the continued need for a census. It is difficult to overstate the importance of accurate, relevant and detailed data about our population. The census allows us to understand better how things really are in our society so that we can more effectively make them how we want them to be.

A properly focused census provides the information from which effective social and economic policy is derived and the base from which the efficacy of the policy can be measured. Previous research, including the 1975 Scottish social mobility survey and the 1992 Scottish election survey, indicated that Catholics were significantly less likely to end up in non-manual jobs. The University of Glasgow's research, under the "West of Scotland Twenty 07" study, indicated that the problem was greatest in the urban areas of the west of Scotland.

There is evidence that the problem is becoming less severe, but the sample size of those studies prevents us from gaining an accurate picture of the extent of the problem and the way in which it is changing. As a member of the Social Inclusion, Housing and Voluntary Sector Committee, I am convinced that there is reasonable evidence that Catholics are facing discrimination and exclusion. I was persuaded that the inclusion of a question on religion, which would include a breakdown of Christian denominations, would allow us to gauge the scale and locality of the problem and to plan effective measures to combat discrimination.

I was pleased that the minister stated in the previous census debate that the main purpose of a religious question is to help to prevent discrimination against minority religious groups as part of our wider social inclusion agenda. The fight against social exclusion and discrimination is central to this Parliament and gains cross-party support.

I am also pleased that the Executive has responded to the concerns of ethnic minority groups and is willing to work in partnership with them to expand the ethnic group question. We cannot afford to be complacent about the discrimination that members of our ethnic communities face. We cannot hide behind the myth that Scotland does not have a racism problem. We must face up to the harsh reality that is faced daily by many members of our ethnic communities. To do that, we must have accurate data about the scale and nature of discrimination. The expansion of the ethnic question will allow proper correlation of that data and will enable us to gain a more accurate picture of what life is like for our ethnic minorities.

The expansion of the question is indicative of a mature Executive that is prepared to listen to arguments and to change its stance where appropriate. It should be noted that, without the prompting of any committee or any member, the Scottish Executive has added a number of important questions to the 2001 census, including on general health, the provision of unpaid care and place of study. The Executive is to be commended on the care that it has taken to

include those questions while ensuring that the census is kept to a reasonable length.

The passing of the bill, with its amendments, will demonstrate our commitment to achieving the goal of greater opportunity for all. The bill demonstrates that equal opportunity is more than just the name of a committee or flippant political rhetoric. Equality of opportunity is a cornerstone of the process in which the Parliament is engaged.

It is important that we get the census right. We cannot afford to wait another 10 years to rectify any mistakes that are caused by the omission of important questions. The Scottish Executive has got the census right and the results will form the basis of much of the work in which we will be engaged over the coming years.

The Deputy Presiding Officer (Patricia Ferguson): We now move to the open part of the debate. Unusually, no opening speaker has overrun, and we are considerably ahead of ourselves. Several members have indicated that they want to speak, and I shall be reasonably flexible.

16:20

Brian Adam (North-East Scotland) (SNP): I am delighted to speak in this debate this afternoon. I note that we are not going to punish anyone for failing to complete the religion section of the census form. I was put in mind of the referendum that was held in 1979. In that instance, those who did not bother to take part were counted on one side of the argument. I hope that there is no intention of lumping together those who do not complete this section into any ethnic group or religious affiliation.

The options in the census include a category for people who, like me, have converted to a religion during their lifetime. I do not think that that will be easy to assess. Someone may have been brought up in a religion without having the option to join the Church until they became an adult. Therefore, someone may have been brought up in a religion without, as the question asks, actually being a member of that Church. I do not know how such a person would respond to that question, which is not put sufficiently clearly. However, I have some sympathy for the Administration's preference, as a question on the religion to which someone has converted during their lifetime might not produce any clear-cut answers.

Some people who have joined my faith previously belonged to several different faiths. I do not know how the question could be answered in those circumstances. Those people would have to say that they started off in one faith, converted to another and then moved on to another. I do not know whether anyone who tried to assess that

information would gain any statistical information that would help in the future provision of services.

We are offering only three choices of Christianity: the Church of Scotland, Roman Catholicism or another form of Christianity. I do not know whether those categories will be helpful in the provision of services. Consideration might be given to some interesting groups, the details of which might be useful to service providers. One such group is the Jehovah's Witnesses, who have a particular health code, including a view on blood transfusions, for example. The health service might be interested in the prevalence of such views in the population at large. I am a member of the Church of Jesus Christ of Latter Day Saints—also known as the Mormons—which also has an unusual health code. In these politically correct days, that code is fairly up to date. We do not smoke or drink, and we certainly hope not to cause problems relating to sexually transmitted diseases, as we adhere to the rule of chastity before marriage.

I suggest that identifying adherence to faiths such as mine—as well as to those of the Jehovah's Witnesses and others that have their own health codes—might be helpful to public service providers who are researching the prevalence of diseases according to people's lifestyles and eating, smoking and drinking habits. However, the fact that someone has ticked a box does not mean that they adhere to what their faith prescribes.

I am not suggesting that we should carry out compliance testing and say to those who claim to be adherents to my faith, for example, that we will test their urine to see whether nicotine is present. Nevertheless, useful information, beyond the examples that I have given, could be gleaned if there were more boxes to tick.

I am similarly concerned about the ethnicity question. I do not know whether people want to use the labelling that is offered—black Asian, Scottish Asian or Bangladeshi Asian, for example. I am also interested to hear why that level of detail is considered useful by those who provide public services, which is the basic reason for the census. We want to glean as much information as we can, but do we want to do that on the basis of arriving at politically correct answers rather than answers that will be useful? However, I support the bill.

16:27

Mr Michael McMahon (Hamilton North and Bellshill) (Lab): We are all aware of the importance of the census. As has been said, it provides decision makers at all levels of government with valuable social and economic information on which to base policy. It also

provides information on the changing nature of our communities and society and so is valuable in gauging how effective, or otherwise, the Government has been.

This will be a landmark census: the first to be conducted since the establishment of the new Parliament and the first of the new millennium. It will also be a landmark census because, during the debate in February, in our committees and in other meeting places, there was much discussion about its nature, the areas that it should cover, the questions that it should include and how those questions should be asked. Members present today led the call to include further questions—on religion, ethnicity, language spoken in the home, the Scots language and income.

Those questions were thoroughly debated by the Equal Opportunities Committee, where there was agreement on the need for the Executive to review the possibility of including further questions. Having taken evidence from the Deputy First Minister, the committee, to its credit, was able to persuade the Executive of the need for a question on religion and for further information on ethnic group.

Jim Wallace is right to say that decisions on which questions to include are about priorities. We know that there are many demands from many quarters for the inclusion of the new question; we also understand the need to limit the census so that it is not so lengthy that people are dissuaded from completing it.

In co-operating with the Executive to deliver sound policies for equality, the Equal Opportunities Committee recognises the importance of the additions. Our intention was never opposition for opposition's sake. Our position was based on what the committees were established to do—to help the Executive to develop good policies and legislation.

The additions are not simply about counting the number of Catholics, Protestants, Muslims or any other group. The question about religion is designed to deliver important information on inequalities. Likewise, the further information on ethnicity is not about counting how many people belong to an ethnic group but about delivering important information that will help the Government to develop better policies.

Without pre-empting the conclusions of the discussion of section 28 in the Equal Opportunities Committee, I must express my deep disappointment that representatives of the Catholic and Muslim communities—communities that these additions are designed to help—could come to the committee meeting on Monday and so blatantly ask for discrimination against another section of our society.

It is to the credit of the Executive, the committee system and this Parliament that the new questions will be included if the bill is passed. Their inclusion highlights how the Parliament is working, how consensus politics is developing and how the Executive is listening—contrary to what may be reported in the media.

I am aware that some members will be disappointed that some questions, such as those on the Scots language and on income, will not be included on this occasion. I am also aware of the arguments for and against the inclusion of those questions. However, as the date of the census is fast approaching, I urge members from all parties to recognise that it is vital that this important bill is passed as soon as possible. The inclusion of the questions on religion and ethnicity is an important step forward.

Although there will be time in future to revisit the issue of whether to include further questions, there is little time before the census process is scheduled to begin. This is a landmark census, which will provide valuable information to our new Parliament. It is important that the census is conducted on time, so it is important that stage 1 of the bill is agreed to today.

16:31

Johann Lamont (Glasgow Pollok) (Lab): I want to make a few brief points. Perhaps it is because we had a debate on this subject recently that there has not been a rush to the microphone today. That does not mean that we do not recognise the importance of the debate or of the decisions that are being made about the census. I will address the reasons why people wanted to include a question on religion.

First, it is of historical interest to capture at a particular time in Scotland's history the fact that people who have strong religious beliefs identify themselves as such. That reason would be sufficient in itself to include a question on religion. Much is claimed for religion. At the turn of the century, and under a new Parliament, there is an opportunity to ask to what extent people feel that religion is still important to them. The census allows people to express that view and I welcome the inclusion of the question on religion for that reason.

Secondly, as has been mentioned, for some groups, particularly within the ethnic minority community, the issue of religion weighs heavily on service needs. This point relates to observance rather than belief. For example, it is important for the education authority to know the requirements of young Muslim girls, in areas such as physical education and diet. As part of our drive to ensure that we meet the needs of all our communities, the

information from a census question on religion will allow us to open up dialogue and debate more fully with those who attempt to provide services.

Brian Adam: I will try to put this as carefully as possible. It might be easier to identify someone from a Muslim background and therefore easier to identify their needs. However, there are other people who might look the same as everybody else, but who have the same kind of dietary or religious observance needs as Muslims have. That is one of the reasons why I identified two particular groups—I know that there will be others. Perhaps some of the points that I made earlier were a little facetious. We cannot take the census down to minute detail, but the level of detail for which I asked would be helpful.

Johann Lamont: We should be careful not to assume that all Muslims come from a particular ethnic background. Many people whose families have come from Asian countries might now identify themselves as being Scottish Muslims. A question on religion is important because those people might have religious observance needs.

I take the point that Brian Adam makes, but the reason for including the questions on ethnicity and religion was that the black and ethnic minority communities, in particular, were asking for that. That weighed very heavily with the members who sit on the Equal Opportunities Committee. It is significant that the service providers were not asking for those questions to be included. That suggests that we should encourage our service providers to open up and think about minority communities in our society. Just because the service providers do not ask for particular information to be included, that does not mean that it is not required.

When the black and ethnic minority communities asked for the questions on ethnicity and religion to be included, they were, in a sense, testing this Parliament's willingness to listen. We did listen, and the questions were included. Our Parliament should be applauded for seizing an opportunity. I recognise that the situation would have been different if we had been dealing with a main plank of Government policy, but we welcome the flexibility that the Executive showed in the matter.

I want to make two further short points that I hope the minister will address now or at a later stage. First, although the bill deals with issues relating to the diversity of our community, it is couched in archaic language, with the male pronoun used as the generic. I hope that we will take the opportunity to be bold and to use modern language that recognises not only that women have the right to equality, but that they exist in terms of the bill.

Secondly, there has been a recognition

throughout the debate on the census that it is important to get disaggregated data on black and ethnic minority communities and on women. I ask the minister to comment on the role of Engender, which has given us the gender audit. Will she outline the other ways in which the Executive intends to seek the important information that we need to ensure that what we talk about in the chamber and what policy makers talk about here and at local level matches the experience of people locally? We need to move on the clear inequalities that the Engender report exposes, which are also evident in other parts of our society.

16:37

Euan Robson (Roxburgh and Berwickshire) (LD): It will come as no great surprise to the Deputy First Minister to hear that Liberal Democrat members welcome and support the bill. The inclusion of a question on religion in the census is a necessary and welcome change. It is important that no penalty should be imposed on those who refuse to answer the question, and I am pleased that that concession has been made.

It is pleasing to hear the Executive confirm that the bill is compatible with the European convention on human rights, given the recent debate that we had on that subject.

For us, the future use of the information to prevent discrimination is the most important principle underlined in the bill. It is important that discrimination may be reduced as a result of the information that will be drawn from the census.

I was pleased to hear that there will be consultation on the form of the question that is to be asked on religion. That is welcome and shows that the Executive is prepared to listen to constructive comments.

At this stage, I do not think that there is much more to be said about the bill, and I am not sure why we will need such a long time to debate it next week. It is hardly the most controversial measure that is before the chamber. However, if I may be indulged for a moment—

The Deputy Presiding Officer: With the greatest pleasure.

Euan Robson: I support the inclusion of a question on income in the census, although that is not strictly relevant to today's debate. I do so because I believe that it is important to draw out that information. If we are not able to obtain it from the census, we must gather it from other sources and by other means, because it would assist the definition of such important concepts as rural deprivation, to take but one.

On behalf of the Liberal Democrats, I commend

the bill to the Parliament.

16:40

Mr Jamie McGrigor (Highlands and Islands) (Con): I welcome the opportunity to express my party's thanks and congratulations to the Executive on introducing the Census (Amendment) (Scotland) Bill. I wish to repeat how glad we are that Mr Wallace saw fit to agree to a question on religion—that is a good case of "Jim'll Fix It"—otherwise Scotland's reputation as a tolerant nation might have been questioned. It would have been the only country in the UK not to have a question on religion in the census.

I am deeply grateful to the Commission for Racial Equality for its work towards that goal and for the legitimate request by representatives of the Muslim community for a question on religion. I am grateful to Brian Monteith for his motion and to members of other parties who signed that motion, which showed undoubted cross-party support. We are also grateful to all the individuals who wrote to their MSPs highlighting the need for such a question. Thankfully, they now have their reward.

The question on religion is particularly important in Scotland. I hope that the consultation exercise provides for the inclusion of a question about the different denominations of Christianity, as a simple question on Christianity would not give us the information that is required so that we can care for the needs of our diverse population.

The example of the western isles springs to mind—there are populations of Presbyterians, Free Presbyterians, Episcopalians and Roman Catholics. Some groups like ferries to sail on Sundays, while others do not; some wish fishing boats to be tied up at weekends, while others prefer to go to sea. All views must be respected, at least, and it is important to know which areas are populated by which denominations, so that decisions about service provision—particularly on the Sabbath—can be made that avoid offending people.

As the spokesperson for the Commission for Racial Equality said,

"It isn't simply a question of numbers. In order to ensure that service providers know the needs of ethnic minority people in Scotland we feel the question needs to be asked."

As far as I know, the question proposed for England and Wales does not distinguish between different Christian denominations, whereas that proposed for Northern Ireland does. I believe that the latter would be the most sensible solution for Scotland.

The question will supplement information gathered from the ethnic question and will assist in

the tailoring of public services to the needs of different communities. More specific statistics will help social research and therefore aid the prevention of discrimination, which is, after all, the aim of our Scottish Parliament, which actively promotes social inclusion and equality.

16:43

Shona Robison (North-East Scotland) (SNP):

I welcome the Executive's turnaround on the question on religion and on the enhanced ethnic minority categories. I also welcome the Executive's acknowledgement of the need for equality proofing, which shows that the Executive realises that such proofing must be actioned rather than just spoken about. I hope that the example of the Census (Amendment) (Scotland) Bill will have an impact on future initiatives.

It remains a matter of regret that the Executive was not able to go the whole hog and accept the inclusion of a question on the Scots language and other languages spoken in the home. I agree with Irene McGugan's comments on Hugh Henry's unpleasant little piece in the *Paisley Daily Express*, when he talked about confusing people "with strange words", but perhaps that says more about Hugh Henry's ability to be easily confused. I am sure that the rest of the chamber does not share his thoughts.

Mr Monteith: Would the member care to send me a copy of that article?

Shona Robison: I have a copy of it here, which I will give Mr Monteith at the end of the debate.

The Executive agreed to consult users and interested parties on the form of the questions on religion and ethnicity. It was not wholly necessary of the Executive to be so restrictive with the options in the consultation paper. I seek clarification that, if the Executive receives good, positive suggestions outwith those options, those suggestions will be considered seriously.

I agree with Irene McGugan about the consultation paper's unnecessary emphasis on cost implications. It is more important to get the question right than it is to emphasise the cost.

I have some sympathy with option 1 for the question on religion. That would provide adequate information without confusing those who will complete the form. I agree with the minister that answering that question should not be made compulsory and that it should be made clear that no sanctions will be employed against those who do not wish to answer the question.

I also have some sympathy with option 2 on ethnic grouping. That would provide us with a more detailed breakdown, which would be useful for service development, among other things. I

am, however, aware that the CRE is also keen to have Irish included as a category. We should listen to its arguments rather than attempting to rule out its suggestions through the consultation paper. We might otherwise miss out on some good ideas.

I look forward to the results of the consultation after 17 March. I am sure that the Deputy First Minister enjoys his visits to the Equal Opportunities Committee and I hope that we will see him there again soon. As deputy convener of the committee, I note with satisfaction that 90 per cent of what the committee wanted to be included in the bill will be included. The next time the committee takes the Executive to task, we will be 100 per cent successful.

I conclude by assuring the Executive that the Scottish National party will co-operate fully in ensuring the swift passage of the bill.

The Deputy Presiding Officer: We are running about five minutes ahead of time. If Jackie Baillie wishes to move a motion for a suspension for a few minutes, I would be willing to accept such a motion. Otherwise, she may stretch her speech out until two minutes to 5.

16:47

The Deputy Minister for Communities (Jackie Baillie): Let us see how I get on—I will speak slowly. I say that in case members think that I am having difficulty in stringing my sentences together.

I am grateful for the views expressed during the debate. I am also genuinely grateful for the support that has been given to the principles of the bill and for the recognition that speedy passage of the bill is necessary to keep to the census timetable.

I will deal with some of the specific points that were raised. I agree with Irene McGugan that the household survey will be useful in identifying factors that link ethnicity, religion, social inclusion and equality, but that the size and location of different religious groups will be most effectively assessed throughout Scotland by the census.

On the vexed issue of the length of the census form, we have always said clearly that cost is only one of the factors that must be considered—it is not the be-all and end-all. It is crucial that we consider the effect that an over-long census form might have on overall response rates. The form for the 1991 census was 12 pages long. The new form will be almost double that. The form must not exceed 20 pages in length—all our research tells us that that would result in a dramatic fall in the response rate.

This is probably an historic occasion because it

is the only time that I have found myself in agreement with Brian Monteith. Given that he spoke for only about a minute, however, it was incredibly hard to do otherwise. I think that Brian was trying to put me on the spot to see how inventive I could be at filling in time. I do not normally refuse opportunities to speak and I was truly surprised that he had so little to say, as I am conscious that politicians sometimes like the sound of their own voice too much.

Trish Godman (West Renfrewshire) (Lab): Will Jackie Baillie give way? [*Laughter.*]

Jackie Baillie: Absolutely.

Trish Godman: Given that members all agree with one another and that the Parliament is new and forward looking, does the minister agree that a three-hour debate next week on the census is a wee bit ower-long? If that cannot be changed on this occasion, could such changes be considered in future? We are in so much agreement that things are getting boring.

Jackie Baillie: At the risk of being boring, I could not agree more with Trish Godman. Given that I might have responsibility for summing up in that debate, the thought of its lasting three hours when we can barely sustain an hour's debate today does not exactly fill me with joy. As some of the business managers are present, I am sure that they will take that on board rather than have me suffer any further. I shall raise the issue with them.

I agree with Karen Whitefield and Michael McMahon. The first census of a new millennium is indeed a landmark census. I also agree that the process highlights the role that the Equal Opportunities Committee played in informing the Executive so that we could arrive at the right conclusion. As Johann Lamont said, the views of representatives of the black and ethnic minority communities were significant.

Johann helpfully raised the point of language. Members will not be surprised that I sympathise with her view that language should not be gender specific. I am delighted to tell Johann that, although the Census Act 1920 refers to "he", our census bill refers to a "person". I am sure that she would like to intervene to welcome that.

Johann Lamont: I have built a reputation for being obliging to ministers at every opportunity, so I welcome what has been said. I hope that that will apply to all the work that we do on bills and other public documents. The language that we use should reflect the diverse nature of our society, and particularly the experiences of both men and women.

Ms Margaret Curran (Glasgow Baillieston) (Lab): Johann should say that in Gaelic, too.

Jackie Baillie: I agree with what Johann

Lamont says. In her speech, she also made some serious points about Engender. For those who are not aware of its work, I should explain that Engender provides useful statistics, which, because there was a vacuum of figures on gender, it presented to the Equal Opportunities Committee. The equality unit will be developing that work; it is discussing with the central statistics unit how we can gather gender-disaggregated data in future. The census itself will collect information on gender, which can be cross-referenced. That will be critical in informing policy development.

Shona Robison raised some valid issues about equality proofing. Our equality strategy, which is the subject of consultation at the moment, will address those points. We are not restricting options to what was in the paper that was circulated for consultation. We would welcome fresh thinking but, as I said, the length of the form is critical and affects not just cost, but the overall response rate.

I enjoyed Brian Adam's contribution, but I will not address the points that he raised, because it is not the purpose of today's debate to deal with the precise form of the question or questions on religion that are to be included in the census, subject to the passing of the bill. Following the undertaking given last month, the registrar general is currently consulting on the form of the questions on religion and on ethnic group. I encourage Brian Adam to contribute to that process.

Copies of the consultation paper have been sent to all those who have expressed an interest in the matter. Although the deadline for responses is 17 March, the Equal Opportunities Committee is looking for a day or two's grace to get its response in. I am sure that that will be acceptable, provided that that period is not more than a day or two, as the speedy passage of the bill would be most helpful.

There are limits to the length of the census form. Response rates will fall; costs will rise. The constraints within which we are working are clearly set out and explained in the paper.

Let me repeat the following key points. The Executive has listened carefully—

Euan Robson: Will the minister take a brief intervention on the question of income? If there is no room in the census for an income question, can she say whether there are other methods for picking up such information, which is important to some of us in considering such concepts as rural deprivation, for example? There may be other methods of collecting that information, so I would be interested to hear from her, when she has taken some advice, what those methods might be.

Jackie Baillie: My understanding is that we gave a commitment in the debate on 16 February

to consider gathering information on income, for the valid reasons that Euan Robson gives. That commitment was set out by the Deputy First Minister, and we will return to it in due course.

The Executive has listened carefully to the considered views voiced by the Equal Opportunities Committee and others about the inclusion of a question on religion in the 2001 census. In particular, the Executive recognises the need for the religion question, which will provide benchmarking information to improve our social inclusion policies and our interventions. We wish to see robust social inclusion policies that are designed to prevent discrimination against religious groups. Accurate information is critical to that; we need the evidence to get the policies right. The question or questions on religion will also provide information to help to improve services to minority religious groups, and will be of assistance to local authorities, health boards and other service providers.

Members of minority communities consider religion to be an important aspect of their identity. As more people are identifying themselves in terms of their religion or culture than ever before, it is appropriate to look at new ways in which to collect information from groups such as Muslims and Sikhs, for whom religion is an important cultural attribute.

The bill is the first step in fulfilling the undertaking that we gave in the debate on 16 February, which was to modify our earlier proposals set out in the Census (Scotland) Order 2000. That is because, to enable a religion question to be asked in Scotland, it is necessary to amend the primary census legislation, which is the Census Act 1920. The bill has just two sections. It will enable a voluntary question or questions on religion to be included in any future census in Scotland. Of course, the Executive is alive to the fact that religion is a sensitive issue, hence the voluntary nature of the religion question. That will be made clear on the census form, so that the individual completing the form will be aware of that fact.

It is essential that the timetable for the census on 29 April 2001 is not placed in jeopardy. I seek the Parliament's agreement to the general principles of the bill.

Census (Amendment) (Scotland) Bill

Motion moved,

That the Parliament for the purposes of any Act of the Scottish Parliament resulting from the Census (Amendment) (Scotland) Bill, agrees to any increase attributable to that Act in expenditure payable out of the

Scottish Consolidated Fund by or under any other Act.—
[Mr McConnell.]

Scotland Act 1998 (Cross-Border Public Authorities) (Forestry Commissioners) Order 2000

Motion moved,

That the Parliament in consideration of The Scotland Act 1998 (Cross-Border Public Authorities) (Forestry Commissioners) Order 2000 approves the Order.—[*Mr Home Robertson.*]

Political Parties, Elections and Referendums Bill

Motion moved,

That the Parliament endorses the principle of providing the Scottish Ministers with enabling powers (subject to the control of the Scottish Parliament) which will allow for the future option of –

transferring any of the functions of the Local Government Boundary Commission for Scotland to the Electoral Commission;

conferring on the Electoral Commission the function of monitoring compliance with any enactments relating to candidates' expenses at Scottish local government elections;

allowing the Electoral Commission to provide advice and assistance to returning officers at Scottish local government elections; and

allowing the Electoral Commission to promote public awareness of systems of local government and electoral systems in Scotland;

also endorses the principle of amending section 75 of the Representation of the People Act 1983 to increase the limit on election expenses incurred by persons other than candidates, election agents or persons authorised by them to £50 plus 0.5p per elector for Scottish local government elections and agrees that provisions to these ends should be considered by the United Kingdom Parliament as part of the Political Parties, Elections and Referendums Bill.—[*Mr McAveety.*]

Parliamentary Bureau Motion

Motion moved,

That the Parliament agrees that Decision Time on Thursday 16 March 2000 should begin at 12 pm.—[*Mr McCabe.*]

Decision Time

16:59

The Presiding Officer (Sir David Steel): I will put seven questions to the chamber. The first is, that amendment S1M-642.1, in the name of Mr John Swinney, which seeks to amend motion S1M-642, in the name of Henry McLeish, on "Created in Scotland—The Way Forward for Scottish Manufacturing in the 21st Century", be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Cunningham, Roseanna (Perth) (SNP)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Johnston, Nick (Mid Scotland and Fife) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McGugan, Irene (North-East Scotland) (SNP)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeod, Fiona (West of Scotland) (SNP)
 McLetchie, David (Lothians) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Mr Gil (Central Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Salmond, Mr Alex (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Ullrich, Kay (West of Scotland) (SNP)
 Wallace, Ben (North-East Scotland) (Con)
 Welsh, Mr Andrew (Angus) (SNP)
 Young, John (West of Scotland) (Con)

AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)

Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Galbraith, Mr Sam (Strathkelvin and Bearsden) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Etrick and Lauderdale) (LD)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacLean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAllion, Mr John (Dundee East) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McLeish, Henry (Central Fife) (Lab)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, Mr John (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Wallace, Mr Jim (Orkney) (LD)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

The Presiding Officer: The result of the division is: For 40, Against 59, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The second question is, that motion S1M-642, in the name of Henry McLeish, on "Created in Scotland—The Way Forward For Scottish Manufacturing in the 21st Century", be agreed to.

Motion agreed to.

That the Parliament notes the Executive's aim of pursuing a successful manufacturing sector and welcomes the Executive's report Created in Scotland—The Way Forward for Scottish Manufacturing in the 21st Century,

published on 2 March 2000.

The Presiding Officer: The third question is, that motion S1M-636, in the name of Mr Jim Wallace, on the general principles of the Census (Amendment) (Scotland) Bill, be agreed to.

Motion agreed to.

That the Parliament agrees to the general principles of the Census (Amendment) (Scotland) Bill.

The Presiding Officer: The fourth question is, that motion S1M-640, in the name of Mr Jack McConnell, on the Census (Amendment) (Scotland) Bill, be agreed to.

Motion agreed to.

That the Parliament for the purposes of any Act of the Scottish Parliament resulting from the Census (Amendment) (Scotland) Bill, agrees to any increase attributable to that Act in expenditure payable out of the Scottish Consolidated Fund by or under any other Act.

The Presiding Officer: The fifth question is, that motion S1M-603, in the name of Mr John Home Robertson, on the Scotland Act 1998 (Cross-Border Public Authorities) (Forestry Commissioners) Order 2000, be agreed to.

Motion agreed to.

That the Parliament in consideration of The Scotland Act 1998 (Cross-Border Public Authorities) (Forestry Commissioners) Order 2000 approves the Order.

The Presiding Officer: The sixth question is, that motion S1M-628, in the name of Mr Frank McAveety, on the Political Parties, Elections and Referendums Bill, be agreed to.

Motion agreed to.

That the Parliament endorses the principle of providing the Scottish Ministers with enabling powers (subject to the control of the Scottish Parliament) which will allow for the future option of –

transferring any of the functions of the Local Government Boundary Commission for Scotland to the Electoral Commission;

conferring on the Electoral Commission the function of monitoring compliance with any enactments relating to candidates' expenses at Scottish local government elections;

allowing the Electoral Commission to provide advice and assistance to returning officers at Scottish local government elections; and

allowing the Electoral Commission to promote public awareness of systems of local government and electoral systems in Scotland;

also endorses the principle of amending section 75 of the Representation of the People Act 1983 to increase the limit on election expenses incurred by persons other than candidates, election agents or persons authorised by them to £50 plus 0.5p per elector for Scottish local government elections and agrees that provisions to these ends should be considered by the United Kingdom Parliament as part of the Political Parties, Elections and Referendums Bill.

The Presiding Officer: The seventh question is, that motion S1M-648, in the name of Mr Tom McCabe, which seeks to change the time of decision time on Thursday 16 March, be agreed to.

Motion agreed to.

That the Parliament agrees that Decision Time on Thursday 16 March 2000 should begin at 12 pm.

Peterhead Prison

The Presiding Officer (Sir David Steel): The final item of business today is a members' business debate on motion S1M-606, in the name of Mr Alex Salmond, on Peterhead prison. The debate will be concluded, without any question being put, after 30 minutes.

Motion debated,

That the Parliament notes the success of Peterhead Prison and the wide recognition it has received throughout the 1990s for developing the STOP programme for sex offenders and for its work over recent years; congratulates the prison officers, other staff and the local community on their efforts in building that success, and believes that it would be counterproductive to jeopardise in any way the success of that programme with uncertainties over the future of the prison.

17:02

Mr Alex Salmond (Banff and Buchan) (SNP): I thank the 25 MSPs across the various parties in the chamber who have associated themselves with this motion.

I make no apology for starting—this is members' business after all—with a constituency point in relation to the economy of Banff and Buchan. I am, first and foremost, a constituency member of Parliament. The threatened, suspected, or rumoured closure of Peterhead prison—the Scottish Prison Service denies that any decision has been made, but the issue is none the less causing great anxiety in my constituency—is a matter that we take very seriously.

We take the matter seriously from the point of view of jobs; there are 257 staff in Peterhead prison, including civilian workers and prison officers. Although the local economy nominally has low unemployment, as in many constituencies in Scotland, when one examines the figures and details more closely and considers part-time jobs, low-wage jobs and underemployment, one gets a different picture.

In the Peterhead area, we have suffered closures in the engineering sector and the food-processing sector, and there is a threat hanging over RAF Buchan. Some of the diversification, which was one of the strengths of the local economy, is under threat. We therefore take any threat to Peterhead prison very seriously. Above all, however, I want to make the prison case for Peterhead prison. I will go back to some recent history.

In 1988, there was a debate in the House of Commons—in the Scottish Grand Committee. I was the constituency member of Parliament and Lord James Douglas-Hamilton was the prisons

minister. That debate took place at a time of huge uncertainty in the prison system in Scotland. There had been riots, and disruption in a range of prisons including Peterhead. Protected prisoners had been assaulted in jails across Scotland.

In answering those difficulties, two key decisions were made—perhaps as a result of that debate, of other meetings, of sensible advice received by the minister and of good decision making by the minister. One of those decisions was to disperse category A prisoners, previously largely concentrated in Peterhead, round Scotland. The second was to concentrate protected prisoners in Peterhead. Although it was not an overnight process, those decisions were, in retrospect, correct and helped take the Scottish Prison Service from a position of chaos—or near chaos—in the 1980s, to one of relative calm throughout most of the 1990s.

It may have been serendipity; it may have been a happy accident; but the decision to focus on Peterhead, first as a protectee prison and now almost exclusively as a prison that deals with long-term convicted sexual offenders, has proved one of the outstanding successes of the prison system in Scotland over the 1990s.

Over the past three years, the Peterhead prison population has increased by 50 per cent in response to the growing number of long-term convicted sexual offenders. Over the same period, the cost per prisoner place at Peterhead has fallen from £36,000 to £26,000, which is lower than the average throughout the Scottish Prison Service and, indeed, lower than the Scottish Prison Service target price per prisoner.

More important, perhaps, than the economics and efficiency of Peterhead has been the extraordinary success of the STOP programme, which was launched in 1993. Even more than a specific programme, the total culture regime in Peterhead prison attempts to change long-term behaviour. Using every facility of the Prison Service, a prison that is certainly unique in the United Kingdom in its concentration of sex offenders is attempting to change—to make a real difference to—a serious problem in society.

The question of total culture cannot be overestimated. A week or so ago, I spoke to a Peterhead officer who had been moved from Barlinnie. He made it movingly, openly and honestly clear that it takes time to adjust to moving from Barlinnie prison to Peterhead prison—it is a different prison culture. Prison officers, like the rest of us, have a natural human revulsion towards sex offenders, but they have to do a professional job. It takes time to become immersed in the culture of Peterhead prison—a prison that attempts to change long-term behaviour in that category of prisoner.

The suggestion in the leak in *The Herald*, which I hope the minister will dismiss this afternoon as no more than speculation, that the success of Peterhead can somehow be transferred somewhere else, perhaps to a stockade in Shotts prison—an idea that was rejected by the prisons minister in 1988—is based on an extremely false assumption. Any attempt to relocate that outstanding success to another establishment would at best jeopardise the success of the STOP programme and the culture of the prison. At worst, it would take years to re-establish the success that Peterhead now enjoys.

Without prejudice to any decisions that are made in the Scottish Prison Service, I want an acknowledgement from the Deputy Minister for Justice—an acknowledgement that is due from every party in this chamber and from every member—of the success of Peterhead prison, of the commitment of the officers and other workers and of the acceptance and commitment of the community and organisations that make that success possible. That would give substantial encouragement to those of us who want the success to continue.

I have two final points. First, the minister will say that the review of establishments is an estate review and involves every establishment—not just Peterhead—but that seems to put the cart before the horse. If the prison system in Scotland is being reviewed, the starting point should be an assessment of what is needed from the prison system, then a look at the estate. We should not start with a cost-driven exercise looking at the estate and then try to crowd in what we get from the prison system. That approach is fundamentally mistaken and obviously cost driven.

Secondly, on morale, prison officers feel under threat—from privatisation of the prison system, from threats to their terms and conditions, and because they feel that the Minister for Justice will not even acknowledge their requests for meetings. Do not damage the morale of the Scottish Prison Service. Do not return us to the situation of the 1980s. It would be a false economy to cut a few corners and find that we have returned to near chaos. It would be a wholly false economy to sacrifice and jeopardise the success of Peterhead prison in the hope that a cost-driven review might be able to relocate it elsewhere.

17:11

Lord James Douglas-Hamilton (Lothians) (Con): I strongly support Alex Salmond, who is to be congratulated on obtaining this debate tonight.

For some seven years, I was Scotland's prisons minister. As Alex Salmond said, I was appointed just after a spate of riots, at a time when

Peterhead prison was spoken of as though it were a Scottish Alcatraz. After receiving representations from prison officers and Alex Salmond, I thought that he had made a well-reasoned, persuasive and well thought out case and I made the strong recommendation to the secretary of state—with the support of the director, Peter McKinlay—to disperse the most difficult prisoners throughout Scotland and to develop a facility for the treatment of sex offenders and programmes such as STOP. Those decisions had good outcomes, and it should be mentioned that Alex Salmond had a lengthy meeting with me before decisions were made. The representations that he made were consistent with those of the prison officers, and I believe that they had a substantial effect on the decision that was arrived at.

The STOP programme has been extremely successful, on account of the professionalism of the prison officers and the high standards of the programme. It has helped to reduce recidivism.

The site of the prison is appropriate, because 60 per cent of the prisoners who are sex offenders have offended against members of their own family; arguments that prisoners should be closer to their family do not apply with the same force in such cases. In any event, prisoners can have accumulated visits in prisons nearer home.

The work of the prison officers in Peterhead has been a success story; as a result, Peterhead has received not just a Butler Trust award, but the Investors in People award.

Closure of Peterhead prison would be a disaster, bearing in mind the fact that three prison closures have already been announced. Of course, prisoner numbers in Scotland's prisons could go up. We cannot know for certain how many accused persons will be sent to prison after conviction in the courts. Surely it would be an extremely bad decision to close Peterhead, if the sole purpose of that decision was to raise funds for the Holyrood Parliament building or, for that matter, for other capital projects that have nothing to do with prisons.

The prison officers' work should be weighed on its merits. By any objective standards, the prison officers in Peterhead have been constructive, professional and effective. Their contribution, and that of Peterhead prison, should be well recognised. I am glad to support Alex Salmond's motion.

17:14

Roseanna Cunningham (Perth) (SNP): I congratulate my colleague, Alex Salmond, on obtaining this members' debate. As another MSP with prison interests—when I was first elected, I had three prisons in my constituency, but

boundary changes have changed that to two—I know only too well how incredibly important those institutions can be in a local population. I heartily endorse what Alex had to say on the wider impact of the closure in the circumstances.

This possible closure comes against a background of other, announced, closures. The possible grand total now stands at four—against, according to evidence given to the Justice and Home Affairs Committee, a projected continued rise in prison numbers. That does not make a great deal of sense, and the minister will have to address that point when he responds.

I expect the minister's response to include reference to the fact that he is not in charge of operational decision making and that this matter falls into that category. The minister is responsible for setting out the overall policy. Ultimately, the minister is the only person who can be held directly accountable—that is the way in which our democracy works. The chief executive does not have a democratic mandate. The minister sets the parameters in which the chief executive must reach decisions. Will the minister say how the proposal for Peterhead fits into the wider prison policy?

I refer the minister to the report of HM chief inspector of prisons for Scotland, in which he says how impressed he is with what goes on at Peterhead, commends its success in reducing drug use—the prison was becoming almost drug free—and the STOP programme, to which members have already referred. As with the closure of Dungavel prison, the reward for success seems to be closure. That is not the way forward. Clive Fairweather also said in his report that at Peterhead

“a lot of effort was going into helping prisoners to address their offending behaviour, more so perhaps than we have seen elsewhere.”

It seems astonishing that we are suggesting that such prisons should close.

Not 30 minutes ago I spoke to a prison officer who is in Pitlochry at the Prison Officers Association annual conference. He said that the closure of Peterhead prison would be a nightmare for the rest of the Prison Service because, without disrupting other prisons, it would be very difficult to deliver programmes on offending behaviour on the same basis as at Peterhead. He also said that the segregation that would be required in other prisons would result in much more restrictive regimes for the prisoners displaced from Peterhead.

I reiterate my question to the minister. What does the projected closure of Peterhead mean in the context of overall prison policy?

17:17

Dr Elaine Murray (Dumfries) (Lab): I am sure that Alex Salmond is a little surprised to see me here, as I represent a constituency at the other end of Scotland. I am here because last Friday, I met trade union representatives from Dumfries young offenders institution, who told me some rumours that they had heard on good authority. They suggested that a second review of the prison estate had been commissioned, hard on the heels of the previous review, which resulted in the closures that were announced last autumn.

They said that the review had identified four further candidates for possible closure: Inverness, Aberdeen, Peterhead and Dumfries young offenders institution. Apparently, Inverness and Aberdeen prisons were ruled out on the basis of their importance to their local communities. The remaining choice would appear to be between Peterhead and Dumfries. Apparently, the review was to be laid before the Prison Service board this week for a decision.

If that is true, I want to know why it has happened. As recently as the end of last year, I received several assurances from ministers that Dumfries young offenders institution was not going to be closed. I refer members to the answer that I received from Jim Wallace to a written question:

"The staff savings, prison closures and the management changes will be enough to enable the Scottish Prison Service to operate within its future baseline provision. The £13 million did not form part of this baseline and was reallocated to elsewhere in the Justice Programme."—*[Official Report, Written Answers, 3 February 2000; Vol 4, p 219.]*

At that point, the minister did not expect further closures to take place.

From what Mr Salmond is saying, Peterhead is an excellent institution and I accept his views as the local MSP. However, let me put the case for Dumfries young offenders institution, or Jessiefield, as it is known locally. It is a class A secure institution, which provides 140 jobs for local people. I remind members that we have just lost Penninghame open prison and that staff from there have been reallocated to Dumfries. Jessiefield is valued by its local community too.

Significant sums of public money—more than £2 million—have just been invested into the buildings and the prison could be fairly easily adapted to take increased numbers of inmates. It could also provide for the local adult prison population. That would reduce the costs per head; at the moment, the costs per head at Dumfries are rather high. The prison also has internal sanitation for all prisoners, so there are no human rights issues relating to slopping out. The prison is only one and a half hours by train from Glasgow, so it is accessible to families of inmates who come from

the central belt.

If it comes down to a fight between Dumfries and Peterhead, Alex Salmond can be absolutely certain that I will be fighting for Dumfries. However, I very much hope that it will not come down to a fight. I want to know why, after all the assurances that I and others have received from ministers, 140 of my constituents are once again being subject to rumour over the future of their jobs and are suffering anxiety. Whose agenda is this? I do not believe that it is the minister's agenda. I want to know the truth. I believe that my constituents deserve the truth and I can assure members that I am very angry on their behalf.

17:20

Richard Lochhead (North-East Scotland) (SNP): I welcome this debate and the contributions that have been made so far. I especially congratulate Alex Salmond on securing the debate. He has been a tremendous champion for Peterhead and Boddam down the years and for the Banff and Buchan constituency. He has many successful constituency campaigns behind him. Let us hope that the town of Peterhead will hear an assurance this evening that means that it will not have to go to Alex for his campaigning skills on this issue.

I am especially delighted to contribute to this debate because, as a regional MSP, I represent Peterhead as well. Indeed, I lived in Peterhead town for a number of years, so I know just how important Peterhead prison is to the local community. The community accepts the presence of the prison, not just because of its economic value, but because of the special role that it plays in the Prison Service and in society, and because of the fact that the prison has been there since 1888. The community recognises the special role of the STOP programme, a programme that has been covered adequately by other speakers.

It would be appalling and unforgivable if this unfortunate speculation were allowed to develop into a threat to the prison's future. If it does, I can assure the authorities that they will have one almighty battle on their hands, with support from all the parties in the north-east of Scotland. We all know about the threat to RAF Buchan and about the recent closures of Crosse and Blackwell and other local companies. The last thing that the community wants to hear about is a question mark over the future of Peterhead prison.

I would like to hear two assurances this evening. First, I would like the minister to remove the question mark over the future of Peterhead prison. Secondly, I would like him to dismiss the extremely dangerous and worrying comments that were made by the Minister for Justice, Jim

Wallace, in the recent debate in this chamber on law and order. In a reference to the closure of Penninghame prison in his winding-up speech, his first comment was:

"Penninghame is geographically remote from the central belt".—[*Official Report*, 25 November 1999; Vol 3, c 918.]

That is an incredibly worrying and dangerous statement from our Minister for Justice. I would like Mr MacKay to dismiss that statement this evening. What is Jim Wallace saying? Is he saying that the whole of Peterhead should be shut down because it is remote from the central belt? In this Parliament, he represents the Orkney constituency. Is he saying that every single job outwith the private sector in Orkney should disappear as well? His comment was dangerous and it sent out completely the wrong message from the Executive. I would like the minister to give us assurances on those two points.

17:23

Mr David Davidson (North-East Scotland) (Con): I congratulate Alex Salmond on securing this debate and I am happy to be associated with his motion. Unfortunately, I could not sign it, because I was busy looking after a sick wife.

The minister has to recognise that we are talking about a centre of excellence in its field that is recognised across Europe, especially for the success of the STOP programme. Without doubt, that success is due to the professionalism of the staff who have accepted all the culture changes that have been talked about in the past. I cannot understand why the minister has allowed the speculation and rumour to go on for as long as it has done. It is very worrying for the staff and for the local community. We have to remember that staff members have been a valuable part of the community in Peterhead. Their children go to the schools, and many members of their families work in the local economy. We could be talking about breaking up a successful team and moving its members elsewhere, disrupting families.

Many speakers have mentioned the economy of Peterhead, which has indeed taken a series of hits. I have had a lot of communication with John Spellar about the potential closure of RAF Buchan. I asked him—I would like the minister to consider the matter in this way too—to consider the matter as one that does not affect only his department. Any decisions should be a part of holistic government, and the knock-on effects on other departments such as social security should be considered. All ministers should put their heads together to consider this matter. In modern government, this is no longer a matter in which one department can say: "That's it gone. We'll leave it to somebody else to pick up the pieces."

We need the minister's assurance that he and his ministry will work with other members of the Executive to ensure that the matter is investigated properly. Although we have heard about the expertise in the prison and the measurable results that the prison has achieved, we must also consider the effect that its continuance will have on the community and its wider benefit on Scotland.

If the rumour is true, it will mean the potential break-up of a successful team and give rise to the problems of how to resettle prisoners. It will have a devastating effect on the morale of the staff of the prison service, the prison occupants, the community and the economy of the town in the long term. I ask the minister to be clear in his comments and to assure us that he will give Peterhead a fair answer.

17:26

The Deputy Minister for Justice (Angus MacKay): First of all, I congratulate Alex Salmond on his success in securing this debate, not least because it allows me, on behalf of the Executive, to pay tribute to the work of the Scottish Prison Service in general and especially at Peterhead prison. For more than 100 years, this prison has played a central role in the management of difficult offenders in the Scottish Prison Service. In the 1970s and 1980s in particular, the work was characterised by prisoner unrest and violence which presented SPS staff with significant dangers.

As the SPS spread the responsibility for dealing with this specific type of offender more evenly throughout the service, the role of Peterhead evolved into dealing principally with sex offender and protection prisoners, although this type of work was also carried out at a number of other sites. It is fair to say that SPS staff at Peterhead and elsewhere grasped this opportunity and helped to develop systems of working that have received widespread recognition.

The Scottish Prison Service has developed an nationally and internationally admired approach using prison officers, supported by psychologists, social workers and others, to deliver key ending offending programmes to prisoners. On multiple sites across the service, there are five core programmes. Two programmes, cognitive skills and problem solving, help people to develop thinking skills and to solve problems; the other three programmes are anger management, drugs relapse prevention and sex offending. Peterhead prison delivers three of these: cognitive skills, anger management and sex offending. The delivery of the sex offending programme continues to evolve and the SPS is shortly to embark on the latest phase, called STOP 2000. All the

programmes are based on international research into what actually works.

These programmes are regulated for consistency and quality of delivery. Delivery takes place in all closed prisons by trained SPS staff, provided that the quality of facilities and equipment is up to standard. An independent panel of experts awards accreditation status to the programmes that qualify.

Mrs Margaret Ewing (Moray) (SNP): I must declare an interest as two members of my family are involved in the Prison Service.

Is the minister convinced that there are adequate training facilities and time to involve prison officers in the rehabilitation processes that we all want? It seems that much time is spent on administrative duties, which means that people do not have the facility to talk to prisoners and, by doing so, to aid their rehabilitation and to allow them to return to society as reformed characters.

Angus MacKay: I thank the member for raising those points as it gives me an opportunity to declare an interest. I also have a relative who works in the Prison Service.

As the minister with the responsibility for drug issues, I am happy to put on the record my firm belief that we must continue to expand the quality of staff training to allow the staff to deliver the offender rehabilitation services that we want.

The STOP 2000 programme will not be confined to Peterhead. SPS will introduce it in Barlinnie prison and Edinburgh prison this autumn and, depending on need, to young offenders sites. The same key principles of consistent applicability across sites and delivery by prison officers, supported by other professional groups, will apply. The programme can be delivered to clusters of sex offenders, irrespective of location, provided that they are identified as likely to benefit from its highly structured approach.

Mr Salmond: Does the minister acknowledge the strong advice of the prison officers who deal with those programmes that the total culture of the prison is an absolute requirement for success? There is a huge danger, as there was in the 1980s, of having dispersed programmes in other prisons with shared facilities and all the difficulties that that entails. Will the minister tell us the status of Peterhead in the current review?

Angus MacKay: I will come to the second point in the remainder of my contribution.

I presume that Mr Salmond is not arguing that, whatever happens to Peterhead or any other institution in the future, such programmes should not be made available throughout the Scottish Prison Service. I accept the point that he is trying to make about the culture of Peterhead prison.

However, my point is that we need to look at providing those services more widely than in an individual prison. That may not satisfy Mr Salmond entirely, but it is an important point.

Brian Adam (North-East Scotland) (SNP): One of the arguments that was put forward in the rumours that appeared in the paper was that there were concerns about the fact that those who completed their sentence might continue to live in the area. Is there any evidence of a greater incidence of sexual offences in the area as a consequence of that? Will the minister give an assurance that that is not being used as a smokescreen or excuse for closure of Peterhead?

Angus MacKay: I have not heard that argument before. I am not aware of the incidence, but I am happy to examine the matter and write directly to the member.

The sex offender programme at Peterhead is usually delivered to 40 prisoners each year. It has not been without its difficulties and has had to be redesigned at Peterhead and elsewhere. The prison fabric is far from ideal, visiting is difficult and, notwithstanding the point made by Lord James, the location does not lend itself to the kind of contact with agencies that such prisoners require before and after release. Almost all the 300 or so prisoners at Peterhead are from the central belt.

The condition and location of the Scottish Prison Service estate is a prime operational issue for the service. The board and chief executive are therefore focusing on that as they strive to secure maximum value from the more than £200 million of taxpayers' money that they spend each year. To that end, in December last year, the chief executive set up a major SPS review of estates strategy. Senior SPS managers, along with trade union representatives, are carrying out a fundamental review, establishment by establishment, of the entire estate. At this point, I want to put on record the fact that it is my understanding that Jim Wallace has met representatives of Prison Service staff. I am not sure where the view comes from that he has refused to do so.

The review is developing operational criteria to measure each establishment's fitness for its purpose. Those criteria include flexibility of accommodation, the quality of existing accommodation, geographic location of the prison in relation to key prisoner groups and sentencing courts, the cost per prisoner place, which Mr Salmond mentioned, the level of past investment and the level of future investment required. Key aims are the ending of slopping out and overcrowding.

This work is being considered by the Scottish

Prison Service board. As an agency, the SPS is responsible for taking operational decisions, referring questions of policy to ministers. At present, the board has taken no operational decisions about the future of Peterhead or of any of the other sites. Policy issues, if any, will be referred to ministers. At this stage, nothing is ruled in or out in the SPS's search for a modern and flexible estate.

Dorothy-Grace Elder (Glasgow) (SNP): Will the minister give way?

Angus MacKay: No. I do not have sufficient time.

The valuable role that Peterhead prison has played over the generations should be acknowledged and has been put on record in the debate tonight.

The SPS fulfils an important and demanding role on behalf of the Scottish public. It must at all times take a clear view on its best shape for the future, bearing in mind key factors such as future prisoner projections, competing demands on resources, the need to continue to provide a broad range of programmes to tackle offending behaviour and the necessary pursuit of value for money for the taxpayer. I am confident that the SPS will continue to strive for increased efficiency and excellence in pursuit of its agreed goals.

Meeting closed at 17:35.

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