



OFFICIAL REPORT  
AITHISG OIFIGEIL

# Meeting of the Parliament

Tuesday 21 February 2017

Session 5



The Scottish Parliament  
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.parliament.scot](http://www.parliament.scot) or by contacting Public Information on 0131 348 5000

---

**Tuesday 21 February 2017**

**CONTENTS**

	<b>Col.</b>
<b>TIME FOR REFLECTION</b> .....	1
<b>BUSINESS MOTION</b> .....	3
<i>Motion moved—[Joe FitzPatrick]—and agreed to.</i>	
<b>NATIONAL REVIEW OF MATERNITY AND NEONATAL SERVICES</b> .....	4
<i>Statement—[Aileen Campbell].</i>	
The Minister for Public Health and Sport (Aileen Campbell).....	4
<b>BUSINESS AND THE ECONOMY (SUPPORT)</b> .....	18
<i>Statement—[Derek Mackay].</i>	
The Cabinet Secretary for Finance and the Constitution (Derek Mackay).....	18
<b>SCOTTISH RATE RESOLUTION</b> .....	32
<i>Motion moved—[Derek Mackay].</i>	
The Cabinet Secretary for Finance and the Constitution (Derek Mackay).....	32
Murdo Fraser (Mid Scotland and Fife) (Con).....	36
Alex Rowley (Mid Scotland and Fife) (Lab).....	39
Gillian Martin (Aberdeenshire East) (SNP).....	41
Liam Kerr (North East Scotland) (Con).....	42
Kate Forbes (Skye, Lochaber and Badenoch) (SNP).....	45
Daniel Johnson (Edinburgh Southern) (Lab).....	47
Ivan McKee (Glasgow Provan) (SNP).....	49
Gordon Lindhurst (Lothian) (Con).....	52
Patrick Harvie (Glasgow) (Green).....	54
Willie Rennie (North East Fife) (LD).....	56
Maree Todd (Highlands and Islands) (SNP).....	59
Alison Harris (Central Scotland) (Con).....	62
John Mason (Glasgow Shettleston) (SNP).....	64
James Kelly (Glasgow) (Lab).....	67
Dean Lockhart (Mid Scotland and Fife) (Con).....	69
Derek Mackay.....	71
<b>SCOTTISH FISCAL COMMISSION (APPOINTMENTS)</b> .....	78
<i>Motion moved—[Derek Mackay].</i>	
<b>BUSINESS MOTION</b> .....	79
<i>Motion moved—[Joe FitzPatrick]—and agreed to.</i>	
<b>DECISION TIME</b> .....	80
<b>LGBT HISTORY MONTH SCOTLAND 2017</b> .....	81
<i>Motion debated—[Annie Wells].</i>	
Annie Wells (Glasgow) (Con).....	81
Rona Mackay (Strathkelvin and Bearsden) (SNP).....	83
Jamie Greene (West Scotland) (Con).....	85
Pauline McNeill (Glasgow) (Lab).....	86
Patrick Harvie (Glasgow) (Green).....	88
Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP).....	90
Ross Thomson (North East Scotland) (Con).....	92
David Torrance (Kirkcaldy) (SNP).....	93
The Minister for Social Security (Jeane Freeman).....	94

---



## Scottish Parliament

*Tuesday 21 February 2017*

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

### Time for Reflection

**The Presiding Officer (Ken Macintosh):** Good afternoon. Our first item of business is time for reflection, and I am delighted to say that our time for reflection leader today is the Right Rev Dr Russell Barr, the Moderator of the General Assembly of the Church of Scotland.

**The Right Rev Dr Russell Barr (Moderator of the General Assembly of the Church of Scotland):** As moderator, I have the privilege of bringing you the greetings, the prayers and the good wishes of the General Assembly of the Church of Scotland. I am glad to do so—and not because it is the polite or the expected thing for the moderator to do. Rather, I want to assure this Parliament of the Church of Scotland's very genuine interest, concern and support.

With so many important judgments to be made, and with so many difficult decisions to be taken, we are very aware of the responsibility that rests in this place. Week by week in congregations across Scotland, we pray for you. We pray that, blessed with God's gifts of insight and wisdom, the judgments that you make and the decisions that you take will be characterised by compassion, hospitality and generosity, a concern for people who are struggling and a desire to promote the common good.

Through the Scottish churches parliamentary office, we have been engaged in the meet your MSP project. So far, more than 65 meetings have been arranged. The idea behind the project is a simple one—to create change in our communities, it is important for church people to get to know and to build relationships with the change makers. From lunch clubs to dementia care groups, children's activities, food banks, environmental projects and mental health, our congregations are actively involved in all the things that you care about, speak about and make decisions about.

Earlier in February, the Parliament hosted an event to celebrate the project, to encourage congregations and their local MSPs to continue to build good relationships with one another, and to seek the health and the wellbeing of the communities we all serve.

As moderator, I will continue to highlight the scandal of homelessness in Scotland—the fact that, despite our many efforts, the numbers of

people who are applying and being registered as homeless are not much better than they were 20-plus years ago. As of September 2016, they included 5,751 children, which represented a 17 per cent increase on the previous year. It is my judgment that, at best, we are managing the situation and have long lost the ambition to resolve it. For the sake of those 5,751 children, we need to renew that ambition.

Let me finish where I began: with an assurance of the Church of Scotland's support and prayers. May God grant you the serenity to accept the things you cannot change, the courage to change the things you can change and the wisdom to know the difference.

## Business Motion

14:04

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of business motion S5M-04157, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a revised business programme for today. I invite Joe FitzPatrick to move the motion.

*Motion moved,*

after

*followed by* Ministerial Statement: National Review of Maternity and Neonatal Services

insert

*followed by* Ministerial Statement: Support for Business and the Economy

delete

5.00 pm Decision Time

and insert

5.15 pm Decision Time—[*Joe FitzPatrick.*]

*Motion agreed to.*

## National Review of Maternity and Neonatal Services

**The Presiding Officer (Ken Macintosh):** The next item of business is a statement by Aileen Campbell on the national review of maternity and neonatal services. The minister will take questions at the end of her statement, so there should be no interruptions.

14:05

**The Minister for Public Health and Sport (Aileen Campbell):** I am pleased to update Parliament on our response to the publication of the report of our review of maternity and neonatal services.

Every day, our maternity services deliver an excellent service to families across Scotland. In our maternity care experience survey, women reported over 90 per cent satisfaction with the care that they had received. We also continue to reduce rates of maternal mortality, stillbirth and neonatal mortality in Scotland to record low levels. The number of neonatal deaths has reduced by 40 per cent since 2007, which means that, in 2015, 76 more babies' lives were saved by the high-quality care that was provided by staff in neonatal units across Scotland. It also means that there were 76 fewer bereaved families. That improvement is a testament to the hard work of the staff who look after sick babies in Scotland.

Our maternity system secures high satisfaction ratings among women and continues to improve care and outcomes for the sickest babies. We are in a position of strength, but we are not complacent and know that there is much that we can do to make further improvements. That desire to improve and transform in part inspired the review. The report is a landmark publication that represents a major opportunity to improve services even further, and its recommendations will transform service delivery in Scotland.

For example, some women currently experience no continuity of maternity care and can see numerous different midwives and obstetricians throughout their care journey. That is not what women or staff want, and evidence tells us that it is not good for care. To give women and staff what they tell us they want—which the report describes as family-centred care—will require a radical shift in how we deliver care. There is no doubt that such change will be challenging to deliver and, for many of our midwives and obstetricians, will represent a significant change in ways of working, but it will ensure better care.

This important review, with its far-reaching and considered recommendations, is down to the

leadership of the chair, Jane Grant, and the work of the members of the review group, and I place on record my thanks to them for carrying out the commission. Their hard work and commitment have produced a report that is based on evidence and grounded in the views of the families who use the services and the staff who deliver them. The breadth of engagement that was undertaken by the review team, which was supported by the Scottish health council, was truly impressive and I welcome a report that is so strongly anchored in the views of the hundreds of service users and staff across Scotland who contributed.

I will outline the next steps on implementation and highlight some of the key principles and recommendations in the report.

It is my pleasure to announce that Jane Grant has agreed to chair the implementation of the review's recommendations. It was Jane's drive, commitment and inclusive approach that produced such a well-researched and thorough report. As an experienced national health service chief executive, she is the right person to chair the major programme of implementation that we will now embark on. Over the coming weeks, Jane will appoint the implementation group to drive forward delivery of the recommendations. Chaired by Jane, the group will be tasked with progressing quickly with the priority recommendations and providing a detailed plan and timetable for implementation over the five-year delivery period that is envisaged. I will ask the group to get under way quickly and to report back to me at regular intervals on its progress.

It will take time to implement all 76 recommendations, but they are important. I will highlight a few of them. First, there is a need for continuity of care. The report highlights at length the importance that women and families attach to forming a relationship with the professionals who care for them and having continuity. As the report acknowledges, the recommendation challenges traditional NHS approaches. It recommends identifying a number of early adopter boards to lead the change in practice, which are to be supported by proper training and development for staff who require it. I am pleased that a number of boards have already volunteered to do that. We will announce shortly which boards will lead the first phase of implementation, and we will work carefully with boards to scope out the scale of the task and ensure that the early adopter boards can properly test the challenges of implementation.

Secondly, I want to move quickly with the proposals to implement the range of recommendations on person-centred maternity and neonatal care that are aimed at keeping families together. Those include recommendations to keep mothers and babies together, to involve

parents more in the delivery of care and to provide accommodation and a national approach to expenses for families with babies in neonatal care. I underline how important it is that families stay together. No mother wants to be separated from her new baby even for a very short time, and we should never underestimate the importance of the early days of life for family bonding, breastfeeding and attachment. I want that to be a core feature of our services in the future. I will ask the implementation group to prioritise those recommendations.

Thirdly, there is the redesign of maternity services with a focus on local care and multidisciplinary community hubs. We all know that women want care to be delivered as close to home as possible. Again, I would like boards to move quickly on the assessment of the potential for hubs in their local areas to allow local delivery of the majority of maternity care as soon as possible.

Finally, there is the model of neonatal care. The model that is described in the report aims to reduce the number of babies who need to spend time in neonatal units by keeping mothers and babies together in postnatal wards with in-reach support from neonatal staff and by putting in place wraparound community support to allow babies to be cared for at home by their parents sooner than they can be currently.

All 15 neonatal units will remain and continue to care for babies in their areas. The clinical evidence shows that the outcomes for the very smallest and the very sickest babies will be better if they are cared for in up to five enhanced neonatal units delivering highly specialist care, moving to three such units in the longer term if possible, based on the experience of operating in up to five.

The new model is based on evidence and emerging good practice from Scotland and the rest of the world, and I want the implementation group to outline clear plans to allow the neonatal community to make progress quickly with the implementation of those recommendations. Again, that will be a priority for the implementation group.

I have already outlined the strength of the engagement with women, families and staff in NHS boards that underpins the report. I want that partnership and co-production for delivery to be a core feature of implementation. I am sure that we all agree that solutions that are developed in partnership will have far more chance of success and sustainability. They will also require time and space to ensure that the beginnings of the transformational shift are right. That is why I will continue to keep Parliament and spokespeople informed of progress, particularly on neonatal units and pathfinders.

Proceeding on the basis of co-production and partnership will take care and time. Although the report has been warmly received across Scotland and discussions are already under way with the NHS community about the recommendations, implementation will be challenging and complex. I will request the chair of the implementation group to build partnership into delivery from the start and I am prepared to give the implementation group the time to do that properly. Similarly, I am keen to work in partnership across the chamber on this.

Although much of what is in the report is about the redeployment of existing resource, it is also clear that some of the recommendations will need investment to deliver. All boards are at different starting points in terms of delivery, and we will work closely with them, learning lessons from early adopters and existing good practice to quantify what additional resource will be required. In many cases, it is hoped that this investment will realise savings over time, although improved outcomes for women and babies is ultimately the real prize.

Finally, I will ask the implementation group to instigate a detailed piece of work on staffing. The review was firmly grounded in the views of staff, and the review report describes some of the challenges that they face. Those have also been reflected in recent reports by Bliss Scotland and the Royal College of Midwives. I will ask the implementation group to undertake some early modelling work with NHS boards so that we can get a better understanding of the workforce changes that are required to take forward the package of recommendations. That work will align with the workforce strategy.

The shift in care that the report describes sits within the overarching strategic context of our reform agenda for health and care services, as outlined in the national clinical strategy and "Realistic Medicine", the chief medical officer's annual report for 2014-15, and tackling inequalities.

The Royal College of Midwives described the report as having

"the potential to revolutionise maternity care, to deliver safer and better services for women, babies and their families",

and Bliss Scotland described it as

"an ambitious and progressive vision for family-centred care and good news for the future of Scottish neonatal services".

The report makes a clear case for change in our maternity and neonatal services and its recommendations and aims are supported by professionals, practitioners and, importantly, parents. Our aim is to make Scotland the best place to grow up, and that journey starts with

excellent maternity care and giving all babies the very best start in life. Our job now is to implement the recommendations strategically and to take the time needed to ensure that this unique opportunity to transform the way that services are delivered makes good on our ambitions and visions.

I welcome questions on this statement.

**The Presiding Officer:** Thank you, minister. I urge members who wish to ask questions and have not pressed their request-to-speak buttons to do so.

**Donald Cameron (Highlands and Islands) (Con):** I thank the minister for early sight of her statement. Conservative members welcome the report and the general principles and recommendations that it contains, and the consensual approach that the minister has professed.

We agree that mothers who are having a normal delivery should, where possible, have access to local or community-based maternity services. However, it is clear that there are still issues that the statement did not address. Let me name two. First, we are concerned about the reduction in intensive care units, with the current eight units being reduced to between three and five, and ultimately to three by the end of the current session of Parliament.

Secondly, there are still major issues with staffing, which the minister brushed over in her statement. When the Royal College of Midwives commented after the report was published, it outlined its concerns about retirement, saying that heads of midwifery are getting nearly double the number of retirements that they used to get. It also spoke of general recruitment issues, particularly in the Highlands and Grampian.

The report states:

"All women should have an appropriate level of choice in relation to place of birth and there are a number of choices that should be available to all women in Scotland including birth at home, birth in an alongside or freestanding midwifery unit, and hospital birth."

To that end, what action will the minister take to ensure that all women in Scotland have that choice? Will the Government support provision of such services in rural and remote areas?

**Aileen Campbell:** I thank Donald Cameron for his series of questions, and for what he said about being eager and keen to work consensually to deliver on the report's recommendations.

On Donald Cameron's point about neonatal provision and his concerns about what he described as a "reduction", there will always continue to be 15 neonatal units across the country. We are talking in the report about ensuring that we have the clinically specialised

care that will allow us to deliver better outcomes for the sickest babies. That is where careful planning will be required, with progression to enhance care for those babies. I am talking about only a small proportion of the babies that are born in Scotland, but that is why it is important that we deliver that specialised care. As we do that, we will take care to work with clinicians, parents and professionals, and we will ensure that co-production and collaboration allow us to proceed based on consensus. As I said in my statement, I will continue to ensure that, as that develops, we keep Parliament informed of any moves.

On the workforce, there is no doubt that what is suggested represents a fundamental shift in the way in which people will be required to work, but it is also important to recognise that that was a key message about what professionals want in engagement with them. That is how they want to deliver maternity services across the country. It is important that we recognise that we have in place a workforce strategy and good numbers of midwives in our NHS. We will continue to work with professionals to ensure that we can develop and improve on the current situation, which is based on a position of strength, and we will work with staff as best we can in delivering on the recommendations.

On the need to ensure that we deliver for women in rural areas—I think that that was the last point that Donald Cameron raised—we want, of course, to ensure that women have appropriate choice, which is part and parcel of the report's recommendations. We must remodel existing care structures to deliver for women and give them appropriate choice, but we must also recognise that, in some cases, more specialism will be required, and that a bit more will be required to be done in order to work out where those specialisms will be delivered. That is the basis on which the neonatal recommendations are being taken forward.

Much of the work will be delivered by the implementation group. It will be done at an appropriate pace so that we can deliver good outcomes for women and babies.

**Anas Sarwar (Glasgow) (Lab):** I thank the minister for prior sight of the statement. It is important to look at the report alongside "Bliss Scotland baby report 2017", because it is clear that the Government's failure to do workforce planning has left our maternity and neonatal units understaffed, and existing staff overworked. The Bliss Scotland report found that three quarters of units do not have enough nurses, that two thirds do not have enough medical staff to meet minimum standards of care, and that more than half do not have enough overnight accommodation for parents of critically ill babies. When will the

Government publish a detailed workforce plan? How many additional staff will be provided and by when? When will all the units meet national standards for high-quality care?

The report recommends the removal of intensive care cots from 10 units over the next five years. Which 10 units will lose their intensive care cots and what impact will that have on travel times and on keeping families together? The report also makes clear the desire to keep mothers and babies together. What additional capacity will be created for free accommodation for parents of critically ill babies?

Lastly, the report says that

"All women should have an appropriate level of choice"

on where to deliver. Does the minister accept that the proposals to close the maternity units at the Vale of Leven hospital and at Inverclyde royal hospital are ill thought through? Will she call in the proposals and reject them?

**Aileen Campbell:** Anas Sarwar fails to recognise that we in Scotland have a good record on delivering maternity services. Although there are challenges, as outlined in the report, there are things of which we should be proud. We have an innovative midwifery workload and workforce planning tool, which is a first in the United Kingdom. That has helped to ensure that the NHS in Scotland continues to meet the RCM recommended midwife to birth ratio—unlike other parts of the UK, about which the RCM makes it clear that there is a shortage of midwives. In Scotland, we are leading in delivering for women around the country.

Keeping babies and parents together is why we want to transform delivery of maternity services. We want to ensure that women are kept alongside their babies, because we know how important that is for bonding, for attachment, for breastfeeding and for a host of positive outcomes for the sickest babies.

The recommendations for reducing the number of specialist neonatal care services around the country from five to three is based on clinical evidence about what works for a very small proportion of babies. We are doing all that we can to ensure that we have good outcomes for those sick babies, and we are taking the recommendations forward at comfortable pace and scale in order to ensure that we transform how care is given and improve outcomes for babies. We need to unite behind that. What we do has to be based on clinical evidence that tells us what is best for the babies around our country.

As I said in my statement, we will look at accommodation and transport to ensure that people who live in rural areas are able to access

specialist care in a way that is comfortable for them and which does not cause unnecessary stresses and strains. We know that stresses and strains have happened in the past and we want to eliminate that to ensure that every mother gets the very best care and that every child gets the best start in life.

**Fulton MacGregor (Coatbridge and Chryston) (SNP):** I remind members that I am the parliamentary liaison officer to the Cabinet Secretary for Health and Sport. Can the minister outline what the expected patient-care benefits are for the recommendation that every woman who uses maternity services should have a primary midwife?

**Aileen Campbell:** The recommendation aims to ensure that there is continuity of care for women during their maternity journey. People want to develop relationships, they want familiarity and they want to be informed. The process has been developed through deep engagement with mothers, mothers-to-be and professionals, and there has been a meeting of minds. The people who deliver maternity services want to create the service in that way; they want to ensure that they build relationships with mothers who are in their care.

The potential to transform how maternity services are delivered in Scotland is great, and we have a unique opportunity to build on the recommendations in the report, to transform the way in which maternity services are delivered and to ensure that we embed co-production, partnership and empowering of women and deliver what they want.

**Miles Briggs (Lothian) (Con):** I welcome the fact that the review calls on all NHS boards to review their current access to perinatal mental health services to ensure that early and equitable access to high-quality services is available with a clear referral pathway. NHS boards have difficulties in recruiting trained psychological staff, so what more can the Scottish Government do to ensure that perinatal mental health services are appropriately staffed so that mothers who need the services and who would benefit from early intervention are not kept waiting for months for that support?

**Aileen Campbell:** I acknowledge Miles Briggs's real and long-lasting interest in that issue and more generally in mental health. I know that he hosted a conference yesterday. I would be very pleased to hear some of the outcomes from that conference, if he wishes to share them.

The Minister for Mental Health, Maureen Watt, has announced a managed clinical network that will focus on perinatal mental health. We are, of course, also taking forward the mental health

strategy, which will dovetail into the work on improvements for maternity and neonatal services. We have a host of other ways in which we provide support for more vulnerable people, including the family nurse partnership programme, which engages deeply with potentially vulnerable young first-time mothers, and teenage mothers. We are rolling that out across the country.

There is currently a range of services, but we accept, of course, that challenges exist. That is why the Minister for Mental Health made the MCN announcement and why we are taking forward the mental health strategy. Together, we will make improvements for mothers' mental health issues because of the recognition in the report that we have to make vast improvements in that area.

**Clare Haughey (Rutherglen) (SNP):** I refer members to my register of interests. I am a registered mental health nurse and am currently registered with the Nursing and Midwifery Council.

It is important to thank all those who work in our NHS. They do a fantastic job and provide an excellent maternal and neonatal service.

I welcome the minister's update, but will she expand further on any development and training opportunities as a result of the review? Can she confirm that she will work with NHS boards to examine staffing implications?

**Aileen Campbell:** Yes—absolutely. That reflects that a shift in the traditional norms of delivering maternity services throughout the country will be required. There has been engagement with NHS staff, and that responds to what they told those who were involved in the review. There will be implications for the workforce. Remodelling will be required and training will also be required to ensure that we have the correct and appropriate services in place to deliver for mothers who are about to use maternity services throughout the country.

Clare Haughey is absolutely correct to recognise the hard work and endeavour of staff throughout our country. We are in a position of strength in how we deliver maternity services in Scotland, but we want to build on that and improve those services further.

**Jackie Baillie (Dumbarton) (Lab):** At this time last year, before the Scottish Parliament election, the Scottish National Party accused me of scaremongering when I spoke about the closure of the Vale of Leven maternity unit. Immediately after the election, the proposals, which had been denied, were published.

I very much welcome the minister's commitment to delivering maternity services closer to home, but is she aware that NHS Greater Glasgow and Clyde has kicked the formal consultation into the

long grass and—surprise, surprise—will not consider it until after the election? I am sure that the minister will view that as a deeply cynical move. Therefore, will she today put an end to that nonsense and commit to the continuation of the full maternity unit at the Vale of Leven hospital for the remainder of the session?

**Aileen Campbell:** The member mentioned the Vale of Leven hospital. As yet, there are no firm proposals from NHS Greater Glasgow and Clyde on the future of the units at the Vale of Leven hospital. I understand that boards are currently considering the recommendations in light of the review as published.

The report suggests that it is important to maximise the potential of community maternity units, that boards should undertake an assessment of their viability

“against an agreed national framework to ensure consistency”

and that that should involve local service users so that their needs can be balanced with the need to maximise the use of resources. We expect boards to take cognisance of the report.

I gently point out to Jackie Baillie that the Vale of Leven hospital is there because of the Government's work to ensure its future. The uncomfortable truth for Jackie Baillie is that her Administration was prepared to close it. *[Interruption.]* Jackie Baillie might say that that is boring. She and her colleagues are shouting at us about 10 years. It is a fact that the Vale of Leven hospital would have been shut for 10 years if her party had been brought back to power. The Government took decisive action and gave the Vale of Leven hospital a bright future.

**Richard Lochhead (Moray) (SNP):** Many aspirations in the report deserve support, especially the emphasis on local care. On delivering local care, will the minister commit to supporting our more rural neonatal units and maternity services, such as the excellent service at Dr Gray's hospital in Elgin?

Will the minister acknowledge that, in order to maintain those services, the current pressures have to be addressed by health boards in terms of workforce planning and resources? That is particularly so, given that, in more rural units, a vacancy for a consultant or a midwife can have a disproportionate impact, and that it is not always in the interests of mums and babies to have to travel long distances for clinical and practical resource reasons.

**Aileen Campbell:** Richard Lochhead is correct to point out the importance of workforce planning. That is why we will enshrine safe staffing in law by putting our workforce planning tools on a statutory

footing. He is also correct to point out the importance of rural services, which are covered in another key element of the report in which mothers and families have told us how important they feel it is to have services delivered as close to home as they possibly can be.

Of course, that raises challenges where there is a requirement for specialist interventions. I reiterate that the review attaches great importance to rural services across our country. It signifies a transformation in the way that services will be delivered, and we will continue to work with health boards, patients, mothers and maternity services users across the country to make sure that the key principle of ensuring that those services can be delivered close to home is the way in which we proceed as we implement the recommendations.

**Alison Johnstone (Lothian) (Green):** I thank the minister for advance sight of her statement. The statement says that the outcomes for

“the very sickest babies will be better if they are cared for in up to five enhanced neonatal units delivering highly specialist care, moving to three such units in the longer term if possible”.

What would trigger such a move? If there are fewer units, that will necessitate more transport. To what extent has the ScotSTAR paediatric retrieval service been involved in the review process, and what work is planned to ensure that we have sufficient capacity in our neonatal transport services?

**Aileen Campbell:** ScotSTAR will absolutely be involved in the process of recognising the greater requirements that we have made of transportation services as we work through the recommendations around neonatal units. As I said in my statement, I will keep Parliament abreast of progress around the neonatal recommendations. We have to do that in a managed way, as is recognised in the report. The first step is to make the move up to five units, which will require careful planning and capacity building in some units. The move to three units will be considered over a much longer timescale and will be informed by the experience of moving to those initial five units. Of course, that will also be influenced by the recommendations and aspirations that are set out in our national care standards.

**Alex Cole-Hamilton (Edinburgh Western) (LD):** I thank the minister for advance sight of her statement. Given that one in five new mothers experiences mental health difficulties as a result of pregnancy and childbirth, I very much welcome the minister's comments in response to Miles Briggs earlier.

In Scotland today, only five health boards have specialist community perinatal mental health teams. Will the minister outline practical steps that

her Government will take to expand that provision across other health boards and to equip maternity ward staff and neonatal staff with the tools to identify early-onset mental health issues when they first appear?

**Aileen Campbell:** The importance of good maternal mental health is a main feature of the report as published. Again, that recognition was a motivator in the Minister for Mental Health publishing a strategy for developing an MCN and committing to rolling out best practice across the country. We recognise that challenges persist around mental health for mothers, and mental health more generally, which is why the Minister for Mental Health will publish her strategy very soon. However, again, the point that Alex Cole-Hamilton makes is a good one, and we will take cognisance of his keen interest in ensuring that we can do better by mothers, around their mental health, as we implement the recommendations. We will ensure that the implementation group, and Jane Grant who leads it, will prioritise that work.

**Stuart McMillan (Greenock and Inverclyde) (SNP):** The RCM Scotland Director, Mary Ross-Davie, said earlier this month that, in terms of midwife numbers, in Scotland, we are doing well. We have known for a long time that, in England, there is a significant shortage of midwives. Will the RCM be engaged in national and regional workforce planning to ensure that we have the right mix and numbers of staff in the future, and also to avoid the shortages that are being experienced in England?

**Aileen Campbell:** As I said, we have a commitment to ensure that we have the right complement of staff, and our innovative midwifery workload and workforce planning tools, which are a UK first, have helped to ensure that in Scotland the NHS continues to meet the RCM recommendation on the midwife to birth ratio—unlike the situation in England, where the RCM is clear that there is a shortage of midwives.

We are not complacent in Scotland. We know that we must do more. It is also about redeployment of existing maternity staff and midwives, to ensure that we can transform the delivery of maternity services in Scotland, challenging existing norms in the NHS in that regard and ensuring that there is continuity of care and a person-centred approach.

We will continue to engage with staff, as will the implementation group, as we move forward with implementation of the recommendations.

**Brian Whittle (South Scotland) (Con):** I declare an interest: one of my daughters is a midwife. About 500 midwives are in training, and their training will be spread over the next three years. The Royal College of Midwives reports that

41 per cent of our current midwives—about 1,200 of them—are over 50 and are eligible to retire at 55. NHS Greater Glasgow and Clyde reports that it is losing midwives at double the rate at which it used to lose them.

Given the inevitable and chronic loss of experience, which cannot be replaced by newly qualified staff, how does the Scottish Government propose to correct the lack of foresight of the then health secretary, Nicola Sturgeon, who cut maternity training places in 2011, and ensure not only that staffing numbers are raised to an appropriate level but that crucial experience in maternity services is not lost, so that the strategy can be delivered?

**Aileen Campbell:** In a number of responses to members who asked about midwife numbers, I said that Scotland's ratio continues to be better than that of many other areas of the UK. I make it clear to Brian Whittle that we have increased the student midwife intake for five years in a row, including a 4.9 per cent increase for 2017-18, which equates to 191 midwifery training places in that year, compared with an intake of 172 students in 2006-07.

We must also deal with the context of Brexit, which the member's party has imposed on us. We rely on European Union nationals to deliver many NHS services. *[Interruption.]* I hear members asking us to change the record, but the reality is that we have to deal with that as part of our workforce planning. I hope that Mr Whittle has been as robust with his colleagues down south as he was in questioning me, to protect Scotland's position.

What is motivating me to move forward with implementing the recommendations is the desire to transform the delivery of maternity services in our country and build on the position of strength that we have, in which mothers report a high degree of satisfaction and there are improved outcomes for our babies.

**The Presiding Officer:** I can take two more brief questions, if the minister is also brief.

**Neil Bibby (West Scotland) (Lab):** Do ministers plan to reduce intensive care provision at neonatal units across Scotland? Today, NHS Greater Glasgow and Clyde agreed to submit its plan to close the children's ward at the Royal Alexandra hospital, after months of denials from the Scottish National Party that such a proposal even existed. The final decision will rest with the SNP Government; the proposal must be rejected. Can the minister say whether the neonatal unit at the RAH is one of the units that are to be downgraded further, through the removal of intensive care cots?

The review talked about the need for choice in local maternity provision. Will the minister ensure that the Government keeps its promise to protect services in Inverclyde and rejects plans to close the Inverclyde birthing unit?

**Aileen Campbell:** The recommendations include a move to up to five neonatal intensive care units, which will provide specialist care for the sickest babies, in the knowledge that that is driven by clinical evidence on the delivery of good outcomes for those babies. As I said in my statement, I will keep the Parliament informed of progress and ensure that the pace and scale of change are comfortable and as smooth as possible.

NHS Greater Glasgow and Clyde continues to work through its proposals. I know that the member has an interest in the services that are delivered close to his home. I expect our NHS boards to take cognisance of the recommendations in the report and proceed on that basis.

**Kenneth Gibson (Cunninghame North) (SNP):** I welcome the statement and the minister's commitment to accept all 76 recommendations that are in the report. Work to continue to reduce stillbirths and neonatal deaths must be the Government's priority, but what steps will be taken to ensure that families who have suffered such a tragedy are treated with empathy and accorded dignity and respect by the NHS, rather than confronted with inertia, suspicion and hostility when they try to find out how and why their babies died?

**Aileen Campbell:** I thank Kenneth Gibson for raising the question. I cannot imagine the pain and suffering that any parent goes through when they have lost a child; he is right to make sure that, when we improve maternity services, parents are treated with respect, dignity and empathy after having to cope with such a dramatic loss.

There are reasons to be hopeful about the improvements in maternity services, because the services are safer than they have ever been, but that does not take away from the pain of a family who are enduring such a loss. We will continue to support parents through bereavement and to make sure that we understand better what that will require. Bereavement support is very much a part of the recommendations in the report and we will take cognisance of members' experience of personal suffering and any improvements that they think we should take forward under the review.

## Business and the Economy (Support)

**The Presiding Officer (Ken Macintosh):** The next item of business is a statement by the Cabinet Secretary for Finance and the Constitution, Derek Mackay, on support for business and the economy. The cabinet secretary will take questions at the end of the statement, so there should be no interventions or interruptions. I urge members who wish to ask a question to press their request-to-speak button now. I call Derek Mackay.

14:41

**The Cabinet Secretary for Finance and the Constitution (Derek Mackay):** I am pleased to make a statement to Parliament today on the support that the Scottish Government is providing to business and our economy.

As everyone across the chamber is aware, in common with England and Wales, a revaluation of business rates is taking place in Scotland. It is the first revaluation since 2010 and takes account of the changes in property values during the economic recovery. It is being conducted by independent assessors appointed by local government.

In December, I announced a range of actions that the Government will take from 1 April—if the budget is passed later this week—to minimise the impact of the rates revaluation, to respond to concerns raised by business organisations and to ensure a competitive system of business rates in Scotland.

First, to reduce the impact of bills overall, I confirmed plans to reduce the poundage—the rate at which the tax is paid—by 3.7 per cent. Secondly, we looked at what more we could do through the small business bonus scheme. Over the past nine years, the small business bonus scheme has provided more than £1.2 billion of support for our small firms, keeping them going through the recession and enabling them to expand and create jobs.

We could have opted, as some have suggested, to reduce the small business bonus so that more businesses would pay rates, using the extra cash to support transitional relief for larger firms. This Government chooses not to do that. Small businesses are the lifeblood of Scotland's economy and we are committed to helping them. Therefore, to help small business, we are extending the small business bonus scheme to provide 100 per cent rates relief to business premises with a value of up to £15,000. Last year, 80,000 premises benefited from 100 per cent

relief. From 1 April, a further 20,000 business premises will benefit, bringing the total number of premises that pay nothing at all to 100,000—almost half of all rateable premises. A further 3,500 premises with a rateable value of between £15,000 and £18,000 will benefit from a 25 per cent discount on their bills. That is the best package of support for small business in the United Kingdom, and it is one that I am proud to deliver. That package of support, along with other existing reliefs, means that more than half of all premises in Scotland will pay absolutely no rates at all in the coming year.

In addition, I took a further step in the budget. I listened to concerns about the large business supplement and focused its impact on the very largest premises. I increased the threshold for payment from a rateable value of £35,000 to a rateable value of £51,000, meaning that 8,000 premises that would have been liable for the supplement—including as a result of the revaluation—will no longer have to pay that higher rate of tax.

By extending the small business bonus, reducing the poundage rate and restricting the scope of the large business supplement, we are cutting business rates by £155 million in 2017-18. Indeed, the combined impact of the measures that I have put in place will result in seven out of 10 business premises in Scotland paying no rates at all or receiving bills that are either the same or lower in the coming year.

In total, reliefs in excess of £3 billion will be available during the 2017 revaluation period, and around £660 million for next year. Seven out of 10 premises will be better or no worse off, and in most cases will pay nothing at all. That is a good deal for Scottish business.

Notwithstanding all that, I recognise that, in any revaluation, bills for some will increase. I understand that it is difficult for those who face increases. In seeking to provide as much help as possible, the challenge for Government is to find a balance that allows us to support the economy and invest in public services and employment.

Some argue that there should be transitional relief, which works by restricting the reduction in bills for many properties whose value has fallen to support those whose value has increased. Having examined such a scheme, we know that the biggest beneficiaries would be the very large utility companies. For example, a scheme that was similar to the last one that was applied in Scotland would mean that 33p in every pound transferred in a transitional scheme from smaller businesses would go to utilities. It would take money off medium-sized businesses in sectors such as retail and offices to reduce the bills of the largest and richest companies in the land. I cannot in good

conscience take that route and I do not believe anyone in the chamber, if they look beyond cheap political point scoring, realistically wants that to happen.

However, I want to do more to help, and in recent weeks we have been examining how best we can do that. It has become clear that some sectors and regions will see an increase in rateable values that is out of kilter with the wider picture of the revaluation. Without action, the average rise in bills across the hotels sector would be 37 per cent, subject to reliefs. That is significantly more than the next highest sector. Hotels and pubs also point out that their rateable value is assessed by reference to turnover, which sets them apart from other sectors. Similarly, I have heard the concerns of businesses in the office sector in the Aberdeen City Council and Aberdeenshire Council areas in light of the downturn in the North Sea economy. I have also listened carefully to the renewable energy sector, where United Kingdom Government cuts to subsidies put the sector's continued development at risk. I have listened and decided that we will act nationally to tackle the impact as follows.

I confirm today that we will now offer a new national relief that caps increases for hotels at 12.5 per cent. Because we recognise that we must maintain fairness between hotels, pubs, cafes and restaurants, the cap will also apply across those businesses. That will benefit approximately 8,500 premises and provide proportionately more support to the sector in Scotland than is available in the rest of the UK.

For office premises in the Aberdeen City Council and Aberdeenshire Council areas, we will also lift the pressure by applying a 12.5 per cent cap next year, which will benefit a further 1,000-plus premises.

For the renewables sector, we will offer a package of reliefs, which will include rolling forward current rates relief up to 100 per cent for qualifying community renewables projects and new-build schemes, lowering the eligibility threshold that is related to community profit share schemes from 1MW to 0.5MW; capping rates bill increases at 12.5 per cent for small-scale hydro schemes of up to 1MW; and offering a new 50 per cent relief for district heating schemes.

Those support schemes must operate within European Union guidelines, with the maximum support limited by the state aid de minimis regulation to approximately £170,000 per business, but that restriction will affect only the largest properties or chains.

To further support the hospitality sector, I have discussed the issues with Ken Barclay, who is conducting a review of the business rates system

and who will report on his findings in July. He has confirmed that his group is aware of the issues that the hospitality trade has raised, and he is actively engaging with the sector. The Government will consider his report carefully and when we can act swiftly, we will.

I have worked with Aberdeenshire Council and Aberdeen City Council, and with others, to help them use the power that we gave councils to offer rates reliefs locally. Despite Tory opposition, Aberdeenshire Council has proposed a £3 million local rates relief scheme, and I know that Aberdeen City Council is set to debate proposals later this week. Other councils that are considering local schemes now know that the Scottish Government has provided extra local government funding at stage 1 of the Budget (Scotland) Bill, and that we have acted on key sectors that have been impacted by the revaluation.

We acknowledge that some hard cases will remain, where individual or highly localised impacts present a challenge. By acting nationally, council resources have been freed up to provide support where local or individual challenges remain. Any local authority that wishes to offer a local relief or discretionary assistance scheme will have the Government's full support in developing its plans. I have placed information in the Scottish Parliament information centre this afternoon which sets out the changes.

The Government is ensuring that, in light of the revaluation of non-domestic premises in Scotland, we are maintaining a highly competitive rates regime. We will ensure that 100,000 small business premises—half the total number in Scotland—pay no rates at all; that about a further 3,500 premises will benefit from a 25 per cent discount; that 8,000 fewer large firms will pay the large business supplement; that no restaurant, pub, hotel or cafe will see their rates bill increase by more than 12.5 per cent on 1 April; that additional support is injected into the economy of the north-east in recognition of the impact of the oil and gas downturn; and that our renewables sector has the Government's full backing. We will take early action on receipt of the Barclay report to ensure that the rates system is fit for purpose.

Overall, next year, seven out of 10 businesses in Scotland will pay the same as or less than they currently pay, with more than half paying nothing at all. The total package of support through rates relief is worth more than £600 million and I commend it to the chamber.

**The Presiding Officer:** There is a lot of interest in this item. If questions and answers can be kept as succinct as possible, we will be able to make progress.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I thank the cabinet secretary for advance sight of his statement.

For weeks, the cabinet secretary has been denying that there is an issue with business rates revaluation. For weeks, he and his colleagues have refused to act, despite all the evidence facing them. At last, the cabinet secretary has been forced to come to Parliament and offer some relief to some of the many businesses that are affected.

We all have examples of businesses that are affected—I know of hotels in Perthshire that are facing increases of hundreds of thousands of pounds in their annual bills. To the extent that the statement today addresses concerns in the hospitality and renewable energy sectors and in the north-east, we welcome what is proposed. However, this is all too typical of the actions of a Government that, time and again, falls asleep at the wheel and wakes up only when it crashes the car into a wall.

Three weeks ago, the finance secretary found £185 million, £60 million of which came from the business rates pool, to buy off the Greens so that they would support his budget. Can he tell us today, first, how much the total package of measures that have been announced will cost and whether that figure is higher or lower than the £60 million that he had lying in the business rates pool? Secondly, given that he is always telling us that there is no spare cash in his budget, where have those additional sums come from? Thirdly, is the cap on increases for one year only or is it for the next five years? Lastly, is he open to providing additional help to other sectors beyond hospitality and renewable energy and to areas outwith the north-east if they can demonstrate the hardship that the revaluation is causing them?

**Derek Mackay:** I raised in the draft budget the early actions that this Government would take on business rates as the evidence from the revaluation was unfolding. I think that the only people who have been asleep at the wheel are the Conservative Party members, who have not just ignored the issue but are now set—they are not even aware of this—to oppose the actions that this Government will put in place to support businesses across this country. The Tories have opposed these actions.

I read a headline in relation to business rates that "MPs are revolting". I will let members think about that. The headline referred to Tory MPs revolting against their own Government over what has happened south of the border, where there is a Tory-inspired transitional relief scheme in place. The transitional relief scheme south of the border has meant that bills that should be coming down are being held artificially high to pay for others, which is deeply unpopular south of the border.

Murdo Fraser has made his budget demands publicly. If the issue was such a big one for the Conservatives, why did they not raise it during the budget negotiations, when I was delivering for business and supporting business through revaluation? It remains the case that, while the Tories oppose, this SNP Government delivers for business by lowering the poundage, increasing the small business bonus and taking further businesses out of the large business supplement.

At local level, councils have been working proactively with me to address local and regional issues. Even there, the Tories have opposed support packages for the range of sectors that Murdo Fraser has mentioned. The hospitality sector has a justifiable case, because of the level of proposed increases through revaluation and because of the methodology used to arrive at the values, which is based on turnover. Therefore, it is fair to deliver a package to support that sector, while supporting all businesses by lowering the poundage.

The money or the resource that is estimated to—*[Interruption.]* I know that the Conservatives are obsessed with money. We are trying to support all businesses and they are not interested in that. The package is estimated to be around £30 million to £40 million. On non-domestic rates, as Murdo Fraser is well aware, we are addressing the forecast in the NDR pool balance, and the adjusted forecasts can be accommodated within that, so there is no impact on businesses.

The Government believes that it is absolutely right to take the actions that we are taking. We will promote the small business bonus scheme and the additional reliefs and caps to support our economy and businesses at this time, while the Tories simply oppose. They oppose measures that we have designed to deliver in good time, well in advance of the start of the financial year and as a consequence of the constructive and positive engagement that I have had as finance secretary in the Scottish Government.

**Jackie Baillie (Dumbarton) (Lab):** I think that the cabinet secretary would want to know that Alex Salmond was the “revolting” MP.

I welcome the cabinet secretary’s statement and the complete turnaround in the Government’s view of the crippling rates increases for businesses up and down the country. I am positively dizzy with the speed of the U-turn, but I welcome it nonetheless. Businesses in my constituency and across Scotland tell us that, at a time of increasing economic turmoil, the rates rises would have led to job losses, which none of us wants to see. The proposal to cap rises at 12.5 per cent will be welcome relief to the many businesses that are affected, but foregoing revenue—according to SPICe, it is £60 million rather than the £30 million

to £40 million that the cabinet secretary outlined—will cost in another part of the budget. The cabinet secretary did not fully answer Murdo Fraser’s question on that. *[Interruption.]* I will continue when members have quietened down, Presiding Officer. Is this package simply for one year, meaning that we will face a cliff edge next year? If, as the cabinet secretary said, it is not new money, it is clearly an underspend. Is he expecting more, or is it simply money from the back of his sofa? I suspect that it is more smoke and mirrors from the cabinet secretary.

Finally, what about the national health service, which is having to pay at least £30 million extra in business rates against a backdrop of the most breathtaking cuts? What assistance will the cabinet secretary provide for our NHS?

**Derek Mackay:** Jackie Baillie will be well aware that the Government is proposing an above-inflation increase to the national health service as a consequence of our draft budget, which is more than the Labour Party committed to during the Scottish Parliament elections. I have made the point about how transitional rates relief does not feel like the appropriate measure. By putting in place a cap, we are achieving the right balance, because it supports businesses without punishing others.

The member makes a fair point about trying to prevent job losses. That is why the range of actions that we have taken are appropriate. I launched our business rates policy in Paisley, and the business that I visited then will fall into the category in which it pays no rates at all as a consequence of the expansion of the small business bonus. It plans to employ new workers and apprentices, which is very welcome.

I am more than happy to cover the timescales. As Parliament knows—*[Interruption.]* The Tories do not want to hear the answer, because if they were in power there would be no support at all. We can see the chaos that is going on south of the border, which the Chancellor of the Exchequer is now trying to fix.

In Scotland, we have presented a very worthwhile package of measures. We take the budget from year to year—it is a one-year budget. However, the revaluation process generally lasts for five years, and we await the Ken Barclay review to inform further decisions. The cap of 12.5 per cent to which I referred in my statement applies in the current financial year, and we will consider any further issues around methodology, revaluation and other matters when we receive Ken Barclay’s report. It is right that we do that so that we are better informed and have the evidence to enable us to determine the right way forward for the next financial year and future financial years.

**The Presiding Officer:** I have been very generous with the amount of time that I have given to the first speakers for questions and replies. We have very little time left, so I ask all subsequent members who are called to cut the preamble and just ask a question.

**Murdo Fraser:** But will we get an answer?

**The Presiding Officer:** Yes, we might well get an answer, if members just ask a question.

**Gillian Martin (Aberdeenshire East) (SNP):** On behalf of the businesses in Aberdeenshire that I represent, I welcome the cabinet secretary's announcement. It is yet another example of the Scottish Government stepping in to provide support for the north-east, and I thank the Government for working so closely with me and my SNP parliamentary and council colleagues on the matter over the past few weeks.

Would the cabinet secretary agree that, as he has provided assistance for offices and hotels in the north-east, Aberdeenshire Council and Aberdeen City Council should use their money to offer support to other sectors that might be affected by the revaluation?

**The Presiding Officer:** I suggest to members that, when I tell them to cut the preamble and get to the question, they should follow my advice, please.

**Derek Mackay:** Gillian Martin makes a fair and helpful point in drawing attention to the fact that a number of the 32 local authorities propose to take action through local rates relief schemes. They should be encouraged in that, because councils can use their legitimate powers and funds to help to address local issues and circumstances. Three councils are intending to do, or are doing that, and I think that other councils across the political spectrum could follow them and find local solutions to what are sometimes local issues, in addition to the national package that has been outlined this afternoon. That is a helpful suggestion.

**Liam Kerr (North East Scotland) (Con):** Last week, just over 10,000 businesses in Aberdeen city and shire were facing crippling business rate increases. Today's decision, according to the finance secretary's own figures, benefits 1,961 of those businesses. What comfort can he give to the other 8,000 businesses in North East Scotland that—even after the emergency measures—will still have to cut staff or close their doors as a result of the revaluation? Is he seriously saying that councils will have to do all the heavy lifting when he has just cut their budgets?

**Derek Mackay:** I make the point that the parties that engaged constructively in the negotiation

process have ensured that local authorities have an extra £160 million at their disposal.

If there was a transitional rates relief scheme, many businesses, including in the north-east, that would expect their rates bill to go down would instead see it sustained at an artificially high level. We are not doing that. We are putting in place a cap to support certain sectors and the north-east in particular, which I would have thought Liam Kerr would welcome.

He asked what other measures are in place. There is the small business bonus scheme and the reduction in the business rates poundage for every business in the country. I have drawn attention to the local rates relief schemes, which can work around the other schemes to ensure that we cover other sectors, individual areas or individuals where that might be appropriate.

I say again that some councils across the political spectrum have engaged constructively in the process, which I welcome. However, it is shocking that the most noise has come from the Conservatives, who have opposed us the most in what we have been doing to help businesses.

**Ben Macpherson (Edinburgh Northern and Leith) (SNP):** If the budget is passed on Thursday, a large number of businesses in my constituency will pay no rates at all next year, due to the expansion of the small business bonus scheme to cover 100,000 properties across Scotland. To ensure that the full benefit of the policy is realised across the country, will the cabinet secretary agree to write to all eligible businesses to inform them of the new threshold and to encourage them to take up the small business bonus and benefit from the rates relief that they are entitled to?

**Derek Mackay:** Ben Macpherson is right to say that there are many businesses that should be aware of the eligibility criteria for relief. I think that it would be the right thing to do to make all businesses aware of the relief that they might be entitled to, so that they can enjoy the support package that is on offer. Indeed, some of those that have been concerned about their rateable values have been under the false impression that they would not benefit from relief, so it is a good idea to make them aware of the support that they might have.

**James Kelly (Glasgow) (Lab):** This is the third time that the cabinet secretary has been asked this. What other areas of the budget is he raiding in order to support the measures that he has announced today? I ask him to be precise about the figures and about where the money is coming from.

**Derek Mackay:** I have attended the Finance and Constitution Committee and the Local

Government and Communities Committee in order to try to take people through the non-domestic rates issue. However, further information can be made available.

No area is adversely affected as a consequence of the decision. Requirements are covered through the non-domestic rates, bringing the full amount into balance. I have been able to accommodate that within the forecast and profiling.

**Andy Wightman (Lothian) (Green):** I have four brief questions. One: does the cabinet secretary agree that we need more scrutiny in general of the non-domestic rating regime? Two: will he lay a statutory instrument to that effect, and when? Three: does he agree that future reform should include returning a significant element of rate setting and relief-scheme design to local government? Four: can he confirm that there will be no change to the local government settlement as a result of the changes that have been announced today?

**Derek Mackay:** On the scrutiny of non-domestic rates, the Government is working in partnership with the Finance and Constitution Committee and other experts in the field to consider further the issues of budget-setting, timetabling and other matters. I welcome that, and believe that it could be considered to be part of the review that the member mentions.

On the legal technicalities, a statutory instrument would be required, and I propose to lay that sooner rather than later, so that it is in effect before the start of the new financial year.

I have covered the third point, as I have said that the budget review group will consider that issue.

On the fourth point, I am happy to confirm that there will be no negative impact on the local government settlement as a consequence of what I have said today. The numbers that have been outlined in the budget in relation to spend continue to be the case.

**Mairi Evans (Angus North and Mearns) (SNP):** The cabinet secretary mentioned the Barclay review. Can he confirm that that review will take a root-and-branch look at the rates system and that, if it recommends actions that he can take quickly that would alleviate pressure on businesses, he will do that?

**Derek Mackay:** I have discussed the issues with Ken Barclay, and he is looking specifically at those and other issues. I confirm that the Government will act as swiftly as we can on his recommendations.

**Dean Lockhart (Mid Scotland and Fife) (Con):** I thank the cabinet secretary for confirming that he has announced a temporary one-year sticking-

plaster solution, in classic Scottish National Party style.

I welcome the new 50 per cent relief for district heating schemes. However, the cabinet secretary will be aware that the cuts will not help those who generate their own electricity, such as many local whisky producers, who make up a vital sector in the economy. Will he therefore undertake a review of business rates for those who do on-site generation?

**Derek Mackay:** I think that I welcome Dean Lockhart's welcome of what I have proposed this afternoon. I said that I will outline further information on the details of the relief schemes and make it available through SPICe. If Mr Lockhart wants me to consider any other measures and schemes, I am happy to engage with him on that.

**Willie Rennie (North East Fife) (LD):** I thank the minister for an advance copy of the statement.

The last time that the Government bungled rates revaluation, we recommended a cap of 12.5 per cent. However, at that time, his Government voted against the proposal, along with the Conservatives. When I met the minister for budget talks, he said that he had no money to spend, so I will try to get an answer to the question that has already been asked: where on earth has he found this money?

Instead of muddling through, would it not be more sensible to have a moratorium on any increases until the Barclay review has concluded?

**Derek Mackay:** I have previously explained to Willie Rennie that the issue of non-domestic rates is most certainly complex. I can give further information on the profiling of it. I have covered how there are forecasts and the bringing of—  
[*Laughter.*]

I do not know why the Conservatives think that this is funny. A lot of businesses were keen to find out how the Government is supporting them, and I think that they will welcome a number of measures that have been outlined today.

I say to Willie Rennie that I think that capping is the right decision in the circumstances, rather than transitional relief. I have outlined how non-domestic rates financing has to work. I believe that we have the right package, and I believe that capping is appropriate as opposed to transitional relief, for the reasons that I have given. We will learn from what happens with this revaluation, and we will hear what recommendations Ken Barclay makes. I am happy to engage in a cross-party way to see how we can take the issue forward in a way that ensures that we get the balance right.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** I welcome the fact that 972

businesses in Moray and Aberdeenshire will benefit from today's announcement, adding to the 9,608 premises that will pay no more in rates in the coming year than they did in the past year.

In relation to valuation appeals, is the cabinet secretary minded to follow the example of the UK Tory Government, which is making appeals in England more difficult than they were in response to the crisis there?

**Derek Mackay:** No, I have no proposals to introduce a charge, as has happened in England. Obviously appeals boards will have to look at capacity issues to ensure that they can manage appeals appropriately, but that is a matter for them. Again, I have no proposals to introduce a charge for appeals, which is what the Conservatives have done.

**Daniel Johnson (Edinburgh Southern) (Lab):** I refer members to my entry in the register of members' interests as a company director with retail interests in Edinburgh.

After a number of questions, we still lack clarity. Can the cabinet secretary please tell us whether it is £30 million to £40 million that is implied by these measures or whether it is the £60 million that SPICe has set out? Where is the money coming from? Is revenue spending being cut elsewhere, or is this yet another round of underspend that the cabinet secretary has found?

**Derek Mackay:** No, it is certainly not a spending cut. I will read the following out exactly and see whether it assists the Labour Party. As we laid out at stage 1 of the budget, we are continuing to update the profile of the Scottish Government contribution required to bring the non-domestic rates pool into balance. This process has allowed us to meet the estimated cost of the additional support package announced today. On checking, I can say, to be absolutely accurate, that the figure is £44.6 million.

**Richard Lochhead (Moray) (SNP):** I, too, thank the cabinet secretary for being the hospitality industry's white knight and greatly helping my constituency. With regard to other sectors, does he agree that assessors should fast-track the appeals process for businesses facing increases or hardship, and will he and his colleagues in the Scottish Government also contact the UK Government to ensure that it, too, is taking steps? Yesterday, *The Caterer* magazine reported that roughly 2,000 hotel companies in the UK face insolvency due to Brexit, and we urgently need a cut in tourism VAT and other measures to be introduced.

**Derek Mackay:** Mr Lochhead is right that the assessors and appeals panels should consider their workload very carefully. I cannot direct them in that respect, but I certainly encourage them to

consider their workload, handle the issue sensitively and look at what support can be given to businesses as the panels manage the appeals that they receive. This is another opportunity to remind businesses that believe that they have the wrong valuations to appeal and ensure that they have the correct ones, in what is essentially an independent process. However, I believe the Government has taken what actions it can to ensure that we have a competitive rates regime in our country.

**Rachael Hamilton (South Scotland) (Con):** I draw members' attention to my entry in the register of members' interests. Members will be aware that I am a business owner.

Why, after months of anxiety and worry in the hospitality industry, has the Scottish Government at the 11th hour admitted that it had the power to help but refused to do so? Does Derek Mackay believe that a cap of 12.5 per cent for just one year goes far enough to stop job losses in and closures of pubs, hotels and restaurants?

**Derek Mackay:** I again say to Rachael Hamilton that we are doing more than the Conservatives have chosen to do at a local level and more than they are choosing to do at UK level, and that they are opposing what we are trying to do to support the hospitality sector.

Rachael Hamilton fairly asks, why now? More information has emerged through the revaluation process to inform decisions. I think that looking at the evidence and engaging with businesses and local authorities to get the balance right in advance of the budget is an appropriate response. The question that must now be answered, not by the Government but by the Conservative Opposition, is whether it is going to oppose the very generous package of reliefs to support businesses at this time.

**Ash Denham (Edinburgh Eastern) (SNP):** The cabinet secretary has listened to businesses, such as those in the hospitality sector in my constituency of Edinburgh Eastern that faced disproportionate rate rises, and the fact that he has acted is very welcome. Would he encourage the Tory Government in Westminster, which is currently being accused by its own back benchers of misleading businesses over the rate rise in England, to take the same constructive approach?

**Derek Mackay:** I watch what happens south of the border very closely and I would be happy to share information about the reliefs that we have in place. I think that we have the right package for Scotland, which supports business. We will take a closer look at the issue through the Barclay review, the findings of which we will consider in a methodical and helpful way.

**Alexander Burnett (Aberdeenshire West)**  
**(Con):** I refer members to my registered interest.

An issue that was raised before this U-turn was businesses having to destroy premises rather than face punitive empty property rates of 90 per cent. Does the cabinet secretary recognise that he will destroy Scotland's balance sheet unless he addresses that issue?

**Derek Mackay:** I feel that the package of reliefs that I have put forward is comprehensive, but I do not know whether it will be comprehensive enough to cover every element of Mr Burnett's interests.

In fairness, all rates reliefs should remain under review so that we can make sure that we get the balance right. In supporting business, we must ensure that our interventions are appropriate and are informed by the evidence that we obtain through engaging with business. As I have said, Ken Barclay's review, which will report in the summer—around July—should help to inform that debate. When we look at all the evidence in the cold light of day, we might find that there is a different way of doing certain things, but I am sure that delivering the manifesto commitments on the small business bonus and taking a range of other actions is the correct course of action in the circumstances.

**The Presiding Officer:** I thank members and the minister for their attempts at brevity.

## Scottish Rate Resolution

**The Presiding Officer (Ken Macintosh):** The next item of business is a debate on motion S5M-03912, in the name of Derek Mackay, on the Scottish rate resolution. Members should note that I will put the question on the motion immediately following the conclusion of the debate, which will be just before decision time at 5.15.

15:17

**The Cabinet Secretary for Finance and the Constitution (Derek Mackay):** This is a historic day, when the Scottish Parliament will vote to set all rates and bands for income tax in Scotland for the first time in more than 300 years.

The powers in question expand on the limited income tax rate-setting powers that we had last year and allow the Scottish Government to make better decisions to support the people and the economy of Scotland. In so doing, it is important that Parliament understands that, if we fail to set the rates, we will put at risk the collection of some £11.9 billion in Scottish income tax, so let us be clear that this is serious business. The Scottish people are looking to us to act responsibly to secure the best possible outcome for them.

Parliament should be aware that I have written to the Presiding Officer about the procedural connection between the motion for the Scottish rate resolution and the Budget (Scotland) Bill. The effect of rule 9.16.7 of standing orders means that stage 3 of the bill cannot begin until the Scottish rate resolution motion is agreed to by Parliament.

No party won a majority mandate at the Scottish Parliament election, but the greatest proportion of the electorate supported the Scottish Government's vision for the next five years. Therefore, although I seek support from other parties to get the 2017-18 budget approved, I am determined to stay true to our income tax proposals, not only because I believe that a vast number of the Scottish electorate support them but because I believe that they will deliver the best outcome for the Scottish people at this time.

The clear vision that we set out for income tax last March remains as stated—it is to protect low and middle-income taxpayers, while asking those who earn the most to forgo a significant tax cut at a time of continued United Kingdom Government austerity. As a result of constructive budget negotiations with the Scottish Green Party, the amended income tax proposals in today's resolution stay true to that principle.

**Patrick Harvie (Glasgow) (Green):** In the past, the cabinet secretary has argued that it would be wrong to give a significant tax cut to the highest-

earning 10 per cent of the population by following the UK approach on the higher rate threshold. Is he not privately, in his heart of hearts, quite pleased that we persuaded him not to give any tax cut to the richest 10 per cent of society?

**Derek Mackay:** I am privately and publicly pleased that it looks as though the budget is going to be passed this week with the right package of measures to support our country.

Today, I ask the Scottish Parliament to agree to a Scottish rate resolution for the tax year 2017-18 that freezes all income tax rates, maintains the higher rate threshold at £43,000, protects those on low and middle incomes and ensures that 99 per cent of taxpayers will, on the same income, pay no more compared with 2016-17. It will also bring in an additional £107 million to be invested in public services in 2017-18. That additional £107 million supports a budget that will, if it is passed on Thursday, protect our NHS with record investment, deliver a living wage for social care workers, continue free tuition, expand early years provision, support efforts on energy efficiency, increase house building and support local services. I remain convinced that the proposals are the best approach to take at this time.

The Government is always mindful of the impact that taxes may have on individuals. Tax powers are not a political toy; they have an impact on individuals, which we must consider carefully. We are a Government that recognises the importance of growing the economy while raising sufficient revenue to fund further investment in our vital public services. Future revenues for the Scottish Government will be driven both by our policy choices and by the relative growth per capita in our tax receipts. That is just one of the reasons why we continue to invest in Scotland's economy and its workforce to improve prospects for economic and employment growth, and we will not back any income tax decisions that would cause any impediment to that.

Tax should be progressive, which is why it would not be right to give a significant tax cut to the highest earners in Scotland at a time of Tory austerity. However, income tax policy should not undermine its own aims and, especially at this time, it should deliver the revenue that it sets out to raise. That is why we did not seek to raise the additional rate of tax. UK and international evidence suggests that having an additional rate in Scotland that was higher than that in the rest of the UK could significantly undermine Scottish income tax revenues, and the First Minister has directed the Council of Economic Advisers to keep the policy under review.

However, we also recognise that those who earn the lowest incomes—about 40 per cent of Scots—pay no income tax, so the income tax

system cannot help them directly. Instead, we are delivering alternative policies to support those who are on the lowest incomes.

For example, the rates of council tax that are paid by those who are in the four highest council tax bands—E, F, G and H—will be adjusted in a move that will generate £111 million a year, while we will protect people on low incomes who are in those bands. The reforms will also provide additional support to families on low incomes across all council tax bands by extending the relief that is available to households with children. That will benefit up to 77,000 low-income families by an average of £173 per year, which will support an estimated 140,000 children.

In addition, our land and buildings transaction tax is more proportionate to the house price, which means that it is fairer, because it is based more closely on the buyer's ability to pay. More than 90 per cent of home buyers will pay less in tax than they would pay in UK stamp duty or will pay no tax at all.

Beyond the tax system, we remain absolutely committed to the living wage. In 2016, Scotland remained the best performing of all four UK countries, with the highest proportion of employees—79.9 per cent—being paid the living wage or more.

There has—rightly—been significant debate about how the Parliament should use its new income tax powers. However, that significant debate has led to little consensus. The Conservatives have reverted to an anti-devolution position, whereas others want to experiment with every tax lever in an almost careless and reckless fashion. Those extreme positions do not serve the Scottish taxpayer well. Our position is that, given that the UK Government has cut the Scottish discretionary block grant by 7.4 per cent in real terms since 2010-11 and remains committed to imposing austerity at UK level, now is not the time to add to the burden on low and middle income taxpayers, as Labour would.

**Willie Rennie (North East Fife) (LD):** In the context of a difficult financial settlement, is the cabinet secretary not a little disappointed that he has not taken the opportunity of the new powers that he has in his hands to invest in good public services, such as those for education and mental health?

**Derek Mackay:** As a consequence of the budget that I propose, we will invest an additional £900 million in Scotland's public services. I do not think that it would be right to increase the basic and higher rates of tax, because that would not end austerity—it would just pass on austerity to the people involved, some of whom are the less well-off in our society. That is why we have chosen

to freeze the basic rate of income tax for 2017 and over the course of this parliamentary session.

Now is not the time to give away a substantial tax cut, as the Tories would. Asking higher-earning Scots to forgo a tax cut will raise additional revenue to support our vital public services.

**Daniel Johnson (Edinburgh Southern) (Lab):** Will the minister confirm that that measure will raise a mere £29 million?

**Derek Mackay:** Our position on income tax through the block grant adjustment will raise an additional £107 million. As for divergence, for less than the cost of a weekly prescription in England, living in Scotland ensures access to an NHS that is properly funded, gives families access to increasing amounts of free childcare and means that young people pay no tuition fees, that there is no prescription tax on ill health and that our older generation can benefit from free personal care.

Were we to match the proposals in the rest of the United Kingdom, as the Conservatives suggest, the Scottish Government's budget would need to lose an additional £107 million. That raises the question of where that money would come from instead and what public services the Conservatives would cut to pay for that.

Others in the chamber have suggested that we need to impose a far greater tax burden on the people of Scotland. However, the budget that I propose already delivers an above-inflation increase in investment in the NHS; protection of public services that are free at the point of use, including free prescriptions; the support of our policy of free personal care; free higher education; and no business rates for 100,000 small businesses, as well as additional investment in reducing the attainment gap and doubling free childcare.

I remain convinced that our income tax proposals strike the correct balance between protecting low and middle-income taxpayers and still raising necessary additional revenue. The other parties must consider that, if the Parliament were to fail to agree to the Scottish rate resolution, the consequences for Scotland's budget would be severe.

The motion protects those on lower incomes, delivers additional funding for our public services and makes economic sense. Across the chamber, all those with Scotland's interests at heart should support that position.

I move,

That the Parliament agrees that, for the purposes of section 11A of the Income Tax Act 2007 (which provides for income tax to be charged at Scottish rates on certain non-savings and non-dividend income of a Scottish taxpayer),

the Scottish rates and limits for the tax year 2017-18 are as follows—

(a) the Scottish basic rate is 20%, charged on income up to a Scottish basic rate limit of £31,500,

(b) a Scottish higher rate of 40%, charged on income above that Scottish basic rate limit and up to a Scottish higher rate limit of £150,000, and

(c) a Scottish additional rate of 45%, charged on income above that Scottish higher rate limit.

15:28

**Murdo Fraser (Mid Scotland and Fife) (Con):** Let me start on a point of agreement with the cabinet secretary. This is indeed an historic moment in the history of devolution. For the first time, the Scottish Parliament has control over the rates and bands of income tax that are payable by Scottish workers. That substantial new power has been delivered by a Conservative Government at Westminster, thereby strengthening this Parliament as part of the devolved structures of the United Kingdom and proving that Conservatives in government keep their promises.

I do not think that it will come as a surprise to anybody in the chamber, or outside it, when I say that we will oppose the resolution today. We believe that the Scottish Government has made the wrong choices when it comes to income tax. The Scottish National Party plans to create a tax differential between Scotland and the rest of the UK, which will mean that some 374,000 people in Scotland will pay more tax here than they would if they lived south of the border.

Contrary to the claims that have been made by some SNP members, we are not talking just about wealthy people.

**Ivan McKee (Glasgow Provan) (SNP):** Will the member give way?

**Murdo Fraser:** I will make this point and then give way.

The finance secretary told Parliament on 2 February that the changes will affect only the top 10 per cent of earners. That figure is incorrect: the true figure is that 14.6 per cent of income tax payers will be affected—more than one in seven. That figure includes train drivers, nurse consultants and some teachers. They are hardly the super-rich.

There are many thousands of households that include two adults and children, and in which just one adult in the household is working—the other has childcare responsibilities—and earns just over £43,000, which therefore represents the entire household income. Those are not wealthy individuals and they are not individuals who have spare cash at the end of the month, yet they are

the individuals whom the SNP is targeting with its proposals.

**Patrick Harvie:** On that hypothetical scenario, does Murdo Fraser accept that someone who is earning just above that threshold will pay barely a penny more in tax because it is only the element of their income that is above the threshold on which they will pay more?

**Murdo Fraser:** Is not that a hypothetical situation? I know plenty of people whose circumstances are such that the one earner in the household earns just above the higher-rate threshold. If such people are earning £45,000, they will pay an extra £400 a year.

I am not surprised that the Greens back the plans—indeed, they would like to go further. I do not agree with Mr Harvie, but at least he has a principled stance. It seems to me that the SNP is caught right in the middle. SNP members talk left—they talk the language of higher taxation—but in fact they are afraid to go there because they know what the electoral consequences would be.

If the SNP's plans were bad enough when they were introduced, they were made even worse with the grubby budget deal that was stitched up with the Greens, which increased the tax differential still further. In the long run, it will be the Scottish economy and the Scottish public finances that lose out, because we know that the performance of the Scottish economy sets the overall size of the Scottish budget. We know that Scottish gross domestic product growth lags behind that of the UK as a whole, and we know that unemployment here is higher, that employment rates are lower and that business confidence is substantially lower. The danger of having higher taxes in Scotland compared with the rest of the UK is that it simply entrenches economic underperformance.

The SNP might not want to listen to us on those points, but it should listen to the voices of Scottish businesses. Scottish Chambers of Commerce said that creating a tax differential between Scotland and the rest of the UK would set "a dangerous precedent". The Institute of Directors in Scotland said that the plans would send the wrong message and have a negative impact on the Scottish economy, and that

"a taxation disparity between Scotland and the rest of the UK is not good news for business when competing for talent."

**John Mason (Glasgow Shettleston) (SNP):** Does Murdo Fraser accept that there are lots of tax differentials within Switzerland, among the cantons, and within the United States, among the states, and that it does those countries no harm whatsoever?

**Murdo Fraser:** I am very disappointed in Mr Mason, because I remember the time when he

used to argue for lower taxes: he used to argue for cuts in corporation tax. He seems to have taken a complete change of direction. Unlike Mr Mason, I think that we should listen to voices in the business community who are telling us of their concerns about the tax route that his Government is going down.

There will be SNP members—we heard this from Mr Mackay just a moment ago—who argue that higher taxes are justified because there are, they claim, better public services in Scotland. They will cite free personal care, free university tuition and free prescriptions. What they do not tell us when they make those points is that all those benefits existed before the tax differential was created and that they exist because of the Barnett formula, which ensures that public services in Scotland are funded to the tune of over £1,200 more for every man, woman and child in Scotland relative to the rest of the United Kingdom. What does the SNP want to do to the Barnett formula, which pays for all those services that it values so highly? It wants to tear it up. It wants to take us out of the United Kingdom, which provides the very funding settlement that pays for the services that they champion.

The tax rises are the wrong choice. They are bad for Scotland and for Scottish families, and in the long run they will hurt Scottish economic performance and the public finances. Perhaps even worse, we found out three weeks ago that they are not necessary. Three weeks ago, Mr Mackay came to Parliament and told us that in order to fund his budget deal with the Greens, he had found an extra £185 million down the back of the sofa. A good rummage under the cushions and the best part of £200 million was produced to buy off the Greens and get his budget deal through Parliament.

The total that is being raised by creating the income tax differential is £107 million, which is substantially less than the £185 million that the SNP had lying spare, which was £125 million of underspend plus £60 million from the business rates pool. To make matters worse, even in the past half hour, the cabinet secretary has come to the chamber and produced, as if from nowhere, another £40 million. He accuses other parties of having magic money trees, but there is nobody as magical as Mr Mackay when it comes to producing money out of nowhere to get himself out of a budget hole.

There was no need whatsoever for the tax rises. Mr Mackay could have funded all his original spending plans without raising a single extra penny in income tax. The SNP are taking the taxpayers of Scotland for fools. They will not easily forget it.

The Scottish Conservatives will not always argue for keeping taxes the same as they are in the rest of the UK. There will be circumstances in which we would argue for lower taxes in Scotland in order to give us a competitive advantage. That is precisely why we argue for lower air passenger duty in Scotland. That would grow the economy and grow tax revenues, as a result. I am pleased that SNP members share our ambition in relation to air passenger duty, but it is a pity that they cannot apply that principle to income tax, as well.

At a time of Scottish economic underperformance, it is foolhardy to send out a message that Scotland is the highest-taxed part of the United Kingdom. We should, instead, have a Government that takes measures to grow our economy and tax base, so it is much to be regretted that it is going in the other direction.

15:36

**Alex Rowley (Mid Scotland and Fife) (Lab):** I agree with the two previous speakers that we make history today in this Parliament by setting income tax rates and bands for the first time. We should not take that lightly because there is a great responsibility on each of us when we are making decisions that have significant impacts on the people of our country. There are some key considerations for us, as parliamentarians, to remember when we are reaching those decisions: the impact on household incomes, the impact on our economy, the impact on public services and the impact on inequality in Scotland. Those are the key considerations for Labour Party members in our approach to the motion.

In looking at household incomes, we must ensure that taxation is fair. Taxation must be based on the ability to pay and on the principle that people pay according to their means, so those who are able to pay more do so through a fair and progressive system of taxation. A fellow Fifer, Adam Smith, said:

“The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities”.

At a time when we need investment in our economy and in our people—our country’s greatest asset—I suggest that asking the top 1 per cent of earners in the country to pay a 50p top rate of taxation is not unreasonable. Everyone would benefit and society as a whole would benefit from the return on that investment. Crucially, that is fair, just and the right thing to do at a time when we have a massive skills gap in our economy, an unacceptable gap in levels of educational attainment between the poorest and the richest people, and growing inequalities in health up and down our country.

**John Mason:** Does not Alex Rowley think that an immediate jump to a 5p difference from the rate in England would be a rather risky jump? Does he not think that it has to be lower to start with?

**Alex Rowley:** No, I do not—but I will expand on that.

Now is the time to invest. Although SNP members seem to be more interested in what the Tories have to say, the Tories are wrong: they are wrong when they say that we cannot have a different tax policy from England and they are wrong in their assertion that increasing tax would damage our economy. Let us be absolutely clear: failed Tory austerity is what has damaged our economy, and what is damaging our economy in Scotland is the SNP’s failure to stand up to failed Tory austerity. The SNP instead chooses to use Scotland’s Parliament as a conveyer belt for that failed Tory austerity.

As Oxfam has so succinctly put it:

“The UK’s current austerity programme threatens to solidify the UK’s position as a country of growing inequality and poverty. Its emphasis on cutting public spending as opposed to increasing taxes has already begun to increase the hardship faced by people on low incomes, whilst allowing the richest bear a comparatively small burden of the pain. As millions more are expected to be living in poverty and at risk of poverty by the end of the decade, the richest look set to get richer.”

Is that really what the Greens and the SNP stand for, or will they join us, reject the motion, and bring forward a progressive approach to using the Parliament’s powers in the best interests of Scotland’s people and economy and, ultimately, in the best interests of Scotland’s future?

Every individual MSP has the choice between the Tory and SNP way of failed austerity, public services in crisis, lack of opportunity, low wages and growing insecurity, and real recovery, growing our economy, investing in public services and in skills and jobs and giving every Scot the best chance in life

We have a chance to shape future provision of public services in our country and to give young people a better future by investing in childcare, education, skills and jobs. We have the chance to provide better care where it is needed and to give those who have given all their lives to our communities dignity and respect in old age. I say choose investment, choose people and choose a stronger Scotland. Vote against the motion and stand up for Scotland.

**The Deputy Presiding Officer (Christine Grahame):** There are five members who had better press their request-to-speak buttons now if they wish to speak.

15:42

**Gillian Martin (Aberdeenshire East) (SNP):** I welcome the debate because it gives us a chance to call out the ridiculous rhetoric about the Scottish rate of income tax that has been promulgated in the chamber week after week by the Tories. Every week, we hear from the Tories scare stories that people will leave Scotland in their thousands because the Scottish Government has refused to pass on to the richest in our society the same tax cut that the UK Government deemed so necessary. That assertion shows a fundamental lack of understanding of our citizens, the vast majority of whom are decent, hard-working, honest people who value their public services and do not have a problem with not taking a tax cut in order to provide investment in our public services.

We are doubling childcare, so Murdo Fraser might want to mention to his hypothetical family that the second adult can maybe get some free childcare and get back to work.

Decent people do not up sticks and leave a country because they have been asked to pay their fair share of taxes to keep public services going—public services from which we all benefit. Hard-working people are not just those who earn a very high salary.

**Daniel Johnson:** I quite agree with the member that it is right to make the argument for having differential income taxes to pay for public services, but why is the SNP Government being so timid in limiting that ambition to simply not changing a threshold?

**Gillian Martin:** I will come on to the other side of the coin later in my speech.

The rhetoric that we have all heard—the claims that taxing higher earners a little bit more penalises hard workers or people with aspirations—is, frankly, offensive to everyone who works hard for whatever wage they can earn, whether they are skilled or unskilled. We all work hard and aspire to live a life that is without financial hardship.

The hardest-working people are those who work for the minimum wage, who often need to have two jobs to get by, who raise families as they work in those jobs, who struggle to make ends meet, who need the highest earners to pay their fair share, and who should have an income tax level that lifts them out of in-work poverty. The hardest-working people are the middle-income workers who do not qualify for any benefit top-ups, but who still find it hard to cover their bills from month to month, never mind save anything.

That those people will not see an increase in their income tax—and in many cases in their council tax—is fair. Given the challenging

economic times, it is only right that 99 per cent of Scots will pay no more income tax than they did last year. That we do not want to give the top 10 per cent of earners in Scotland a tax cut at the expense of others who find it harder to get through the month, given the age of austerity in which we live, is a moral choice. I am utterly convinced that most of that 10 per cent believe that it is a fair choice, too, and that they will not suffer any hardship as a result of the Scottish Government's decision.

Honest, decent hard-working people want to pay their fair share; they do not want to hide what they earn in order to avoid taxes and they do not want special circumstances that make their tax bills disproportionate in comparison with those of people on lower incomes.

What do we get with those taxes? We get the schools for the future programme, which will deliver new schools across Scotland. In my constituency alone, there is one new secondary school—Ellon academy—that is less than a year old, the foundations for a new primary school are currently being laid in Turriff, and plans are under way for a new Inverurie academy. That comes from investment in public services and in people's education.

People living in Scotland also do not have to pay for prescriptions—we do not unfairly tax ill health. Young people do not have to pay tuition fees for college or university—we do not unfairly tax the right to be educated. We have investment in roads infrastructure in my area of the north-east that is unprecedented, and a promise of 100 per cent digital connectivity in Scotland by 2020. We are investing in Scotland.

Like all my colleagues here today, I am one of the higher-rated earners, and I am happy to pay my fair share of tax for the kind of life that I want people in this country to have. If the people of Scotland did not agree with me, we would not have the Government that we have—voted in last year for a third term.

15:46

**Liam Kerr (North East Scotland) (Con):** This Government has been given responsibility for setting income tax rates in Scotland. It could have chosen to reduce the tax burden on Scottish people and businesses, to encourage inward investment, and to make Scotland a more attractive place for professionals, entrepreneurs and job creators to move to and base their families in. Instead, thanks to its deal with the Greens, the SNP's budget will see 374,000 people paying more tax than they would pay if they lived south of the border.

**Ivan McKee:** Will the member take an intervention?

**Liam Kerr:** It is early, but yes—of course.

**Ivan McKee:** The member referred to tax. Does he recognise that tax is wider than income tax? Does he recognise that the average council tax bill in Scotland is £400 lower than in the rest of the UK? Everyone benefits from that.

**Liam Kerr:** I thank the member for his intervention, and particularly for bringing in council tax, which I assure him I will come on to. I compare things in the rest of Scotland, not necessarily in the rest of the UK.

In “The Wealth of Nations”, Adam Smith said:

“There is no art which one government sooner learns of another than that of draining money from the pockets of the people.”

Even he cannot have envisaged how quickly this Government would learn that.

Let us leave aside the question whether the Government deserves more than half of people’s incomes, regardless of how hard they worked to earn that money. Let us leave aside the fact that more than one in seven workers will be paying more income tax than their counterparts south of the border and that, according to the Scottish Parliament information centre and the Fraser of Allander institute, the Scottish Government’s total budget in 2017-18 will be up, in real terms, from what it was in 2010-11.

We need to go back to base principles: the Government cannot tax its way to prosperity. If it raises taxes to a level that is too high, people leave and/or cease producing wealth. Those are the workers—they produce the wealth. It is not the Government’s money; it is their money.

The Scottish Government does not know better than the people who earn that money how to spend it. I well recall Di Alexander, the chair of the Scottish rural poverty task force, saying to the Economy, Jobs and Fair Work Committee, in 2016, that if people save money on bills, they put it in their pockets and they can spend it on the local economy.

When an innovator, an entrepreneur or an investor has an idea for a business, will she build that business in a Scotland that punishes her for her success, or will she look south of the border?

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

**Liam Kerr:** A quick one, please, Mr Mason.

**John Mason:** Does the member accept that a pound in the pocket of a poorer person is more likely to go into local services than one in the pocket of a richer person?

**Liam Kerr:** I thank the member for his intervention. That is an interesting question, but it is one that I will not answer here, simply because the member who asks it is the one who, famously, is not quite sure of the distinction between national debt and national deficit. If he would like to write to me afterwards, I will explain it for him in some detail.

When a newly qualified nurse looks at where best to base himself for a successful career, will he choose Scotland, where, when he reaches mid-senior level, he can expect the Government to take 40p out of every pound he earns, or will he go south of the border, where he will not have to worry about that until he earns at least £50,000?

If only it were just about income tax. Across the north-east, people are receiving letters to inform them of the council tax that they will have to pay next year. We did not hear from Gillian Martin about that.

**Gillian Martin:** Will the member take an intervention?

**Liam Kerr:** I thank the member but no, I am running out of time—[*Laughter.*] Ms Martin had her chance.

Letters have been sent to inform more than half the residents of Inverurie and Ellon, where the majority of people live in houses that are in band E or higher, that the tax on the home that they bought with a big mortgage to raise their family in is about to rise—and that is before any rises that the chronically underfunded local council may have to levy in addition.

Murdo Fraser detailed how Scotland is underperforming compared with the rest of the UK. The solution has been made clear. The Scottish Chambers of Commerce said that the focus should be on growing the economy, rather than increasing taxes, and went on to say:

“Creating a differential between tax bandings north and south of the border will set a dangerous precedent.”

Former member of the Scottish Parliament and Royal Bank of Scotland economist Andrew Wilson said that the best way sustainably to double revenue is to double the number of taxpayers in Scotland who are wealthy enough to pay the top rate. The Institute of Directors said that the SNP’s tax plans will have a negative impact on the Scottish economy. The Royal Society of Edinburgh was also clear. It said:

“While there may be a political incentive to target high earners ... there should be a high level of caution exercised by the Scottish Government not to shrink its tax base”,

and Johnston Carmichael warned that higher taxes in Scotland could see businesses move elsewhere.

We well recall that reducing the 50p tax rate to 45p raised an additional £8 billion from additional-rate taxpayers.

Mr Mackay knows all that. On air passenger duty, he claims that the proposed 50 per cent cut is

“a fundamental component of our efforts to boost Scotland’s economy through ... generating sustainable growth.”

In 2012, Alex Salmond told business leaders that lower corporation tax would be the “best available weapon” to improve Scotland’s competitiveness.

What concerns me most is the direction of travel. It was the Greens who got the proposal through—the Greens, who want to tax everyone who earns more than £43,000 43 per cent of their income, with a 60 per cent rate for those who earn £150,000 or more. They want to end the personal allowance for people who earn £100,000—and their council tax proposals would see band H householders paying more than £7,000 a year. The Greens are some bedfellows.

**Gillian Martin:** Will the member take an intervention?

**Liam Kerr:** Not now.

**The Deputy Presiding Officer:** The member is in his last minute. Also, I do not think that your card is in your console, Ms Martin.

**Gillian Martin:** Yes, it is.

**Liam Kerr:** We cannot tax our way to prosperity, but in an extraordinary irony, this Government appears to be about to tax its way to austerity. We do not agree with the motion and we shall vote against it at 5.15 today.

15:52

**Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** I remind members that I am the parliamentary liaison officer to the Cabinet Secretary for Finance and the Constitution.

Today’s debate is not so much about tax as it is about the hard-working men and women in this country, from Lerwick to Lockerbie, who go to work, earn a living and contribute part of their income to the welfare of our society through income tax. That contribution—that tax—is, quite rightly, paid in proportion to income levels and directly makes this nation the safe, educated, healthy and compassionate country that we call home.

That we live in such a country is thanks to the teachers, cleaners and dinner ladies, the accountants, entrepreneurs and secretaries, the joiners, electricians and chefs, the doctors, nurses

and therapists, the chief executive officers, board members and advisers, and all the men and women who leave home in the dark or get home in the dark and those who work so many hours that they do both. This nation would be crippled without them, not just because of the services that they provide but because of the contribution that they make to our public welfare, through income tax.

Decisions are taken in this Parliament almost daily about how to spend money. In our debates, elected members should never lose sight of the fact that we are discussing the hard-earned income of men and women across this country, and we have a responsibility to spend it well. On that, I agree with Liam Kerr: it is not our money but theirs.

**James Kelly (Glasgow) (Lab):** Kate Forbes talked about hard-working CEOs, many of whom earn more than £150,000 a year. Does she think that it is right that such people are not being asked to make an additional tax contribution, at a time when council budgets are being cut by £170 million as a result of Mr Mackay’s budget?

**Kate Forbes:** I thank James Kelly for his intervention, because it allows me to make the point that goes right to the heart of the entire debate.

Our economy depends on a tax that is raised from people who earn more than £11,500. We do not think that people who earn £11,500 should be paying more, which is what the Labour Party proposes. We believe—and I agree with the member on this point—that those on the higher rates should not have their taxes cut, as has been proposed south of the border. Those in the top 10 per cent are being asked to pay a little more.

I hope that that answers the question; it lets me go right to the heart of the debate on tax. In the Holyrood elections, the people of Scotland delivered a resounding verdict on the parties’ plans for spending and for raising revenue through income tax. Members might make a lot of noise about their suggested alternatives to the Government’s proposals, but those alternatives were soundly rejected at the ballot box—and for good reason.

Murdo Fraser said that the SNP is “stuck ... in the middle”. I am proud to be standing in the middle, in a position of common sense between two ludicrous positions on the left and right of the chamber. On one side, the Tories are whinging that higher-rate taxpayers are paying a little bit more tax than those in England and Wales, not because of what this Government has done, but because the Tories in Westminster have actually cut taxes for higher-rate payers. On the other side, the Labour Party is arguing that people who earn as little as £11,500 a year should pay more,

passing on austerity to the household budgets of the lowest-income taxpayers. Both positions are grossly unfair, and it is only this Government—

**Daniel Johnson:** Is Kate Forbes happy that, in the area that she is from, Highland Council is receiving a cut of £11 million—or 2.7 per cent of its revenue funding—from the Scottish Government? Is she happy to defend that?

**Kate Forbes:** I am more than delighted to look at how much extra Highland Council had before and has after the additional £160 million that this Government has given it directly. I am delighted that more funding is going this year to Highland Council, which has, of course, just increased its budget to take advantage of the extra 3 per cent in council tax.

There are two main reasons why I am proud to be in the middle position: first, most hard-working families are still struggling to make ends meet, so this is not the time for tax rises; and, secondly, our public services are under pressure, so this is certainly not the time to cut taxes for higher-rate taxpayers, as is happening elsewhere in the UK. That is the fairest course of action; it means that 99 per cent of adults will pay no more tax than last year, given their current level of income.

However, the motion asks higher-rate taxpayers to forego the tax cut that has been implemented elsewhere in the UK. Those in the top 10 per cent of earners who are being asked to pay a little more than they would in the rest of the UK—approximately £400 more—are still benefiting from vital services, such as higher education, personal care and prescriptions, that are free at the point of access.

The cabinet secretary mentioned that it has been 300 years since this Parliament set income tax rates, and it is just less than that since the birth of the slogan “no taxation without representation”. There is representation in this Parliament, whose members were elected last May on manifestos that were clear and accessible to the electorate. The Government is sticking to the SNP’s election promises. We have the largest mandate in the Parliament and the most popular policy on tax, and we will stay true to our manifesto.

15:58

**Daniel Johnson (Edinburgh Southern) (Lab):** Budgets are about choices—about what we want to spend our money on and what we want to invest in, and about the future of our country. There are two distinct facets: there are choices about where those tax revenues should be spent and invested, and choices that we now have in the Parliament about how and where to raise those taxes.

With those alternative choices, there are also alternative priorities. As the Tories have said, we can choose to minimise taxation and make it so that there are no different levels of tax in this part of the United Kingdom compared with others. Alternatively, we could take Labour’s view, which is that real competitiveness and growth need strong public services, investment and infrastructure.

As Kate Forbes has just said, the SNP seems to be “stuck ... in the middle”. Even Murdo Fraser was damning the Government with faint praise because it is, in essence, leaving most income tax absolutely static. The sole change to one threshold will mean a £400 difference only to higher earners, and will raise only an additional £29 million. Against a draft budget of £30 billion, that £29 million represents only 0.1 per cent. That is the size and scale of the SNP Scottish Government’s ambition.

Parliament was founded on the principle of making different decisions and having different priorities. On such an historic day, when we finally get to choose our own tax rate and set our own priorities, the SNP Scottish Government chooses not to use its powers.

**John Mason:** Does the member accept that we do not know what behaviour change there will be, so it is better to be cautious in the first place?

**Daniel Johnson:** I agreed with the member when he intervened earlier and said that differential tax rates were more than plausible within a single economy, but I do not agree with him this time.

The reality is that the SNP chooses not to use its tax-raising powers and pursues a line of argument that takes credit for forcing councils to raise their taxes. The SNP talks about extra funding being available from a hypothetical increase in taxes that it does not control. Since 2007, the Scottish Government has made a virtue of and crowed about freezing the council tax. It threatened councils with cuts to their revenue grants if they raised council tax, but now it wants credit for forcing them to raise council tax. The Government cannot have it both ways. It would be like the UK Government taking credit for hundreds of millions of pounds of additional revenue from the taxes that it controls. A 3 per cent increase in income tax, LBTT and landfill tax would raise £375 million. We do not praise the UK Government for £375 million in additional hypothetical spend, because that would be as ludicrous as the Scottish Government taking credit for council tax increases.

Let us look at what the Scottish Government has chosen to do. The level 2 budget lines show a clear £169 million less going to local authorities from the Scottish Government. Those revenue

grants are the largest proportion of funding to local government. Council tax makes up less than 20 per cent of council revenue. When we talk about the total resources available and extra funding, they mask the real cuts to the main source of income to local government. That is why it is so disappointing to hear the Greens trot out the same lines time after time. At the start of the debate, they talked about progressive taxation being a red line, and now they trumpet extra funding, which turns out to be fewer cuts.

Those cuts have real impact. Since the SNP came to power, we have seen £1.5 billion taken from our communities and stripped from our local services. We have heard SNP member after SNP member dismiss those cuts as local efficiencies, or decisions that councillors or the people who are employed by councils make. It has nothing to do with them and everything to do with local councillors. We see the impacts in our roads that are full of potholes because councils cannot afford to maintain them. We see the impacts when people cannot get home from our hospitals because care packages are not available.

We also see the impacts in our classrooms, which have battered textbooks and insufficient resources. The reality is that 44 per cent of local government spending goes to education. The budget is about future growth that is built on public services and there is no more important public service than education. However, £1.5 billion of cuts have resulted in 4,000 fewer teachers, 800 of whom were in maths and science, and 1,000 fewer support staff. It has led to a fundamental cut in the future of our country.

This is indeed an historic day. It is also an historic missed opportunity. This was an opportunity to make a different set of decisions, and to show how we value our public services and can invest in them for our future rather than simply passing on Tory tax plans with a little bit of a tweak. There is no change in rates and the tax is no more progressive than the one that the Scottish Government inherited.

The SNP used to believe in using the levers that are available to it to make different decisions for our country. It is a shame that, today, it believes in leaving well alone and does not have the courage of its earlier convictions.

16:05

**Ivan McKee (Glasgow Provan) (SNP):** Although this debate marks an historic step forward for the powers of this Parliament, we should not forget that key taxes and levers of economic control are still determined elsewhere. Scotland's Parliament is still denied, for now, the right to set income tax rates for dividends or for

savings income—I will come back to that point later. We are also denied, for now, the right to control most of the levers that can stimulate the economy, including corporate taxation.

However, within the limitations of the powers that we have, this Government has introduced a budget that is balanced and fair, which is reflected in the Scottish rates resolution. It conforms with the manifesto commitments on which we were elected last year; it takes into account the principle of the ability to pay, protecting—

**James Kelly:** Was the SNP elected on a manifesto commitment of cutting council budgets by £170 million?

**Ivan McKee:** As Mr Kelly well knows, the total amount of money that will be spent on local services is significantly more than it was last year. There are a number of things that he has not included in his calculations. It would be good if he included everything that is relevant, such as the attainment fund of £120 million, £2 million-plus of which is going to my Provan constituency.

The budget takes into account the principle of the ability to pay, protecting low and middle-income earners and asking those in the top 10 per cent of earners to forego a tax cut. The budget uses the tax levers that we have to generate the revenue that is required to fund our public services, which is essential—

**Anas Sarwar (Glasgow) (Lab):** This week, Glasgow City Council set its budget; within that budget, there was a £53 million cut that was imposed by the Scottish Government. Will the member utter a single word of opposition to cuts in the communities that he is supposed to represent?

**Ivan McKee:** As Mr Sarwar well knows, more than £20 million extra is going to Glasgow as a result of the attainment fund. More money is going in on account of the social care fund and, of course, there is money to be raised from the increases in the higher rate council tax bands, which will also have an impact on Glasgow City Council revenue. He knows that fine well.

This budget is based on sound economic principles. Of course, to enable us to understand and correctly evaluate the budget's proposed tax measures and their impact on overall tax revenues, it is necessary to remind members of the conceptual underpinning of—dare I say it?—the Laffer curve. Although Laffer is most well known for codifying the principle that not all increases in tax rates generate additional revenue, the principle also clearly states that not all reductions in tax rates generate additional income. That applies in the same way that although, counterintuitively, a price reduction may increase profits for a business, it is very far from the truth to say that that is always—or even often—the case,

hence the downward sloping curve of the Laffer curve for values of tax rates below optimal. Were that not the case—and if we followed Mr Fraser's logical extension—maximum tax revenues would occur at the point where tax rates equal zero, which of course is a complete nonsense. Failure to grasp that point reinforces the Conservative Party's lack of credibility in its understanding of these economic matters.

Our task as policy makers is to understand where we are on the Laffer curve and to legislate accordingly, balancing the maximisation of tax revenues with the principle of proportionality and the ability to pay. The decision to maintain the basic tax rate at 20 per cent ensures that we do not penalise those on low or average earnings in the way that the Labour Party would. It is fundamental to our protection of those income groups not to make them pay twice for UK Government Tory austerity.

Indeed, with a commitment over the course of this parliamentary session to raise the point at which earners start to pay tax to £250 higher than will apply in the rest of the UK, this Government is taking steps over time to make Scotland the lowest taxed place in the UK for basic rate taxpayers, who constitute by far the majority of taxpayers in Scotland.

The decision to freeze both rates and bands for higher rate taxpayers—the choice not to follow the UK Government's higher-than-inflation threshold increases—provides additional revenue. It does so by asking those who can afford to pay more—the top 10 per cent of income tax payers—to do so to the tune of less than £8 per week.

As I mentioned previously, it is not true to say that this Parliament now has powers over all income tax. Legislating on savings and dividends income remains outside our power for now. That is important to recognise, because it has an impact on our ability to tax additional rate taxpayers. Given where we are and our lack of power over those taxes, we are at the point of the Laffer inflection with regard to the 50 per cent tax rate. That is why it does not make sense to increase additional rate tax at this point in time, although the door is open should circumstances change.

I turn my attention to the narrative that is building up on comparative tax burdens across this island. The inability of some to understand that income tax is not the only tax is astounding. Data clearly shows that council tax levels in Scotland are £400 lower than those in the rest of the UK, which offsets any relative difference in income tax bills due to higher rate thresholds. That is before we consider the benefits to 100,000 small businesses of the small business bonus and the substantial financial benefits of free public

services to those living in Scotland, including free higher education, personal care and prescriptions.

It is important to recognise that the budget maintains a balanced, effective, fair and proportionate tax policy that meets the objectives of maximising revenue for public services while protecting the pay packets of low and average earners. The Scottish Government's budget ensures that the people of Scotland continue to benefit from the best deal on tax and public services anywhere in the UK and that Scotland continues to be an attractive place to live, work and do business.

16:11

**Gordon Lindhurst (Lothian) (Con):** As Winston Churchill once famously said,

“for a nation to try to tax itself into prosperity is like a man standing in a bucket ... trying to lift himself up by the handle.”

The Government seems oblivious to that statement of the obvious, and its handle on the economy is set to snap if it ignores the warnings that industry experts have dished out.

To those who were watching, Derek Mackay might have seemed less like a knight on a white horse coming to rescue the country from the measures that he had imposed and more like a cartoon character sitting in a sailboat who blows hot air into the sail but who refuses to pick up the oars and simply wills the boat on.

Perhaps the Government has had enough of experts. That must have been the prevailing feeling of those who watched as stakeholder after stakeholder commented on the finance secretary's budget proposals. Reference has been made to the Scottish Chambers of Commerce, the Institute of Directors in Scotland and others who work hard to keep the wheels of our economy running smoothly. They have warned of the consequences of failing to incentivise living and working in Scotland.

Rather than seek to increase revenue, the budget seems to single out and negatively target success. Has the cabinet secretary forgotten so soon the hard lesson of the land and buildings transaction tax, for which revenue forecasts have had to be revised downwards? He appears simply to discount the warnings against bringing an ever-greater number of middle-class earners into the higher-rate bracket. As has been mentioned, that includes people such as police officers, senior teachers and nurses—people who were never expected to fall within such a tax bracket and who are being pulled out of it in England as a result of a UK Government budget that is fit for the realities of today.

**Derek Mackay:** Where does Gordon Lindhurst think that the cuts should fall to pay for the £107 million that he would lose in comparison with our tax position?

**Gordon Lindhurst:** The minister seems to find money down the back of his sofa when he wishes to.

**Murdo Fraser:** The magic money tree.

**Gordon Lindhurst:** Yes—from the magic money tree, as it is being called.

The Scottish Government's approach tells a tale about how it believes it should govern the country, which is by making it the highest-taxed part of the United Kingdom. The Scottish Conservatives reject that approach. We have all seen that it does not work. We need a Scottish Government that is on the side of hard-working families and businesses. However, the SNP Government thinks the opposite—it acts as if, because of what it tries to sell as a generous approach to prescriptions, personal care and education, Scots get the best deal in the UK. The Government is like a rabbit running into the headlamp of an oncoming train; it takes money from hard-working families and decides for them how to spend it. I agree with Kate Forbes that it is not our money. The people of Scotland are growing tired of the Government thinking that it knows what is best for them.

**Alex Rowley:** Does Gordon Lindhurst accept that, for our economy to grow, we have to invest in training, skills and opportunities so that we have a highly skilled workforce and companies will therefore want to come to Scotland? If so, how should we pay for that?

**Gordon Lindhurst:** We have to invest by creating an environment in which the people who create jobs and bring business to Scotland want to come here, not by putting up a sign that says, "Highest-taxed part of the UK—closed for business".

Maybe the Government could learn a thing or two from its own people about tax. The chair of the SNP's growth commission appears to have understood, in the recent past, the link between attracting people to Scotland and generating revenue as a result. Members have referred to a comment by the former First Minister Alex Salmond, who conceded that lowering corporation tax would be the "best available" means for an independent Scotland to improve its competitiveness.

However, what we have is a budget fix with the Green Party that is liable to cost more than it raises for the Scottish Government. We know that simply increasing tax, particularly on those who will create business and bring workers to Scotland, is liable to decrease the tax intake. We have an

unnecessary tax grab since the finance secretary found the extra £185 million nest egg. It seems that, if there is such a sofa, millions of pounds have been carelessly left down the back of it.

The difficulty is that, with Scotland's economy lagging behind that of the UK as a whole, tax revenues are dropping. We do not want a finance secretary who appears to be heedless of realities, like some little tyrant of the Scottish high street. We need proper planning, not simply sticking plasters, to respond to the concerns of businesses when their rates are hiked. Just this week, before the latest measures were announced, a businessman told me that he was facing a tax rise of more than 100 per cent in his rates bill. I leave that with the Government.

16:17

**Patrick Harvie (Glasgow) (Green):** I listened to the ministerial statement on non-domestic rates and I subsequently heard glowing praise from SNP back benchers for the best possible Government position and outrage and anger from many Opposition members at the worst policy imaginable. I suppose that it is no surprise that an element of this debate has followed pretty much the same dynamic. The only surprise is that we have not had a second showing of Murdo Fraser's unique powers of mixed metaphor, although Mr Lindhurst is trying his best to follow in that stead—I am not sure that I fully understand what a tyrant does with sticking plasters.

I agree with a great many of the criticisms and analysis that the SNP's tax position is too timid and is not impressive or ambitious. I disagree with those such as Murdo Fraser—I thank him again for inspiring a new line of Scottish Green Party merchandise; I will bring him a watermelon badge, if he would like one, for the stage 3 debate on Thursday—who are keen to promote the idea that people in Scotland will be paying more tax.

The phrase "tax rises" has been used several times today, and I regret that such rises are not happening. People such as me and every member in the chamber should be paying a bit more tax in the next financial year than we are paying this year, but that is not going to happen. Some members have spoken about forgoing a tax cut that the UK Government is pursuing. We need to forgo such language and the thinking that compares tax policy in Scotland with tax policy south of the border. We should compare ourselves with the country that we want to be, not with our nearest neighbour.

While the Scottish Government's position is somewhere in between the glowing praise and the outright condemnation, it is certainly not the ambitious and creative approach to tax policy that

I would like to vote for, so I will not be voting for it. However, I will not block the motion, because of the consequences of blocking it.

Daniel Johnson was right to ask us all to consider the consequences of how we vote today. I will suggest what the consequences would be if the Scottish Greens were suddenly overcome with a fit of pique and decided to throw out the £160 million for local councils. If we voted against the rate resolution, the budget would fall. If that happened, immediately—perhaps within the hour—in 32 council headquarters around Scotland, 32 chief executives would go into 32 leaders' offices and say, "Look, you need to dust off that bunch of cuts that we were able to avoid implementing last week, because the Scottish Government's budget has just fallen and the extra £160 million will not be available to us."

I know that the position in local government is not perfect, and I wish to goodness that it was better. Perhaps if the Labour Party had taken a more constructive approach, it would have achieved as much as we have achieved and would have reversed even more of the cuts.

**Daniel Johnson:** I hear what Patrick Harvie is saying, but we are talking about not an additional £160 million but an additional £29 million. The rest of the money is underspend that has been found from elsewhere. If the budget fell, surely the Government would come back to Parliament and negotiate. The reality is that the Greens have given away their position for £29 million and have undersold their own hand.

**Patrick Harvie:** The budget agreement clearly puts an additional £160 million into the local government allocation. I never suggested that all of that was coming from income tax, but that is what is available to local councils, and they would lose that if we changed our position today.

Derek Mackay said that, although there has been significant debate on the new tax powers, it has led to little consensus. I certainly think that it has led to little movement from the SNP—that is undeniable. I do not think that it is enough for the party that is in government to complain about a lack of consensus on the part of others. When asked to justify its position, the SNP repeatedly harks back to a manifesto that it knows did not gain majority support and on which it was not returned to the Parliament with a majority. I want more than a reference—a page number and a paragraph number—to justify the SNP's position; I want reasons that I can understand. The closest that the Finance and Constitution Committee got to hearing those reasons, when it asked the cabinet secretary for them, was in hearing that the position just about feels right—that was the line that the cabinet secretary used, which is simply not good enough.

I agree with the criticism of the policy of raising the basic rate. Raising the basic rate would increase the tax that is paid by low and middle earners, which is not justified. However, there is no reason to keep only one basic rate from the personal allowance level right up to the higher-rate threshold. There is no reason why we should be limited in that way; we should be more creative. That is what the Greens propose, and we will continue to do so.

I know that there are concerns about the possibility of tax avoidance at the level of the additional rate—the very top rate. I say to the cabinet secretary that there is mixed evidence on the likelihood of that. If he wants to be in a more robust position when he makes that argument in the future, the Scottish Government should commission additional research to find out how it can achieve additional tax income from those who are genuinely the very wealthiest in our society, without creating incentives for tax avoidance.

There is no evidence that generating additional revenue from the higher rate would result in a behavioural effect. It is undeniable that, at local government level and at national Government level, we are going to have to use all our tax powers in a more creative way in the future.

The debate is only going to get more difficult as this session of Parliament wears on, not just because of the expectation of higher inflation, which will reduce the public's spending power and will give rise to justifiable demands for a more generous pay settlement in the public sector, but because of deeper cuts that are coming down the line from the UK Government, as well as highly dubious proposals for tax cuts from the Scottish Government, such as that to APD.

The debate will get more difficult in future years if the Government is unwilling to revisit its dogged refusal to shift from a status quo tax position. As I said, the Greens will not block the rate resolution tonight, as that would endanger something that is even more important than the issue of tax. However, as the debate goes on in future years, we will need to see a more credible position from the SNP.

16:24

**Willie Rennie (North East Fife) (LD):** Patrick Harvie has just given us an interesting explanation of what he is going to do this evening. It will probably be one of the most highly principled abstentions that the world has ever known. However, it is Patrick Harvie's party that is letting the budget through. He is responsible for that budget and he needs to own it, rather than skulk behind an abstention, believing that that absolves him of any responsibility.

**Patrick Harvie:** Will Willie Rennie give way?

**Willie Rennie:** No.

The Greens have made little impact on the budget. In what must go down as one of the worst negotiations ever, the Greens conceded even before the SNP had offered them a single penny.

**John Mason:** Will Willie Rennie give way?

**Willie Rennie:** I will not, just now.

Feeling sorry for the Greens, Derek Mackay threw them a few crumbs from the table. They are worth a total of £82—that is £82 extra tax for MSPs like me. Patrick Harvie wanted to charge me an extra £2,000 in tax, but now I will pay an extra £82 a year. That has sent ramifications through my household that you would not believe. People in my household are very worried about where we are going to find that extra £82. That is the radicalism of Patrick Harvie. He should be embarrassed that he is supporting the budget.

**Patrick Harvie:** Will Willie Rennie take an intervention?

**Willie Rennie:** Patrick Harvie should be embarrassed for another reason, too. He promised us that we would have a greener and bolder Parliament—he said that often throughout the election campaign. However, look at the Greens budget deal. Not one single environmental programme has been funded as a result of the changes.

**Patrick Harvie:** Will Willie Rennie accept an intervention?

**Willie Rennie:** I will not, just now.

The deal is not greener and bolder, but grey and timid. Patrick Harvie should be ashamed.

**Patrick Harvie:** Is Willie Rennie too timid to take an intervention?

**Willie Rennie:** I will take an intervention. Go on.

**Patrick Harvie:** I am grateful to Mr Rennie for finally giving way. In justifying his stance on the budget concession of £160 million of additional funding for local councils—which are, I remind him, responsible for many of the most important local environmental services—can he give an example of any budget concession that comes anywhere close to that in the entire history of devolution? What has his party achieved in the budget negotiations? Not a penny.

**Willie Rennie:** Patrick Harvie said that with a straight face.

As we discovered in today's statement, Derek Mackay already had the money—he was always going to spend it and had no intention of just storing it. Patrick Harvie did not negotiate the extra

money: Derek Mackay had it in the first place. That is how Patrick Harvie has been duped by the finance secretary.

Derek Mackay must also be a bit embarrassed and uncomfortable today. I am sure that he has attended many marches, protests, demonstrations and heated debates about powers for the Scottish Parliament—dreaming of the opportunity that would be presented if only we had a few more powers so that we could mark out that brave new world and do things the Scottish way, which would be different from the way of the rest of the United Kingdom. What have we discovered today? We have discovered that Derek Mackay just wants to follow exactly what the Conservatives are doing down south. That is timidity. What he is doing is, by and large, what the Conservatives are doing at Westminster. There will be no real change on income tax. There will be a little bit extra, but not very much more. The reality is that he is following them.

That is not the brave new world that Derek Mackay campaigned for all those years, so he must be disappointed that he has not been able to take the new powers in his hands and do something different, braver or bolder—as the Scottish Parliament deserves. It is a missed opportunity. Brexit is coming down the track, as the SNP repeatedly reminds us, and is bringing with it economic challenges. We have also seen the slipping down the international rankings of our education system, from being one of the best in the world to being just average. Just average is not really the brave new world that I wanted Scotland to be.

We also have large numbers of people—643,000 people—who will be off sick because of mental health problems in their lives, but we have a mental health service that does not meet that need, which has an economic impact of millions of pounds. The education impact and the mental health impact are things that we could have done something about with the budget. Liberal Democrats proposed a significant increase in spending on mental health services. That would help the economy: it would get people back to work and it would mean that businesses would have the skilled workers that they need.

Such an increase in expenditure would undo the damage that Derek Mackay's Government has done to the college sector through the slashing of 150,000 college places, which affects mature students, women and part-time students, who are deprived of the opportunity to retrain as part of the country's lifelong learning ambition. As we hear every day, that is affecting the economy, because businesses do not have the skilled workers that they need.

Therefore, I reject the rate resolution. I do not think that it matches the opportunity that Parliament has. I also reject the Conservatives' belief that the only way to grow the economy is to have a race to the bottom and to have ever-lower tax. The Scottish Government has now joined the race to the bottom on air passenger duty. Its position on income tax is broadly the same. A few years ago—this is perhaps long forgotten by those who are now in charge of the SNP—it wanted a race to the bottom on corporation tax. It said that it would match and even go beyond anything that George Osborne did on corporation tax, and it is now going to do the same on APD.

That is not the way to grow the economy; the way to grow the economy is to invest in the skills and the talents of the people who live here. That will act as a magnet for companies to come and set up their businesses here, which will create opportunities to grow the tax base so that we can invest even more in public services and the wellbeing of the country. I would prefer the Government to adopt that vision rather than the timidity of this grey and timorous budget, and I think that Derek Mackay probably believes that, too.

16:32

**Maree Todd (Highlands and Islands) (SNP):** I remind Parliament that I come from Ullapool, which is—according to the Federation of Small Businesses—the most enterprising village in the whole of Scotland.

The rate resolution that we are considering comes at a time of growing uncertainty and sits against a backdrop of Tory austerity, Brexit and high inflation. In these uncertain times, it is vital now more than ever that Scottish taxpayers are given stability. At the same time, we must ensure that enough money is raised through a fair tax system to fund our public services properly. That is what we have been presented with today—99 per cent of Scottish taxpayers will pay no more in tax than they do at the moment. The Government is providing much-needed stability—indeed, the lowest-paid taxpayers will actually pay less in tax by the end of the parliamentary session through the new zero-rate band. In fact, the only people who will have to pay more are those who earn about £123,000 a year. Even then, they will have to pay, on average, less than £10 per month more than they currently pay. We are talking about a tax system that provides fairness and stability in these uncertain times.

**Patrick Harvie:** I have tried on a few occasions to get an explanation of why the SNP remains attached to the notion of increasing the personal allowance by having an extra zero-rate band. Why is that idea, which benefits high earners as well as

low earners, preferable to progressive tax rates? Why not instead have progressive tax rates, and make sure that the benefit goes to those who really need it rather than to everybody?

**Maree Todd:** It would be very hard for me to argue that a universal increase in tax allowance for everyone is a bad thing; I think that it is a great idea.

Let us tackle head on the myth about Scotland being the highest-taxed part of the UK. Only a fool would look at income tax in isolation, and the people of Scotland are not fools. If we look at the combination of income tax and council tax, we see that we pay less in Scotland than people in the rest of the UK pay. Scotland is a great place to live and in which to do business. Taxpayers in Scotland get more for their money; there is a much better deal than there is anywhere else in the UK. Perhaps that is why the Tories think that we pay more.

Scottish taxpayers get free prescriptions while taxpayers in other parts of the UK continue to see the cost of their medicines rise. That is because our Government has made the decision that everyone should be able to access the medication that they need.

**Murdo Fraser:** Does Maree Todd acknowledge that the Barnett formula funds Scotland more than £1,200 per head of population higher than the rest of the UK is funded? Is it any wonder that those services can be afforded, given that funding settlement?

**Maree Todd:** I am absolutely delighted that we can fund these universal services, which anybody would support.

Our students receive a free university education without the burden of tuition fees because our Government has decided that family wealth or personal finances should not affect whether a person can attend university. Family wealth should not affect life chances. Now, through the most recent budget, this Government will be able to provide an extra £304 million to the NHS, an extra £120 million to tackle the poverty-related attainment gap in our schools and—as has been announced most recently—an extra £160 million for local councils.

I have heard Murdo Fraser express concern—this is the intervention that I expected—that higher taxes will prevent much-needed doctors from choosing to work in Scotland. Having checked with my medical colleagues, I can assure Mr Fraser that medical professionals choose to come and live here because of the quality of our health service, the quality of our medical research and education, and the universal opportunities that exist for their children. High-quality public services

make Scotland an attractive place to live and to do business in.

Very few of us live and work in isolation; most of us are part of a family and a community. Someone who has one child going to university will save £9,000 a year by living in Scotland. Someone with one parent who needs personal care could save more than £10,000 by living in Scotland. If they need to cross the Forth road bridge on their daily commute to Edinburgh, they will save more than £500 a year on bridge tolls by living in Scotland.

All the myths that are being peddled prove that the Tories cannot be trusted with Scottish taxpayers' money and public services. In England, the Tories have created absolute chaos with their ideologically driven austerity policies. Their policies of tax cuts for the rich and privatisation have failed to serve ordinary people and have resulted in the greatest increase in inequality since the days of Margaret Thatcher. Costs have risen, wages and working conditions have fallen and the public services are in crisis.

When the Lib Dems supported the Tory Government in coalition at Westminster, that Government's ruthless and brutal cuts in welfare were described by the United Nations as "grave and systematic violations" of disabled people's rights. More recently, it has been revealed that cuts in prison staff numbers have contributed to the current crisis in the prison system and to a situation in which prison staff simply cannot keep control of their prisons. That is what Tory austerity does, and we do not want it here.

Time and again, the Tories come to the chamber and demand more money for public services, more for the NHS, more for infrastructure and more for education. They think that they can stand here today and demand that the Government cut taxes on the richest in Scotland and no one will notice. The people of Scotland are not daft. To spend more money on public services, we need to raise more money. The Tory argument quite literally does not add up. The reality is that those are the very same public services that the Tories would jeopardise with their tax cut for the rich.

It is not just taxes that attract people to a country. People want to be healthy, educated and happy. In Scotland, we are investing in our citizens by investing in healthcare, education, infrastructure and other programmes. In that way, we will create the right environment for people to flourish in, and we will see the increase in productivity that this country needs.

16:38

**Alison Harris (Central Scotland) (Con):** I declare an interest as a member of the Institute of Chartered Accountants of Scotland.

The rate resolution that has been proposed today will enable Her Majesty's Revenue and Customs and employers to know the correct figures to apply to Scottish taxpayers for the tax year commencing on 6 April 2017. At last, it will enable businesses to finalise their 2017 payroll, addressing concerns, which have been raised by ICAS and the Association of Chartered Certified Accountants, that changes to thresholds being introduced barely a month before the new rates come into effect could lead to mistakes being made in the information technology systems.

However, for hundreds of thousands of Scots, these new figures will bring about increases in personal taxation and many of those taxpayers will face additional increases, due to the changes in the multiplier of the council tax bands, which will cause a snowball effect of higher taxes that will create real concerns for many people.

Councils are being forced to cut local services, while council tax increases are being imposed on modest homes in bands E and F, which are often owned by young people starting out on the property ladder or pensioners who have downsized.

**Andy Wightman (Lothian) (Green):** Will the member give way?

**Alison Harris:** No. I would like to continue.

Freezing the higher-rate threshold for paying the 40 per cent rate of income tax at £43,000 including personal allowances, as opposed to the UK threshold of £45,000, opens up a differential in the bands between Scotland and other parts of the UK. That will lead to Scots having to pay what I have heard described as "only £400 extra". I suspect that this is only the start, or the tip of the iceberg.

A cut-off at £43,000 affects hard-working families. Do those who are self-employed, such as joiners, painters and hairdressers—many of whom will be on the borderline between the basic and higher-rate bands—believe that they are getting the best deal for taxpayers in the whole of the UK? I suspect not. Instead, they will feel that any incentive that they had to work hard has been reduced.

Many will feel that staying under the £43,000 threshold is best for them, which will ultimately reduce the Government's tax take. Also, with regard to auto-enrolment into pension schemes, if employees are caught in this band differential and have to pay more tax, they may have to think carefully about whether they can afford to remain

in the scheme, especially as their contributions will rise as we progress through future tax years.

Has the Government thought through the difficulties and confusion that this additional financial burden will cause those employees? I do not think that it has. The Government seems happy to make life harder for Scottish taxpayers, many of whom, particularly those at the margin, face falling over a cliff edge into very choppy financial waters.

Conservatives said at the time of the budget that it was bad for jobs, bad for local government, bad for those who aspire to work hard and bad for producing the level of economic activity that Scotland so badly needs. We knew at that time that making Scotland the highest-taxed part of the UK was not the way to get the revenue and economic growth to provide for good public services. Talented people will take home less than their counterparts in England and Wales, thanks to decisions made in this chamber.

Since the budget, many others have given their views. We have already heard them quoted today, but I would like to repeat some of them. In December, Claire Mack of the Scottish Council for Development and Industry highlighted to the Finance and Constitution Committee here at Holyrood that

“growth is the key element. The growth rate of about 1 per cent ... is about a third of the UK rate, and closing the gap is critical to the country’s economic health.”—[*Official Report, Finance and Constitution Committee*, 21 December 2016; c 41.]

The steps that the finance secretary took with regard to taxation, causing disparity with our closest neighbour, have also drawn concern. Chartered accountants such as Johnston Carmichael have warned that higher taxes in Scotland could see jobs move elsewhere in the UK. Scottish Chambers of Commerce said that creating a differential between tax bandings north and south of the border will set a “dangerous precedent” and that the SNP Government should instead be focusing on growing the economy as the most sustainable route towards increasing revenues and thus public sector spending.

The Institute of Directors has said that the tax plans would

“send the wrong message and would have a negative impact on the Scottish economy.”

The SNP Government’s response is to close its ears and disregard the views of all those professional groups.

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

**Alison Harris:** No. I want to continue.

The SNP Government might think that higher taxes are justified under the banner of better

public services, using as its examples free personal care, free university tuition and free prescriptions. All those benefits existed before this tax differential was created, because of the Barnett formula.

Freezing tax bands and forcing large council tax rises on modest homes is a double whammy of hits in the pocket that will suppress growth and cause our country to fall further behind our friends and neighbours in the rest of the UK.

**Clare Haughey (Rutherglen) (SNP):** Will the member give way?

**Alison Harris:** No. I am in my last minute.

I am proud to represent a party that trusts people with their own money rather than a party whose budget has earned such concerns from so many professional bodies. The rate resolution moved today will penalise Scots for living and working in their own country and, as we heard previously, bring in tax rises that are entirely unnecessary, all inflicted on them by this SNP Government.

**The Deputy Presiding Officer (Linda Fabiani):** The last speech in the open debate will be from John Mason.

16:45

**John Mason (Glasgow Shettleston) (SNP):** Thank you, Presiding Officer. For the sake of balance, I note that I, too, am a member of ICAS. You will quickly gather that there are different views within that organisation.

I guess that there comes a limit as to what new can be said on the topic. I say that as the last back-bench speaker in the debate. We have a basic divide in this Parliament between those who want better public services and are happy to pay the tax for them and those who want lower taxes and would happily cut public services as a result. On top of that, we have the question of redistribution of income and wealth and the question of how far we can be different from our near neighbours such as England and Ireland and whether people will move between countries if the tax rates are different. A number of those issues create tension among themselves.

I am happy to say that I would be one of those who are comfortable with increasing tax, in general, a bit in order to get better public services. However, I am also very aware of the concern that increasing tax too much could lead to some higher-rate taxpayers moving to England, which would mean less tax and poorer public services. I do not think that any of us wants that, but that is the risk with Labour’s proposal of a 5p differential. I add that I do not think that Alex Rowley

answered the question that I asked in my intervention.

The issue of how different we could and should be from England differs with the various taxes. On landfill tax, we do not want waste tourism, so it seems that we are constrained to staying almost exactly the same as down south. On the other hand, property taxes can be allowed to differ a fair bit, as property cannot be moved around very much.

**Murdo Fraser:** In election after election, Mr Mason has stood on a manifesto of being committed to cutting corporation tax in Scotland to below the UK rate. If he has changed his mind on that, what led him to that decision?

**John Mason:** I would like to take this to a slightly deeper level, which is where our party is. The Tories would say, as I understand it, that all tax cuts are good and all tax rises are bad, and Labour seems to be saying the exact opposite. We are saying that we need to look at each tax and each rate. There are some things that we can safely increase and we will raise more tax. There are some things that we could reduce and that will really boost the economy. We are looking at a slightly more nuanced approach than I hear from either of the two extremes in the chamber.

As I mentioned, we cannot really touch landfill tax, but we can touch property taxes. Income tax falls somewhere in the middle, and we really do not know how sensitive people's behaviour will be to differences between Scotland and England. As I suggested earlier, we had evidence at the previous Finance Committee that there can be differences between the Swiss cantons, which are not that far apart from one another, yet people do not move. We can probably assume that we could have a difference of 1p or 2p compared with the UK and it would have very little impact.

However, how do we get the right balance between the different factors? It seems to me that a key principle is to move gradually as we make changes and move away from the English position. By making Scottish income tax slightly different from England's, we can see what impact—if any—there is on behaviour, and then we can take it into account next year. That seems to me to be a wise approach. In that respect, I am comfortable with the Scottish Government's proposal to have a slightly different band from England, which has been pushed slightly further by the Greens.

In the longer term, we should have a much more fundamental change to the system. First, we should combine income tax and national insurance, because both are, in effect, taxes on income, and it will greatly simplify things for employers, employees and HMRC if we combine

them. It will also mean that we can do away with what I think is the horrendous 32 per cent marginal rate that low earners face immediately they start paying both tax and national insurance.

Following on from that, I would like us to look at a much more graduated approach with rates of, say, 10, 20, 30 per cent and so on, so that there would not be the current huge jumps from zero to 20 per cent and from 20 to 40 per cent.

However, we cannot do everything with just income tax, and there is also a problem with people incorporating as a business so that they pay corporation tax rather than income tax for the purpose of reducing their overall tax bill. In the longer run, there is a strong argument for income and corporation taxes to be much more aligned in order to cut down on avoidance and, obviously, that would require devolution of corporation tax.

On the question of redistribution, can income be redistributed just by using income tax, or do we also need to tackle high and low wages? Most of us agree with and support a living wage so that we can bring income up at the bottom. Similarly, can wealth be redistributed? Presumably that cannot be done by income tax and it would require devolution of inheritance tax to Scotland. I accept that a lot of members in the chamber might not be happy with the word "redistribution". However, more members are uncomfortable with the widening gap between the richest and the poorest in our society—that affects both income and wealth.

A final factor that we need to take into account is that council tax will rise for many people—by 3 per cent for many and by another £517 or so for those in the top bands. Therefore, on the assumption that it is better to do things gradually, we are probably going as far as it is wise to do this year, when we take all the taxes together. Even looking at tax on its own, it is clear that there are many factors that need to be balanced out in order to get a sensible solution. Once we look at expenditure as well, the picture becomes more complicated.

Every party in the Parliament says that it wants more spending on this or that service, yet the Conservatives bizarrely want lower taxes as well. We need to be honest with the electorate that, broadly speaking, better services mean more taxes and lower taxes mean poorer services, and we can engage in that way with constituents. Just this week, a constituent said to me, "Thanks for your swift and informative response in relation to mental health funding for children. Personally, I would happily pay an extra 1 per cent income tax if it would mean easing funding, but I fear I am in a minority." That is the kind of debate that we need to have with our constituents.

Lastly, I reiterate one of my bugbears, which is that the UK should set its budget first, Scotland should be second—once we are clear what the UK position is—and local government should follow from that. Mr Crawford and the Finance and Constitution Committee will look at that area.

I look forward to supporting the Government motion at 5 pm.

16:52

**James Kelly (Glasgow) (Lab):** I agree with Derek Mackay that this is a significant day for the Parliament. Substantial tax-raising powers have been passed down to us and we have to agree the rates in the motion today.

The decision that we have to take as a Parliament is quite substantial, so we should understand the consequences of that decision, as Daniel Johnson outlined. If we set the rates proposed by Mr Mackay, the consequences will be £170 million of cuts for local councils. The problem is not just the cuts that are being proposed in this year's budget; it is the cumulative effect of £1.5 billion of cuts since 2011. When people see their library or their play scheme under threat of closure in their local communities, or they see their care packages being undermined, they should look at the decision that is being taken today. If Parliament votes at a quarter past five to agree the motion, it will have lost the opportunity to tackle those issues in our communities.

There has been some discussion about powers. Ivan McKee complained that we do not have enough powers in the Parliament and that we should have more. Time after time, I have watched ministers and First Ministers stand up and answer questions by saying, "If only we had more powers in this Parliament, we could deal with these issues." We now have substantial tax-raising powers and it strikes me that at the opportunity to use those powers and stand up to defend local communities, the SNP Government has gone weak at the knees. Derek Mackay complained about the reduction in the block grant, but what is the point in complaining about that if he will not use any of the levers at his disposal to raise more money to allocate in his budget?

In addition, there are contradictory positions playing out among SNP members. Gillian Martin said that she thought that people would be prepared to pay more tax. That position is at odds with the situation that Derek Mackay outlined.

In his contribution, John Mason seemed to say that there could be different tax rates in different countries and that that would not impact on behaviour, and then to argue against that position.

Kate Forbes gave us the example of CEOs not having to pay any more tax. Later, Anas Sarwar intervened to talk about the £53 million of cuts in Glasgow City Council's budget.

I am totally puzzled by the Greens' approach to the matter. Patrick Harvie and the Greens have consistently argued that action should be taken on top-level taxpayers, and Patrick Harvie again outlined that position in his speech. However, it seems that, in the budget negotiations, when Derek Mackay brought forward his £220 million, £190 million of that was a slush fund and only £30 million was being raised through additional measures for taxation.

It strikes me that the Greens were bought off very cheaply. I do not understand how they could say that they did not think that the tax changes were enough and that they were unhappy with them and could not vote for them, but that they would abstain to allow them to go through. Surely it would be better to reject the motion and get to a position at which we can produce a more robust package.

**Patrick Harvie:** I say again that, if we were to do that, Anas Sarwar and his colleagues would not be talking about just £53 million; they would be talking about £70 million of cuts in Glasgow.

I am sorry that we have puzzled Mr Kelly in securing the budget concession. I remember that he voted for that budget amendment when it came to the committee, as well. If we had taken that approach of demanding a perfect budget now, what would that have achieved? The Labour Party does not seem to have achieved very much out of the process.

**James Kelly:** What strikes me about Mr Harvie's approach is that it would surely be better to vote against the motion and reopen the negotiations. Instead of there being the £53 million of cuts that Anas Sarwar outlined, there might be the opportunity to use the progressive taxation powers to diminish the level of cuts further and produce budgets that can defend local communities.

To sum up, there is an opportunity for us at quarter past 5. This is a time to be bold as a Parliament and to look at the powers that are at our disposal to raise more money so that we can defend our local communities, stand up for local people and make a real difference. Ultimately, the people send us to the Parliament to make a difference. Do not let people down at quarter past 5. Reject the motion and reopen the budget discussions.

16:58

**Dean Lockhart (Mid Scotland and Fife) (Con):**

Much of the debate has quite rightly focused on the SNP's new income tax policy, which will make Scotland the most expensive and highest-taxed part of the UK in which to do business and to work. My colleagues have explained that that new tax policy will increase the income tax burden for more than 370,000 hard-working people in Scotland, including police officers, nurse consultants and teachers.

**Maree Todd:** Will the member take an intervention?

**Dean Lockhart:** Not now.

At a time when the economy desperately needs more job creators, entrepreneurs and highly skilled workers—all of whom would expand the tax base and contribute to higher Government revenue—those individuals will now pay higher tax in Scotland than people in other parts of the UK will. The SNP tax increase on jobs and take-home pay comes at a time when the economy is close to recession, and it will further damage economic growth in Scotland.

To better understand the challenges that the economy faces, Mr Mackay should read the labour market trends report that the Fraser of Allander institute published last week. It makes clear the urgent need for Scotland to close the growth gap with the rest of the UK in order to avoid future reductions in public spending in Scotland and highlights concerns that we have raised many times in the chamber. Scotland's growth rate is less than a third of the UK's growth rate, and we are lagging behind the rest of the UK on all the key indicators of employment, unemployment and economic activity.

Employment levels have come down 20 per cent in the past year and Scotland has the highest rate of economic inactivity of any region in the UK.

It is not only past and current performance that causes us concern. Based on the Scottish Government's own forecast for economic growth up to 2020, Scotland's economy is forecast to grow at a lower rate, in every year, than that of the rest of the UK.

Let me be clear that we are not talking down Scotland: we are highlighting the significant damage that SNP policies have inflicted on the economy over the past decade. The tax increase is just the latest example of the SNP's complete lack of understanding of how the economy works. Earlier today, Mr Mackay showed that he actually was listening to the Scottish Conservatives when he addressed some of our demands on business rates. He should also take heed of the

recommendation, set out in the Fraser of Allander institute report, that closing the growth gap

"must be a key priority

for the Scottish Government and that

"This requires clear policy actions to boost growth and create jobs".

He should also listen to business leaders across Scotland who are calling for action to grow the economy. Scottish Chambers of Commerce has made it clear that

"growing our economy rather than increasing taxes will provide the most sustainable route towards boosting tax revenues and ... public ... spending".

As my colleagues have said, you cannot tax your way to prosperity.

That is why we reject measures that will make Scotland the highest-taxed part of the UK. Indeed, as Murdo Fraser has said, where circumstances permit, we would also consider lower taxes to make Scotland more competitive and to expand the economy. That leaves the Scottish Conservatives as the only party in this chamber to oppose higher taxation in Scotland, compared with the rest of the UK. We are the only party fighting to keep our economy competitive, the only party on the side of hard-working families and the only party that will use tax policy as a means to stimulate the economy.

It was not always this way. The SNP once agreed with our approach. In fact, in a debate on this very subject last year, John Swinney, in agreeing not to increase the tax burden in Scotland, said:

"This Government is on the side of working people. ... We will not increase their taxes; we will ... protect household incomes." [*Official Report*, 11 February 2016; c 116.]

How things have changed. The SNP has now clearly marched to the left to join its comrades in the Green Party to deliver a high-tax, anti-growth, pro-independence budget. Mr Mackay has sacrificed sound tax policy in order to keep the pro-independence vote together. We really should not be surprised by that change. After all, Mr Mackay is merely following the priorities set out by the First Minister when she declared that

"the issue of independence transcends the issues of national wealth, the economy and balance sheets".

The party that is supposedly stronger for Scotland has caved in to the demands of a party that received just 6 per cent of the votes—and, as a result, it has now placed the Scottish economy at a competitive disadvantage compared with the rest of the UK.

This is an unnecessary and dangerous tax increase. It is unnecessary because it turns out

that Mr Mackay could have funded his spending plans without the tax increase—from the magic tree of funding from which he is somehow able to conjure up extra funding whenever it is required, even if it is not set out in the budget. The increase is dangerous because it sends out a clear message that, under this SNP Government, Scotland has become less competitive.

I will conclude with the following quotation from the SNP website, which explains its tax policy. It says:

“If just seven per cent of top rate taxpayers change their tax arrangements the Scottish Government could lose £30 million in revenues in a single year, putting the funding of our public services at risk.”

We agree with that risk analysis. If you increase tax rates in Scotland, there is a danger that you will dilute the tax base and end up with lower Government revenues.

For all the above reasons, later today we will vote against the motion to increase tax in Scotland.

**The Presiding Officer (Ken Macintosh):**

Thank you. I call the cabinet secretary to wind up the debate. Cabinet secretary, you have until quarter past 5 if you need it.

17:04

**Derek Mackay:** Thank you, Presiding Officer.

This has been a very useful debate, and a lively one at many points, and the vote that we will have this evening is, of course, a significant and historic one as we use the new powers in the Scotland Act 2012 to set the rates and bands of income tax. However, I say gently to Dean Lockhart that the Conservatives are going to have to do a bit better than just refer to the Mackay magic money tree as the answer to every economics or budget question that is posed to them by other members.

From the Government's point of view, this has been a serious debate about the delivery of stability and economic stimulus. We recognise that there are challenges in the economy that we want to address. We must raise the necessary revenue if we are to be able to invest in our quality public services. We have outlined a range of actions in the draft budget and beyond that can support the economy and deliver the sustainable economic growth that is right for our country.

In having this debate, it is important that we now make the decision and move forward, to give taxpayers and companies the certainty that they require. Alison Harris made a useful point about the implementation of our tax proposition. I have engaged with the UK Government and HMRC to ensure that the decision will be appropriately implemented, and I have been given reassurances

in that regard. The member made a fair point about the principle of putting the decision out there as quickly as possible.

Alex Rowley also made a fair point when he talked about Adam Smith's principle of taxation that is proportionate to the ability to pay, with certainty, efficiency and convenience.

It is right that we have this debate and make a decision. I think that the proposition that we have put forward on income tax is the best deal for Scotland on tax and services, and that it will deliver on our social contract, whereby we invest in things that are important to the people of Scotland, such as the national health service, for which there is further investment, free personal care, free prescriptions, free education and the expansion of childcare.

On the other side of the balance sheet, on tax, we are protecting low and middle-income taxpayers, we are not passing on the Tory tax cut for the richest, and we are ensuring that 99 per cent of people pay no more, based on their current income level. I think that that is a fair proposition.

A Conservative member, Gordon Lindhurst, asked about assumptions in the budget proposition. The estimates on income tax have, of course, been viewed by the Scottish Fiscal Commission, which has said that our assumptions are reasonable.

As many members said, in the context of all our tax powers, including land and buildings transaction tax and, at the local level, council tax, it is simply not accurate to say that Scotland is the highest-taxed part of the United Kingdom. When we look at everything in the round—even just in terms of tax, without considering the other social investments that the country makes—we can see that it is not true to say that.

**Dean Lockhart:** The cabinet secretary mentioned increased spending in the NHS in Scotland. I remind him that £355 million of the £380 million increase in NHS expenditure last year came from Barnett consequential. Does the cabinet secretary agree that the Barnett consequentials are essential in funding public services in Scotland?

**Derek Mackay:** The member has heard me say that our total budget will pass on Barnett consequentials for the NHS. Our position in the Scottish Parliament elections was that we were offering the NHS more than any other party was offering. The question for the Conservatives is where they will find the £107 million of cuts that they will need if they are to pay just for their income tax position, before they get to anything else.

Willie Rennie made a fair point about the need for the Parliament to be responsible. He also made an important point about Brexit. Brexit brings huge economic risks, which the UK must face. It is right that we make the right interventions and understand the impact on our economy of the reckless actions of a UK Tory Government that is led by hard-right Brexiteers.

In contrast, Patrick Harvie, who has worked constructively with this Government, said that we should build the country that we want to be. I agree that we should use our powers to do that, unlike the Labour Party, which, rather than end austerity, simply wants to pass it on to basic-rate taxpayers and some of the least well-off in our society—and the Tories are hammering the less well-off in our society, particularly through their welfare changes. Our package is the right one, which will support a greater number of people.

The Labour Party is going to oppose the Scottish rate resolution today. The process is not one whereby we can just go away and think about things a bit more, as Labour members have suggested, and then keep bringing motions back to the Parliament. We need certainty in the system. Indeed, Alex Rowley talked about the need for certainty, so that councils and other providers can get on with delivering quality public services, as Patrick Harvie said.

It is not just the £900 million in the draft budget that would be at risk; the rate resolution is about an £11.9 billion contribution to our public services. That is what the Labour Party and others are putting at risk by opposing the Scottish rate resolution this evening.

It is interesting that something of a trend is emerging. I look with interest at local authorities—Labour-led authorities—that say that they do not have enough resources and which are proposing to freeze the council tax. That tells an interesting story about resources at the local level, with the extra hundreds of millions of pounds of resources that this Government has put in to support local services.

The Tories' position is the most interesting one. They have reverted to type—in essence, criticising and opposing devolution and divergence.

**Bruce Crawford (Stirling) (SNP):** On council spending, does the cabinet secretary agree that it is quite rich to hear stories from the Labour Party about reductions in council budgets when it is in coalition with the Tories in Stirling and has just introduced a budget for the next financial year that has £3 million of additional spending?

**Derek Mackay:** I agree with Bruce Crawford that there has been a great deal of hypocrisy from the Conservatives that has been exposed over the course of the debate, not least with one Tory

member after another talking about further spending commitments that they would like to see while wanting to cut tax at the same time—not tax in general, but tax for some of the richest people in our society.

The Conservatives have spoken about wrong choices, but this Government believes that raising revenue to spend on our quality public services is the right choice. The Conservatives believe that Westminster knows best and that we should just toe the line on that and on every other financial and tax position.

This Government will not be passing on the Tory tax cuts. We are making different choices. We are diverging because we believe in our public services and a fairer and better society, while the Tory party squanders tens and hundreds of millions of pounds on its own pet projects.

Council tax south of the border, where the Conservatives are in control, has been rocketing, in contrast to what has happened in Scotland over the past nine years. We had a firm freeze and now have the up to 3 per cent position, and have been able to invest in our public services at the same time.

The Tories talk about Governments putting their hands in people's pockets. We took our case to the electorate during the Scottish Parliament election and secured a mandate to take our proposition further. I respect that I have to find consensus in the chamber if the rate resolution—and therefore the budget—is to pass. That is what we have done: we have found a consensus so that we can raise the necessary revenue to invest in our public services.

It is quite shameful of the Conservatives to hammer the less well-off in society, particularly with their welfare changes. We have a fair and balanced approach that supports our economy, gives certainty and makes tax decisions that are based on ability to pay. That approach will secure, this evening, £11.9 billion-worth of investment for Scotland's public services while getting the balance right. For all those reasons, 99 per cent of taxpayers will pay no more based on their current level of income, with no tax hike and no change to the tax rate, so we are supporting those on low and middle incomes. We will also keep other measures, such as the additional rate, under review so that that we do not jeopardise income for our public services and continue to engage with taxpayers, businesses and others to ensure that we deliver the right conditions for economic growth while delivering fairness.

I suggest that we do not put that £11.9 billion-worth of investment in our public services at risk. The chamber can use these historic new powers this evening as we build a fairer society—one in

which we deliver a contrasting tax proposition that does well for Scotland, opposing what the Tories have done in Westminster and making the right decision with our tax powers in Scotland for our people.

**The Presiding Officer:** That concludes the debate on the Scottish rate resolution. We move straight to the question on the motion. Before I put the question, I advise members that, under rule 9.16.7, we cannot move to stage 3 proceedings on the Budget (Scotland) Bill unless we have agreed a Scottish rate resolution.

The question is, that motion S5M-03912, in the name of Derek Mackay, on the Scottish rate resolution, be agreed. Are we agreed?

**Members:** No.

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

#### For

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

McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

#### Against

Baillie, Jackie (Dumbarton) (Lab)  
 Balfour, Jeremy (Lothian) (Con)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Chapman, Peter (North East Scotland) (Con)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Corry, Maurice (West Scotland) (Con)  
 Davidson, Ruth (Edinburgh Central) (Con)  
 Dugdale, Kezia (Lothian) (Lab)  
 Fee, Mary (West Scotland) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Golden, Maurice (West Scotland) (Con)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Greene, Jamie (West Scotland) (Con)  
 Griffin, Mark (Central Scotland) (Lab)  
 Hamilton, Rachael (South Scotland) (Con)  
 Harris, Alison (Central Scotland) (Con)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Kelly, James (Glasgow) (Lab)  
 Kerr, Liam (North East Scotland) (Con)  
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)  
 Lennon, Monica (Central Scotland) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 McArthur, Liam (Orkney Islands) (LD)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Rennie, Willie (North East Fife) (LD)  
 Ross, Douglas (Highlands and Islands) (Con)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Rumbles, Mike (North East Scotland) (LD)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, John (Ayr) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Elaine (Central Scotland) (Lab)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Smyth, Colin (South Scotland) (Lab)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Stewart, David (Highlands and Islands) (Lab)  
 Thomson, Ross (North East Scotland) (Con)

Tomkins, Adam (Glasgow) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)

#### Abstentions

Finnie, John (Highlands and Islands) (Green)  
 Greer, Ross (West Scotland) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Johnstone, Alison (Lothian) (Green)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Wightman, Andy (Lothian) (Green)

**The Presiding Officer:** The result of the division is: For 61, Against 55, Abstentions 6.

*Motion agreed to,*

That the Parliament agrees that, for the purposes of section 11A of the Income Tax Act 2007 (which provides for income tax to be charged at Scottish rates on certain non-savings and non-dividend income of a Scottish taxpayer), the Scottish rates and limits for the tax year 2017-18 are as follows—

(a) the Scottish basic rate is 20%, charged on income up to a Scottish basic rate limit of £31,500,

(b) a Scottish higher rate of 40%, charged on income above that Scottish basic rate limit and up to a Scottish higher rate limit of £150,000, and

(c) a Scottish additional rate of 45%, charged on income above that Scottish higher rate limit.

**The Presiding Officer:** As the motion on the Scottish rate resolution has been agreed to, we can move to stage 3 of the Budget (Scotland) Bill, which will take place on Thursday.

## Scottish Fiscal Commission (Appointments)

17:16

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of motion S5M-03889, on appointments to the Scottish Fiscal Commission.

*Motion moved,*

That the Parliament supports the recommendation of the Finance and Constitution Committee that the Scottish Government nominations to the commission be approved.—[*Derek Mackay*]

## Business Motion

17:16

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of business motion S5M-04083, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a revised business programme for tomorrow.

That the Parliament agrees to the following revision to the programme of business for Wednesday 22 February 2017—

delete

*followed by* Scottish Government Debate: The Scottish Patient Safety Programme

and insert

*followed by* Scottish Government Debate: MND: Gordon's Fightback—[*Joe FitzPatrick.*]

*Motion agreed to.*

## Decision Time

17:17

**The Presiding Officer (Ken Macintosh):** There is one question to be put at decision time today.

The question is, that motion S5M-03889, in the name of Derek Mackay, on appointments to the Scottish Fiscal Commission, be agreed to.

*Motion agreed to,*

That the Parliament supports the recommendation of the Finance and Constitution Committee that the Scottish Government nominations to the commission be approved.

## LGBT History Month Scotland 2017

**The Deputy Presiding Officer (Christine Grahame):** The next item of business is a members' business debate on motion S5M-03713, in the name of Annie Wells, on lesbian, gay, bisexual and transgender history month. The debate will be concluded without any question being put.

### *Motion debated,*

That the Parliament celebrates and raises awareness of LGBT History Month Scotland 2017; notes that the nationwide event, which is coordinated by LGBT Youth Scotland, takes place in February each year and is aimed at promoting equality and diversity in society with the specific goals of increasing the visibility of lesbian, gay, bisexual and transgender people and their lives, history and experiences in educational, political and cultural institutions as well as the wider community; recognises the importance of raising awareness of the issues affecting LGBTI+ people so that every individual reaches their full potential and leads a fulfilling life, and notes that LGBT Youth Scotland is encouraging as many people as possible to get involved in the full programme of events, which will be delivered by a wide range of people, partners, community groups, schools, universities, colleges and local authorities.

17:18

**Annie Wells (Glasgow) (Con):** I thank all the members who will speak tonight. I am extremely grateful to have secured a debate to raise awareness of lesbian, gay, bisexual and transgender history month Scotland, which I take part in every year and which has an extremely important message. As many members are aware, the month-long event is co-ordinated nationally by LGBT Youth Scotland, some of whose members have kindly come along tonight, along with representatives from the Equality Network, Stonewall Scotland and LGBT Health and Wellbeing.

LGBT history month provides an opportunity not only to celebrate the contribution that lesbian, gay, bisexual, transgender and intersex people make to local communities and cultures across Scotland, as well as the tireless work of campaigners, but to reflect on the progress that is still to be made. There is no doubt that legislation has provided a more positive picture for LGBTI people in Scotland. It is three years since same-sex marriage was legalised, eight since same-sex couples became able to adopt and 13 since the Gender Recognition Act 2004 allowed trans people who are over 18 to have their gender legally recognised.

Last year, the Scottish social attitudes survey showed that social attitudes are changing—the figure for those who view same-sex marriage in a negative light has dropped to under 20 per cent. In

the political world, Scotland is the only country in the world where the majority of political party leaders identify as LGBT and, in the House of Commons and the United Kingdom Cabinet, we see more diversity in sexual orientation than ever before. This is a time to celebrate all that. Those markers highlight just how tolerant Scotland has become, which is something that I am immensely proud of.

Although progress is being made—much of which I have personally benefited from—we should not be complacent about eradicating all the prejudices that still exist. We should always seek to further improve the life experiences of LGBTI people. In particular, I feel passionate about removing any barriers that are in the way of any young person coming to understand their sexual orientation or gender identity.

As the equalities spokesperson for my party and as a member of the Equalities and Human Rights Committee, I have spoken a lot about the issues, but I have never quite spoken in detail about my own journey to understanding and accepting myself as an openly gay woman. Many of my younger years were spent in a fairly dark and confusing place, because I did not have the environment or support that I needed. I came out at the age of 13 at an all-girls Catholic school, only to be told by those around me that it was just a phase that they could help me to get through.

With no support or guidance, that confusion led to even more confusion. While I told those around me that I now liked boys and that everything was okay, inside I did not really know what I wanted or who I was. Because I could not express my feelings for girls—something that I linked to my uncle's transition from male to female—I assumed that I must want to change gender, too.

When I got to 16, I left school, because my school was merging with an all-boys school and I did not think that I could handle that. Four years later, I married the father of my son, and later followed some of the darkest years of my life—I did not wish to lie to myself or my family, yet I did not want to hurt my family.

Eventually, things got so bad that I sought help. As well as seeking support from mental health services, I attended counselling through my work to try to come to terms with my sexuality and to work out what I wanted and how I wanted my life to be. I finally came out for the second time in 1997 at the age of 25 and, after an intensely difficult period of internal family tension, I finally began to lead the life that I believed I should be leading.

I think sometimes of how, if the right education and support had been in place to help me through, it could have improved my situation and given me

the confidence to listen to what I truly wanted. Mental health is intertwined with this. In a survey of young people across Scotland, nearly 70 per cent said that they had experienced bullying at school based on their sexual orientation. More than 40 per cent of those who experienced homophobic or biphobic bullying and nearly 70 per cent of those who experienced transphobic bullying considered themselves to have a mental health problem.

That is why I have been so supportive of the time for inclusive education—TIE—campaign, which seeks to introduce LGBTI-inclusive education as part of the school curriculum. I am pleased that that proposal is under review by the Equalities and Human Rights Committee and that the Education and Skills Committee will hear from TIE this week. I sincerely hope that the Scottish Government will ensure that the proposal is progressed so that those who are trying to understand their sexual orientation or gender identity do not carry confusion into their adult lives.

As for legislation, I am pleased that the 2004 act is due to be reviewed in Parliament this year. I would welcome any review that looks at lowering the age for recognition and at provisions on recognising non-binary people's identities.

I highlight again the positive work of LGBTI groups across Scotland and I thank those who campaign hard on the issues. This Sunday, I shall be doing my own small bit by running in the rainbow relay with the Glasgow FrontRunners—I think that the distance is 3km and I might do a couple of hundred metres—and this Friday, I shall be showing my support for purple Friday, which is an initiative that celebrates equality and recognises personal LGBTI purple heroes. For me, they happen to be none other than the tennis player Martina Navratilova and, of course, Ruth Davidson.

Scotland, along with the rest of the UK, is doing well on promoting and improving the lives of LGBTI people, but we can always do better. I am conscious that people are still slipping through the net and failing to understand who they truly are or to celebrate the fact that they have as many positive attributes to contribute to society as the next person. Along with the celebration that comes with the great initiative of LGBT history month, let us also reflect on what still needs to be done.

17:25

**Rona Mackay (Strathkelvin and Bearsden) (SNP):** I thank Annie Wells for bringing this members' business debate to the chamber and for her moving opening speech. It is important that we discuss all aspects of LGBTI equality and history month in order to highlight the success of the

movement and, crucially, to focus on what still needs to be done.

Scotland has been a world leader in promoting equality and introducing progressive legislation for a more inclusive and fair society. In 2005, discrimination on the basis of sexual orientation and gender was banned. In 2009, equal rights were given to same-sex couples who were applying for adoption. More recently, Scotland has been regarded as the best country in Europe for LGBTI equality. That is an incredible success and we should be proud of that progress.

The Scottish Government's current review of hate crime legislation is welcome. Our policies have improved the lives of LGBTI people in Scotland relative to the lives of those elsewhere in the UK, which is exemplified by the fact that Scotland meets 92 per cent of the rainbow index's criteria, compared with a figure of 86 per cent for the UK as a whole.

However, as Annie Wells said, the experiences of too many LGBTI young people do not reflect that. Our schools are still a focal point of discrimination and bullying, and that must not be allowed to continue. Research by the time for inclusive education campaign found that 90 per cent of LGBTI people experienced homophobia, biphobia or transphobia at school.

Members of the TIE campaign have bravely shared their stories of that cruel and consistent bullying and of a school system that has rejected their identity and ignored their daily abuse. Many LGBTI children throughout Scotland are terrified of going to school, and children are harming themselves as a direct result of the abuse that they receive there. Stonewall Scotland's research has found that one in four LGBTI children who have been bullied in schools have attempted suicide. That cannot be allowed to continue. We need to not only recognise their stories but act on them, to bring more inclusivity into education and to discourage the ignorance and bigoted views that are at the heart of that discrimination. That is the least that we can do—we must get it right for every child.

Research by Stonewall shows that 44 per cent of secondary school staff in Scotland say that they are not allowed to, or are not sure whether they are allowed to, teach about LGBTI issues and that only 16 per cent of teachers have received any specific training on how to tackle homophobic bullying. That simply is not good enough. We must tackle this horrific inequality at the earliest possible age with sensitive education.

LGBTI bullying does not happen only in school but, sadly, that is where it starts. At a time when children should be building and developing their confidence and skills for the future, many are

being broken down and are losing their confidence and sense of worth. We have a collective responsibility to ensure that that stops happening to children, and it must stop now. In 2017, there is no place for discrimination or abuse of that nature.

17:29

**Jamie Greene (West Scotland) (Con):** Television evangelist Pat Robertson once described Scotland as

“a dark land overrun by homosexuals”,

and it is true—the weather can be quite gloomy on occasion. However, as the skies opened at this year’s Glasgow and Edinburgh pride events, a cornucopia of colour marched its way through our cities, and I was proud to march with it.

My personal journey, from growing up in Greenock where being gay was a very dangerous label to be given, to sitting in the chamber as an MSP and setting up and co-convening the Parliament’s first cross-party group on LGBTI rights and issues, has been a long one. When I was at school, being “gay” was, and sadly still is, an insult: the suggestion is that, somehow, something gay is stupid or pathetic.

It is almost 23 years to the day since Sir Nicholas Fairbairn stood up in a House of Commons debate and said,

“Why should there be an age of consent for an act of perversion at all?”—[*Official Report, House of Commons*, 14 March 1994; Vol 239, c 719.]

How far the Conservatives have come. How far politics has come. LGBT history month is very personal to me, and it brings back many memories. I remember calling the Lesbian and Gay Switchboard in London as a teen, and panicking for weeks as I waited for the phone bill to arrive. I remember the support that I received from the volunteers at the Glasgow gay and lesbian centre in Dixon Street in Glasgow, which ran the city’s first gay and lesbian youth groups. As a 17-year-old at that time, it would have been a crime for me to have had a boyfriend—and on that, your honour, I plead guilty.

I remember my first warm summer’s evening in Soho in 1999. I nervously went into a bar and ordered a pint. There were balloons everywhere. “What are we celebrating?” I asked the barman. “Today is our reopening”, he said. It was the Admiral Duncan. Just nine weeks earlier, a nail bomb had exploded there, killing three people and injuring 70.

It is sad that so many lives have been lost over the years in homophobic attacks, so behind the colour and pride of LGBT history month are serious, and political, messages. While we have marriage equality in Scotland, our friends a few

miles across the sea in Northern Ireland still do not have that equality. That is a sad reflection of the prejudice that still exists in this country, as it does in Australia—a country that I once called home. It is time for politicians there to give LGBT people the right to marry the person they love: no ifs and no buts.

I have had the great privilege of meeting many people who are part of the fabric of LGBT history. They include Lord Montague of Beaulieu, whose arrest for being gay paved the way for the Wolfenden report in the 1950s; Peter Tatchell, who probably disagrees with me politically on everything, but whom I respect for his tireless campaigning; and my friends Ed Hall and Simon Ingram, who successfully fought to repeal the ban on gays in the military.

We have come far, but we can go further. We are failing the children of tomorrow if we do not today create a country, or indeed a world, that is inclusive and accepting. As we sit here and take pride in our shared LGBT history, young teens in Scotland are still committing suicide because of bullying. A few weeks ago, a teenage boy was thrown from the roof of a building in Syria after he was accused of being gay. His only crime was to have been raped by an ISIS soldier. Gay, lesbian and trans activists are beaten and silenced in Russia. Just yesterday, Tanzania threatened to publish a list of known gay men. There are 79 countries worldwide that still have anti-gay legislation, and 39 of them are Commonwealth countries.

I want to look back at my time in Parliament and know that I did the right thing for a community that has done so much for me. Let us celebrate LGBT history month, but let us do so in the knowledge that so many others cannot.

17:33

**Pauline McNeill (Glasgow) (Lab):** I thank Annie Wells for ensuring that Parliament participates in LGBT history month, and I commend her for her personal courage in having spoken as she did this evening.

It is important to note how far we have still to travel to ensure that LGBTI people have full and equal rights in law, and that there is equal application of the law in everyday life. We need to tackle attitudes to LGBTI people and protect them from homophobia and bullying wherever it may occur. It is our duty to change minds in all cultures and religions, and across all ages, wherever we have influence.

We have come a long way. I want to offer an international perspective on lesbian and gay rights. It cheered me up to see the picture of the Canadian Prime Minister marching in a gay pride

parade—he was the First Canadian Prime Minister to do so—alongside a Syrian refugee. Members should have a look at it; he is waving the rainbow flag. That shows that we have come a long way.

It is LGBT history month, so I want to look back to November 2000—which is not that long ago, if you think about it—when the age of sexual consent was equalised at 16 after many attempts to remove that particular form of discrimination against lesbian women and gay men. It is worth noting that although the age of sexual consent for gay men had been 18, there was, because there was no acknowledgment of lesbian sex, no statutory age of consent for lesbian women. In 2000, MPs including Edwina Currie and Tony Blair—the list of names is interesting—stuck their necks out to force a change in the law.

The situation on the international scene is a bit depressing. A total of 73 countries have criminal laws against sexual activity by LGBTI people. The Russian President famously said at the 2014 winter Olympics that Russia was not forbidding anything for LGBT people but, shockingly, he completely distorted matters by conflating LGBT rights and lifestyles with paedophilia. It is nothing short of disgraceful for a country like Russia to have done that, and we must continue to show visible opposition to such attitudes.

A Moscow court banned gay pride for 100 years, despite the fact that the European Court of Human rights said that it was illegal to do so. In Egypt, a gay wedding on the Nile in 2014 resulted in a three-year jail sentence for the men involved, and there are many countries across the Arab world where the same would happen. A school in Saudi Arabia was even fined for having what was seen to be the emblem of homosexuals—rainbow colours—on its roof, and one of its administrators was jailed.

In my research for this evening's debate, I discovered that 40 countries have a "gay panic clause", which allows the fact that the victim was gay, lesbian or bisexual to be used as a defence for committing crimes including assault or murder. New research on the experiences of women who have been persecuted for their sexuality choices, which was published only last week by the International Lesbian, Gay, Bisexual, Trans and Intersex Association, found that women are subjected to corrective rape and forced into marriages on the basis that they might be cured.

In Africa, there are at least four countries where being LGBT attracts the death penalty—Mauritania, Sudan, the Northern Region of Nigeria and southern Somalia—and we think that there are at least 10 countries around the world where that is the case. To sound a hopeful note, it worth noting that there are many African nations where being LGBT is not illegal. In Algeria, Chad, the

Central African Republic, the Congo, Rwanda and Mali, LGBT rights are lawful. I do not know what the status of those rights is, but it is important to note that they exist.

Interestingly, the green benches of the lower house of India's Parliament were mostly empty on the afternoon of 18 December last year, when two members of that Parliament tried to introduce a bill to decriminalise gay sex. They were jeered across the floor by other MPs and, sadly, the bill fell by 24 votes to 71. For me, that is at least a sign that some Indian politicians are still fighting for what is right, and I believe that gay sex will one day be decriminalised in that country. As I said at the beginning, it is not that long since Britain ought to have hung its head in shame at its treatment of LGBTI people.

I am sure that there will be more debates on the issue in the years to come and that we will be able to make a difference to the lives of LGBTI people. I thank Annie Wells and the lesbian and gay youth network. At long last, I have signed the "time for inclusive education" pledge after receiving a very helpful email that explained what it was about, and I am proud to have done so.

17:39

**Patrick Harvie (Glasgow) (Green):** I thank Annie Wells for bringing the debate to the chamber, and I am grateful to have the chance to take part in it.

In previous LGBT history month debates, I have been prompted to recall one of the last things that I did in my previous job for a gay men's project—an HIV agency in Glasgow—which was to create a book of training exercises for mainstream youth workers who wanted to address their understanding and their level of confidence in dealing with LGBT issues.

One of the exercises involved a timeline. Each person picked a card from a pile, which had on it an event, incident or quotation, and they were asked to put it on the timeline. The earliest event was a cave painting from 8,000 BC of a same-sex couple in joyful embrace, and the most recent event was from the year in which we were taking part in the exercise, 2000, when the German Government issued a formal apology and pardon to those people who had been persecuted under the Reich because of their sexuality. In between those two examples, there were a plethora of moments in history that had often been forgotten and which are certainly not taught as part of our understanding of mainstream history.

Of course, history is about more than just a series of snapshots, or unrelated and unconnected incidents or events; there is a sweep to it, and it can move in more than one direction. Jamie

Greene mentioned Russia, which saw the decriminalisation of homosexuality in 1993. About 10 years later, there was an equal age of consent and the beginnings of a civil society movement growing around it. Very soon after that, however, there was a backlash of deliberately cultivated homophobia, transphobia and bigotry that served the interests of the Government in power, which has continued since that time and is getting worse all the time.

Around that time, we saw some of the same things happening in this country. My own coming-out story began just after section 28 had been introduced by the Thatcher Government, when repeal seemed a long way away. There were marches and demonstrations to complain about, object to and expose the deliberate way in which the Tory Government was cultivating and whipping up homophobia as well as prejudice and fears around HIV by the use of section 28 as a weapon of fear. However, it took another decade after that for me to see the new Scottish Parliament take action to repeal section 28. It was not only the Tories who voted against the repeal of section 28, although it must be said that many of the comments that were made at that time were not so far away from Nicky Fairbairn's comments a wee bit before then.

It is not just by our best actions that we should be judged, any more than the timeline exercise would have been completed just by pulling another card from the pile and seeing what happened next. How we are judged as people, as political parties, as a Parliament and as a society is not just by our best actions but by our worst. How will history judge this generation of politicians? Will it be only by what we—the members who choose to come to a debate on LGBT history month—say, or will it be by what the Murdo Frasers and the John Masons say? Will we look at the action that the UK Government has taken on equal marriage and judge Theresa May on that, or will we look at her whole career including her repeated votes against an equal age of consent, her vote in favour of section 28 and against its repeal and her vote against same-sex adoption? The fact that she has changed her position now is only one aspect of that history and, if we want to respect all our history, we need to understand all of it. When this generation's history is understood and judged, maybe that will include glowing references to Ruth Davidson's speech in the equal marriage debate. It should, because that was a good speech. It should, however, also note the fact that half of her own parliamentary group pressed their buttons against her right to be treated as a legally equal citizen of this country.

We should be judged not only by what we do in this place, but by what all our political parties do as they select candidates—who may be beginning

their political careers—at local government level in the next few months. Will they be the kind of people to follow in the footsteps of Nicky Fairbairn, or will they follow in the footsteps of Ruth Davidson? Will we all, as parties, commit to not selecting anyone who will not implement the goals of the TIE campaign and genuinely commit to inclusive education? It is those local council candidates who will have the power to make it happen or to block it, and we all need to take responsibility for the decisions that we make in that regard.

17:45

**Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP):** I thank Annie Wells for bringing this very timely debate to the chamber today. Although we are remembering the history of the movement, it feels as if this place could be starting to make some of that history, too.

I want to talk about that history. I want to talk about people such as Marsha P Johnson, Harvey Milk, Larry Kramer, Peter Staley, Freddie Mercury, Martina Navratilova, K D Lang, Alan Turing and, of course, my favourite quotist—if that is a word—Oscar Wilde. I also want to talk about some of our future—the Jordan Dalys and Liam Stevensons of this world. I want to talk about our past, our present and our future. Learning our history means that we can learn lessons from that past to implement in this present to change that future.

As the cliché goes, it is good to talk. If we communicate with one another in a compassionate, caring and non-judgmental way, we build our understanding of one another and of the big global issues that involve us all. However, talking is not enough. Sitting in this chamber listening to speeches, wonderful as they are, is not enough. What matters is action. Of itself, that action can achieve what we need to do. Once action or a series of actions comes out of these debates and all of the talking that we do, those actions become deliverable.

We should ask many of the young people who have discovered that they are gay. I know many of them, and they feel lost, alone, miserable and isolated—they do not feel that anyone will understand their predicament. They may or may not have empathetic and understanding parents or family members, but most will endure various kinds of bullying, abuse and other attacks. We have heard of those very eloquently in the speeches today. That is why movements such as TIE, Stonewall and LGBT Youth Scotland's development are very important. That brings us the reality by offering somewhere for LGBT young people to go when they need a safe environment. Buildings cannot offer that, but organisations and people can.

Let me give members a few snatches of the present, from the comments of the young people whom I know and some of the work that LGBT Youth Scotland has done. I thank them for giving me some case studies. I always find that testimony is the best teacher when it comes to learning about how things affect people.

We have Aaron, who told us that he approached LGBT Youth Scotland as he was struggling with who he was and that:

“There was no support or safe space to explore, I felt lost and like I didn’t belong. Finding LGBT Youth Scotland online and attending the group gave me someone to talk to and somewhere to be.”

Aaron explains that he was offered one-to-one sessions and education on LGBT matters, which were really helpful to him in becoming comfortable with himself. Why should Aaron have to become comfortable with himself? It is because we have created an environment that is uncomfortable for him and we need to change that.

We have Ben, who says that LGBT Youth Scotland allowed him to meet other young people just like him. He felt alone. As Annie Wells eloquently said earlier, that is how she felt. That was three years after Ben had come out. He was able to meet some other young people, other trans people. He did not realise that there was a community there, and that there were people he belonged to. LGBT Youth Scotland helped him to do that, to broaden his horizons and to make new connections and friendships with people who were going through similar things.

Megan’s story points up what being in the LGBT group can mean when someone is at school. She says:

“When I was 13, I walked into a group of people hurling abuse at me in the corridor at school. I was sitting trying to get on with my work when a 5th year called Chris came over and offered some help.”

She took that help and he pointed her in the right direction.

That is why the work that the Equalities and Human Rights Committee of this Parliament is doing on school bullying is vital. If Chris had not put his hand out and pointed that young woman in the right direction, where would she be now? He was just one person. We have to ensure that the whole school is an environment that points that young woman in the right direction.

We can use very simple tactics to do that. If we look at the past, as we have done with some of the people we have spoken about; if we look at the present, in hearing from some of the young people today; and if we look at LGBT Youth Scotland, Stonewall and the TIE campaign in particular, with Jordan and Liam and the work that they are doing, we can change that future for the better.

17:49

**Ross Thomson (North East Scotland) (Con):**

I, too, congratulate my colleague Annie Wells on securing this important debate and for her courageous and personal speech.

LGBT history month provides us all with an annual opportunity to celebrate and reflect on the progress that we have made in advancing LGBTI equality. It is now three years since same-sex marriage was legalised in Scotland, and same-sex couples have been able to adopt for eight years. Those are just some of the many equality-enhancing achievements of Scotland, which shines as an example for others across the world to follow. Sadly, there are still too many places in the world where LGBTI rights have not progressed beyond the medieval era and, disturbingly, where LGBTI rights are regressing rather than progressing. Pauline McNeill highlighted a number of those. It is our duty to shine a light on those dark corners of the world.

LGBT history month allows us to reflect not only on the achievements of the present, but on the immense challenges of the past. It is a time for learning, discussion and debate, so I am delighted to see so many groups and individuals getting involved in cultural and celebratory events across Scotland. In Aberdeen, for example, Four Pillars has organised a fantastic LGBT history exhibition, which will be on display until 24 February at Aberdeen arts centre. The exhibition, which has been made possible by funding from the Heritage Lottery Fund, highlights the impact of four pioneering LGBT individuals in the areas of mental, emotional, physical and sexual health.

Although we should, of course, recognise and celebrate the progress that we have made as a society, the fight for LGBTI equality permits no room for complacency. Despite the enhanced legal protection, reports show that the lives of LGBTI people can still be far from equal. We must not allow the equality-enhancing efforts of the many to be eroded by the prejudice and hatred of the few. Instead, we must proactively and expediently stamp out discrimination whenever it rears its ugly head.

It is still a black mark on our society that one in six LGBTI people in Scotland has been the victim of a hate crime in the past three years, but so many of those vicious crimes go unreported because of lack of confidence in, and fear of further prejudice from, the police or the system. Prejudice is an epidemic that remains entrenched in society, and although I support the Scottish Government’s commitment to reviewing and strengthening existing hate crime legislation, I firmly believe that more must be done to eradicate prejudice at an early age—our schools being the natural place in which to do that.

It is deeply concerning to me that 52 per cent of LGBT young people in Scotland never hear LGBT issues being mentioned in the classroom. According to research that was commissioned by Stonewall Scotland, 75 per cent of primary school teachers say that they are not allowed to, or are not sure whether they are allowed to, teach about LGBTI issues in the classroom. What is more, it beggars belief that a staggering 84 per cent of teachers have received no specific training on how to tackle homophobic bullying. That is why I am proud to have signed the time for inclusive education pledge, and I encourage all MSPs to add their support to it.

It is evident from the alarming statistics that we cannot merely use LGBT history month as an opportunity to pat ourselves on the back. We need visible and effective leadership to promote equality and to preclude prejudice from happening in the classroom. LGBT inclusion in the curriculum can no longer be regarded merely as best practice; rather, it is an essential component of preparing young people for life in a modern and inclusive Scotland.

17:54

**David Torrance (Kirkcaldy) (SNP):** I thank Annie Wells for bringing today's debate to the chamber to raise awareness of LGBT history month in Scotland. I also thank LGBT Youth Scotland for co-ordinating the incredible nationwide event.

Throughout history, minorities have had to fight for their rights. Women were given the right to vote only 88 years ago, the first legislation to address racial discrimination was passed only 50 years ago, and transgender people were able to change their legal gender only 12 years ago. What the suffragists, the abolitionists and the LGBT movement all have in common is that they have struggled to obtain the same rights as those of us who are members of the majority, and who automatically enjoy basic human rights due to our gender, sexual orientation or race. Those basic rights are the right to choose whom we want to marry, the right to change our gender legally, the right to adopt a child, the right to join the military, the right to serve openly in politics, the right to employment equality and opportunity and—most important—the right to love whomever we want to love, the right to look however we want to look and the right to be whomever we want to be.

That is why we celebrate LGBT history month. We acknowledge those who have not had it easy: those whose rights have been taken away from them by their own Government simply because they identify as lesbian, gay, bisexual or transgender; those who feel as if they were born in the wrong body; and those who have been

exposed to violence and trauma because of who they are. We recognise not only our own LGBT community, but those in other countries and societies who still live under a law in which being lesbian, gay, bisexual or transgender is punishable by death. Most important is that we recognise that every individual can and should reach their full potential and lead a fulfilling life regardless of gender or sexual preference.

As a country, we have made immense progress. On a national level, the UK holds the world record for having the most LGBT members in Parliament, and I am proud to say that Scotland is recognised as the best country in Europe for LGBT legal equality. Scotland now meets 92 per cent of the criteria, compared with 86 per cent for the UK as a whole. I truly believe that that is the result of this Government's willingness to communicate properly with the LGBTI community.

In my constituency, the "flavours of Fife" LGBT youth group is open to young lesbian, gay, bisexual and transgender people, and their friends and supporters. NHS Fife offers advice and support services to point LGBT youth in the right direction for health services. The mood cafe in Kirkcaldy promotes mental health and national helplines for the local community. Such services make Scotland the most progressive country in Europe for LGBT rights.

Scotland—a country whose leaders are open about their sexuality—has a duty as Europe's most progressive country for LGBTI equality to set an example to the rest of the world. However, Scotland still has room to improve and there is much more to do to achieve full equality for people in Scotland. It is important to note that changes in the law are not always reflected in everyday life. LGBTI people in Scotland and around the UK still face unacceptable levels of discrimination and disadvantage every day.

With my fellow MSPs—there has been cross-party support for the motion—I pledge to support fully the events of LGBT history month in Scotland, and I encourage colleagues to attend as many events as possible in order to raise awareness of the issues that the LGBTI community faces.

I thank Annie Wells again for securing today's debate, and LGBT Youth Scotland for its efforts in promoting equality and diversity in our society.

17:58

**The Minister for Social Security (Jeane Freeman):** I am privileged to close this important debate on behalf of the Scottish Government. I thank Annie Wells for bringing the debate to the chamber and I thank other members for contributing to the discussion.

Members have talked about personal journeys and made important points about international situations. I am particularly grateful to Pauline McNeill for reminding us that, in the history of LGBT people and their struggles, women have too often been ignored by society or told that all that we need to fix us is the love of a good man.

I also thank those who have taken the trouble to join us in the gallery to hear the debate.

This year's LGBT history month has the theme of heritage, in recognition of the contribution that those in the LGBTI community have made to Scotland's rich and vibrant society. It also recognises the contribution that those people have made to others, giving many of us the personal strength and courage to come forward and to stand tall for who we are.

Although there are currently many well-known and inspirational members of the LGBTI community—as there have been in our history—there are many more who are perhaps not so well known and who do not seek recognition, but nevertheless work tirelessly to help to progress equality. They are innovators and inspirational in their own right and have made Scotland the place that it is today.

Equality and human rights matter, but they are real only when they are enjoyed by all. Even in 2017, with all the advances that have been made in legislative provision, it is important that we continue to celebrate LGBT history month, to acknowledge the challenges that people face, and to understand the impact that each and every contribution has to make in moving us another step closer to eradicating discrimination and prejudice for LGBTI people. We cannot allow ourselves to think that now that we have marriage for same-sex couples and same-sex couples can jointly adopt, or because we have hate crime legislation that covers both sexual orientation and gender identity, we have achieved equality for LGBTI people. As recent surveys show, we have not. Our job is not done yet.

The Equality Network's "The Scottish LGBT Equality Report: Lesbian, Gay, Bisexual and Transgender People's Experiences of Inequality in Scotland", published in 2015, stated that 79 per cent of LGBT people in Scotland had faced prejudice or discrimination within the previous year and that a majority of LGBT people in Scotland still never or only sometimes felt able to be open about their sexual orientation or gender identity for fear of the prejudice that they might face.

Despite showing positive changes in attitudes towards LGBTI people, the 2015 Scottish social attitudes survey showed that lesbian, gay and bisexual people continue to face discrimination on a daily basis. Just under a fifth of people still

believe that same-sex relationships are wrong. It is worse for trans people, about whom the most negative attitudes are held. Two fifths of respondents to that survey said that they would be unhappy about a close relative marrying someone who cross-dressed in public, and a third said that they would be unhappy about a close relative marrying or forming a long-term relationship with someone who had undergone gender reassignment.

The Government recognises the discrimination that lesbian, gay, bisexual and trans people face every day of their lives for no other reason than that they are being who they are. Members have talked about bullying. There is more than bullying; there is the feeling of not fitting in, not being like everyone else and being different. For our young people, that feeling of not fitting in and being different is often the source of anxiety and upset. At times, that leads to even worse consequences in their lives, which other members have mentioned.

Attitudes and the fear of difference can start with, but also be stopped with our young people. Therefore, it is right that the Government has given a commitment to take forward the issues that the TIE campaign has raised. That is exactly why we need to celebrate LGBT history month, which involves a series of events to recognise the struggles that people before us have faced and that people still face today; to mark the progress that has been made; and to proudly state that we are who we are, regardless of our sexual orientation or gender identity, and that we have talents, abilities and contributions to make to our society, families, neighbourhoods and friends.

There is strength in numbers, and more people are having the confidence to come out and be their true selves, but LGBT history month is not about only LGBT people standing up for their rights. The power of allies and role models in that respect should not be underestimated.

The Government is a strong and persistent ally and advocate for LGBTI equality. Colleagues have mentioned same-sex marriage legislation and the recognition of Scotland as the most progressive country in Europe for LGBTI equality and human rights. I should also mention our commitment to reviewing and reforming gender recognition legislation to improve the lives and experiences of trans and intersex people in Scotland.

Laws are important—both as protection and also as a signal of the important areas that we as a society, and this Parliament want to address. However, there is more to the issue than laws.

I remember the days when, as a lesbian, the best that you could expect was that your female friend was not talked about too much. I remember,

too, the debates in this country, not so very long ago, around section 2A of the Local Government (Scotland) Act 1986, and how we argued, back and forward, about what could, or could not, be taught in our schools and what could, or could not, be mentioned to our children and young people about their heritage, their society and those who were around them. Those debates were hard fought and, at times, they were bitter.

We have made progress, but there is a great deal more to do. Removing the barriers that exist for LGBTI people in Scotland so that everyone has an equal chance to participate in every aspect of life is the most effective step that we can take towards ensuring that everyone in our society can make their fullest contribution to Scotland.

We can individually and collectively be innovators. We can have our voices heard. We can—and we should—be proud of the contributions that each of us has made in shaping history and the role that we might have played in supporting the progress of equality in Scotland. But then, Presiding Officer, we can, we should and we will commit to doing more.

*Meeting closed at 18:06.*



This is the final edition of the *Official Report* for this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

---

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

---

All documents are available on  
the Scottish Parliament website at:

[www.parliament.scot](http://www.parliament.scot)

Information on non-endorsed print suppliers  
is available here:

[www.parliament.scot/documents](http://www.parliament.scot/documents)

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: [sp.info@parliament.scot](mailto:sp.info@parliament.scot)

---



The Scottish Parliament  
Pàrlamaid na h-Alba