

McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 Mulligan, Mary (Linlithgow) (Lab)
 Murray, Elaine (Dumfries) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Stewart, David (Highlands and Islands) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Whitton, David (Strathkelvin and Bearsden) (Lab)

ABSTENTIONS

Aitken, Bill (Glasgow) (Con)
 Brocklebank, Ted (Mid Scotland and Fife) (Con)
 Brown, Gavin (Lothians) (Con)
 Brownlee, Derek (South of Scotland) (Con)
 Carlaw, Jackson (West of Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West of Scotland) (Con)
 Johnstone, Alex (North East Scotland) (Con)
 Lamont, John (Roxburgh and Berwickshire) (Con)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Elizabeth (Mid Scotland and Fife) (Con)

The Presiding Officer: The result of the division is: For 65, Against 30, Abstentions 16.

Motion agreed to.

That the Parliament acknowledges the successful summit meeting of the British-Irish Council at Hopetoun House; notes the outcomes of the summit in relation to demography, energy and the ongoing business of the Council; notes also that the Council gave consideration to the global economic situation; believes that the Council is an invaluable forum for strengthening intergovernmental relationships; supports the Scottish ministers' proposal to lead a workstream on renewable energy, and encourages them to continue to support the Council in addressing issues of real and common concern.

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The Presiding Officer: The final question is, that motion S3M-2783, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, on the approval of a Scottish statutory instrument, be agreed to.

Motion agreed to.

That the Parliament agrees that the draft Mental Health (England and Wales Cross-border transfer: patients subject to requirements other than detention) (Scotland) Regulations 2008 be approved.

Col 11838

Co-operative Development Scotland

The Deputy Presiding Officer (Alasdair Morgan): The final item of business is a members' business debate on motion S3M-1926, in the name of Elaine Murray, on the success of the first year of Co-operative Development Scotland. The debate will be concluded without any question being put.

Motion debated,

That the Parliament welcomes the success of Co-operative Development Scotland in promoting and facilitating the development of co-operative enterprises across Scotland since it became fully operational in April 2007; notes that research carried out by Heriot-Watt University in 2006

estimated the combined annual turnover of co-operatives and mutuals in Scotland to be around £4 billion; believes that the contribution of this sector to the Scottish economy nationally and to local urban and rural economies, such as that of Dumfries and Galloway, could be increased, and believes that government funding for Co-operative Development Scotland should be extended beyond March 2009.

17:13

Elaine Murray (Dumfries) (Lab): When I asked the Minister for Enterprise, Energy and Tourism about the future funding of Co-operative Development Scotland on 9 October, he advised the chamber that an evaluation was under way and was likely to be completed by the end of December, and that future funding would be

"an operational matter for Scottish Enterprise."—[*Official Report*, 9 October 2008; c 11712.]

Given the Scottish Government's statements of support for the third sector, which are echoed by all political parties, I hope that ministers will proactively encourage Scottish Enterprise to continue to fund CDS after March next year. If the evaluation is not finished until the end of this year and Scottish Enterprise must then take on board the results of the evaluation when it decides whether to continue to provide funding for the organisation, the period between the decision being made and funding possibly running out will be very short.

The setting up of CDS was positively encouraged by the previous Scottish Executive, and CDS was launched in September 2006 to promote the development of co-operative enterprises in Scotland, with a budget of £3 million. Its purpose was to provide advice on business development, to help with the start-up of co-operatives and employee-owned businesses, to advise on business ownership transfer, to commission research and to promote the co-operative sector.

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With an estimated combined turnover of £4 billion, which represents about 4.25 per cent of Scottish gross domestic product, co-operatives and mutuals contribute impressively to the Scottish economy, and involve a surprisingly high proportion of the population: 20 per cent of the adult population are members of a co-operative and 25 per cent are members of a mutual. Co-operatives include housing associations, retailers, agricultural and fishing enterprises, credit unions and football supporters trusts.

As well as providing advice and helping new co-operatives, CDS plays a valuable role in promoting success stories that demonstrate just how enterprising this part of the third sector can be. Examples of successes include Stewartry Care, which is the largest independent care provider in Dumfries and Galloway. Established in 1993, Stewartry Care transferred to employee ownership in 2004, with the assistance of the Baxi Partnership trust. The company now employs 170 people and looks after more than 500 people across the region. In its first year of operation as an employee-owned company, turnover increased by 16 per cent, and profitability increased by 39 per cent. In a sector where wages are traditionally low, Stewartry Care offers the highest rates of pay in the region and can offer its workforce flexible working and good-quality training.

Scotmid, one of Scotland's largest co-operatives, was in the enviable position last month of announcing an increase in its operating profit from £2.8 million for the same period in the previous year to £4.5 million. Many private retail chains must be envious of such a high percentage increase during these difficult times. Scotmid is far from being a new enterprise, of course. Its origins can be traced back to the opening of the St. Cuthbert's Co-operative Society in Edinburgh in 1859. It was the major supermarket retail outlet when I was growing up in Edinburgh—not in 1859, I should add. Now rebranded as the Scotmid Co-operative, it has 251 retail outlets and 4,200 staff and includes the Scotmid food retailer, Semi-Chem, and funeral and property services. It was also an active promoter of fair trade products before many of the other retailers saw the potential for ethically traded products. On that point, in my experience, it still offers a wider selection of fair trade wines than other retailers.

CDS is also actively encouraging agricultural co-operative enterprises, enabling producers to work together to achieve better prices and to add value to their products. First Milk, which is headquartered in Paisley, is the United Kingdom's largest dairy farmers co-operative, involving 3,400 farmers and producing 16 per cent of the UK's milk. Two years ago, First Milk purchased Dairy Crest's retail cheese brand and is now the largest

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UK-based cheese supplier, with direct relationships with all the major supermarkets.

Housing associations are increasingly important providers of social rented housing. Stock transfer from local authorities, as happened in Dumfries and Galloway, has increased the proportion of properties in the ownership of housing associations. Many other housing associations have grown up over the years from small beginnings, such as Loreburn Housing Association, which was originally set up to address housing shortages, especially for vulnerable people, in the town of Dumfries, but now owns and manages 1,700 properties across the region. Similarly, Key Housing Association provides housing for people with learning disabilities and offers support to others who are not in their accommodation. It was set up 25 years ago in response to the concerns of parents of learning disabled adults.

We must not forget the contribution that football supporters trusts have made to the game in Scotland. There are 35 supporters clubs at all levels of football, with over 30,000 member fans. Nor must we forget the success of the credit union network, which we discussed a lot around the time of the Farepak incident, as credit unions offer people a way of saving small sums of money safely. These days, that is an important consideration with regard to how we lend and borrow money.

CDS and Co-operatives UK have been successful in attracting the general assembly of the International Co-operative Alliance to Glasgow at the end of September next year. That organisation represents co-operatives across the globe and has 224 member organisations from 87 countries, which—amazingly—represent more than 800 million people worldwide. The event will generate something in the region of £2 million for the Scottish economy through delegate expenditure during the year of homecoming 2009, and is very much in the spirit of that year.

The co-operative and mutual model clearly works—it has done since the days of St Cuthbert's Co-op. It provides an alternative to private or state ownership, one in which each employee or individual small shareholder has an equal interest and involvement. It is a model that might offer much during these troubled financial times, and I urge ministers to take a hands-on approach to ensuring that Co-operative Development Scotland is still with us in six months' time.

17:19

Gavin Brown (Lothians) (Con): I congratulate Elaine Murray on securing the debate. She rightly highlighted the important contribution of co-

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operatives to the fabric of life in Scotland. It is worth repeating some of the statistics on the contribution of co-ops to the economy. There are more than 400 co-ops in Scotland, employing more than 22,000 people, with a turnover of about £4 billion. To put that into perspective, it is about the same turnover as that of the entire tourism industry in Scotland. It is a pretty sizeable chunk and, as Elaine Murray stated, it is about 4.25 per cent of Scottish GDP.

Elaine Murray neatly outlined the range of companies in Scotland that are co-operatives, from household names down to micro-businesses. Household names include John Lewis, Dunfermline Building Society, Loch Fyne Oysters and the Scottish Association of Farmers Markets. A particularly strong example in the Lothians is the Edinburgh Bicycle Co-operative. It started in 1977 as a small bicycle repair shop, employing three people. It now has branches in Edinburgh, Aberdeen, Newcastle and Leeds, a payroll of more than 70 and an online shop. Most important is the ethos in that organisation. Every full-time worker becomes an equal member after a probationary period of one year. He or she becomes an equal owner of the business, entitled for instance to an equal share of the annual profits.

There is no debate to be had about the contribution of co-ops to Scottish life. Where there is a debate to be had is in looking more closely at Co-operative Development Scotland. There are two important points to consider for the future funding of CDS. First, what has it achieved so far? Secondly—and probably more important—what is it likely to achieve in future? So far, there has been some pretty good stuff. Without question, it has raised the profile of co-operatives. If we consider the number of column inches that have been achieved, or what is described as equivalent media spend, the figures are impressive. CDS has started and developed businesses, and improved the research into co-operatives. The previous figures were hazy, and there is still a lot more research to be done on co-operatives.

CDS has an advisory board of considerable experience and it has the potential to offer a truly niche service, particularly in looking at the management, legal and tax implications of having a co-operative as opposed to another type of business.

Rob Gibson (Highlands and Islands) (SNP): I am sure that the member will be glad to know that as the Standards, Procedures and Public Appointments Committee has approved the cross-party group on co-operatives in the Parliament, many more people can become involved in investigating how well the processes that he has just described will be taken forward and made more efficient.

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Gavin Brown: That is positive news, and I look forward to seeing how the cross-party group develops over time.

There are areas in which I would like to see improvement. As of March this year, the number of start-ups since CDS began is 27, only five of which are in rural areas. That needs improvement. CDS needs to find ways of working better with the business gateway centrally, and with local authorities running business gateways, to push up that number. There are only five high-growth client co-operatives. Only one growth business has shown improved business performance since CDS was established. The number of employee management buyouts is zero. Some of the results have been impressive, but some areas need improvement so that the organisation makes the impact that it ought to make to take this area forward. Co-ops are a key fixture in the economy. CDS has done some useful work, but there are areas in which performance could be stronger.

17:24

Jim Hume (South of Scotland) (LD): I congratulate Elaine Murray on securing the debate. Rob Gibson has mentioned the establishment of the cross-party group on co-operatives, which I will co-convene. We must recognise the work of Willie Coffey MSP in instigating the group.

Benefits are to be gained from a group of individuals owning and running their own organisation. The concept of mutual ownership is relevant now, given the extremely difficult economics that we are facing. A recent report that was presented to the European Association of Co-operative Banks stated:

"co-operative banks in Europe should be seen as a safe haven in these times of turbulence and uncertainty in the financial markets."

Co-operatives come in many forms and provide all manner of products and services. They are involved in agriculture, social housing, retail and many other areas. They are built on the common theme of their funding principles and the idea that their members have a relationship with the enterprise as producers or consumers of its products, or as employees.

The co-operative idea as we know it is not new but dates back as far as the 18th century. We are all familiar with the Fenwick Weavers Society, and Robert Owen from New Lanark in the south of Scotland is widely regarded as the founder of the co-operative movement. His work at the New Lanark cotton mills was underpinned by the principle that workers should have fair working conditions and by the idea that welfare and education rights should be extended to workers'

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families. He was many years ahead of his time. Members might have read my motion S3M-2755, on the New Lanark world heritage site. The motion already has some cross-party support, but I hope that more members will support it because the site has some funding issues.

There are of course other, more modern co-operative movements and projects in the south of Scotland region. Elaine Murray mentioned how important Scottish Enterprise has been in helping such projects. The Borders Machinery Ring was established in the 1980s to rationalise labour, machinery and input costs. It has grown since then and now offers a range of services that help to sustain and improve business viability, including accountancy services, training, waste management and the bulk buying of fuel. It is even running a project on renewable energy.

Elaine Murray mentioned Stewartry Care, which provides long-term residential care for older and disabled people. It now employs more than 150 people and looks after more than 500 clients throughout Dumfries and Galloway. It states:

"The co-operative approach has enabled us to provide a quality personal service that is driven by a happy, positive, motivated and highly skilled workforce".

Scottish Enterprise has also helped the Borders Foundation for Rural Sustainability, in which I

declare an interest as a past chairman. The foundation has brainstormed interests and opportunities to forge co-operative diversification projects, some of which turned into real businesses or venture groups, including Clifftop Discovery Ltd in Coldingham, which provides wildlife tours, and the James Hutton trail in Berwickshire. Other examples include East Lothian Potatoes, Wigtownshire Quality Lamb Ltd, Irvine North Credit Union and the Scottish Cashmere Club, which represents textiles companies from the Borders to Ayrshire. The list goes on.

In addition, we have organisations such as the Scottish Agricultural Organisation Society, which plays a key role in developing the work of those businesses and groups. However, we need sustained funding in place to help and support SAOS and its new ventures. Again, SAOS has been helped by Scottish Enterprise in the past.

Co-operative Development Scotland undoubtedly has a role to play in providing resources to enable and encourage the take-up of the co-operative option and improve the growth of individual co-operatives. However, that work should be done in conjunction—or should I say co-operation?—with agencies such as SAOS, Co-operation and Mutuality Scotland, BFRS, BMR, Scottish Enterprise and the business gateway, which already have the required knowledge and experience.

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17:28

Helen Eadie (Dunfermline East) (Lab): I thank Elaine Murray for bringing the matter to the chamber for debate this evening. I draw members' attention to my entry in the register of members' interests and to the fact that I am a member of the Co-operative Party.

I have been interested in co-operatives all my adult life because I believe that it is important in our lives to have the opportunity to create a different business model from the one that has been more widely known among members of the public. The co-operative model gives us the opportunity to provide almost sheltered employment. I am sure that the importance of that is not lost on the minister, Jim Mather. We must encourage people who are not used to being in business to learn business skills.

There is one reason why we should celebrate tonight. I listened carefully to what Elaine Murray said about the funding issue, but I get a sense from what the minister and other colleagues in the Parliament have said previously that we are pushing at an open door with regard to funding.

I hope that the minister will bring us good news in due course, because there is such strong cross-party support for the notion of co-operatives. Interest in the issue is genuine—it is not born of political opportunism; every member has, at one time or another, expressed support for co-operatives. That is why I was keen to become a member of the proposed cross-party group on co-ops and to promote my colleague James Kelly as one of the group's co-conveners. We have a tremendous amount to learn about co-ops, although we already know a tremendous amount about them. We know about the transformation that Mondragón brought about for people in Spain; we also know about what has happened throughout the world.

As I said, I have been interested in co-operatives all my adult life. I was a co-founder member of the Kennington cleaners co-op in London and a founder member of a nursery co-op called Gumboots, which was named after my trade union at the time, the GMB, because it put so many resources and so much energy into the project. I was also a founder member of the Partnership in Childcare co-operative, which was established where I live in Dalgety Bay, and a variety of other co-operatives.

I am conscious that dealing with officialdom, whether in local authorities or in central Government, can sometimes feel like pushing a double-decker bus uphill, because officials still have a strong resistance to the notion of funding co-operatives, although a workers co-op tends not to meet the same resistance as a community co-

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op does. Community co-ops are important because they are about empowering people to shape a business in their locality. They are subject to the same disciplines as other businesses—they have to produce business plans, for example, and deal with the banking. Community businesses are important, but I recognise that there are many business models across the range of co-operatives.

I promised my colleagues that I would speak for only a short time, but I will make one final, brief

comment before I close. Reference has been made to credit unions and the importance of banking in the economic crisis. If the Parliament were to have a major thrust on credit unions and put them at the top of our agenda, we would do Scotland a power of good.

I wish the minister, my colleagues and everyone well with co-ops, because they are tremendously important for us all.

17:32

The Minister for Enterprise, Energy and Tourism (Jim Mather): I congratulate my colleague Elaine Murray on securing the debate and I thank everyone who has spoken. There have been many interesting and supportive comments.

I am pleased to have the opportunity to convey the Scottish Government's recognition of the importance of co-operative enterprises and mutuals in contributing to the growth of our economy, providing jobs, creating and retaining wealth throughout Scotland and bringing a wide range of social benefits to our communities over the years.

I will go straight to the point that Elaine Murray made in her speech, which she has also raised in questions. There is considerable proactive ministerial interest in and attention to the co-operative model, which is driven by the contribution that she has made and by the fact that the model has considerable mileage in it. The debate comes at an interesting time. As Helen Eadie said, the co-operative model is a different business model but, with CDS, positive results are now coming through. An open, constructive and transparent process is under way and will feed back in many ways into the report card that Gavin Brown mentioned. It will reflect the raised profile of co-operatives, the pipeline that has been put in place and the sector's propensity to broadcast what has worked and what might work better in the future.

Much of what is happening today in Scotland dates back a long time. Co-operatives go back to the 18th century. Jim Hume mentioned the Fenwick Weavers Society, which we debated earlier in the year, and New Lanark. That is a

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fantastic heritage and a great pedigree, but the key point is that that heritage and pedigree are being revisited and consolidated in successful countries, successful organisations and now successful companies across the globe.

Companies that have gone only for managing by results, growing bigger and bigger, and getting bigger market shares, turnovers and share values have sometimes grown too big for their food chain to support them. Essentially, the co-operative model is much more about managing by altruistic, responsible and moral means, looking to exceed customer requirements, building customer dependence, playing an honourable and positive role with suppliers, treating employees positively, playing a significant part in building the strength of communities and other economic developments, and cross-contaminating. There is a lot of mileage in that model.

I was taken by Helen Eadie's confidence in me and in CDS's future. That confidence is exceedingly unlikely to be misplaced.

We have a co-operative sector that we can be proud of. It is a thriving community. Researchers at Heriot-Watt University recently produced helpful data on the sector, which show that there are now more than 430 commercial co-owned co-operatives and mutuals in Scotland, which have an annual turnover of some £4 billion. The sector is therefore significant and rooted in place. The businesses in question employ 22,000 people and account for 4.25 per cent of gross domestic product in Scotland across sectors, as other members have mentioned. I like the figure of 4.25 per cent, because it was 4 per cent for a long time. As I said, we have a sector that we can be proud of.

CDS now has a track record; it has had its first year of experience. On a standard deviation curve, this is the start of the bell curve—things could really move and take off. The current climate is exceedingly positive; it creates real opportunities for the co-operative movement across Scotland. The movement has the ability to contribute towards the achievement of every single one of the aims that we placed on our agenda when we came into government: it can contribute towards the creation of a wealthier, fairer, healthier, smarter, safer and greener Scotland.

On the creation of a wealthier and fairer Scotland, the movement creates and retains value locally. We are currently running a programme in Argyll and Bute that builds on the experience of Loch

Fyne Oysters. We want to get more of our sectors talking to one another. In fact, on Friday, we are running an event with the health care sector for which we have brought in other organisations, including organisations in the third sector. We are seeking to find out how we can

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help the health care sector get better clinical outcomes and better value and cut its costs while keeping the Argyll and Bute pound in Argyll and Bute. If the co-operative movement does anything, it provides a real contribution towards keeping the local pound local.

In light of what we have heard and CDS's first year of experience, I look forward with confidence to the results of the review. I have given a commitment that the review will be open, constructive and transparent, and I look forward to engaging with it with all the attention and interest that Elaine Murray eloquently suggested I should have.

Col 11848

Meeting closed at 17:38.