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Official Report

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Wednesday 18 December 2013

Session 4

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Scottish Parliament

Wednesday 18 December 2013

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

Portfolio Question Time

Culture and External Affairs

The Deputy Presiding Officer (Elaine Smith): Good afternoon. The first item of business is portfolio questions, and the first set of questions is on culture and external affairs.

I regret that Ken Macintosh, who lodged question 1, does not appear to be in the chamber.

Scottish Diaspora (Cultural Initiatives)

2. John Wilson (Central Scotland) (SNP): To ask the Scottish Government how it is taking forward cultural initiatives relating to the Scottish diaspora. (S4O-02718)

The Minister for External Affairs and International Development (Humza Yousaf): It is estimated that up to 50 million people across the globe can claim Scottish ancestry. The Scottish Government supports a range of activities that recognise the social, cultural, intellectual and economic benefits that diaspora engagement brings for Scotland and all Scots.

John Wilson: I note the good work in relation to the Scottish diaspora tapestry. Will the minister say what further activity is planned in the Scottish Government's work programme with regard to the Scottish diaspora in North America?

Humza Yousaf: The member is right to mention the tapestry, which has various links to North America.

In 2014, Scottish Government representatives in Canada and the United States will continue to work with vital team Scotland partners, including VisitScotland and our national touring companies, to promote and deliver year-round programmes of public diplomacy and cultural activity, which will target the Scottish diaspora.

Next year such activity includes the homecoming programme, two key themes of which are ancestry and creativity. Of course, 2014 will also be a huge year for the diaspora and other friends in the United States, in the context of the Ryder cup, and for Canada, in the context of the Commonwealth games.

We continue to focus on Burns and St Andrew's day as well as Scotland week. I assure the member that there is a lot of targeted promotion to

the diaspora in North America, which I am sure will yield excellent benefits.

Film and TV Studio Facilities (Discussions with Creative Scotland)

3. Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): To ask the Scottish Government what discussions it has had with Creative Scotland regarding the establishment of a film and TV studio for Scotland. (S4O-02719)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): I established a film delivery group to examine the possibilities for private sector-led development of screen production facilities in Scotland. Since the group was established at the end of May, Sony and Left Bank Pictures have made significant progress in converting an industrial space in Cumbernauld for screen production and have been shooting a major new television series there: "Outlander", which is based on the novel of Jacobite Scotland by Diana Gabaldon.

Scottish Enterprise, on behalf of the group, has commissioned a full consultancy study by Ekos Limited on possibilities for further expanding screen production facilities, which will inform future action.

Jamie Hepburn: The cabinet secretary referred to the studio that has been established in my constituency. I am aware that other sites are in the running for a long-term studio for Scotland. Given that a studio has been established in Cumbernauld, and given the good connections between Cumbernauld and the rest of the country, can the cabinet secretary confirm that that location will be looked on favourably?

Fiona Hyslop: The report will be published in the new year, when we will have an indication of proposals for the longer term. In the short term, I am pleased that the Cumbernauld facility is being used. The work that has been undertaken there to convert the Isola building is impressive. I am sure that that will be a key consideration when the report is published.

Scottish Opera

4. Liz Smith (Mid Scotland and Fife) (Con): To ask the Scottish Government when it last met the board of Scottish Opera and what issues were discussed. (S4O-02720)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): The Scottish Government regularly meets Scottish Opera to discuss a range of issues, including its delivery of Government grant objectives, its assessment of progress, reflecting independent critical opinion, and its future plans.

Liz Smith: In recent months, concern has been expressed in the media about whether the strategic direction of Scottish Opera is coherent and transparent, especially in the context of the public funding to which the cabinet secretary referred. In particular, concern has been expressed about the fact that all other national opera companies in Europe have a full-time chorus or a full-time orchestra—and in many cases, both. Does the cabinet secretary share those concerns, especially the concerns about Scottish Opera's ability to attract the biggest names in international opera?

Fiona Hyslop: I am pleased to report that recruitment of a new music director is progressing well. It is an important post that will help to inform the strategic direction, which is important in relation to Liz Smith's question.

On the point about a full-time orchestra and full-time chorus, I note that there are different models in international operation. For example, Glyndebourne operates in a different way from some of the national companies in other countries that Liz Smith referred to.

It is important that Scottish Opera serves the needs of Scotland. That is where the combination of both large-scale and small-scale productions comes in: we need to ensure that we have productions that can reach all parts of Scotland. The key point that Liz Smith is making is on the importance of the strategic direction of Scottish Opera. In her question, she makes it clear that she expects the board to take a keen interest in that; so do I, and I will ensure that that view is communicated to Scottish Opera.

Denmark and Sweden (Visit)

5. Kenneth Gibson (Cunninghame North) (SNP): To ask the Scottish Government what the purpose was of the Cabinet Secretary for Culture and External Affairs's recent visit to Denmark and Sweden. (S4O-02721)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): My visits to Denmark and Sweden between 8 and 9 December were aimed at deepening links with both countries and exploring areas for further co-operation.

In Copenhagen, I met Danish partners in the fields of architecture and culture, including representatives from the Ministry of Culture, and shared information on Scotland's national youth arts strategy, "Time To Shine", and our recently launched architecture policy, "Creating Places". I spoke to leading Danish practitioners in architecture about how we might associate our agenda for cities with the Nordic city network, and with work that they have been doing on improving liveability.

In southern Sweden, I delivered a lecture to an international audience at Lund University on Scotland's place in the European Union. The academics and students showed significant interest in and asked informed questions about the Scottish Government's views on co-operating with the Nordic countries, Scotland's place in the EU and the role that an independent Scotland would play in the world.

Kenneth Gibson: I thank the cabinet secretary for her comprehensive answer. What further steps will the Scottish Government take to strengthen ties with our Scandinavian neighbours?

Fiona Hyslop: Our existing co-operation is extensive and we are keen to develop new areas. Maritime affairs, cities, social policies, energy, research and innovation, and tourism are all areas that we can build on in future.

We are also looking at opportunities to co-operate with the Nordic countries on competitive funding in the EU, including on horizon 2020, which is the programme for research and innovation; on connecting Europe, which is about promoting connections in energy, transport and digital life; on supporting action on the environment and climate change; on creative Europe, as I discussed at my meetings last week; and on cross-border and transnational programmes involving students and others.

International Culture Summit (Benefits)

6. Clare Adamson (Central Scotland) (SNP): To ask the Scottish Government what the benefits will be of Scotland hosting the international culture summit in 2014. (S4O-02722)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): Holding the Edinburgh international culture summit 2014 will position Scotland as a world leader for international debate on the role and value of culture and further emphasise Scotland's international profile.

The 2012 summit has already enhanced awareness of Scotland's creativity and cultural reputation, as well as of Edinburgh and its festivals, and has developed the country's local and international profile and the potential for future international partnerships.

Clare Adamson: The cabinet secretary will be aware of the acclaim following the 2012 summit, which resulted in new funding partnerships among 37 of the countries present. How will the Scottish Government work with partners such as the British Council to ensure that 2014 offers similar opportunities?

Fiona Hyslop: I am delighted that the Scottish Parliament has agreed to become one of the

partners again to host the culture summit, which will take place in August 2014. There are huge opportunities, not just internationally but between partners on a bilateral basis. I was particularly interested in the relationships that we have been building with South Africa, with fantastic performances at the Edinburgh festivals.

There are also opportunities for longer-term partnerships. For example, Brazil, which is hosting the next world cup and the next Olympics, is very interested in the Edinburgh international festivals and how it can develop the cultural aspects surrounding those great sporting occasions.

Furthermore, with the Commonwealth games and the fantastic cultural programme that will accompany them, we really have something to offer in an exchange of knowledge and experience.

Touring Exhibitions

7. Claire Baker (Mid Scotland and Fife) (Lab):

To ask the Scottish Government what support is available to touring exhibitions. (S4O-02723)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): The Scottish Government supports touring exhibitions in a number of ways, including provision of indemnity cover through the Government indemnity scheme and direct financial support for our national collections, and through Scottish Government-funded grant schemes that are administered by Museums Galleries Scotland and Creative Scotland.

Claire Baker: The queues of people who were outside Parliament to see the great tapestry of Scotland show what a fantastic project that was. I am pleased to see that it is about to go on tour, and I am calling for the tapestry to come to Fife—I suggest that the newly refurbished Kirkcaldy galleries would be an ideal venue for it.

What analysis has the Scottish Government made of the economic benefit that such touring exhibitions can bring to a local economy and how much they contribute to local arts programmes?

Fiona Hyslop: The celebration of the tapestry is to be commended. I have met the organisers to discuss short-term, long-term and more permanent facilities for the tapestry. Excitement has been generated throughout the country in relation to the distribution of the tapestry—quite often, sections rather than the entirety of the tapestry will have to be exhibited. In particular, the ability to use it to tell the story of an area's local economy is something to be celebrated. The tapestry brings people in.

If the member wants the best economic analysis, the question should be asked of the

Scottish Parliamentary Corporate Body, as I understand that the Parliament has conducted some assessment of the benefits that arose from having roughly 30,000 people come to this building to see the tapestry. Obviously, such visitor numbers are a great boost for the local economy, and I will see whether any studies have been done on the impact of touring exhibitions on local economies. If any have been done, I will share them with the member.

I encourage the member to contact the team behind the tapestry to invite it to Kirkcaldy. She will need to work with her local authority partners and others on that. Obviously, the refurbished facilities in Kirkcaldy would be ideal for such a venture, but it is not for me to decide.

The Deputy Presiding Officer: Question 8, in the name of Stewart Maxwell, has been withdrawn, and a satisfactory explanation has been provided for that.

Centre for Cultural Relations (Benefits)

9. Mike MacKenzie (Highlands and Islands)

(SNP): To ask the Scottish Government what the benefits will be of the University of Edinburgh's centre for cultural relations. (S4O-02725)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): I would first like to take this opportunity to congratulate the University of Edinburgh on the successful opening of the centre for cultural relations.

There will be real benefits to Scotland in having a centre for cultural relations. First, its research work will help to inform the development and focus of the Scottish Government's international work. Secondly, through its teaching activities—including a masters in international affairs—the centre will increase the number of postgraduates in Scotland with an international perspective. Thirdly, the centre will be in a strong position to undertake a programme of public events, helping policy makers, businesses, students and people around the world to better understand cultural relations.

Mike MacKenzie: Does the cabinet secretary agree that, in a country such as Scotland, which is renowned for its international cultural festivals, the establishment of the centre for cultural relations sends a further message across the world that Scotland is an outward-looking nation that is seeking to better understand how culture and education deepen relations between countries?

Fiona Hyslop: I completely agree with that sentiment. Scotland is renowned for its culture and its education. This is a great opportunity to broadcast that and, in terms of engagement, the establishment of the centre shows that Scotland is an outward-looking nation. Those are precisely the issues that I was discussing with the French

Minister of Culture when I was in Paris, and they reinforce the education agreement that was signed by the First Minister a few months ago.

Public Service Broadcasting (Independence White Paper Proposals)

10. Michael McMahon (Uddingston and Bellshill) (Lab): To ask the Scottish Government what discussions it has had with the BBC in relation to its proposals for public service broadcasting as outlined in the white paper on independence. (S4O-02726)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): The Scottish Government is in regular contact with representatives of the BBC to discuss a range of broadcasting issues in Scotland.

On 26 November, the First Minister wrote personally to Lord Hall, the BBC director general, enclosing a copy of "Scotland's Future: Your Guide to an Independent Scotland". The Scottish Government has always been and remains ready to discuss these matters with the BBC. Obviously, those discussions would be conducted in a quite separate context from the BBC's important role as an impartial broadcaster reporting the referendum, and I have regularly set out the distinction with the BBC.

To date, the BBC has not accepted the invitation to discuss matters, on the ground that it fears that any such discussions would compromise its impartiality. Indeed, at the Salford media festival, where I recently gave a keynote address, Ian Small of the BBC specifically said that, if the BBC were to hold a position or be seen publicly to hold a position on a constitutional issue—effectively, that broadcasting is part of the referendum—that could be seen as colouring its impartiality relative to reporting on the referendum.

Michael McMahon: I thank the cabinet secretary for her comprehensive response, which partly explained why I asked my question. She will contend that the white paper covers all the answers to the questions that are posed around public service broadcasting, should we have the misfortune to become an independent Scotland in the near future. However, there has to be more detail and we can have that detail only if there is on-going dialogue with the BBC. Can the cabinet secretary tell us whether, and how, she will keep the Parliament updated as we move towards 18 September next year?

Fiona Hyslop: I am delighted that Michael McMahon recognises that the white paper, "Scotland's Future", is a great step forward in terms of providing the information that is available. He is quite correct in thinking that it is not unusual that people will want to pursue certain issues. We

are now at the stage at which we have set out what is possible and what we in the Scottish Government would like to see in terms of a joint venture with the BBC, as well as what we would like to see in a Scottish broadcasting company that could reflect Scotland to itself and expand and improve the use of the licence fee that the Scottish viewer pays. In the constitutional context, it is important to note that, if people expect dialogue and discussion, that has to be encouraged by the United Kingdom Government. If Ed Vaizey and the Department for Culture, Media and Sport indicated a willingness to start a discussion, we would have it now.

Infrastructure, Investment and Cities

Give Us Time to Cross Campaign

1. Alison Johnstone (Lothian) (Green): To ask the Scottish Government what its position is on the Living Streets campaign, give us time to cross. (S4O-02727)

The Minister for Transport and Veterans (Keith Brown): Scotland's road safety framework to 2020 sets out the Government's commitment to pedestrian road safety, including the needs of children, the elderly and the disabled. We support the aims of the give us time to cross campaign, although the legislation is reserved and implementation is for local authorities.

Alison Johnstone: I thank the minister for his response and for the 20mph pilots that he announced this week. I look forward to the publication of the Government's walking strategy next year.

Research has shown that three quarters of people over the age of 65 have trouble crossing the road in the time allotted. Scotland's record on pedestrian safety is poor and we urgently need new research into why that is the case and how best to improve the situation. Will the minister commit to bring forward such research, and will he work with Living Streets and other organisations to do everything in his power to put people, not motorised traffic, at the heart of street design? What actions will he take in the short term to bring about that much-needed culture change?

Keith Brown: Alison Johnstone mentioned the 20mph pilots that have been announced for the trunk road network, which are a radical departure from previous practice. The pilots could have significant benefits for pedestrians, cyclists and other vulnerable road users, at the same time as calming traffic in some small towns that are bisected by the trunk road network.

In addition, we are providing guidance to local authorities. Puffin crossings, which Alison Johnstone will be aware of, have technology that

can take into account the length of time someone takes to cross the road: the lights will stay at red while they are still crossing it. We and the United Kingdom Government have said that from now on, all crossings that supersede the previous pedestrian crossings will have that new technology, which will help people in the circumstances that Alison Johnstone mentioned.

Ms Johnstone also mentioned the national walking strategy, which will be published in spring next year. We will work from that basis to ensure that we have further measures to improve safety for pedestrians.

Dennis Robertson (Aberdeenshire West) (SNP): Many constituents get in touch with me regarding the length of time given for audible signals at crossings. As a blind person, I am aware that I could be half way across the road when the signal stops, which may give me some cause for anxiety. Can we review the time allocated for the audible signal, to try to ensure that people can get from one pavement to the next without the signal stopping?

Keith Brown: Dennis Robertson raises an issue that is very similar to the issue that Living Streets identified of elderly people being given enough time to cross pedestrian crossings. The issue is reserved. The Department for Transport could change its guidelines and the national standards that apply. However, it is in within the gift of local authorities to change timings on pedestrian crossings to suit circumstances or users.

To answer Dennis Robertson's question, for our part, the Scottish Government has provided further guidance, which is detailed in the good practice guide. Authorities therefore have the power and the guidance to take the measures that he suggests.

Alex Johnstone (North East Scotland) (Con): The minister has to an extent covered the issue. Given that local authorities have some discretion over the time that is available for crossing, is it possible that we in Scotland could achieve the objective simply by lobbying our local authorities to increase that time?

Keith Brown: That is possible, to the extent that local authorities have such a power. It is a surprise to some people that pedestrian crossings are a reserved matter—who knows what the reasons for that are? However, local authorities have some discretion. As Alex Johnstone says, changing the time is within a local authority's power, and when it has the technology to do that, changes can be made to help in the situations that Alison Johnstone and Dennis Robertson described. People should take up those opportunities.

“The Effectiveness of the Rail Network Across Great Britain”

2. Graeme Dey (Angus South) (SNP): To ask the Scottish Government what its position is on the report, “The Effectiveness of the Rail Network Across Great Britain: A Comparative Analysis”. (S4O-02728)

The Minister for Transport and Veterans (Keith Brown): We welcome the findings of the independent Campaign for Better Transport report, as they show further evidence that, despite the Westminster budget cuts that we must work under, we are driving forward Scotland's economic growth and competitiveness. Our commitment to invest in our railway infrastructure and services has delivered benefits, and Scotland's performance is outstripping that of many other parts of the United Kingdom.

Graeme Dey: The report notes that rail in Scotland receives a high level of financial support from the Scottish Government and that, as a result, services that are high quality and growing are being delivered. It acknowledges the challenge of maintaining those performance levels in the face of budgetary pressures. Will the minister outline the scale of the threat to rail services that would be posed in the event of a no vote next September, which would mean that a £4 billion budget cut was coming down the track from Westminster?

Keith Brown: It is worth pointing out that, as I said in my initial response, despite the Westminster cuts that we have suffered from, the Scottish Government is committed to a record programme of investment in rail to support new and better services, stations and trains and to allow us to do everything possible to keep fares down. The impact of that programme is clear, as passenger numbers have increased to record levels—there were more than 83 million journeys last year alone—and passenger satisfaction levels are higher.

That shows what can be achieved through devolution, when decisions are taken locally for the benefit of passengers in Scotland. However, current railways legislation constrains our ambitions, and we could do much more. An independent Scotland would have greater flexibility over the decisions and budgets to structure and support the efficient delivery of rail services in Scotland.

Yesterday, the Office for National Statistics announced that Network Rail is to be reclassified. I assure the member that we have proposed no change to our current levels of investment, which should not be circumscribed by any changes that the ONS makes. We intend to maintain or improve investment levels in the future.

Port Strategy (Clean Marine Fuels)

3. Chic Brodie (South Scotland) (SNP): To ask the Scottish Government what action Scotland's ports are taking regarding clean marine fuels and how this fits into a Scottish port strategy. (S4O-02729)

The Minister for Transport and Veterans (Keith Brown): The Scottish Government is in regular contact with Scottish ports on a range of issues. I will engage with the ports, shipping industries and others to examine the impacts of the new controls on sulphur in marine fuel at a conference, which I have convened, to be held here in Edinburgh on 15 January. We expect ports to align any actions that they take with the national marine plan and, when appropriate, the national planning framework.

Chic Brodie: Within the month, the allotment of €26.2 billion will be decided on in the European Parliament for the trans-European transport network. Some of that funding will be made available to develop 85 ports in the core European network to address clean marine fuel requirements. Will the minister insist that, as the United Kingdom is currently the member state, the UK Government makes immediate representations on Scotland's behalf? It has so far failed to do that—again.

Keith Brown: I reassure the member that we will continue to work with the ports and shipping industries to maximise the opportunities for any funding that becomes available to address any requirements that relate to marine fuels or other issues. As he is aware, the criteria for the network were set at the European Union level, although we have worked hard to ensure that a case was made for increasing the number of Scottish ports that are included in the wider comprehensive network. The most recent call for TEN-T funding was announced on 11 December, and Transport Scotland officials are already encouraging ports to make proposals for funding when they meet the criteria for the core or comprehensive network.

Fuel Poverty

4. Jackie Baillie (Dumbarton) (Lab): To ask the Scottish Government what action it is taking to tackle fuel poverty. (S4O-02730)

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): The Scottish Government is committed to eradicating fuel poverty and we have invested £220 million on fuel poverty and energy efficiency programmes since 2009, with an estimated total net saving to household incomes over the lifetime of the measures of more than £1 billion.

However, we believe that we need the full powers of independence to tackle all the causes of fuel poverty. If elected in an independent Scotland, the Government has indicated that it would move the costs that are associated with the energy companies obligation and the warm home discount from levies on consumer bills to central resources. That would cut energy bills by roughly £70 a year and would allow for a new means of funding and delivering energy efficiency improvements to Scottish homes that would be fairer and better suited to Scottish circumstances and needs.

Jackie Baillie: I thank the cabinet secretary for her response. Does the cabinet secretary agree that the recent fuel poverty figures do not take account of the energy price increases from the last quarter of 2012 or indeed the eye-watering energy price increases in 2013? Does she therefore agree that the level of fuel poverty is higher by almost 200,000 households than the level that she has specified in her report? On that basis, does the cabinet secretary believe that her Government will fulfil the commitment to end fuel poverty by 2016—a commitment that we, across the chamber, agreed to without qualification?

Nicola Sturgeon: I thank Jackie Baillie for her questions. She refers to the latest statistics and I can provide the details of those statistics. They show that fuel poverty declined between 2011 and 2012, yet 27.1 per cent of households—according to those statistics—are still estimated to be fuel poor. Jackie Baillie is absolutely right—rises in energy costs in the latter part of this year will further undermine our efforts, through our energy efficiency programmes, to reduce fuel poverty to the point of eradication.

I give Jackie Baillie an absolute assurance that this Government will do everything within its power to meet the objective, which is shared across the chamber, of eradicating fuel poverty. I simply say to Jackie Baillie that it would help us in doing so if we had control over all the causes of fuel poverty, not just some of the causes. We are investing in energy efficiency but much of that effort is being undermined by rises in energy costs. It would be far better for the Parliament to have its hands on all the levers so that we could tackle and eradicate the fuel poverty that all of us condemn unreservedly much more quickly and more effectively.

Kenneth Gibson (Cunninghame North) (SNP): On 11 October, I officially launched Citrus Energy Ltd, a unique and innovative social enterprise that has been developed by Cunninghame Housing Association Ltd and backed by the Scottish National Party Government and the Big Lottery Fund. Citrus Energy provides free, impartial assistance for tenants, homeowners

and businesses, helping them to switch to a much cheaper energy supplier.

Does the cabinet secretary agree that such initiatives can help households to make substantial savings on energy bills and therefore help to reduce fuel poverty?

Nicola Sturgeon: I am aware of the Citrus Energy initiative that Kenny Gibson refers to. I believe that such initiatives, combined with the activity of the national home energy Scotland hotline and the substantial good work of the energy advice centres, are really important in helping people to improve the energy efficiency of their homes and manage their fuel bills better, although I would refer back to the points that I made in my earlier answer to Jackie Baillie.

I would certainly encourage all households in Scotland to get free, impartial advice from experts such as the home energy Scotland hotline or indeed Citrus Energy about what support is available to them, including the support that is available from the Scottish Government-funded home energy efficiency programmes for Scotland.

Claire Baker (Mid Scotland and Fife) (Lab): Will the cabinet secretary outline the implications of the United Kingdom Government's revisions of the energy company obligation in terms of their impact on the delivery of Scotland's climate change targets and fuel poverty targets?

Nicola Sturgeon: As the member is undoubtedly aware, the Department of Energy and Climate Change will be consulting on changes to ECO early in 2014. The fine detail of the changes' impact is still unclear. We are currently working to clarify the implications of the proposed changes on Scottish Government programmes to ensure that the impact on Scottish households is minimised.

I am happy to keep the chamber updated on that as we get more details. However, I refer back to my earlier comments: if we had full control over these matters, we could more sensibly fund and arrange energy efficiency programmes, taking the pressure off household bills while enabling us to put in place programmes that would be more efficient to administer and more suited to the needs and circumstances of Scotland. Again, that is why we make the argument that Scotland should be independent in this area to allow us to do that so much better.

Discretionary Housing Payments (Glasgow)

5. Bob Doris (Glasgow) (SNP): To ask the Scottish Government what information is available concerning the use of discretionary housing payments in Glasgow to mitigate the effects of the so-called bedroom tax. (S4O-02731)

The Minister for Housing and Welfare (Margaret Burgess): The Scottish Government has allocated £3.5 million to Glasgow City Council this year to supplement funding from the United Kingdom Government for discretionary housing payments. It is the responsibility of Glasgow City Council—and all local authorities—to ensure that the funding is directed to those who are most in need of financial support. The Scottish Government currently holds no information on the use of such payments, and it has no functions in relation to the administration of the scheme, which is the responsibility of the Department for Work and Pensions.

Bob Doris: I advise the minister that anecdotal information is emerging to suggest that, in Glasgow, initial short-term awards for discretionary payments are, on application for extension, being reduced or refused by those who are processing claims. That is deterring some of my constituents from appealing the decisions in case they lose even more money.

I am not criticising Glasgow City Council directly; it is a difficult issue for everyone to deal with. However, will the minister take steps to support the council to ensure that there is greater consistency in the use of discretionary payments that are awarded in the city so that the most vulnerable people whom I represent do not lose out?

Margaret Burgess: It is up to each local authority to decide on the length of a discretionary housing payment, in line with the DWP guidance. There is no set time limit, and the award will depend on the individual circumstances of each claimant.

As a result of the Scottish Government's provision of an additional £20 million, Scottish local authorities have £35 million to spend on discretionary housing payments in the current financial year. That would allow councils to award such payments for a longer period of time to those who are struggling.

I would encourage anyone who is in need of assistance to continue to apply for a discretionary housing payment, and to ask for reconsideration if they believe that the wrong decision has been made, because they should not be frightened to do so.

Mary Fee (West Scotland) (Lab): As the report—published this week—from the House of Commons Scottish Affairs Committee highlighted, Citizens Advice Scotland has said that DHPs are an insufficient means of tackling the bedroom tax because there is no uniformity in how they are awarded. Although the bedroom tax is a heinous piece of legislation, no local authority has issued guidelines on awarding DHPs. Will the

Government publish blanket guidelines to ensure that people throughout Scotland are treated equally and fairly?

Margaret Burgess: As I said, discretionary housing payments are a reserved matter, and the administration of such payments is up to the DWP. It would not be appropriate for the Scottish Government to give guidance on a reserved matter.

The Scottish Government has given £20 million to local authorities to ensure that they can top up their discretionary housing payments to the maximum that is allowed, which will ensure that all the most vulnerable people can get help where it is most required.

Independence White Paper (Housing and Welfare)

6. Hanzala Malik (Glasgow) (Lab): To ask the Scottish Government what stakeholders have contacted the Minister for Housing and Welfare regarding the white paper on independence. (S4O-02732)

The Minister for Housing and Welfare (Margaret Burgess): I have not been contacted by stakeholders regarding the white paper. All the key housing, regeneration and welfare stakeholders were contacted either by me or by a senior official on 26 November, following the publication of "Scotland's Future: Your Guide to an Independent Scotland".

Hanzala Malik: The minister stated in the housing debate on 4 December 2013 that she was busy speaking to stakeholders, listening to their concerns and taking action, but she has not yet brought anything to the chamber. Should the people of Scotland who are homeless or living in overcrowded or poor housing assume that all those issues are a figment of their imagination and that everything is hunky-dory?

Margaret Burgess: In the debate on housing, I said that I was out discussing with stakeholders the Scottish Government's vision for housing in Scotland and where we are on meeting our targets for affordable housing. In fact, we are well on target to meet those commitments.

I also said that we had taken on board the views of stakeholders in developing all our strategies and policies. I have contacted and spoken to stakeholders since the white paper was published, so it is not true to say that the Scottish Government is not out and about and discussing the issues—such as our commitment on homelessness, which we have met—with stakeholders. Those things were all mentioned in the housing debate in the chamber a fortnight ago.

Air Passenger Duty (Devolution)

7. Maureen Watt (Aberdeen South and North Kincardine) (SNP): To ask the Scottish Government what impact the devolution of air passenger duty would have on the economy and the integration of modes of transport. (S4O-02733)

The Minister for Transport and Veterans (Keith Brown): A reduction in air passenger duty will allow Scotland's airports to be more competitive in attracting new direct air routes and will improve our international connectivity. A study by York Aviation in October 2012 found that, by 2016, £210 million less per annum will be spent in Scotland by inbound visitors than if APD had not risen as it has since 2007.

As set out in "Scotland's Future: Your Guide to an Independent Scotland", this Government would prioritise a 50 per cent reduction in APD within the first term of an independent Scottish Parliament with a view to eventual abolition of the tax when public finances allowed.

Maureen Watt: The minister said that the cost of air passenger duty to the Scottish economy was £210 million. Can he give an estimate of what it means to the north-east?

Keith Brown: Figures specific to the north-east and the Scottish economies are not available. A report by PricewaterhouseCoopers earlier this year projected that the abolition of APD would lead to the United Kingdom economy rising by about £16 billion between 2013 and 2015. It would be larger than it otherwise would have been under the current APD regime. In addition, such a rise in output could lead to the creation of around 60,000 jobs between now and 2020.

The Deputy Presiding Officer: I will allow a brief supplementary question from James Kelly and I ask for a brief answer, please.

James Kelly (Rutherglen) (Lab): On the impact of airports on the Scottish economy, it is a matter of some surprise that the Scottish Government has not been to the chamber since its decision to purchase Prestwick airport. Will the minister commit to coming to the chamber early in the new year to discuss the Government's business plan and the implications of that purchase for the Scottish budget?

Keith Brown: The Deputy First Minister has already given a commitment to ensure that the Parliament is updated as we move forward with the Prestwick purchase.

I thought that James Kelly was going to apologise for the fact that, four years ago, the Calman commission committed to reducing APD and nothing has been done since then. We have had nothing from the unionist parties, who all subscribe—

James Kelly: I asked about Prestwick.

Keith Brown: The question is about APD, so that is what I am trying to answer.

The Deputy Presiding Officer: Excuse me, minister. Can we please not have questions and answers across the chamber? Everything should go through the chair.

Keith Brown: Apologies, Presiding Officer.

I would have thought that the unionist parties would have explained why, although they all supported APD being devolved to Scotland in the Calman commission, they have had little to say about it ever since.

Social Housing Completions

8. Elaine Murray (Dumfriesshire) (Lab): To ask the Scottish Government what impact the decrease in new social housing completions will have on housing supply. (S4O-02734)

The Minister for Housing and Welfare (Margaret Burgess): Between April 2011 and 30 September 2013, we have delivered 11,937 social rented homes. That is well over halfway to meeting our five-year target of 20,000 homes for social renting. Those homes will provide secure affordable housing for those who need it most, and I commend all councils and housing associations for working with us to maximise the number of homes built during that period.

Elaine Murray: That may be so, but social housing completions are down 14 per cent on last year and housing association and co-operative completions are down 25 per cent. What will the Scottish Government do

“to get the affordable housing programme back on track,”

in the words of the Scottish Federation of Housing Associations?

Margaret Burgess: As I said in my previous answer, we are well on course to achieve our target of 30,000 affordable homes in this session of the Parliament. The Scottish Government recently took action by increasing the subsidy to social landlords and local authorities to ensure that we could achieve it. We did that on the advice of the stakeholder group that we set up, taking the figure that it proposed to us. Social landlords and local authorities tell us that they can now continue developing and that the target will be met.

The Deputy Presiding Officer: I can call question 9 if we have brief questions and brief answers.

Broadband Infrastructure (Aberdeenshire)

9. Dennis Robertson (Aberdeenshire West) (SNP): To ask the Scottish Government whether it

will provide an update on the work being carried out to improve broadband infrastructure in Aberdeenshire. (S4O-02735)

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): Aberdeenshire Council is a major investor in the step change programme and a key partner to the Scottish Government's delivery team.

Aberdeenshire is one of the areas in which survey work is currently being undertaken. That is a vital step in the delivery of next-generation broadband. It is not possible to confirm the specific areas that will receive upgraded infrastructure until those surveys have been completed, but the Government intends to announce the first exchanges to be upgraded in the rest-of-Scotland area in early 2014. In the meantime, the high-level deployment maps are available to view on the digital Scotland superfast broadband website.

Dennis Robertson: The cabinet secretary is aware that, in Aberdeenshire West, I have some remote and rural areas. What alternatives will be available for constituents who cannot be connected through the BT broadband system?

Nicola Sturgeon: I certainly appreciate the geography that Dennis Robertson is talking about. In areas in which fibre broadband will not be an option, the project will explore the use of other broadband technologies—such as wireless, satellite and advanced copper—to provide faster broadband. The funding for that is included in the existing project budget, and I am happy to provide Dennis Robertson with more details.

Bankruptcy and Debt Advice (Scotland) Bill: Stage 1

The Deputy Presiding Officer (Elaine Smith):

The next item of business is a debate on motion S4M-08610, in the name of Fergus Ewing, on the Bankruptcy and Debt Advice (Scotland) Bill. I call Fergus Ewing to speak to and move the motion. Minister, you have 14 minutes.

14:40

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): I thank Murdo Fraser and the members of the Economy, Energy and Tourism Committee and its clerks for producing a sensible, considered and helpful stage 1 report. The bill will address one of the most serious problems that Scotland faces in the 21st century—debt, specifically unmanageable debt, which can give rise to bankruptcy.

I am pleased to say that the Government has been active on this important issue in a number of respects. First, we started out with a vision that was developed by the Accountant in Bankruptcy for what we call a financial health service for Scotland. Over the course of this year, we have been building on that vision and have translated it into the bill that is before us today.

Secondly, this year we have acted on payday loans. With others, we have pressed home our campaign to have the United Kingdom Government place a cap on the interest rates that are charged for payday loans. Just last week, I welcomed the Financial Conduct Authority's decision finally to impose that much-needed cap. Of course, as we debated last week, the Scottish Government believes that that could and should happen sooner than 2015. We argued that it should happen in April next year, and we will keep pressing the UK Government to bring the cap in as soon as possible. As I informed the chamber last week, I have written to Jo Swinson, the UK Minister for Employment Relations and Consumer Affairs, to make that point. I recognise that there has been some movement on the regulation of payday loans, as I informed Jo Swinson when I met her fairly recently, and we welcome those steps forward. Nevertheless, we think that the cap could be introduced earlier.

Thirdly, in July our changes to the debt arrangement scheme delivered greater protection from accumulating interest and charges. In the first half of this financial year, almost a quarter of the people who entered the statutory debt solution in Scotland chose debt management instead of debt relief—a fact that shows the continuing, year-on-year success of the debt arrangement scheme,

which allows people to pay off their debts rather than seek to write them off.

Fourthly, this autumn, in regulations, we made changes to protected trust deeds to ensure, inter alia, that contribution payments cannot be taken from a debtor's benefit income.

Fifthly, more recently, at the Grampian Credit Union in Aberdeen, I launched our 12 days of debtmas campaign. The campaign will raise awareness across Scotland of the negative impact that high-interest borrowing can have. It also promotes credit unions as an ethical, sensible alternative. After this debate, we will have John Wilson's members' business debate on the topic, which I welcome. I am pleased to inform the chamber that, thus far, more than 18,000 people have visited the campaign website. A lot of members have worked hard on the campaign, including Kez Dugdale. I do not follow the programme "River City" avidly, but I know that it is promoting the issue and the real-life consequences that debt has for people. It is truly an issue of our time, and we are promoting it through the 12 days of debtmas campaign, which we will debate later.

Those are five positive, active and concrete steps that we have taken this year. All those initiatives support our vision of a financial health service, as does the bill, which delivers the most significant change to the bankruptcy process in Scotland for a generation and takes us closer to making the financial health service a reality.

I thank all the stakeholders who took part during stage 1. All involved should be congratulated on a process that has demonstrated the Parliament's ability to scrutinise complex legislation thoughtfully and constructively.

I will respond to a few of the major points—I am afraid that I do not have time to deal with all the many recommendations—in the committee's report. First, the committee has asked what impact the requirement that all debtors entering bankruptcy should benefit from advice from an approved money adviser will have on client numbers. If the increase is 8 per cent, which is at the upper end of the AIB's estimated range, then, based on forecasts for bankruptcies in 2013-14, I am told that the AIB estimates that the change would give rise to an additional 500 cases per annum. That shows that our changes will have a proportionate and manageable impact compared with the United Kingdom's welfare reforms, which will drive up the need for advice. Indeed, Citizens Advice Scotland estimates the rate of 10 benefit problems for every 100 benefit claimants each year.

Secondly, the committee has expressed concerns about ending automatic discharge in the

bill. The key point to make here is that we expect that the trustee will apply automatically for the debtor's discharge unless there is evidence to show that the debtor has not co-operated. It is reasonable to say as a generality that that is not the case and that, in most cases, debtors co-operate, so that point in practice must be borne in mind. However, we are looking at what would make this part of the process more straightforward and we will see what we can do at stage 2 in order to achieve that. We take the technical criticisms made by bodies such as the Law Society of Scotland on that aspect of the bill very seriously.

Thirdly, the committee has passed on concerns about the £10,000 threshold for entry into the minimal assets process—MAP—which is our new route into bankruptcy for debtors with a low income or an income solely from benefits. I am happy to say that we will come back in January with an amendment to raise the maximum debt level. We are proposing an increase to £17,000. That would set the threshold high enough to enable 75 per cent of all current low-income, low-assets cases to enter the MAP. I hope that that helps to provide the necessary assurance that that important debt relief will be available to those who need it most.

Fourthly, the committee has raised the important issue of bank accounts for undischarged debtors. It is important that we look at that and do what we can to make the necessary provision during the amending stages. I have written to the British Banking Association to enlist its support.

The committee has agreed with the Scottish Government on a number of areas. I am pleased that the committee has agreed with our proposal to extend the payment period after bankruptcy to cover 48 monthly payments. I know that not everyone supports that proposal, but it is important to have a debate on the basis of the facts. First, it is not correct to say that that change would mean that people in Scotland would have to pay back more to creditors than people do in any other parts of the UK. That is because there are insolvency measures in England and Wales, such as individual voluntary arrangements, in which the payment period is usually five and not four years.

Secondly, at the same time as that change comes into force, we will be fixing the common financial statement, which is run by the Money Advice Trust and is already applicable to debt arrangement scheme cases and, from November, protected trust deed cases, as the Scottish common financial tool. That is important, because it means that contributions will be set according to a consistent transparent determination that our research has shown should result in a more sustainable level of contributions. We also recognise, as the committee has done, the

importance of providing guidance on the practical operation of the tool to ensure that it works in practice.

Thirdly, it is not true to say that longer payment periods automatically lead to an ever rising rate of breakages. With regard to DAS, for example, the proportion of live cases that are revoked per quarter has remained reasonably stable since 2011-12 at approximately 3 per cent. I think that a 3 per cent breakage rate means that in 97 per cent of DAS cases the debt is honoured or obtempered—in other words, the debtor pays off his debts in full. That is strongly to be welcomed. As paragraph 34 of the policy memorandum says,

“One of the key principles of the Bill is that those who can pay should pay.”

Jenny Marra (North East Scotland) (Lab): It is my understanding that the European Commission has recommended that, in principle, repayment periods should range from one to three years and that they should be for no longer than three years. I understand that no other part of the UK has a repayment period of longer than three years. Why is the Scottish Government recommending—against the advice of many of the people who gave evidence to the committee—that the repayment period should be extended to four years?

Fergus Ewing: I am afraid that I must correct the member in a number of respects. First, in the consultation process, 27 respondents supported the three-year option and 32 supported a five-year option. Plainly, our four-year option is a compromise, but a majority of respondents supported a repayment period of five years.

Secondly, Ms Marra said that, in England, debtors do not pay over as long a period. Perhaps she was not listening to what I said a moment ago, which was that the individual voluntary arrangements that are used in England and Wales usually last for five years. That is longer, not shorter, than four years. I am afraid that those who argue that the position in England is that debtors do not pay over as long a period do not take account of the fact that the opposite is the case, because individual voluntary arrangements usually—not always, for various technical reasons—last for five years.

If the Labour Party is mounting a campaign, as I understand that it is, I suggest that it should take advice from Tam Dalyell, who knew a bit about campaigning. He said that the first thing that someone should do in a campaign is get their facts right.

Kezia Dugdale (Lothian) (Lab): Would the minister recognise that there is a difference between an individual voluntary arrangement and

bankruptcy, and that he is comparing apples with oranges?

Fergus Ewing: No. I am sorry to have to disagree with the member, because I respect the strong passion that she brings to the topic and the work that she does, but it is simply not correct to say that we are comparing like with unlike. Individual voluntary arrangements are perfectly comparable with the insolvency arrangements in Scotland. The truth is that the Labour Party's campaign has got off to a faltering start, because it is not founded on the facts.

Jenny Marra: I have the Accountant in Bankruptcy's analysis of the consultation in front of me. It contains a qualifying note on the answers that were received to the hypothetical question, "If yes, for how long should the period extend?", which says that the majority of respondents who answered the question felt that an extension was not necessary. In other words, people answered five years on a hypothetical basis. Will the minister commit to going away and looking at the AIB's analysis again?

Fergus Ewing: No, I will not, because I have the AIB's analysis in front of me, as I rather thought that the topic might come up. Question 10.41a asked:

"If yes, for what period?

- A) 3 years
- B) 4 years
- C) 5 years".

As I said earlier, 27 respondents answered three years and 32 respondents answered five years. A majority of respondents were for a longer period than the one that we are proposing. It could be said that the numbers are evenly matched between three years and five years. That being the case, it is difficult to see how it would be unreasonable to propose four years as a compromise, as it is exactly equidistant between three years and five years.

Another point that must be made is that in Scotland we think that debtors who can pay their debts should do so. As I have pointed out, those who pay under the debt arrangement scheme on average pay for a longer period than we have proposed for insolvency cases. That is because it usually takes longer for people to pay off their debts in full. However, people want to do it—and, in fact, it is what most people do. We should celebrate the fact that most people want to pay off their debts when they can. The bankruptcy process exists to provide debt relief; although such relief should be provided, it should not be an easy option, because that would be unfair not just to those who enter into debt arrangement schemes but to people throughout Scotland who pay their

rent or their mortgages not for three, four or five years but for 20 or 25 years and expect those who are able to pay to do so. It will be interesting to see whether this particular campaign is pursued beyond its faltering start when almost every fact on which it is based seems to be wrong.

In conclusion and reverting to the bill's provisions, I am very pleased to say that, in recognition of the concerns about the funding of the bill's financial education provisions, we intend to support the roll-out of that programme with an additional £200,000 of ring-fenced funding. I informed the convener of the Economy, Energy and Tourism Committee of this announcement shortly before the debate. I certainly hope that it demonstrates the value that we place on the scheme, and I think that the £200,000 will be money well spent.

Mary Scanlon (Highlands and Islands) (Con): Will the minister give way?

The Deputy Presiding Officer: I am afraid that the minister is finishing.

Fergus Ewing: I am very sorry—I might come back to the member in my closing speech.

The stage 1 report demonstrates that a lot of solid work has been done on this matter. I welcome the chance to work further with the committee on amendments at stage 2. Indeed, I have indicated a number of areas where we will listen carefully to suggestions and lodge amendments and there are other technical areas on which we will work with all stakeholders. This is a very important bill and I hope that later this evening members will agree to support it.

I move,

That the Parliament agrees to the general principles of the Bankruptcy and Debt Advice (Scotland) Bill.

The Deputy Presiding Officer: I call Murdo Fraser, who will speak on behalf of the Economy, Energy and Tourism Committee.

14:57

Murdo Fraser (Mid Scotland and Fife) (Con): I am pleased to open the debate on behalf of the committee. First of all, I put on record my thanks to everyone who worked with the committee, including all those who gave evidence; Accountant in Bankruptcy officials; our adviser Nicholas Grier, who, with intelligence and good humour, guided us through the bill's sometimes very technical provisions; our researcher from the Scottish Parliament information centre; and, of course, our team of committee clerks.

The committee reached some worthwhile conclusions that we hope will improve the bill and the overall bankruptcy and debt advice process. I

should say that the minister has already pre-empted many of the points that I was about to make, which means that I will be able to ditch some of my speech. That is very good news because, as it stood, my speech was way over 10 minutes. Unfortunately, however, I do not think that it will be any shorter than 10 minutes as a result.

Although advice and education are separate issues, I will address them together. The committee recognised that support for money advice and financial education was not overwhelming. Although support was expressed by Citizens Advice Scotland, StepChange Debt Charity Scotland and Money Advice, some of that support was more for the idea in principle than for the substance of the proposal. Some felt that it would be better to provide financial education on a voluntary rather than compulsory basis, but the committee concluded that it was important for money advice to be available across all statutory debt solutions. We did not think that money advice would be an unnecessary burden on debtors and, indeed, the process for well-informed debtors could be relatively quick and straightforward. We also supported the mandatory provision of financial education but considered that it would be beneficial to have some form of monitoring or pilot before it was fully implemented across the country.

On the costs of provision, organisations expressed a great deal of concern about the additional burden that would be placed on the advice sector and the fact that no additional resources had been provided in the bill. We took a lot of evidence on this matter, with the money advice sector itself suggesting that it would be looking at a 6 to 8 per cent increase in the number of cases. Although I welcome the additional resources that the minister announced just a few moments ago, I wonder whether he could expand a bit more on that in his winding-up speech and tell us where the £200,000 will come from and whether it is intended to be a one-off or to be provided on an annually recurring basis. I am sure that the committee will be interested in hearing some more detail about that.

On the qualifications of money advisers, we accepted that the quality, standard, relevance and consistency of the advice that is given is important. Citizens Advice Scotland said that advice should be “suitable and appropriate” to debtors’ needs. The committee looked for a response from the Scottish Government to that concern. We also supported the call for insolvency practitioners to be included as approved money advisers, and we are looking for further information from the Scottish Government on how it will monitor the provision of money advice.

Many witnesses told us that they thought that financial education would be better placed in a school environment rather than being only for those who are in financial difficulty. The Money Advice Trust referred to the finding of its research that

“the timing of such educational interventions is crucial”.

We were interested to hear that both the Accountant in Bankruptcy and Money Advice Scotland are developing a module and national standard for financial capability education. The committee is seeking details from the Scottish Government on what monitoring and reviewing it will put in place with regard to the content of that module and the standard, which external bodies will be involved, and its overall approach to teaching financial education in schools.

We heard a lot in evidence about how that financial education will be provided online, but we were conscious that it needs to be provided to everyone, including those who have access issues with online formats, not least because they live in a rural area where broadband is of poor quality.

The committee spent quite a lot of time looking at the common financial tool issue. The common financial statement will allow money advisers and debtors to identify a debtor’s income and outgoings—household expenditure, for example—and what disposable income the debtor then has to pay off their debt. Different views were expressed to the committee. Some people were concerned about the adoption of the common financial statement as the common financial tool. For example, the Institute of Chartered Accountants of Scotland, the Law Society of Scotland and Citizens Advice Scotland referred to flexibility and said that it was too rigid. There were strong concerns from StepChange Debt Charity Scotland, which has its own tool and wanted to continue to use it. In the end, the committee came to the view that it would be preferable to have a single common financial tool and that it was better to go with the one that is proposed in the bill, but we accept that that is a matter of judgment. We also recommended that a cross-section of key bodies be involved in the preparation of the guidance that will accompany the new tool when it is introduced.

The 48-month discharge period to which the minister referred was more controversial. The bill seeks to extend the debtor contribution period from 36 to 48 months, although that could be shorter where a debtor makes sufficient payments from income or assets to settle their debts in full, or longer because the debtor has taken a payment break or because they have agreed to make payments for a longer period.

We heard many concerns about the rationale for that extension. For example, Citizens Advice Scotland was concerned that increasing the contribution period may result in a growing number of debtors who are unable to maintain those contributions and that that may result in increased hardship. Other concerns were expressed by, for example, the Association of Business Recovery Professionals, the R3 Scottish technical committee, the Carrington Dean Group and ICAS, which questioned whether any analysis had been carried out of debtor contribution breakage timescales or the cost benefit to a sequestrated estate of that extended time period. The minister told us that he thought that

“48 months is about right”.—[*Official Report, Economy, Energy and Tourism Committee*, 6 November 2013; c 3542.]

We heard that again this afternoon. However, strong views were expressed by a cross-section of organisations that took the opposite view. On balance and on a division, the majority of the committee supported the proposal in the bill.

The issue of undischarged bankrupts and bank accounts came up in evidence. That is not an issue in the bill, but it could be addressed at stage 2. I was interested to hear from the minister that he intends to take that forward. I think that the committee would welcome that.

The bill will bring in a new minimal assets process for those with little in the way of income or assets as an alternative to the low-income, low-assets—LILA—route. The Scottish Government believes that the entry criteria will be clearer and will end alleged confusion among stakeholders, and that, since the LILA route was introduced, it has been necessary to transfer a number of cases from it to full bankruptcy, because the criteria for accessing the route were not made clear.

We heard a range of views on the proposal to allow debtors, under the MAP, to exit their bankruptcy after six months. Some, including the Law Society, thought that that period was far too short. The committee recognised that there was a well-intentioned purpose behind the introduction of the six-month discharge period under the MAP. We therefore considered that a cautious approach should be adopted by the Scottish Government, particularly as the MAP will apply to arguably the most vulnerable of the debtors. On balance, we agreed to support the provision, but we invite the Scottish Government to publish one year after the MAP is introduced a report on the impact of the new early discharge provision.

There was a lot of discussion in the committee about the fee level. The bill provides for a fee in the region of £100 to be charged for the new MAP. Citizens Advice Scotland was concerned that there would be a fee at all and said that people

would struggle to afford it. Other concerns were expressed about the level of the fee. We heard from the Accountant in Bankruptcy that she must ensure that her organisation balances its books and takes money in to cover its costs. It appeared to the committee that one of the reasons for the use of an application fee under the MAP is to ensure that the office of the AIB, as an executive agency, will be self-funding. Again, the committee was divided on the issue but, after a vote, we agreed that £100 was the correct figure, because we recognised the need for the AIB to cover its costs.

Mike MacKenzie (Highlands and Islands) (SNP): I am sure that the member will recall that the Accountant in Bankruptcy gave an undertaking to see whether it would be possible to reduce the fee to below £100.

Murdo Fraser: Mr MacKenzie is absolutely right to remind me of that fact. I hope that in time that can be taken forward.

The committee heard some concern about the maximum debt level of £10,000 for the MAP. However, I can now quickly move on from that issue because the minister has already announced that the level will be increased to £17,000. I think that committee members will generally welcome that.

Another important area to cover is the transfer of functions from the courts to the AIB. Strong views were expressed to the committee about whether the AIB has insufficient expertise in the areas of law or insolvency practice to take on some of the roles proposed. Understandably, we heard that from the Law Society and those representing insolvency practitioners. We also heard concerns about potential conflicts of interest. To be fair, there was a robust defence by the Accountant in Bankruptcy, who argued that there would be expertise in her office to deal with those aspects and that there would be internal review. In the end, the committee was content to give its approval in principle to the proposed transfer, although we are inviting the Scottish Government to respond to a number of issues.

Jenny Marra: Will the member take an intervention?

The Presiding Officer (Tricia Marwick): I am sorry, but the member is over his time.

Murdo Fraser: I thank you for your forbearance, Presiding Officer, and will just say in closing that I look forward to hearing the minister's responses in winding up the debate and to receiving further responses in writing from the Scottish Government. However, it was the committee's view that, on balance, we should support the general principles of the bill at stage 1.

15:07

Jenny Marra (North East Scotland) (Lab): Today's debate and the bill are about how we treat those who have come forward to access the safety net of the state when in bankruptcy and who in an age of recession, payday lenders, stagnating wages and rising living costs are facing the consequences of bankruptcy: the loss of the family home, possessions and even their job.

In this debate, we have an important choice to make that defines the kind of economy that we want for Scotland. In supporting the bill, we can choose to push those in the greatest need further away from financial inclusion for longer—a choice worth making if we believe that our economy should serve those with the assets and wealth to carry on regardless—or we can choose that economies should and can serve a wider social good when they are built to include and empower every person, especially those who have lost everything.

Labour will vote against the Bankruptcy and Debt Advice (Scotland) Bill tonight because we simply cannot accept a bill that recognises the need to fund our bankruptcy service entirely from the fees of the bankrupt. It is a bill that proposes to hold Scots in bankruptcy for longer than in any other part of the United Kingdom and which restricts access to help for those on the lowest incomes.

Murdo Fraser: If Labour intends to oppose the bill, why were the Labour members of the committee happy to sign up to the bill's general principles?

Jenny Marra: After reflecting on the whole bill, we think that there are several problems with it, which I will go on to outline. That will explain our position.

Fergus Ewing: Will the member take an intervention?

Jenny Marra: No; I would like to make a bit of progress.

Let us contrast for a moment the legislation that we have before us today with the debt arrangement scheme that was introduced in 2002 by the Labour-led Executive. That scheme replaced the punitive pouncing and warrant sales and, in doing so, empowered those who were in debt with realistic rights, freed them from the threat of legal action and, by virtue of the state intervening, created workable agreements between debtors and creditors. Why? Because the Executive recognised that helping people and businesses to get out of sequestration as quickly as possible and relieving them of the stigma of bankruptcy was in the interests of our whole society.

The consequences of bankruptcy affect us all, from the mental and physical health of those who are going through it and the toll that it takes on their loved ones, to the loss of small and medium-sized enterprises that form the backbone of the Scottish economy. It is in all our interests to ensure that as many people as possible are financially included.

Mike MacKenzie: Will the member take an intervention?

Jenny Marra: No.

That view has been reiterated by the European Commission as recently as 2011, in its report "A second chance for entrepreneurs". The report states:

"Fear of bankruptcy and its consequences acts as an effective deterrent to entrepreneurship. An effective second chance policy is fundamental to send a message that entrepreneurship may not end up as a 'life sentence' in case things go wrong."

Mike MacKenzie: Will the member take an intervention?

Jenny Marra: I will take it after I have made this point.

Specifically on systems of discharge, the EC adds:

"A modern system for discharge is paramount to reduce the stigma of bankruptcy. In this system discharge should be as automatic and as reasonably limited in time as possible. In principle one to three years could be a good target to aim for. Contribution beyond the period of discharge is not reasonable and all debts should be discharged after this time."

Mike MacKenzie: I am delighted to hear that the member is concerned about entrepreneurs. Is she aware that creditors are often entrepreneurs and small businesses who, at the end of a bankruptcy process, might get only a very small return on their money, if anything at all? Their interests are also part of the scope of the bill.

Jenny Marra: I am very well aware of that, but the balance is not right in the bill and that is why we oppose it.

In contradiction of the principles that underpin our current legislation, and against the Commission's advice, which I have just quoted, the Scottish National Party proposes to end automatic discharge entirely and to extend the payment period for bankruptcies from three years to four years when the economy is growing at just 1 per cent, wages are frozen, and fuel and food bills continue to rise. That is an illogical and iniquitous move, and it has been condemned by the Scottish Trades Union Congress, the Law Society of Scotland, the Church of Scotland and others.

Fergus Ewing: I hesitate to say this but I wonder whether Ms Marra has read section 16 of the bill, which does not provide what she is talking about. It does not provide a fixed period of three years. It talks about a period of 12 months, subject to the application being made by the Accountant in Bankruptcy. Does she understand what the bill proposes?

Jenny Marra: Yes, and I would like to make a bit of progress.

The Government tells us that it is creating a bankruptcy service for the 21st century, but what could be more Dickensian than dragging out the misery of thousands of Scots while placing an administrative burden on the money sector? It is little wonder that, as the minister and I discussed a little while ago, 75 per cent of those who responded to the Scottish Government did not want Scots to suffer under the longest bankruptcy period of anywhere in the UK.

I am confused about the fees going from £200 to £100. It was only last May in the Justice Committee that John Swinney proposed to raise the fee for bankruptcy under the LILA route from £100 to £200. I do not think that the minister was available to come to the committee that day, so the finance secretary came and the reason that he gave for raising the fee was full cost recovery. I ask the minister whether it costs any less now.

Fergus Ewing: We do not think that the taxpayer should be put to extra expense. If the Labour Party thinks that taxpayers should take responsibility for matters for which they do not pay at the moment, it must bring forward budget amendments to that effect and say where the money will come from.

Ms Marra says that four years is far too long a period for debtors to pay, even when they can pay—and they pay for a longer period in other parts of the UK—so why did the Labour members not oppose the period of four years when it was introduced for protected trust deeds, when they considered the regulations in committee?

Jenny Marra: Mr Ewing knows that all the evidence that the committee took shows that three years are better than four. I am given no comfort by his answer and I remain confused about why the SNP has flip-flopped on the fee, which was raised just last year.

Mike MacKenzie: Will the member give way?

Jenny Marra: No.

Am I cynical enough to suggest that the SNP raised the fee just so that it could reduce it in the bill? I do not know whether that was the case. Maybe the minister will tell us later.

The message that the bill sends is this: when someone goes to their Government for help with debt, the response is to make them borrow more, to pay for that help. No sooner did the minister perform his U-turn and drop the £200 fee, just one year after introducing it, than he U-turned again today on the £10,000 cap, before the bill had even cleared stage 1. We welcome the enterprise minister's bowing to pressure and advice from people who work in our money advice sector, but his doing so serves only to prove that the SNP has had the wrong principles and priorities at the heart of the bill from the outset.

Scottish Labour has argued that there should be no barrier to bankruptcy for people with the least assets and lowest incomes. Even the £100 fee that the minister proposed is enough to deter people from seeking the help that they need. I am pleased that Murdo Fraser and Mike MacKenzie mentioned that the Accountant in Bankruptcy gave the committee assurances that the fee might be even lower.

I have set out a few of the issues that we have with the bill, and my Labour colleagues will address several more. We cannot and will not support a bill that contains the regressive measures that this bill contains. It is our ambition to build an economy that empowers every person in Scotland, through financial inclusion, and we will not limit that ambition by voting for the bill today.

15:16

Cameron Buchanan (Lothian) (Con): I am pleased to speak in the stage 1 debate on the Bankruptcy and Debt Advice (Scotland) Bill and I thank the Economy, Energy and Tourism Committee for its deliberations.

The bill is complex and has many facets, but it is important to keep in mind the overall object of the game. For me, there is a balance to be struck. Statutory debt solutions should be the means of last resort and should encourage, as much as possible, the payment of debts. That is not simply a point of principle. It is important to bear in mind that not all creditors are faceless multinationals who can easily absorb bad debts. We know that the individuals who seek statutory debt solutions might be entrepreneurs, so we should also be aware that creditors might include small and medium-sized enterprises, for whom default on a debt is not an easy burden to bear.

That said, we must shy away from a punitive system of bankruptcy and debt management. In that context, I was interested in some of the findings in the European Commission's 2011 report on entrepreneurs, which made key points about rehabilitating people who have been through the bankruptcy process and preventing the fear

and stigma attached to the process from being a barrier to future entrepreneurs.

We might be surprised by how many of Scotland's most successful businesspeople faced a very difficult time, particularly in the start-up phase. Accordingly, we should not lose sight of the fact that the difference between a failed entrepreneur and the next big enterprise success story can be very fine indeed. We have many examples in Scotland, such as Michelle Mone; abroad, examples include Calvin Klein and Ralph Lauren.

On the face of it, the bill appears to strike a balance, and I am minded to support it. However there are details that need clarification and further consideration. An issue that must be reviewed is the extension of the period during which a debtor contribution may be made from 36 to 48 months, which members mentioned. If we want to strike a balance between the interests of debtors and those of creditors, the provision is unusual, because there seems to be little evidence that the change will benefit either group. I would be interested in hearing more about that.

The technical committee of the Association of Business Recovery Professionals questioned the benefit to creditors, and charities such as StepChange Debt Charity raised the real prospect of broken repayment arrangements and increasing debt defaults. Indeed, a number of bodies pointed out that the only certainty that the change would bring would be the consequential payment of trustee fees, a point that I am sure is unrelated to the Insolvency Practitioners Association's broad support for the proposal.

Given that the proposal was omitted from the initial consultation, and given that many respondents to the committee commented on the lack of evidence to support the change, the Government must carefully consider its position.

Mike MacKenzie: I appreciate that the member did not have the benefit of sitting through all the evidence sessions in the committee. However, will he take it from me that we heard absolutely no evidence to support the proposal that the extension to 48 months was a bad thing?

Cameron Buchanan: That is a difficult question for me to answer as I was not on the committee.

On the debt advice aspect, I am sure that many other members will draw attention to the weight of evidence pointing to how the free money advice sector will cope with any extra demand. I am aware that the Government's position is that we are looking at an estimated 6 to 8 per cent increase in the volume of cases that are dealt with. However, as a number of groups that gave evidence pointed out, many free advice providers are already at capacity and, regardless of how

small the added increase may appear, there is no more room at the debt advice inn.

The other feature of our debt solution framework that the bill must ensure is that there is a good deal of flexibility. That issue apparently cropped up in relation to a number of different aspects, the most obvious of which is the proposed common financial tool. As the committee report stated, there must be scope to

"amend, qualify and justify the data around the debtors' income and expenditure".

The Law Society of Scotland was among those who warned of the dangers of such a tool becoming too prescriptive. We should heed those warnings. Indeed, it is that same sense of flexibility that would seem to drive the Government to formalise arrangements over payment breaks—another aspect that we broadly welcomed.

Of course, the danger is that in making statutory provision for such breaks we lose the degree of flexibility that is already there in practice. We must therefore have clarity from the Government on how it will ensure that there is sufficient scope with its proposals to adapt to debtors' changing circumstances.

The one issue in the bill on which there is a clear difference of view between the committee and the Government is the ending of automatic discharge, which will have to be reconsidered at stage 2. We would all agree with the Government's motive to provide a stronger link between debtor co-operation and discharge. However, there was a great deal of evidence about the difficulties of objectively judging whether someone has been co-operative, particularly when judged against the proposed statement of undertaking. Again, there must be sufficient flexibility in the proposals for those who are affected by changes in circumstances. Any moves to remove automatic discharge should be approached with extreme caution.

While I wait for the Government to clarify its position on a number of those issues, I am content to support the general principles of the bill at stage 1.

The Presiding Officer: We move to the open debate. We are pretty tight for time so I would appreciate it if members could keep to their allotted time, which is six minutes.

15:22

Mike MacKenzie (Highlands and Islands) (SNP): I thank the committee clerks and advisers and all those who gave evidence to the committee and assisted us in a useful examination of the bill. I would particularly like to thank those who gave evidence in private and who shared with us their

difficult and painful experiences as they wrestled with their debts and with a system for dealing with those situations that is not always as good as it could be.

It became apparent when taking that evidence that most of the people who fall into debt do so not because they lack ability in balancing their budgets or controlling their finances, but through misfortune and events beyond their control. Like the committee, I welcome the bill because it is necessary to update and improve the processes for dealing with debt and seek ways to be fairer to creditors and debtors. I fully support the bill's aim to ensure that appropriate and proportionate debt management and debt relief mechanisms that are fit for the 21st century are available to the people of Scotland.

There has been some criticism from Opposition members that the legislative programme for this year is insubstantial, that Scotland is on pause and that bills such as this are unimportant. I was sorry to hear Jenny Marra, for instance, suggest that this afternoon. However, like me, I think that my fellow members on the committee would disagree with that view and would wish to refute it.

The bill amends the Bankruptcy (Scotland) Act 1985. Imagine if we were restricted to running our computers on the software available in 1985. To the extent that legislation is like a society's software, most members would agree on the need to update and amend legislation when we become aware of faults and where improvements can be found. The bill might seem to be unimportant, but only to someone who is fortunate enough not to be in difficulty with debt or to someone who is not unlucky enough to be a creditor who has not been paid.

During our scrutiny, it became obvious to the committee that this is a complex and technical bill. That means that there is all the more need for advice to be mandatory for those seeking the most appropriate debt solution and not merely the solution that is most convenient for their trustee.

Along with that, there is a necessity for that advice to be consistent, and that is why it is important that there should be only one debt tool. Although I am sure that the other tools have merit, no one was able to explain to the committee what their superior merit was and, therefore, the choice of the money advice tool seems as good as any other choice. I was glad to note that the tool offers flexibility, so that it is capable of responding to individual circumstances or difficulties. That seems to be essential if such a tool is to be successful and to be the basis of calculating debt solutions that are fair and manageable for debtors.

I think that it is worth noting that, in seeking solutions that are fair and manageable for debtors,

the best interests of creditors should also be served, since there is no virtue whatsoever in debt solutions that prove to be unmanageable.

I must say a word about creditors, because their interests are sometimes neglected. An important aspect of any debt solution is the need to be fair also to creditors who have provided goods or services in good faith, in the expectation that they will be paid. I do not share Jenny Marra's view that the status quo is acceptable. The committee heard evidence that returns to creditors are something of the order of 17p in the pound. That does not seem to me to be supportive of entrepreneurship in the way that Jenny Marra described.

We heard from people who had entered into bankruptcy but who earnestly wished to pay any money that was due, for the sake of their self-esteem. Extending the repayment period to 48 months for those who are able to make repayment is, therefore, reasonable. Despite some concerns about the possibility of that leading to defaults in payment, we were not presented with any evidence to back up that concern.

Hanzala Malik (Glasgow) (Lab): The member suggested that there was no evidence that people were opposing the four-year period. However, many organisations, including Money Advice Scotland, said that, in this economic scene, it did not make sense to increase the period. There was disagreement.

Mike MacKenzie: Mr Malik is correct in what he says, but he and I perhaps have a different standard of evidence. I do not think that someone merely saying, "I don't think that the proposal is good," constitutes evidence.

I see that Murdo Fraser is shaking his head, so I will try to clarify the issue. If those who opposed the proposal were able to point to studies of situations in other countries where such a proposal had led to an increase in breakages, I would have accepted that as evidence. However, I do not think that just saying, "I don't like it," is good enough.

At the heart of this matter is the need to strike a careful balance between the interests of debtors and creditors.

Before I finish, I must pay tribute to the Accountant in Bankruptcy. In my dealings with it, on behalf of constituents, it has been efficient and fair-minded. I am pleased, therefore, that it will play an increased role in the provision of debt solutions that are efficient, fair and reasonable.

15:28

Kezia Dugdale (Lothian) (Lab): I draw members' attention to my entry in the register of members' interests, where I have noted that I am

a Co-operative Party MSP and a member of Capital Credit Union. That will become relevant in a second.

I have a particular interest in this debate, due to the campaign that I have been leading on payday lending. It is important to recognise the changing nature of personal debt in Scotland and the degree to which it is becoming a bigger and bigger problem.

Payday loan companies have been booming only since 2008 and it was in 2012 that they reached a £2.2 billion share of the UK economy, with 8 million payday loans being issued that year. That poses new challenges for the bankruptcy and debt advice landscape, because people find themselves spiralling into debt at a far faster rate than previously, and the debt is created over smaller amounts of money, as was mentioned in last week's debate. The fact is that £5,000 borrowed from a payday loan company is far more significant than £5,000 borrowed in the form of a personal loan. We need to understand the role that differing interest rates play in that process.

I welcomed the Government's changes to the debt arrangement scheme earlier this year, because I had been campaigning for them alongside the Govan Law Centre. Those changes were important because it used to take three months for people who applied to the debt arrangement scheme to get on it and, during that application period, their debt continued to accrue interest. If they had borrowed from Wonga, their debt would still be subject to a monthly interest rate at horrific annual percentage rates. The step that the minister took to freeze interest rates at the moment that a person applies for a debt arrangement scheme was very important and has made a considerable difference to the lives of people who have that type of debt.

Given that the minister was so willing to listen to campaigners earlier this year, I had high expectations for the bill and I thought that he would come forward with some more progressive ways and means of taking on payday loan companies. I am afraid that I was disappointed to read the detail of the bill and I will go into three aspects of that.

We have already touched on the issues around discharge moving to a 48-month period and I want to try to address some of them. I am afraid that the minister is wrong: there is a distinct difference between an individual voluntary agreement and a statutory bankruptcy process; they are not the same thing. I ask the minister to find a comparable situation in the UK where a bankruptcy measure exists for more than three years. Jenny Marra is right when she says that it is the longest such period anywhere in the UK, yet the minister dances on the head of a pin to deny that.

I am keen to look at who supports the minister's position. The evidence shows that not many significant organisations support him; in fact, a broad range of opposition, from Lloyds Bank to StepChange Debt Charity, opposes his position on the four-year issue. Uniquely, he has managed to get the Consumer Finance Association, Citizens Advice Scotland and Money Advice Scotland on the same page in their opposition. Who would have thought that the trade association for payday loan companies would agree with Citizens Advice Scotland that what the Government is saying is a bad thing?

Fergus Ewing: I repeat that 32 of the respondents to the consultation wanted a payment period of five years—longer than we proposed. That is a fact and I will write to Kezia Dugdale to list those 32 respondents.

I am still waiting for an answer to what seems to be a mysterious event. If the Labour members are so strongly opposed to a four-year period of repayment—which seems to be the main reason that, contrary to what they did in committee, they will now oppose the bill—why did they agree to a four-year repayment period for protected trust deeds, which is simply another insolvency procedure?

Kezia Dugdale: I will be delighted to answer that point, which I will do in two parts. First, we heard new evidence from StepChange that to move from three to four years could increase the default rate by 15 per cent. Far from getting more money paid back into the system, the mechanism of going from three to four years could lead to more people defaulting and less money going back into the system. That is quite a compelling argument.

The second point is about supporters of the Government's position on the issue. I find myself sitting against my credit union colleagues on the issue, because the Association of British Credit Unions Ltd Scotland supports what the Government is doing. I will address why I think that that is. I am a proud member of a credit union and a critical part of our debtbusters campaign is the promotion of credit unions, but I think that their support for the Government on this issue is led by the fact that, very often, they are at the end of the queue in the debtor process. They do not have preferred creditor status, so they are at the end of the queue when people pay back their debts. Further to that, they charge much lower interest rates, so they need people to pay back over a longer period to recoup the cost of lending. In that sense, it is no real surprise that credit unions support the Government's position.

The other issue that I raise in regard to that is that credit unions constitute only 0.5 per cent of all debts held in bankruptcy. Although I support credit

unions and I understand the minister's point, he is making a change to the system that does not reflect 99.5 per cent of the debtor's estate. He shakes his head, but I would like to hear why that is not the case and I am happy to take an intervention on that point.

Fergus Ewing *rose*—

The Presiding Officer: You may well be; but, minister, Ms Dugdale has 30 seconds to end.

Kezia Dugdale: Perhaps the minister can come back to that in his closing speech.

I will make a small point about the MAP cap—the minimum asset process cap. Currently 100 per cent of people can access the MAP. There is no cap at the moment, but the minister is introducing a cap that will mean that 75 per cent of people can access that process. An example of somebody who would fall out of it is somebody who becomes ill, has their house repossessed, and finds themselves in a position in which they are on benefits, have no assets but might have mortgage arrears. That type of person will be excluded by what the minister proposes. An insolvency practitioner gave me that case study and I would be delighted to write to the minister about it.

There is a lot more to say about financial education, but my time has run out. There is a multitude of reasons why I cannot support the minister today.

15:35

Joan McAlpine (South Scotland) (SNP): Later today, my colleague John Wilson will lead a members' business debate on the 12 days of debtmas, as the minister said. Rather than overlapping, the two debates complement each other. The 12 days of debtmas is a Scottish Government campaign that warns people against payday loans and encourages them to join a credit union instead.

As Kezia Dugdale said, credit unions have given important written and oral evidence that informs the Economy, Energy and Tourism Committee's report on the bill. I will look more closely at what they said about the bill, given their widely recognised role as responsible lenders whose only interest is the financial wellbeing of their members, as opposed to that of shareholders, investors and highly paid banking executives. Credit unions are also in a position to lend to groups who might otherwise have difficulty in accessing finance.

I was pleased that ABCUL welcomed many key measures in the bill. In its submission to the committee, it singled out a number of measures for praise, including the requirement for anyone who seeks debt management or statutory debt relief to receive advice from an approved money

adviser, although it emphasised that that person should be independent, which makes a lot of sense.

ABCUL welcomed the measures on financial education, and the adoption of a single standard financial tool to calculate contributions in debt repayment programmes, protected trust deeds and bankruptcies. Crucially, it welcomed the proposal to extend the repayment period for protected trust deeds from three to four years, as well as the proposed power for the Accountant in Bankruptcy to refuse to discharge a debtor who has not complied with the terms of their bankruptcy and who has not co-operated with their trustee.

As the minister said, debt—particularly unmanaged debt that leads to bankruptcy—is one of the major problems that face the people of Scotland in the 21st century. We must take steps to address it, and the bill will do that. Many people run up debts for all sorts of reasons, not least the financial crisis, unemployment and illness. It is in no one's interests to keep those people in an extended state of penury—that would be inhumane and bad for the country's economic confidence, particularly in relation to encouraging entrepreneurship—but the bill will not do that. It makes an effort to balance the needs of debtors and creditors.

I welcome the minister's announcement, in response to the committee's concerns about debtors, that he intends to raise the cap on entry into the MAP from £10,000 to £17,000 of debt. That will directly benefit the most needy. However, as my colleague Mike MacKenzie said, we must recognise that debtors are not the only victims of debt. Small creditors are often crippled when their bills are not paid.

As a substitute member of the committee, I raised the case of an arm's-length organisation in my constituency—dgArts—that collapsed two years ago while owing money to a lot of small businessmen and artists. When the committee took evidence, those creditors had still not been paid. One creditor—one of my constituents—contacted me to say that he was owed £1,200 and that he was being offered 12p in the £1, which is below average and would leave him with considerably less money than the insolvency practitioner charged per hour to administer the scheme over two years.

As ABCUL made clear in evidence, there are too many cases in which the main beneficiary of insolvency is the insolvency practitioner.

Kezia Dugdale: What the member says is right. Does she think that credit unions should have preferred creditor status in such a process, so that

they would be further up the queue when debts are paid back?

Joan McAlpine: I agree with that.

Frank McKillop of ABCUL made it clear in oral evidence that he feels that creditors are at the back of the queue when there is an insolvency. He pointed to cases in which a debtor entered a trust deed and made no discernible adjustment to his or her lifestyle—to the extent of continuing to enjoy luxury holidays.

There has long been a concern about the transparency of protected trust deeds and the fact that the high costs of fees and outlays can sometimes swallow up any return to creditors. The bill is designed to address that through the standard financial tool. As the minister pointed out to the committee, a third of protected trust deeds pay no dividend whatsoever. In some trust deeds, more than half the moneys that are gathered go on administration costs, which can often rise by as much as a quarter over the lifetime of a case.

It is often said that insolvency practitioners have been the biggest beneficiaries of the crisis that began in 2008. An extreme example of that might be the £40 million in fees accumulated by the administrators of Woolworths after its collapse. We are not dealing with that scale of insolvency here but, on a much smaller scale, abuses do occur. That is why I very much welcome the support that has been given to the bill by the Economy, Energy and Tourism Committee. It is a progressive bill that I am happy to support.

15:40

Alison McInnes (North East Scotland) (LD):

The Scottish Liberal Democrats welcome the fact that the Scottish Government is taking steps to ensure that people are able to access the debt management that they need. We believe that the policy aim of the bill

“to ensure that appropriate, proportionate, debt management and debt relief mechanisms are available to the people of Scotland”

is fundamentally sound. We will therefore vote for the bill at decision time.

Although the ambition of the bill is laudable, we have a number of concerns—some of which have already been raised by other members—which I hope will be addressed at stage 2. First, we must ensure that there is sufficient support for the financial advice and education sector. We therefore support the committee’s view that more work is needed on the provisions for the advice sector to establish whether the requirement for money advice will place an additional burden on those who offer advice.

We also share the view that a pilot financial education project—or, at the very least, careful monitoring of financial education outcomes—may be helpful before mandatory provision, as set out in the bill, is introduced. It seems to me that there is little point in having an enforced system of financial instruction if it cannot be shown to have a positive impact.

Of course, the debt advice that is given to individuals in what can be very difficult and stressful situations must be the right advice, given in the right manner and in a timely fashion. There should therefore be recourse for people who are given bad advice.

We very much welcome the work of the Accountant in Bankruptcy and Money Advice Scotland on developing a module for a national standard for financial capability education. Learning how to budget and manage money better is an invaluable skill to teach our young people. Education early in life on money management and financial services is essential if we are to ensure that our young people have the life skills that they will need throughout adulthood.

I have listened to the minister’s points. Nevertheless, we continue to have reservations on the extension of debtor contribution orders to 48 months. The four-year bankruptcy would mean that those who are in very difficult financial situations would pay for longer, which may cause additional financial hardship. That could lead to debtors breaking agreed payment schedules, as we heard from Hanzala Malik. I think that Margaret McDougall also raised that as a concern during consideration of the bill.

We agree that those in debt should be made to pay back what they can but there is a fine line between ensuring that people pay creditors what they can and pushing people into further financial hardship and misery.

Fergus Ewing: Does Alison McInnes accept that under the debt arrangement scheme, the average period is in excess of six years and that therefore debtors who can pay are paying for six years, which is two years longer than those who enter into debt relief options, either bankruptcy—under these proposals once they are implemented—or protected trust deeds, for which the period will be four years.

The Presiding Officer: I can give Alison McInnes a wee bit of extra time for taking that intervention.

Alison McInnes: Thank you very much.

I note what the minister says and of course he is correct and I must correct myself—it was not Hanzala Malik who made that comment. It was Kezia Dugdale who pointed to the increase in the

debtor default over the longer period. I think that we do need to consider carefully where we are going with that four-year period.

On the removal of judicial involvement and the increased role of the AIB, we share the concerns that were raised by the Law Society of Scotland. The Law Society argues that judicial determination is a fundamental right in cases of sequestration and that conflicts of interest arise with the proposed increased scope of the AIB.

Others have raised concerns about conflicts of interest. For example, the Royal Faculty of Procurators in Glasgow stated in its submission:

“from the point of view of natural justice it would be inherently unfair that the party who decides to seek a bankruptcy restriction order is also the party which considers counter representations by the debtor and is the party who ultimately decides whether or not to grant the restriction order.”

Jenny Marra: Is Alison McInnes aware that the Government states in its own policy memorandum on the bill that one of the reasons for transferring functions from the courts to the Accountant in Bankruptcy is the pressure that our courts are under from the increasing amount of business, which the Government is not helping by closing our local sheriff courts?

Alison McInnes: Of course, Jenny Marra knows that I entirely agree with her on that.

We must be sure that the bill is true to its policy aim of providing appropriate and proportionate debt management and debt relief mechanisms for our citizens. We should not muddy the waters with changes that are aimed at producing something that is no more than simply administratively comfortable or easy.

We support the committee’s view that a cautious approach must be taken to the proposal for a six-month discharge period under the minimal assets process. We hope that the Scottish Government will undertake to publish a report on the impact of early discharge after a year, with a view to making improvements if necessary.

Finally, we are cautious about the ending of automatic discharge, and we would like the Government to reconsider its position on the matter. If necessary, grounds for deferral under current arrangements could be widened to include debtor co-operation, which we feel would be a better way forward.

We will support the bill at decision time, but there is still a lot of work to do. Our future support for the bill will depend on whether the concerns that I and others have raised are properly addressed at stage 2.

The Presiding Officer: We have a little time in hand, so if members take interventions I will compensate them.

15:46

Nigel Don (Angus North and Mearns) (SNP): To go back to basic principles, I think that we are clear that we need to get these Scottish folk back into economic society. Those who have finished up by not being able to pay their debts should regard bankruptcy as a last resort that is designed to provide rehabilitation and to enable them to make a fresh start. Those who have serious and unmanageable debts need to be relieved of them in such a way that they can get back into life.

I like the idea of a financial health service, which is why I will begin by reflecting on what we teach in our schools. Do we teach our children at home and at school to look after themselves, their bodies and their minds? I think that we do, because it reduces the demands on the national health service later on. Undoubtedly we should, in our schools and our homes, encourage our youngsters to understand how to manage money in such a way that they will do so safely later in life.

Those who do not manage their money carefully and therefore finish up in a financial mess, should, as debtors, be forced to rethink their financial activities and to repay what they reasonably can. They should then be discharged, which is what bankruptcy is all about.

I do not have the answer to every question that has been raised in the debate so far—I will leave that to the minister—but some members have referred to payday loans and credit unions. Perhaps we should consider whether those are actually business suppliers. Let me put it this way: they are suppliers of credit to businesses that are going bankrupt. It seems that most people in business who go bankrupt do so once they have squeezed their suppliers’ credit as far as it can go. I am not convinced that payday loans or credit unions have much to do with that entrepreneurial problem. They undoubtedly have much to do with individual people finishing up bankrupt, but I doubt that that has much to do with entrepreneurship, so I ask members to consider that in their further discussions.

I noted Mike MacKenzie’s comment that most people who go bankrupt do so due to events that are totally outside their control. That suggests that one of the things that we need to teach, and not just at Harvard business school, is that people have to be able not only to add up the pounds, shillings and pence on each side of the balance sheet—I am betraying my age there—but to understand that prudence is a pretty useful thing

and that if their business has one big debtor, they are considerably at risk.

I will pick up one or two issues that other members have not addressed. I like the idea of a common financial tool, as consistency has a lot of a merit, and I note the minister's suggestion that it is more sustainable, which seems to fit the basic purpose.

I note the proposal that money should be deductible from wages, which seems pretty reasonable. There were objections to that from members who pointed out that some folk would lose their jobs in those circumstances. I express a lot of sympathy for that position, but if someone puts themselves in such circumstances, they have to live with the consequences. Generally, if someone does not keep up with payments, the idea of deducting them from their wages seems to have some merit.

Kezia Dugdale: Will the member clarify whether I heard him correctly? Does he think that it is appropriate for creditors to be able to go to an individual's employer and try to seek payment of the debt from them rather than from the individual?

Nigel Don: Only in circumstances in which it is claimed that the individual is employed, could be paying the sums and has failed to make the agreed payments on two successive occasions. That is where we are. I will leave it there. The question has been asked.

We propose to replace the low income, low assets scheme with a minimal asset process. The minister has already answered most of the questions about that proposal that were raised at the committee. The restrictions on the LILA scheme are clearly not adequate because people have been trying to get into it when that would be inappropriate. I get the impression that only 75 per cent of those who are currently trying to get into the LILA scheme may be in the right place. The minister is to be commended for his approach.

I will briefly address the further changes that have been proposed so that the courts will no longer have to consider a case when someone goes to the Accountant in Bankruptcy.

Reducing the load on our courts is a good thing—full stop. It reduces the total costs left, right and centre. I would expect sheriffs and lawyers not to think that the proposal was a good idea and, in their shoes, I would say the same thing. I ask that, as we go through stage 2, everybody reflects on where the balance might sensibly lie. If there is a genuine conflict of interest, it might—and probably would—be appropriate to go to the court. If it is necessary to value contingent debts, the courts might well be better placed to do that, although I suggest that there might be others who are also well placed to value contingent debts.

A little bit more thought might need to be given to some of the details in the bill. It is clearly heading in the right direction, but I would commend our giving a little bit more thought as to how some people finish up in the situations that it addresses.

The Deputy Presiding Officer (Elaine Smith): I call Hanzala Malik, to be followed by Christian Allard. I understand that we have some time in hand to compensate for interventions.

15:52

Hanzala Malik (Glasgow) (Lab): I am honoured to be given the opportunity to speak on the Bankruptcy and Debt Advice (Scotland) Bill. We recognise that it needs to strike a fine balance between helping people who are in financial difficulty to manage their money and helping creditors to get the money that is owed to them.

Mandatory money advice might be a good idea in theory, as that would mean making advice compulsory before someone enters any form of debt solution, but I have doubts about its practical application, as the free advice sector is shrinking and does not have the resources to deal with increased demand. A shortage of good-quality advisers might cause delays in people accessing proper solutions or lead to people taking poor advice. I suggest that money advice should not be compulsory for first-time applicants.

There are other components of the bill with which I do not agree, not even in theory. One major stumbling block is in section 4. The proposed debtor contribution order, which will require the debtor to make payments to his or her creditors over four years rather than the current three years, is unhelpful.

During the evidence sessions, no one gave any explanation of why the period should be increased. There was a lot of opposition to the proposal, however, and a range of organisations suggested that we retain the current three-year period. Money Advice Scotland went so far as to say that

"it does not make economic sense to increase the period of bankruptcy"

from three to four years.

People may say that we need evidence. I stress to the minister that, as an elected representative, I may get three or four people coming to me for bankruptcy advice in a month, but the people who work at the coalface are getting three or four people a day coming to them for advice. I cannot imagine anybody more expert in the issue than them. They understand and take on the responsibility, and they understand people's wishes. They understand the difficulty that

vulnerable people go through and see the hardship at first hand. So, when they say that three years is appropriate, I take that seriously—I do not dismiss it out of hand.

Fergus Ewing: I understand the point that the member is making. However, I do not understand why, if he thinks that the period of four years is wrong, he supported a period of four years for protected trust deeds, which is the other type of insolvency, when the matter came before him. Why did he support four years for one type of insolvency but does not for another insolvency process?

Hanzala Malik: All that I can say to the minister is that, when I listened to the evidence that was given to the committee by the experts, who explained to me the difference that one year would make to a family, that made sense to me. It made me understand the real plight of vulnerable people in our society. Although he and I are fortunate not to face those difficulties and hardships, with sleepless nights and children going without, those people do—they face those things day in, day out—and when the experts explain that to me, I listen, understand and take on board what they say. I hope that the minister will do the same.

An open letter has been released that highlights the deep concerns of those who work at the coalface, who say that the bill is unhelpful. A number of signatories to the letter have suggested that it is not right. Money advisers from across Scotland, led by Govan Law Centre, have said so, and those are the people who work in the field day in, day out. [*Interruption.*] I have to take that on board, and I have to recognise the voices of people who are concerned and the voices of those who are going through hardship. There is no point in representing people if we are not going to take on board the needs of our communities.

Reducing the bankruptcy fee from £200 to £100 is going in the right direction, but I genuinely feel that some people cannot afford even that. Perhaps we can reconsider the fee and possibly do away with it altogether. There are still people out there who cannot afford it, and because of that they will not enter voluntary bankruptcy. As a result, they have to endure more hardship.

I am not convinced that the bill is balanced as it should be or that through it we are going to represent those in our community who need support and help. I make a plea, for them, that we consider the issue seriously, taking on board their concerns. [*Interruption.*] We must represent their needs by looking again at flexibility and— [*Interruption.*]

The increase in the threshold from £10,000 to £17,000 is a good idea, although the Government may want to index link that so that we do not need

to amend the legislation later on. However, the period of four years is unfair and unreasonable.

The Deputy Presiding Officer: Thank you, Mr Malik. I am sorry that your speech was interrupted by a mobile device. I remind all members that such devices are allowed in the chamber for the purpose of delivering speeches and nothing else. I ask members to check that their mobile devices are switched to silent if they are using them for that purpose.

15:59

Christian Allard (North East Scotland) (SNP): Listening to Jenny Marra, I was reminded of a quote attributed to the United States President George W Bush:

“The problem with the French is that they don’t have a word for entrepreneur.”

It seems that the problem with Scottish Labour is that it does not know the meaning of the French word “entrepreneur”.

I should explain that I joined the Economy, Energy and Tourism Committee only recently. As a substitute member of the committee, Joan McAlpine, who has already spoken in the debate, will have attended more meetings than me. Nevertheless, I was delighted to hear that our committee supported the Bankruptcy and Debt Advice (Scotland) Bill at stage 1. I am particularly impressed with the wide support from stakeholders that the Scottish Government has received on the bill. The bill is needed and I, too, welcome it.

Many years ago, like many other working single parents, I experienced a level of personal debt that I found difficult to manage at the time, although I made sure to keep all my creditors informed of my financial situation and sent them regular updates. The reason for that was simple: I managed a seafood export business and spent a lot of my time chasing slow payers in order to avoid bad debts. I therefore saw both sides of the problem. The Scottish Government does, too, and I congratulate it on its balanced and responsible approach to improving the debt management mechanism while respecting the rights of both the creditor and the individual caught in a spiral of debts.

Irresponsible banking practices have brought to many countries debt levels that their Governments are struggling to cope with. The same banks have been pushing businesses into factoring arrangements that protect only the bank, thereby failing the struggling businesses and their creditors, who end up paying for another form of irresponsible lending.

Banks who pushed their customers to take on more loans in the UK did so because of competition. We have all seen the television adverts, and we have all answered unsolicited phone calls telling us how easy it is to borrow money whatever our financial situation.

I am delighted that the minister came to Aberdeen to launch the 12 days of debtmas campaign with one of the organisations that are involved in responding to that level of unsolicited loans. In my North East Scotland region, a number of organisations provide help to those who are struggling with debt. In Aberdeenshire, Gordon Rural Action covers the towns of Ellon, Huntly and Inverurie and their substantial rural heartlands. Its money advice service aims to help people gain control of their financial affairs and achieve the best possible outcome. It has a number of advice centres, and home visits can be arranged for those who are less able to travel. In 2012-13, Gordon Rural Action dealt with 14,718 issues. It is currently handling more than £13 million of debt on behalf of its money advice clients—it uses the Citizens Advice Scotland advice system to do that.

Dundee City Council welfare rights team gives advice about debts and helps, in various ways, people who owe money and are having problems paying it back. It does not make any judgments about why the people who come for advice are in debt; its job is to help sort out the problem, regardless of how the debts arose. It also conducts outreach clinics across Dundee.

Citizens Advice Scotland also provides invaluable advice and support for those in debt, with bureaux in a number of locations across the north-east, including one in my home town of Westhill. Its website also provides useful information on how to stay out of debt over the Christmas period. The point is valid. Unemployment in Westhill is at 0.6 per cent. It is a very rich town and I am very proud to live in such a fantastic place, but it has debt problems, too, and receives the same amount of unsolicited phone calls as the rest of Scotland.

I recognise the progress made in tackling the level of personal insolvencies, with more debtors opting for the debt arrangement scheme. The Scottish Government's efforts and actions to raise awareness of the scheme have brought a decrease of more than 10 per cent compared with last year, which is a positive outcome, despite the financial climate in the UK. How much more can we do?

The culture of payday loans must be challenged, and we, across the chamber, should make it very clear that a cap on payday loans must come sooner rather than later. As we heard, the minister has called on the UK Government to put the cap in place as early as April 2014.

The political parties in the better together coalition are invited to make a positive contribution to discourage irresponsible credit before the referendum in September 2014. By failing to act, Westminster is sending a strong message to people who live in Scotland: it is only by having the powers of independence that we can bring payday lending under control.

On page 400, in response to question 74, the white paper states:

"With independence, the Scottish Government will be able to act on issues that are of particular concern for Scottish consumers, such as pay day lending and nuisance calls. For example, this Government would introduce a cap on short-term interest rates, similar to those in place in many countries in Europe, Japan, Canada and some US states. The current Scottish Government plans to regulate the advertising of pay day lenders and place restrictions on the 'rolling over' of loans."

The white paper offers a vision for Scotland's future. It is not only a guide to an independent Scotland; it will also make a great Christmas present—debt free!

16:05

Margaret McDougall (West Scotland) (Lab): I certainly hope that I do not get the white paper in my Christmas stocking; I am sure that I will not.

As a member of the Economy, Energy and Tourism Committee, I look forward to taking part in the debate. The bill is designed to ensure that the people of Scotland have access to fair and just processes of debt advice, debt relief and debt management but, as it stands, it does not go far enough to protect people who are in debt and it could be seen to favour creditors. That is why I believe that it needs to be amended at stage 2 before I could consider supporting it.

There is much that I could talk about in relation to the bill, such as including access to bank accounts for bankrupts—on which I am glad that the minister has written to ask for advice—and the provision of money advice and how it could be resourced. The minister said that it is anticipated that around 500 more people would seek money advice, but money advice agencies are already under a great deal of pressure. I think that further resources need to be provided to help with the provision of such advice.

Fergus Ewing: The point to bear in mind is that the bill will make it mandatory for people to take advice before they enter sequestration. The evidence shows that 92 per cent of those people who enter sequestration already receive such advice. I am anxious to establish the fact that, because only a relatively small number of people do not presently receive advice, the additional burden that will arise as a result of making it

mandatory for people to take advice will be proportionate and relatively manageable.

The Deputy Presiding Officer: I will reimburse the member with the time for that intervention.

Margaret McDougall: Thank you, Presiding Officer.

“Relatively manageable” does not mean that the agencies concerned will have the resources to provide such advice.

We received evidence to the effect that clarification is needed of what the bill means by “financial education”. Does that mean education in school or education that would be undertaken when someone enters a debt arrangement? Mention was made of the fact that such education could be provided electronically. As Mr Fraser said, that might throw up difficulties for some people in Scotland, particularly in rural areas that have slow broadband.

Although I welcome the common financial tool, it would be better if provision for it were made on the face of the bill. That would future proof the measure and would mean—as Citizens Advice Scotland stated—that it could not be changed without full scrutiny.

Having made those points, I would like to develop my argument on the extension of the period for debt repayments from 36 to 48 months and the proposals for the minimal asset process, which will replace the low-income, low-assets process.

The proposal to increase the debt repayment period to 48 months is ill advised. Instead of offering debt relief, it will extend the period of hardship. Rather than meaning that people who are in debt will have more time to pay, it will mean another 12 months of payments to creditors and another 12 months of struggle, and it will increase the likelihood of their defaulting on the arrangement.

The change would mean that Scots would have to pay back more to creditors than debtors in any other part of the UK. The majority of respondents to the consultation felt that it was not required and, indeed, that view was supported by a wide range of organisations throughout Scotland such as StepChange Debt Charity Scotland, Money Advice Scotland, Glasgow Central Citizens Advice Bureau and the Govan Law Centre. I heard the minister’s comments about what happens in England but, as my colleague Kezia Dugdale pointed out, he was comparing apples with oranges. Ms Dugdale also gave a very clear explanation of the difference between the two situations.

Mike MacKenzie: Will the member give way?

Margaret McDougall: I do not think that I have time to take another intervention.

I simply ask the minister to reconsider at stage 2 the proposed change from the current 36 to 48 months.

I will move on to the minimal asset process—or MAP, as it will be known—which will replace the low income, low assets route. As the committee heard in evidence and as we have heard many times this afternoon, the maximum fee level of £100 will still be prohibitive for many people. However, it is an improvement on the misguided increase to £200 for LILA, a move that Labour and Citizens Advice Scotland did not support.

Citizens Advice Scotland said that having a fee will leave some debtors struggling to afford it, because it is very difficult for people to save up any money when they are in debt. Although I understand that the Accountant in Bankruptcy is to be self-financing, I would like the bill to be amended to allow the fee to be waived. The Accountant in Bankruptcy should have the powers to introduce a full exemption for individuals who meet certain criteria with regard to the ability to pay.

Ideally there should be no fee but, if it is to remain in place, I believe that a fee waiver would go some way towards removing the barriers for those who genuinely cannot afford the £100. Let us remember that MAP is for people who are on benefits or have no assets and that, while they try to save for the fee, the interest on their debts will be increasing.

I was also concerned about the proposal for a maximum debt level of £10,000 for MAP, given that there was no limit for LILA. I am pleased that the minister has reconsidered the matter and will raise the limit to £17,000, but I have to say that I heard no valid reason for making this particular proposal in the first place. StepChange estimated that in 2012 the average debt level of its clients was around £14,500, which means that 50 per cent of its clients would not have been eligible for MAP. Moreover, according to the Accountant in Bankruptcy’s own data, almost 65 per cent of current LILA clients would not be eligible.

The Deputy Presiding Officer: You must draw to a conclusion, please.

Margaret McDougall: The Carrington Dean Group, which offers financial advice, stated that the figure is too low and should be more in line with the average level of the debts of those who use the low income, low assets process, which is around £17,000. I am therefore very pleased that the minister has taken those comments on board.

16:13

John Wilson (Central Scotland) (SNP): I welcome this stage 1 debate on the Bankruptcy and Debt Advice (Scotland) Bill. Every member will have their own experiences of dealing with constituents with debt problems. Some might be having trouble maintaining their home or paying their bills, while others might be suffering financially from the present financial situation or as a result of, say, relationship breakdown.

The bill builds on existing statutory debt solutions and previous legislation. It is worth observing that the trend in pursuing one statutory debt solution—namely the debt arrangement scheme—has been growing. Demand for the scheme has clearly increased between 2005 and 2012, with more debtors taking it up, and it is now becoming a common feature of society. I am sure that all of us will have heard the radio and seen the television advertisements for it, and I have no doubt that it has contributed to the 14.7 per cent decrease in personal insolvencies.

Many people would like to pay what they owe, but the situation gets ahead of them. It would perhaps surprise a lot of people that those who fall into debt are not always the type of people who our normal prejudices would suggest. I know people who can run the finances of firms and their work extremely well, but when it comes to personal finance, it is another matter—there can be a bit of a blind spot.

There is no doubt that, as a result of recent tough economic times, people who could once service and manage debt are finding it increasingly difficult to do so. In many respects, we are dealing with a society that is changing over the years and experiencing structural changes, but it is important to recognise that the Scottish Government is attempting to tackle these matters head on.

I am reassured that the desire to provide compulsory money advice and the requirement for financial education are at the heart of the bill. Such support is invaluable for those who find themselves floundering in a sea of financial troubles. Nigel Don referred to the fact that financial education is a requirement for a modern Scotland if we are to progress as a nation. I also support Nigel Don in saying that the Scottish Government's description of the bill as a financial health service should be considered apt.

The trend for credit card companies to consistently take minimum payments from customers creates a situation in which overall debt takes significantly longer to reduce. The home-owning democracy and credit boom that have been promoted in Scotland since the 1980s have come at a price, especially in times of financial

downturn. As I have stated, debt levels have increased. That can be attributed to rising demands, whether from finance agreements or energy costs. Real wages have not increased correspondingly in recent times.

In many instances, there has been real concern that the processes involved in bankruptcy have been unnecessarily bureaucratic and that, although those in the know will have a good idea of how to protect themselves, the ordinary debtor can be at a loss and may not always know who to turn to.

As I have stated, we all know about constituents who are, frankly, at their wits' end and have resorted to ignoring phone calls or not opening mail when debts have been passed to enforcement companies. Being confronted by correspondence from enforcement companies or phone calls to employers, which a Labour colleague mentioned earlier, can be very intimidating, particularly for vulnerable people, and can lead to further health and social problems.

Lenders need to be aware of the demands from those in the wider community, who own many of the financial institutions as taxpayers. Those same institutions want action to pursue their debts.

The Economy, Energy and Tourism Committee stage 1 report quite rightly invites the prospect of both the UK and Scottish Governments having discussions with the financial sector on increasing contributions from the industry for debt advice. It is important that, in that report, the committee supported the idea of completeness across debt solutions. That is an important principle. People who are in debt are not stupid, but they need to make informed decisions. The need to find the right solution that tackles the debt management issue should be enshrined in legislation.

On capacity issues for those who offer advice to people, including money advisers, it is important that minimum standards are maintained for the consumer. I am reassured that the bill's intention is to support people in paying their debts while recognising the events that lead to financial difficulty. A balance has to be struck that protects creditors with respect to debtors acquiring additional assets, with a procedure put in place to make it easier for the case to be reopened.

The bill has received broad support from practitioners such as Money Advice Scotland and the Association of British Credit Unions Ltd. I welcome the minister's commitment to the issue, and it is worth highlighting that the Accountant in Bankruptcy expects to be able to meet the associated costs from within its existing budget.

I ask Labour members to reconsider their opposition to the bill at stage 1 and to use the

opportunity at stage 2 to lodge amendments that they feel would be relevant to the bill's progress.

I welcome the stage 1 debate and the broad principles that are contained in the bill, and I look forward to the bill making the necessary progress through the Parliament and affording the necessary protection to those who are genuinely trying to tackle debt issues.

16:19

Alison Johnstone (Lothian) (Green): I, too, thank the Economy, Energy and Tourism Committee's dedicated team of clerks, our adviser and the witnesses who contributed evidence.

I welcome the fact that the Government and Parliament have given attention to bankruptcy law. Bankruptcy is one of those things in life that we hope we will never experience or need, but it is important to get it right for those who do end up needing help to get back on their feet and to sort out fairly who can and should be paid.

A quick search of bankruptcy history reveals that it was not always that way. The practice of debt slaves in ancient Greece saw wives, children and servants forced into debt slavery to pay for the husband's debts, and Genghis Khan's laws apparently included the death penalty if people went bankrupt three times. I am therefore glad that we now see bankruptcy as a financial health service and a way to reform and reorder people's finances to allow individuals, businesses and the economy to move on without unnecessary punishment. That said, there are some things in this bill that I would like to see changed, and I will come on to them in a moment.

Debt, including consumer debt, has become a larger part of our lives, which the bill's policy memorandum recognises. For example, payday lenders, which were largely on the periphery of most people's lives until the financial crisis, have seen massive growth and now offer eye-watering rates on the high street and on television. If we do not tackle that issue, I fear that our new bankruptcy legislation will be accessed by more and more people in Scotland.

People's access to bank accounts while they are undischarged from bankruptcy was an issue raised in evidence. There is no point in having a financial health service if people cannot hold a bank account to help them carry out normal everyday chores such as paying bills. The minister has indicated that he is working on what can be done on that, so I look forward to revisiting the bank account issue at stage 2.

I raised the issue of the proposed increase in the debtor contribution period from 36 to 48 months with the minister after we heard evidence

in committee that a broad spectrum of organisations was against the move. The minister said that he would continue to

"look closely at all those issues during the bill process."—[*Official Report, Economy, Energy and Tourism Committee*, 6 November 2013; c 3543].

I hope that, following this debate on the issue, we can continue to do that and that we find a position in which the risk of payment breakages is reduced.

Citizens Advice Scotland made it clear in its briefing for today's debate that it thinks that the current balance of three years is the right one for creditors and debtors. Payment failure helps no one, and I hope that the minister will comment in his closing speech on Citizens Advice Scotland's view and other advice organisations' position that the three-year period should stay. Their expert comment should not be lightly dismissed.

I am also concerned about the proposals to remove automatic discharge. The minister suggested that he will look further at that issue. The Law Society told us in committee that the introduction of automatic discharge by the Bankruptcy (Scotland) Act 1985

"was seen as a huge step forward that would stop people ending up in bankruptcy in perpetuity".—[*Official Report, Economy, Energy and Tourism Committee*, 30 October 2013; c 3489.]

ICAS believed that automatic discharge should be retained to minimise the bureaucracy involved. The Economy, Energy and Tourism Committee shared those concerns: we accepted the principle that

"discharge should be linked to the debtor's co-operation"

but we were

"not persuaded by the case for the ending of automatic discharge as proposed in the Bill."

We heard that measures already exist to deal with unco-operative debtors. Debtors can be retained under restrictions of bankruptcy for two to 15 years by a court bankruptcy restriction order, and discharge can also be deferred past the normal sequestration period if that will benefit the creditor. Those appear to be sensible existing measures to address unco-operative debtors. I would need to hear arguments about how they were not working before I could be convinced about the current proposals. The Law Society made it clear that the existing system is effective and that the proposals as they stand are unnecessarily complicated.

Citizens Advice Scotland raised concerns in committee and in briefings for today's debate that requiring a six-point declaration from the trustee before discharge is unnecessary bureaucracy that will add to trustee fees. As we have heard, there is also concern over how the co-operation of debtors

will be interpreted; insufficient detail on that is available, as far as I can see, and the committee has requested some clarity from the Government. The minister addressed that in his opening speech, but I would be grateful if he could confirm that he agrees that the case for removing automatic discharge, as proposed in the bill, has not been made. I look forward to his addressing the concerns raised by members in the chamber this afternoon.

I am minded to support the bill's policy aims at stage 1, but I certainly believe that amendments are required for stage 2.

16:24

Marco Biagi (Edinburgh Central) (SNP): This was a very long process for the Economy, Energy and Tourism Committee, during which I, for one, was particularly grateful for the help that we got from the clerks, from SPICe, and from our excellent adviser, Nicholas Grier. Before most of us were elected, our only experience of bankruptcy was through playing Monopoly, so the wisdom that was imparted helped with the committee's deliberations.

I must also say—perhaps unwisely for him—that it was our adviser who first referred to the Bankruptcy and Debt Advice (Scotland) Bill by the acronym that is derived from its title. I looked up the definition of that word on urbandictionary.com and it would definitely have constituted unparliamentary language so I will not repeat it. However, I can report that it is a compliment of a sort.

The bill will change an important part of Scots law that, as the policy memorandum helpfully highlights, dates back to the Bankruptcy Act of 1621. Since that act endured for 364 years before being repealed, we can only hope that this bill can reach a similar level of timeless appeal.

This is the right time to be reopening this area of law. Citizens Advice Scotland reports that, in 2012-13, its bureaux took on 15,800 debt cases, with a total debt of more than £186 million. Changes to bankruptcy law and the debt relief model could therefore have a significant positive impact on the advice and support that are available to those clients. I am sure that we have all seen the situation in our surgeries. When the Government consulted, 129 responses were received, which is three times the typical number of responses to bankruptcy consultations.

The Government has already updated the debt arrangement scheme, as Kezia Dugdale highlighted. That system falls short of bankruptcy, but it freezes interest and charges, and prevents further legal recovery in exchange for a full repayment plan. With better access to money

advisers under the changes, the number of people who are able to access DAS has been increasing significantly. In the previous parliamentary session, the Home Owner and Debtor Protection (Scotland) Act 2010 was a rapid response to the recession that passed a limited but valuable set of amendments to protect home owners and debtors, and particularly to reduce the risk of homelessness as a result of insolvency.

Today we are debating the Bankruptcy and Debt Advice (Scotland) Bill. I was going to talk about the Chinese walls at the Accountant in Bankruptcy, which I asked about during the committee process. However, I have been impressed by a demonstration of parliamentary pirouetting that is worthy of a Commonwealth gold. It began with the Government being accused of flip-flopping by a party that had just promised to vote against in the chamber what it had voted for earlier in committee. I remember when the Bain principle reared its ugly head—the desire to vote against anything suggested by the Scottish Government or the SNP, and to find and cling to some reason, however tenuous, for doing so. Is that what is inflating what should be a stage 2 objection to detail and drafting into a stage 1 objection to the general principles of the bill? It is certainly not an approach that is shared by other parties that also have concerns about the detail of the bill.

Perhaps the Labour Party members simply did not notice and choked on their cornflakes this morning when they read the article by the Govan Law Centre in *The Herald*.

Jenny Marra: It is the principles of the bill that we cannot agree with, because it is regressive. As Mike Dailly points out, it will take us back 30 years. In my opening speech, I talked about the principles of an inclusive economy, and that is why we cannot agree with the principles of the bill.

Marco Biagi: When I read Mike Dailly's article, I saw that his argument is against one particular section of the bill that he wishes to see changed. Such an approach could be pursued at stage 2.

When the minister drew attention to the IVA, there were screams about apples and oranges, but apples and oranges have more in common than apples and Challenger tanks. In this case, because IVAs and debt relief orders are statutorily regulated methods for people to get out of uncontrollable debt, I suggest that they have a bit more in common than that. The IVA takes five years, and I remind the Labour Party that an IVA's most direct Scottish equivalent—the protected trust deed—takes only four.

There are other differences, and IVAs, DROs or PTDs cannot be reduced just to their duration. When the PTD period was increased to four years, the Labour Party did not oppose that.

Let us also remember that bankruptcy is just one of three routes, and that it is a route that we do not want many people to take. Since 2008-09, the DAS rate has sharply increased and bankruptcy has fallen, largely as a result of the changes. I commend the graph on page 8 of the SPICe briefing, which illustrates that well—if this were the United States Congress I might show members the graph on a big whiteboard, but perhaps we have already stretched the Presiding Officers' permissiveness with regard to technology in the chamber today.

As I said, the bill is timely. Last week, the Parliament had a special visitor, Santa, who told us that payday lenders have been naughty this year, and tonight we will have a debate on the 12 days of debtmas campaign. We have to avoid a situation in which unsecured loans are for life and not just for Christmas—I am here all week.

I remind members that the Association of British Credit Unions welcomed the bill's principles and said that the bill

"could deliver a debt advice, debt management and debt relief service fit for the modern era and fairer to creditors and debtors alike."

Members might and do have differences over the detail, but the stage 1 report refers to divisions in only three out of 293 paragraphs. Members who vote against the bill in its entirety will be voting against money advice and education; the standardisation of what is expected of debtors, for clarity and consistency; the minimal asset process's more flexible income requirements and shorter discharge period; a freeze on the expansion of enforcement beyond DAS; simplification of functions that move to the AIB; and the possibility of payment breaks for undischarged bankrupts.

I urge all members, perhaps more in hope than in expectation, to unite and endorse the general principles of the bill in the stage 1 vote tonight.

16:31

Mary Scanlon (Highlands and Islands) (Con):

I can see that the minister is seriously in his comfort zone, given that he used to be a legal specialist in debt and bankruptcy. I will refrain from picking arguments with him, particularly on legal and technical aspects of the bill.

This debate has been fairly consensual compared with recent ones. As other members have done, I thank and commend the committee for its excellent work on what appears to me, as an onlooker, to be a complex bill. The report contains many recommendations and there were several divisions. I always look at divisions to see where people ended up, and I was surprised to see from paragraphs 41 and 44 that the

Conservative convener, Murdo Fraser, voted with the SNP against Labour and the Greens. That is so unusual that it is worth a mention.

We support the bill. We also support the gist of the committee's recommendations. The committee wanted further information and more clarity, which is a perfectly normal request in a stage 1 report. That is what the committee is there for and that is what we are here for. I welcome the further information and clarity that the minister provided today on several issues.

When, after reading the report—all 77 pages of it—I printed out the Government response, I thought that the printer had broken down when only two and a quarter pages appeared. I now understand that the response referred only to one section of the bill. That is unusual, particularly given the bill's complexity. However, I commend the minister for giving us more information today.

Serious concerns have been expressed, which we must respect. The Law Society's response to the stage 1 report set out significant concerns about 16 sections of the bill, which indicates the scale of the committee's task at stage 2. I appreciate the Law Society's concern, given the proposed shift of activity from the courts to the Accountant in Bankruptcy. The removal of the safeguard of judicial involvement in areas in which debtors' and creditors' legal rights are directly affected is a bold move.

On sections 36 to 40, the Law Society—rightly or wrongly—talked about an

"unnecessarily cumbersome and lengthy appeal process".

Other issues that it raised related to conflict of interest, access to sequestration, a lack of clarity in many areas and a

"Failure to deal with the debtor's home",

which it described as

"frequently the most problematic issue in personal bankruptcy."

I have no doubt that further information will come forward after stage 1.

The underlying goal, though, must be that the Bankruptcy and Debt Advice (Scotland) Bill is an improvement on what is in place at present. It is only right and proper that people have access to fair and just processes of debt advice, debt relief and debt management.

I am pleased to say that we whole-heartedly agree with the minister that those who can pay their debts should pay their debts. As Mike MacKenzie, Joan McAlpine and others mentioned, creditors should get the best return possible. That should be possible by balancing the rights and needs of those in debt with the rights and needs of creditors and business.

Paragraphs 40 to 46 of the report relate to the minimal assets process and LILA, as it is being called. That has the potential for an individual to be free of bankruptcy within six months—which I think should be welcome—with a more streamlined procedure. I trust that the concerns raised by the committee and several members today will be addressed at stage 2.

With money advice

“mandatory for one debt solution but not another”,

there is a clear need for a consistent approach. The report said:

“there should be a requirement for debtors to obtain mandatory money advice from an approved money adviser prior to entering bankruptcy.”

Whether or not debtors wish to take that advice, it is a reasonable option. It is hoped that the provision of mandatory advice would increase the opportunity for the right debt solutions to be offered to suit the unique circumstances of the individual.

I have scored out my next three paragraphs, given the minister’s announcement of £200,000 for ring-fenced funding. Like Murdo Fraser, I, too, ask whether it will be recurrent. I am sure that the minister can address that when summing up.

A 6 to 8 per cent increase in cases for Citizens Advice Scotland and others would undoubtedly require additional funding, not to mention training. The committee has rightly sought clarity on the increased workload for money advice services, the monitoring and quality of advice and the performance of money advisers.

Given my age, I can cast myself back to my past life as a volunteer with Citizens Advice Scotland. We all had some debt cases. To ensure continuity, one person would deal with one debtor and meet them regularly. Sometimes, we would find that the debtor would choose to spend money on other things rather than repaying the debt. Many cases continued for several years. That was more than 20 years ago and significant progress has been made since then, including the debt arrangement scheme, whose success was stated by the minister.

There is no denying that the issue is complex and sensitive and requires professional training and handling.

I support the bill. I would say that I fully support it, but there is a bit more work to be done. I wish the committee all success in its future deliberations on the bill, which is critical to the lives of many individuals and families in Scotland.

16:38

Jenny Marra: I would not entirely agree with Mary Scanlon that this has been a consensual debate, although I agree that it has been a good-humoured debate on what I think is a very important topic.

If you will allow me, I will turn first to clause 4. You may not believe it, but I have been in political debates on clause 4 before—that was many years ago—although that clause 4 was not as pernicious as the clause 4 that is before us today. We have disagreed this afternoon on the number of people who gave evidence who agreed with your recommendation to take the repayment period from three to four years. Minister, I would like to clarify that more people who responded said that they would like to leave it the same, at three years. The figures that you quoted earlier—the 32 respondents who said five years as opposed to the 27 respondents who said three years—were for the respondents who agreed with the period being extended. However, 75 per cent of respondents disagreed with the period being extended. I think that you have been slightly disingenuous with your interpretation of the figures in this table. It is clear from the evidence—the Accountant in Bankruptcy’s analysis of the consultation—that 75 per cent of respondents disagreed with the extension that you propose in section 4 of your bill.

The Deputy Presiding Officer: Ms Marra, could you address your remarks through the chair, rather than directly to the front bench?

Jenny Marra: Sorry, Presiding Officer.

Perhaps the minister can address that point in his closing speech.

In the policy memorandum, the Government draws attention to the fact that our courts are under increasing pressure from civil and criminal business and uses that as a justification for transferring business from courts to the Accountant in Bankruptcy. Given that the Scottish Government is pursuing court closures across the country, the Government needs to stand up today and say whether those closures are having a detrimental effect. The transfer of the business to the Accountant in Bankruptcy leaves us with serious concerns. If those issues have arisen because of the Government’s cuts and its closure of courts, the Government needs to address that.

Let us examine the roles and responsibilities of the Accountant in Bankruptcy. It used to be in receipt of Government funding, but Fergus Ewing reformed the arrangements, saying that the body had to be self-funded, and should exist within the ethos of full cost recovery. However, the bill gives the Accountant in Bankruptcy substantial quasi-judicial functions. That move is riven with potential

conflicts of interest. What is more important: the situation and circumstances of the debtor or the Accountant in Bankruptcy's bottom line? The Accountant in Bankruptcy could become judge, jury and executioner, which leaves us feeling very uncomfortable. If this situation has arisen as a result of court closures across the country that have been instigated by the Cabinet Secretary for Justice, the Government needs to face up to that, and the minister should do so in his closing remarks.

I will turn to other issues that were raised in the debate. Nigel Don raised an issue about creditors taking money directly from people's wages and directly from the employees. I do not know whether it was a passing remark, but it was certainly concerning.

Joan McAlpine: The member is probably too young to remember the anti-poll tax campaign, but I was a proud member of the no-pay campaign, and my wages were arrested by a Labour council. I know that the member was too young to be involved at that time, but would she like to comment on that rather shameful aspect of her party's history?

Jenny Marra: The member is going back many, many years. We are not in favour of anyone's wages being arrested, now or in the past. I hope that no amendments will be forthcoming at stage 2 to reflect the remarks that were made.

Murdo Fraser: I am seriously wondering whether I heard the member correctly. Is she saying that it is the policy of the Labour Party not to support earnings arrestments for creditors in any circumstances?

Jenny Marra: Not directly from employers, I tell the member.

The case for removing automatic discharge was made eloquently by Alison Johnstone, and I ask the minister to reflect on that. [*Interruption.*]

The Deputy Presiding Officer: Order. Members should not be speaking to one another across the chamber.

Jenny Marra: Earlier, Marco Biagi raised a point about the principles of the bill. As I said in my opening remarks, we need to ensure that as many people as possible are participating in our economy. This bill does not facilitate that. Now is not the time to ask ourselves how to get the most from those who have the least. In our post-recession economy, in which wages have stagnated and food prices and fuel bills continue to soar, now is the time to ask how we empower, include and extend the hand of the state to those who need it the most. That is the test that we must apply to the bill, and it is the test that I think the

Government has failed at stage 1. I hope that we will see a much-improved bill at stage 2.

The Deputy Presiding Officer: I call Fergus Ewing to wind up the debate. You have until 4.59 to do so, minister, so there is time for interventions.

16:45

Fergus Ewing: Thank you, Presiding Officer. I have rather a lot to say, so I am confident that I will be able to fill the time that is available to me—and much more, if more were available.

Mary Scanlon kindly alluded to the fact that there was a time when I knew a bit about bankruptcy law. For some reason, I was accredited as a specialist in insolvency law by the Law Society of Scotland for many years. I once made the mistake of pointing that out in Kilmarnock sheriff court to the great Sheriff David Smith, who is still with us although he is not on the bench. He rubbed his hands and said, "Ah, Mr Ewing—an expert." At that point, I knew that I had made a big mistake.

I am not an expert in bankruptcy law, but I know enough to know that the technical detail is extremely important and complex, as Mary Scanlon rightly said. In bankruptcy law, it is essential to master the detail and make the best efforts to ensure that we get it right, because the risks are serious. Those risks were manifested back in the Bankruptcy (Scotland) Act 1985, when, without any malign intention, the Scottish Law Commission grossly underestimated the number of people whose bankruptcies would end up being paid for by the public purse and carried out by insolvency practitioners. The bill for that rose to more than £20 million a year.

As a result, Michael Forsyth introduced the Bankruptcy (Scotland) Act 1993. At that time, he was generous enough to give me some credit for campaigning on the issue, together with Tom Shields of *The Herald* newspaper. My point is that that happened because of unintended consequences. No one ever intended that it would cost the taxpayer £20 million to process bankruptcies of people who had no assets and, very often, modest debts. In some cases, the debts were less than the fees—it was ridiculous. The law was amended, but the point is that we have to study the detail, and we have to master it—I say that to all members who are participating in the debate.

I want to answer a specific question that Mr Fraser and Mrs Scanlon asked about how we compiled the figure of £200,000 in respect of the education responsibilities. That was done after considering representations from the advice sector at a meeting that I held fairly recently involving

Money Advice Scotland, citizens advice bureaux and local authorities. We had that meeting to discuss the details of the bill, to ascertain what changes—technical and other—they felt should be made and to consider generally how the education function and a financial national health service in Scotland will operate.

The money is a one-off payment, not an annual payment, because we recognise that for the money advice sector and the individuals who will be required to implement and provide the education, there will be an initial requirement to prepare things such as modules and instruction manuals. Assistance, information and guidance will be required for those who will have to discharge the new functions, and £200,000 is a reasonable estimate of the sum that is involved. It will be allocated to Money Advice Scotland and monitored by the AIB.

Many members have asked about the level of fees for the process. The Accountant in Bankruptcy indicated her view at committee. Plainly, we want to ensure that we keep fees to a minimum. I was pleased to hear Mike MacKenzie pay tribute to the work of the Accountant in Bankruptcy. Of course, when he says that, he means her staff, who actually do the work under her leadership and with the excellent support of the senior staff, many of whom are at the back of the chamber. They do a terrific job and carry out the processes with a high degree of professionalism.

I have met the staff at the Accountant in Bankruptcy office in Kilwinning and discussed their views on how bankruptcy law should be changed. I will always remember that, when they were asked what one thing they would like to be changed in the way in which we handle debt in Scotland, they said that they would like better education, especially for young people.

In the long term, the vision of a financial NHS must encompass and encapsulate parents, teachers, schools, debt advisers, people in business and people in the voluntary sector all playing a part to ensure that we live in a society in which we inculcate in children and explain to them good financial management from an early age. We should do that to counteract what has become the malign scourge of payday loans—a form of venal usury that few people of my age, when we were at university, could have contemplated would be a feature of the system in Scotland.

Murdo Fraser: I am grateful to the minister for providing clarity on the £200,000 sum, which I now understand is to fund a financial education package. That is clear and welcome. Is the Scottish Government planning to do anything to assist the money advice sector, which told us in evidence that it expects a 6 to 8 per cent increase

in cases as a result of the bill? Will that sector get any additional resource?

Fergus Ewing: We have worked carefully with CABx and we have an analysis—I have it in my papers somewhere and I will send it to the member—that estimates the current debt case load of CABx. From memory, I think that the figure is about 15,000 debt cases per annum. If that is wrong, I will correct it. I understand that the additional burden will be of the order of 3 to 5 per cent, but we will look carefully at the figures.

We want to continue to work closely with CABx, as we have always done. As Mr Malik said, CAB officers work at the coalface. I was pleased recently to meet Nairn CAB members, who are working with and sponsoring Nairn County Football Club. The CAB is advertising its services at the football club; payday lenders have bought advertising rights at football clubs that are perhaps more successful than Nairn County.

I turn to the bill's principles. The bill aims to ensure that appropriate and proportionate debt management and debt relief mechanisms that are fit for the 21st century are available to the people of Scotland. As many members said, including Mr Don, there is a balance to strike between the interests of the creditor and those of the debtor. That has not changed since Goudy's textbook, Meston and the 1985 act, or in more recent legislation.

That balance must be struck. A framework must provide for debt management to allow people to pay their debts and for debt relief for people who cannot pay their debts. Scotland has two debt relief mechanisms—protected trust deeds and sequestration. The bill deals with sequestration, and its proposals have been broadly welcomed by most respondents, including citizens advice bureaux.

The debt arrangement scheme has been an enormous success story. We have gone from just over 400 cases per annum when it was introduced to more than 4,000 cases, which is a tenfold increase. Ten times as many people use the scheme now as when it was introduced. We were grateful when a previous Executive introduced it, before we became the Scottish Government in 2007.

Since then, we have made a number of changes to the scheme. We have introduced payment breaks and frozen interest and charges. We have now backdated the application of the freezing of charges, to avoid additional misery. We have made the scheme more and more effective and more and more people are using it.

It is interesting that the overwhelming majority of people who enter the debt arrangement scheme continue to pay their debts and pay them almost in

full—at a rate of 90 per cent. That tells a good story about the people of Scotland. They want in large part to pay their debts. We therefore do not want to do things in the law that would introduce a lack of consistency and transparency and which would discourage people from entering the debt arrangement scheme.

I am told that the average period in which people pay their debts under the scheme is about six and a half years. If we made the period in which those who can pay must pay only three years, they would pay for only half the period for which those who wish to pay their debts in full are on average required to pay. That creates the possibility of the unintended consequence: that some people who are able to pay off their debts in full will instead opt for the debt relief solution, because—

Hanzala Malik: Will the minister take an intervention?

Fergus Ewing: Hang on a second.

Those people will have to pay only for a very much shorter period. That is why at the beginning of the debate I introduced the story of unintended consequences, which we have to be very careful we do not end up with.

Hanzala Malik: Nobody is suggesting that people who can pay should not pay. The suggestion that is being made is about people who cannot pay: people who are vulnerable, need our support and need a leg up to start afresh. For those people, we are saying, “Do not change the law.”

Fergus Ewing: I find it strange that the point does not seem to have been grasped, because it is set out in the bill: those who are on benefits pay zero, and those who are on modest earnings may well pay zero—those who are most vulnerable will pay zero. By and large, we are not talking about those who are most vulnerable, because they are required to pay zero. Indeed, the Government clarified that in the recent trust deed regulations. We are talking about a relatively small proportion of people across bankruptcy who pay a contribution: a contribution is paid in one third of bankruptcy cases. It is totally wrong—it is a misunderstanding of the process, I am afraid—to suggest that what we are doing will result in those who cannot pay having to pay. That is a false assertion.

Marco Biagi hit the nail on the head in his contribution. I will not repeat his remarks, which had a certain force. It is extremely difficult to understand why the chief Opposition party supported the bill at committee but now appears, because its members have concerns about a few of the sections, to be opposed to a bill that is

supported by the vast majority of the money advice sector, including Citizens Advice Scotland.

Yes; we can have debates at stage 2 about the detail of the bill—that is what stage 2 is for. However, it is very disappointing that, instead of supporting all the good measures in the bill that Mr Biagi read out, the Labour Party is choosing to adopt—

Jenny Marra: Will the minister take an intervention?

Fergus Ewing: Ms Marra and I have exchanged a lot of views and I already have on the record all the answers to the questions that she repeated in her closing remarks.

The Presiding Officer (Tricia Marwick): The minister is not giving way, Ms Marra.

Fergus Ewing: Incidentally, as far as I know, the arrestment of earnings process can be carried out only against an employer. That was part of the law of Scotland during all the periods in which the Labour Party and Liberal Democrat Party were in power. Had they wanted to scrap the diligence of arrestment of earnings in Scotland, they had ample time to do so. I am not sure whether that is their policy now and neither, after Jenny Marra's contribution this afternoon, is anyone else.

I turn to the functions of the sheriff and the AIB, because those are serious matters. In response to Nigel Don's remarks, I say that we will of course consider the issue extremely seriously. However, it was wrong to suggest, as Jenny Marra seemed to do in her closing speech, that the process began with the bill. That is untrue; it is factually incorrect. The process was begun a long time ago, and was hastened by the Bankruptcy and Diligence etc (Scotland) Act 2007, in which many processes were referred to the Accountant in Bankruptcy that hitherto had been carried out in court. At one point, one had to go to the Court of Session to recall sequestration, at ludicrous expense to private or public funds. It is absolutely sensible that relatively routine matters are carried out by the AIB.

The Presiding Officer: Please begin to wind up.

Fergus Ewing: That will provide greater consistency and clarity and is supported by the Scottish courts administration. The AIB is most certainly not “judge, jury and executioner”, to use Jenny Marra's phrase. We did not have executions in Scotland the last time I looked, but we are in favour of the effective transfer of process.

The requirement for advice was supported by 93 out of 129 respondents. I am disappointed that Hanzala Malik is opposed to it and is with the minority that thinks that people should not get that advice.

The main issue is the question of what contribution debtors should make, and the Scottish Government's view is that we are striking the right balance. The proposals that we have set out are designed to ensure that the creditor gets a reasonable turn; that the debtor is treated fairly; that there is provision for payment breaks and variations so that people's changing circumstances can be taken into account; and that, once the bill becomes law, people in Scotland will receive a system of managing debt that is second to none.

Bankruptcy and Debt Advice (Scotland) Bill: Financial Resolution

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of motion S4M-08515, in the name of John Swinney, on the financial resolution on the Bankruptcy and Debt Advice (Scotland) Bill.

Motion moved,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Bankruptcy and Debt Advice (Scotland) Bill, agrees to—

(a) any expenditure of a kind referred to in Rule 9.12.3(b) of the Parliament's Standing Orders arising in consequence of the Act, and

(b) any charge or payment in relation to which Rule 9.12.4 of the Standing Orders applies arising in consequence of the Act.—[*Fergus Ewing.*]

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

Business Motions

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-08630, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Tuesday 7 January 2014

2.00 pm Time for Reflection
followed by Parliamentary Bureau Motions
followed by Topical Questions (if selected)
followed by Scottish Government Debate: Scotland's Future
followed by Legislative Consent Motion: Rehabilitation of Offenders – UK Legislation
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Wednesday 8 January 2014

2.00 pm Parliamentary Bureau Motions
 2.00 pm Portfolio Questions
 Education and Lifelong Learning
followed by Scottish Government Debate: Scotland's Economy
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Thursday 9 January 2014

11.40 am Parliamentary Bureau Motions
 11.40 am General Questions
 12.00 pm First Minister's Questions
 12.30 pm Members' Business
 2.30 pm Parliamentary Bureau Motions
 2.30 pm Preliminary Stage Debate: City of Edinburgh Council (Portobello Park) Bill
followed by Justice Committee Debate: Report on the Operation of the Title Conditions (Scotland) Act 2003
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time

Tuesday 14 January 2014

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

Wednesday 15 January 2014

2.00 pm Parliamentary Bureau Motions
 2.00 pm Portfolio Questions
 Finance, Employment and Sustainable Growth
followed by Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Thursday 16 January 2014

11.40 am Parliamentary Bureau Motions
 11.40 am General Questions
 12.00 pm First Minister's Questions
 12.30 pm Members' Business
 2.30 pm Parliamentary Bureau Motions
 2.30 pm Stage 3 Proceedings: Regulatory Reform (Scotland) Bill
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time—[*Joe FitzPatrick.*]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-08631, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a stage 1 timetable for the Housing (Scotland) Bill.

Motion moved,

That the Parliament agrees that consideration of the Housing (Scotland) Bill at stage 1 be completed by 25 April 2014.—[*Joe FitzPatrick.*]

Motion agreed to.

Parliamentary Bureau Motions

17:01

The Presiding Officer (Tricia Marwick): The next item of business is consideration of two Parliamentary Bureau motions. I ask Joe FitzPatrick to move motions S4M-08632 and S4M-08633, on approval of Scottish statutory instruments.

Motions moved,

That the Parliament agrees that the Freedom of Information (Scotland) Act 2002 (Historical Periods) Order 2013 [draft] be approved.

That the Parliament agrees that the Land Reform (Scotland) Act 2003 (Modification) Order 2013 [draft] be approved.—[*Joe FitzPatrick.*]

The Presiding Officer: The questions on those motions will be put at decision time.

Decision Time

17:01

The Presiding Officer (Tricia Marwick): There are four questions to be put as a result of today's business.

The first question is, that motion S4M-08610, in the name of Fergus Ewing, on the Bankruptcy and Debt Advice (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Allard, Christian (North East Scotland) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Gavin (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Buchanan, Cameron (Lothian) (Con)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Davidson, Ruth (Glasgow) (Con)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Finnie, John (Highlands and Islands) (Ind)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (Aberdeen Donside) (SNP)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse)

(SNP)

McLeod, Aileen (South Scotland) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, Tavish (Shetland Islands) (LD)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Urquhart, Jean (Highlands and Islands) (Ind)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Baxter, Jayne (Mid Scotland and Fife) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Henry, Hugh (Renfrewshire South) (Lab)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McMahan, Michael (Uddingston and Bellshill) (Lab)
 McMahan, Siobhan (Central Scotland) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stewart, David (Highlands and Islands) (Lab)

The Presiding Officer: The result of the division is: For 73, Against 33, Abstentions 0.

Motion agreed to,

That the Parliament agrees to the general principles of the Bankruptcy and Debt Advice (Scotland) Bill.

The Presiding Officer: The next question is, that motion S4M-08515, in the name of John Swinney, on the financial resolution on the Bankruptcy and Debt Advice (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Allard, Christian (North East Scotland) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Gavin (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Buchanan, Cameron (Lothian) (Con)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Davidson, Ruth (Glasgow) (Con)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Finnie, John (Highlands and Islands) (Ind)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (Aberdeen Donside) (SNP)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, Tavish (Shetland Islands) (LD)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, Kevin (Aberdeen Central) (SNP)

Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Urquhart, Jean (Highlands and Islands) (Ind)
 Watt, Maureen (Aberdeen South and North Kincardine)
 (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Abstentions

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Baxter, Jayne (Mid Scotland and Fife) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Henry, Hugh (Renfrewshire South) (Lab)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stewart, David (Highlands and Islands) (Lab)

The Presiding Officer: The result of the division is: For 73, Against 0, Abstentions 33.

Motion agreed to,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Bankruptcy and Debt Advice (Scotland) Bill, agrees to—

(a) any expenditure of a kind referred to in Rule 9.12.3(b) of the Parliament's Standing Orders arising in consequence of the Act, and

(b) any charge or payment in relation to which Rule 9.12.4 of the Standing Orders applies arising in consequence of the Act.

The Presiding Officer: The next question is, that motion S4M-08632, in the name of Joe FitzPatrick, on approval of a Scottish statutory instrument, be agreed to.

Motion agreed to,

That the Parliament agrees that the Freedom of Information (Scotland) Act 2002 (Historical Periods) Order 2013 [draft] be approved.

The Presiding Officer: The next question is, that motion S4M-08633, in the name of Joe FitzPatrick, on approval of an SSI, be agreed to.

Motion agreed to,

That the Parliament agrees that the Land Reform (Scotland) Act 2003 (Modification) Order 2013 [draft] be approved.

12 Days of Debtmas Campaign

The Deputy Presiding Officer (Elaine Smith): The final item of business today is a members' business debate on motion S4M-08431, in the name of John Wilson, on the 12 days of debtmas credit union campaign. The debate will be concluded without any questions being put.

Motion debated,

That the Parliament welcomes the Scottish Government's 12 Days of Debtmas campaign, which aims to encourage people to use credit unions rather than opt for high-interest short-term loans during the 2013 festive period; understands that, recently, there has been a growth in payday lending and that such loans have plunged many people and families in Central Scotland and throughout the country into financial hardship; notes that, across Scotland, credit union membership continues to grow, with over 350,000 people using their services, which, it believes include providing borrowing at much more affordable rates; understands with caution that some credit unions might be unable to provide the level of support required, and notes the calls for the Scottish Government to ensure that every credit union is provided with the necessary tools to act as a practical alternative to the high-interest borrowing and payday loans that many people could be vulnerable to during the festive period.

17:05

John Wilson (Central Scotland) (SNP): I thank the members across political parties who signed my motion and are here to listen to the debate. I refer members to my entry in the register of members' interests. My interest in credit unions is long standing, although it has been clearly assisted by the fact that I am the convener of the cross-party group on credit unions in the Parliament.

In many ways, the debate is timely. It is one of those debates that are like Edinburgh Corporation buses: three come along in a week. I am grateful to Kezia Dugdale for her members' business debate last Thursday lunch time, which was part of the overall discussion about how we deal with debt in Scotland.

The debate also acknowledges the important work that the Scottish Government undertakes, not least with its 12 days of debtmas campaign. It is vital that the role of credit unions and the approach that they take are considered in contrast to the approach of payday lending firms.

The thrust of the campaign is people not being pressured, especially at this time of year, into taking out expensive loans—especially high-interest, short-term loans—at the expense of good financial decision making. Only last week, the Office of Communications stated that television viewers were exposed to nearly 400,000 payday loan adverts last year alone. In 2011, there were

243,000 such adverts, but, within the space of a year, that increased by 64 per cent.

The Scottish Government campaign at this festive period is therefore essential in offering serious balance and engaging with the public. Furthermore, according to the minister's speech in the debate this afternoon, almost 18,000 people have visited the campaign website, with almost 1,300 having engaged in internet searches for their local credit unions.

It is important that the Financial Conduct Authority, which takes over the regulation of payday loans in April, examines advertising, especially pester power. Ofcom stated that, on average, children watched more than 70 adverts from payday lenders.

It is important to acknowledge that credit unions have evolved over the years and that they are expanding and growing. I come to the debate having witnessed at first hand the work that they do in Central Scotland. I regularly try to meet up with credit unions throughout Central Scotland during the year to find out what new developments are taking place.

The work that credit unions do in Central Scotland is assisted by the fact that they can demonstrate a real difference for many communities and get people, especially those in deprived areas, to develop the savings habits that are necessary for, and consistent with, good credit union practice, in contrast to the position of payday lenders.

Credit unions need the necessary framework to develop in a practical sense. They are distinct bodies. There are both large and small credit unions in nature and operation. We must ensure that smaller credit unions are given the necessary support to provide the assistance that their current and future members need and to deliver real benefits to those who need them.

Furthermore, when we talk about necessary expansion and more services being offered, we must acknowledge that volunteers and staff in credit unions need to be upskilled to meet the requirements of the growing sector.

Kezia Dugdale (Lothian) (Lab): I am sure that John Wilson will agree that some credit unions simply do not want to be involved in offering alternative payday loans and that nothing about what we create or ask them to do should force them to get involved in that.

John Wilson: I will try to deal with that point later.

Accredited training programmes could offer staff and volunteers the opportunity to be credited with meaningful qualifications to progress the credit union and individuals' development. I understand

that the Scottish league of credit unions has been discussing such a matter with the Scottish Qualifications Authority and hopes to move that forward in the new year.

The sector in this country is relatively small compared with the sectors in the United States and Australia, where credit unions serve almost a third of the country's population. It is to be welcomed that many employers support their employees' credit union membership. I know that a good many employers do that here, but the approach needs to be promoted more robustly. The potential of credit unions has been recognised by both Scottish and United Kingdom Governments, which have emphasised the role that they can play in countering payday loan companies.

I acknowledge the good work that credit unions do in encouraging people to save and take out loans with them, offering a real alternative to expensive payday loan lenders. Figures from StepChange Debt Charity show that the average monthly income of a StepChange client in Scotland is £1,190 compared to the average payday loan debt of £1,400. That level of monthly repayments leaves people with no money to live on and pushes them further into debt. It must be remembered that behind those statistics there is a human face to the financial pressures.

Credit unions can take a longer-term view, rather than offer a short-term fix, when compared with the approach of the existing banks and building societies. Glasgow Credit Union has recognised the real problems in the traditional banking sector and is now able to offer mortgages to its members that are tailored to second steppers. That relates to the point that Kezia Dugdale raised. Not all credit unions have the financial wherewithal to provide such loans, and we must cater for both large and small credit unions.

The Scottish Government's new banking strategy recognises that credit unions can and should compete with commercial banks in the financial services sector. I am aware that the regulation of financial services is a reserved matter. Nevertheless, the Scottish Government clearly has a role in developing solutions, particularly with regard to legal matters that have an impact on credit unions, and in ensuring that the partnership role is maintained.

I recognise the good work that is being undertaken by credit unions throughout Central Scotland and beyond, and I welcome the fact that the Scottish Government has placed a high priority on assisting credit unions to deliver not only an alternative but mainstream financial provision that will assist many communities throughout Scotland. However, we must ensure that credit unions have

the resources and support to play a meaningful role into the future.

The Deputy Presiding Officer: I am afraid that the debate is heavily subscribed and I may not be able to call everyone as I cannot extend the debate this evening. If members could take less than four minutes, I would be obliged.

17:13

Kezia Dugdale (Lothian) (Lab): I point members to my entry in the register of members' interests, as I am a member of Capital Credit Union.

I congratulate John Wilson on securing the debate. It is the third time in the space of a week that we have been able to debate the issues around payday loans, and that is to be greatly welcomed. I also commend him for the role that he plays in the cross-party group on credit unions and I look forward to joining him on the journey going forward.

I very much welcome the 12 days of debtmas campaign. Members might not be surprised to hear that, given that I asked the Scottish Government to run a campaign against payday loan companies specifically in the run-up to Christmas. I first asked the Scottish Government to do that on 29 May 2012, when I wrote to Fergus Ewing, asking him to run a publicity campaign against payday loan companies. He wrote back:

"It would not be appropriate for the Scottish Government to undertake an advertising campaign to advise the public of the issues in the high-interest, short-term loan market."

Not being somebody who takes "No" for an answer, I wrote back to the minister in August 2012 and received a similar reply. The Scottish Government said:

"It is not appropriate for the Scottish Government to discourage people from obtaining credit which is offered to them in a legal, fair and transparent way."

It was therefore with a wry smile that, last week, I enjoyed listening to the Minister for Energy, Enterprise and Tourism tell the Parliament that it is

"the Scottish Government's view that the uncontrolled growth of payday lending in Scotland ... has been one of the causes of extreme social misery and hardship in our times."—[*Official Report*, 12 December 2013; c 25695.]

The minister needs to give credit to the thousands of people across the country who have been actively campaigning against payday loans for several years, because they have put the issue on the agenda. The minister has not always been a diehard opponent of payday loans and to suggest otherwise does the debate a disservice. However, I very much welcome the action that he is taking, and I ask him to think about what will happen after Christmas, because the campaign

should not be just for Christmas. For example, a lot of families experience tremendous debt and financial pain in January because that is when a lot of bills come in.

The minister will remember that when we last met in June I asked him to consider a proposal for a loan guarantee fund that I had written jointly with the Association of British Credit Unions Ltd. The proposal would help credit unions to develop their capacity to grow and offer an alternative to payday loan companies. He promised me an answer to that proposal by the end of June, but the summer came and went.

I thought about challenging the minister to ask whether he had come up with a response, but I spoke to a number of people in the credit union sector and they asked me not to do that because they had heard warm soundings from the minister's department and the people that he works with that he was taking the issue very seriously. It has been six months since the minister said that he would respond to my proposal, but I have not heard anything yet.

Mike MacKenzie (Highlands and Islands) (SNP): Will the member take an intervention?

Kezia Dugdale: I am sorry, but I have fewer than four minutes and I am desperately trying to please the Presiding Officer.

What I am trying to say to the minister is that, if he does not think that the loan guarantee fund is a good idea or the answer to improving credit unions' capacity to offer an alternative, I urge him to come to the chamber and lay out a route map and a series of ideas and ways in which we can help credit unions who want to offer a credible alternative payday loan to do so.

Credit unions are seeing tremendous numbers of people coming through their doors, including people who have heard the 12 days of debtmas campaign on the air waves, who want to join a credit union. However, there is a great fear among credit unions that desperately want to do the work that they cannot meet that capacity or fulfil the potential that they have to offer an alternative, and they are looking to their Government for answers.

I will leave it there to save you some time, Presiding Officer. The challenge to the minister goes on into 2014 and I look forward to hearing what answers he has.

17:17

Roderick Campbell (North East Fife) (SNP): I, too, congratulate John Wilson on securing the debate and Kezia Dugdale on securing her members' business debate last week. I apologise to members as I may not be able to stay to the end of the debate.

It is obvious that the two topics are inextricably linked. As suggested by Archbishop of Canterbury, Justin Welby, credit unions can compete payday loan companies out of existence. A key reason behind the debtmas campaign is to entice people away from the high-interest, modern-day Shylocks—if I may use that term—that offer too-good-to-be-true, instant cash deals.

We all know the drawbacks associated with companies such as Wonga, whose chief executive admitted in 2010 that their practices would be classified as illegal in some countries and that, on occasions, the company will charge £6.57 to borrow £1 for one day. However, people taking out the loans do so because of an urgent, short-term cash crisis. Regardless of the sum being taken out, it is a zero-sum game for the customer and one in which only the loan company can win, particularly with the exorbitant fees that they charge.

Although we would all welcome substantially stricter regulations on those companies, the power to introduce them unfortunately remains reserved to Westminster. However, even if the UK Government acted, there would be no point in doing so in isolation as that would effectively be closing the stable door after the horse had bolted.

We clearly need alternative money lending and credit schemes that do not cynically target those in need of help in order to make a fast buck. Although they exist, they need to be more widely advertised and available. Therefore, I am delighted that the Scottish Government has followed up on January's members' business debate in which a number of my colleagues asked the Government to support credit unions, and that it has launched its 12 days of debtmas campaign, encouraging people to ignore payday loan companies' advances and instead consider other options, including the services of credit unions.

We all know that money can get tight around Christmas, with extra money spent on heating, presents or perennial nights out. The costs all add up and can leave many families struggling into the new year, when they know that it will be five or six weeks until payday.

It will be difficult to combat the multi-billion pound business of payday loan companies—which, as John Wilson mentioned, saw 400,000 of their adverts broadcast last year, with adults seeing an average of 152 and children 70 of them—but it is essential to spread the message that there are alternatives and it is worth while promoting the fairer, cheaper alternative of credit unions.

Although I doubt that credit unions run to the same ethos as George and Mary Bailey's building and loan association in the iconic film "It's a

Wonderful Life”, in which they famously offered people their honeymoon money after a run on the banks, credit unions are undoubtedly a better alternative than those of payday lenders.

As a direct result of the debtmas campaign, almost 1,500 people and counting have already asked for details of local credit unions, such as North East Fife Credit Union, which is fully regulated by the FCA and operates out of Cupar and Springfield. Without credit unions, people would face an impossible choice between an unapproved overdraft extension that would incur expensive charges and a payday loan that would also incur expensive charges.

I am certain that every member who is present will have been approached by constituents with money problems. I am pleased that I can point my constituents to a local credit union that might be able to assist them, but I am disappointed by the number of people on low incomes who say that banks will not help them.

If more organisations paid a living wage and we could ensure that the lending system in Scotland was fairer, far fewer people would struggle for money at Christmas and throughout the year. However, credit unions fulfil a very real need, and I am pleased to support the motion.

17:20

Rhoda Grant (Highlands and Islands) (Lab): I congratulate John Wilson on securing the debate. It is timely for us to be having it in the run-up to Christmas, when people are under huge pressure to buy gifts and expensive food to make Christmas special for their families.

The key aim of the debate is to encourage people to use credit unions instead of payday lenders. With wages falling and prices rising, very few people—only the very rich—are better off. The poorest in our society are bearing the brunt of that. We have seen a fourfold increase in the number of food banks, which are struggling to meet the needs of people in our communities.

People in areas such as the Highlands and Islands, where employment can be seasonal or temporary, are at high risk of payday loan debt, because banks are reluctant to lend to people who do not have a secure income. Those that will lend charge the worst-off inflated rates of interest.

Only last month, it was revealed that the Skye, Lochaber and Badenoch constituency in the Highlands has the second-highest level of individual payday loan debt in Scotland. The average payday loan debt level in Scotland is £1,398.07, whereas in Skye, Lochaber and Badenoch it is £2,418.50, which is more than

£1,000 more than the average for the country as a whole.

Payday lenders charge astronomical rates of interest, which quickly become unaffordable. That leads to people rolling over their debt. Such lenders also take repayments directly from borrowers’ bank accounts without having any regard to what those people will live on.

I recently issued a debtbusters survey to homes in Wick in the Highlands and Islands. The results indicated that around 90 per cent of respondents are supportive of the campaign to increase awareness of the risk of using payday loan companies, of the promotion of credit unions and of increasing awareness of where to get debt advice, but only 9 per cent of respondents told me that they are members of a credit union.

Credit unions provide an alternative. All other lenders increase interest rates for the least well-off, whereas credit unions treat all people in the same way. In the Highlands and Islands, we have a credit union that covers the whole area: HI-Scot Credit Union is a community-based financial co-operative that is owned, run and controlled by its members, of which it now has more than 2,000. Interest in the credit union has continued to grow since it was first established around six years ago. It now offers a range of products, from prepayment debit cards that can be used in shops and at cash machines to short and medium-term loans at preferential rates of interest, as well as saving schemes and life insurance.

We all have a role to play in promoting credit unions, and I very much hope that the Scottish Government will offer support to those organisations so that they can provide their valuable services to those who desperately need them, especially this Christmas.

17:23

Alex Johnstone (North East Scotland) (Con): I congratulate John Wilson on bringing the issue to the chamber. It is a timely moment in the year to discuss household debt and how to deal with it.

When we consider the broader issue of borrowing—domestic borrowing, in particular—it has to be said that, as I have said previously in the chamber, it is ironic that quite often the people who do not need the money can get it most cheaply, while those who need it most find it most expensive and sometimes almost impossible to obtain. The result is that many people are forced into the hands of payday lenders. I believe that that is also a function of the marketplace in which we find ourselves, which it is not beyond the powers of politicians to influence.

Going back to John Wilson's speech, I note that in the United States of America up to a third of the population has an account with a credit union not because of any particular demand but because the credit union sector has developed more quickly and effectively in that part of the world. The result is that people who in this country might rely on banks, credit cards or, in the worst possible cases, payday lenders have an alternative.

If we look at the development of financial institutions over hundreds of years, we will find that some of what at their formation were the smallest and most insignificant organisations have become some of the largest banks in the world. Unfortunately, perhaps, our building society sector, which at one time played such a key role, was largely absorbed by the banks, which then misused their position and found themselves having to be bailed out with public funds. The credit union sector has tremendous potential in two respects. First, it has the capacity to develop its market and find ways of providing loans at a competitively economic rate to people who need them and have no alternative. Secondly—and more important—it has an opportunity to influence and educate those who cannot find credit elsewhere because of their borrowing record. Bringing people into the fold, giving them the necessary education to be more financially responsible and letting them go forward and take advantage of their better credit rating to participate in the broader market is a bonus that many credit unions could, in the long term, afford to give.

I, too, congratulate the Scottish Government on its 12 days of debtmas document, which I downloaded from the internet. It must have taken the team in question quite a while to come up with all those suggestions but, nevertheless, this is an issue that people need to take seriously. We have to remember that Christmas is about many things—and not necessarily conspicuous consumption—but it is our duty in this Parliament to concern ourselves with how best we might serve people who find themselves in debt at this difficult time of year.

I support John Wilson's motion.

17:27

Jackie Baillie (Dumbarton) (Lab): I, too, congratulate John Wilson on securing the debate and on his thoughtful and considered speech. As others have pointed out, the debate follows last week's excellent debate led by my colleague Kez Dugdale on the regulation of payday lenders. It is fair to say that Ms Dugdale has led the debtbusters campaign in Scotland to considerable effect, highlighting the scandal of payday lending with companies charging extortionate rates of interest and taking advantage of people in

recouping that loan. Clearly, as far as the minister is concerned, persistence works but I encourage him not to wait quite so long before responding to Ms Dugdale's letters, emails and suggestions.

In the past year, a number of payday lenders have sprung up in my local area—in fact, it is about the only growth in the high street—and they are charging a frankly outrageous annual percentage rate of almost 4000 per cent. We are facing a huge cost-of-living crisis of a kind that we have not seen for very many decades. Incomes are declining in real terms, costs have risen by more than 30 per cent in the past five years and people are in difficulty.

There are alternatives, but we need to do more to raise awareness and point people in the right direction. As a result, I very much welcome the Scottish Government's 12 days of debtmas campaign, which highlights credit unions' valuable role in providing access to low-interest loans. The two credit unions in my area—Dumbarton Credit Union and the Vale of Leven Credit Union—do a fantastic job. Very much rooted in their communities, credit unions are member-owned co-operatives whose aim is to develop a responsible approach to money and encourage all of us to save. With their low-interest loans, which are usually repayable over a long period, they are growing all the time. Across Scotland, there are 108 credit unions, some based on a workplace, others based on where people live, and as many as 350,000 people have joined them. However, they have so much more potential, and that is the issue that I want to explore with the minister.

I will digress for a minute, however, and mention that in the House of Commons Gareth Thomas MP has tabled a 10-minute rule motion that seeks to create a credit union for military personnel who are increasingly turning to payday loans to get by. I hope that Scottish National Party MPs and, indeed, Conservative MPs will support that, as it is particularly important.

In my local area, we asked the council to advertise the credit union on its council tax notices, which are received by every household. It is considering that. We have also asked it to promote the super savers scheme, which gives every primary school child a credit union account with a small sum of money—£10, say—to kick off their saving habit. That, coupled with financial education that is provided by the credit union, can be a powerful tool to change habits in the next generation. A small sum of money could prevent a future spiral into debt. The Scottish Government should consider ways of promoting credit unions, perhaps on television or radio, that would support local activity at this time of year and all year round.

I recall that the previous Scottish Executive had in place a credit union development plan entitled

“Unlocking the Potential: An Action Plan for the Credit Union Movement in Scotland”, which was backed by considerable resources. I suspect that the current Scottish Government has also provided funding, but if we are to make a quantum difference to financial exclusion, we need to do much more to sustain credit unions.

What specific measures will the minister implement to do so? In the short term, what about providing credit unions with assistance through a loan guarantee fund to enable them to offer more instant loans? In the long term, how can we encourage community credit unions to have people from all walks of life as their members? I look forward to the minister, in the spirit of Christmas, outlining the further measures that he will implement now to support credit unions.

17:31

Mike MacKenzie (Highlands and Islands) (SNP): I congratulate John Wilson on securing the debate. Its timing is perfect because, as Charles Dickens famously realised, the festive season is a time when we should consider those who are vulnerable or in difficulty. It is a time when the contrast between the haves and the have-nots in our society is rendered in stark terms, the engine of consumerism is at maximum revs, and already stretched budgets are under severe pressure.

It is therefore no surprise that people are driven to borrow at this time of year and it is no surprise that, when the high street banks will not offer facilities to those with slender resources, people turn to other sources of credit, or that payday lenders are ready to pounce on such unsuspecting and vulnerable borrowers. I say particularly to the Labour members whom we have heard that that is what 300 years of the union and the failure of the UK Government to regulate the payday industry have brought us to.

Thankfully, there is an alternative. Credit unions offer unsecured lending in a responsible and fair-minded way. Loan applications can be fast and can be done online, but they are always accompanied by prudent advice and there is always a system of checking to ensure that loans are affordable for borrowers. That is the essence of responsible lending, and it is by following responsible lending practices that the cost of borrowing can be kept to a minimum.

Credit unions offer far more than unsecured lending. They encourage saving and offer a variety of savings products, because saving even modest but regular amounts is perhaps the best way to help to meet expenses such as those that we are all faced with during the festive season. Saving is the best way to lay in a contingency fund to deal with the emergencies that we all face from time to

time, when some ready cash is necessary. It is the way to get out of the debt cycle and ahead of the game.

In researching for the debate, I found out that some credit unions even offer mortgages. Members have referred to that. Those credit unions offer a full and comprehensive alternative to high street banks; the difference is that they are not solely motivated by chasing high and unsustainable profits. That ethos is all-important, and it ensures that a careful balance will always be struck in delivering a sympathetic and responsible service for savers and borrowers.

In conclusion, I am delighted that the Scottish Government has launched the 12 days of debtmas campaign to foster greater awareness of credit unions, which offer a much better alternative to payday loans and, in many cases, a better service than high street banks do. The more people there are who use credit unions, the more they will grow, and the more they grow, the more people can benefit from their excellent range of financial services.

17:34

Jayne Baxter (Mid Scotland and Fife) (Lab): First, I declare an interest: I am a councillor in Fife.

I am grateful for the opportunity to speak in this debate and I add my support to that of others for John Wilson's motion. Through my work on the debtbusters campaign in Fife, I know the misery that is brought about by payday loan companies and the excellent work that credit unions do to alleviate that misery.

As the changes to welfare start to bite, individuals and families will face increasingly basic choices. It is those choices that are the most difficult and the most unfair, such as parents deciding whether to feed their children or themselves; and whether to pay off the loan that they took out to pay the electric bill last month or whether to pay the electric bill this month. Scotland has the highest level of payday loan debt in the UK, with people from Mid Scotland and Fife owing an average of £1,200. Those people are not irresponsible or financially incompetent; it is just not possible to stretch the money from one month to the next without help.

Citizens Advice Scotland recently published research that looks at payday lending. Such loans are often given to people who have been refused credit elsewhere and they can come with interest rates as high as 4,000 per cent. What can seem like a lifesaver one day can turn into a nightmare the next. People are struggling and as public sector cuts start to take hold the number of people needing to borrow to survive will increase. Mainstream consumer credit has become

increasingly difficult to access, which means that the speed at which people can access easy—inverted commas—loans can seem an attractive option. It takes 15 seconds to apply for them and they can tide people over the last few days of the month.

If we want people to know what the real cost of payday loans is, we must ensure that they know what support is available to them. That is not about patronising people or blaming them, but about ensuring that they know what they are entitled to and how to maximise their income.

I have recently been working very closely with the Co-operative Party in Fife to take forward the debtbusters campaign, which tries to help keep people out of debt and support those who get into debt by signposting alternatives like credit unions. Its biggest success so far has been to secure the Scottish Government's support for wealth warnings on the dangers of payday loans in its 12 days of debtmas campaign, which we are debating today.

We have taken the debtbusters campaign out and about in Fife and have visited several towns with our roadshow. We have handed out information about credit unions and where people can get advice if they are in debt, and have pointed out some reality checks about payday loans. We have been astonished by the response that we have had. For example, general practitioners have come up to me in high streets and said, "Can I get a pack of your postcards? I could put these in my surgery. People need them." People from Gamblers Anonymous have come up to us and said, "This is a huge issue for us. High street bookies and online gambling are fuelling the debt crisis. We need to help our members to help themselves." People from private sector landlords associations have come up to us and said, "Can I get some of your cards for our tenants, because they are struggling?"

The response to the campaign has been much more widespread than I thought it would be, and people really want to support the campaign. They recognise that there are three gaps: a gap in knowledge about where to get help; a gap in knowledge about where to get advice about credit in general; and a gap in knowledge about credit unions. We are lucky in Fife because we have several credit unions, ranging from small community-based ones to big ones such as the Kingdom Credit Union, serving thousands and thousands of savers. However, they all have the same problem, which is that they all struggle to promote themselves—it is as if credit unions are a secret society. I sometimes think that rich people get cars and banks while poor people have to struggle along with public transport and credit unions—it feels like that a wee bit.

The challenge for us all is to help promote credit unions and I think that debtbusters in Fife has shown that there is a real appetite for doing that. Once we get Christmas out the way, we will continue that fight.

Getting back to Christmas: kids are not daft, because they know when their family is struggling to make ends meet. They do not ask for much for Christmas, because they know that their parents cannot afford food, never mind presents. Perhaps it is those kids who live in poverty throughout the year and do not want to put their parents under pressure at Christmas who most deserve to be on Santa's "nice" list. Their parents certainly believe that and they would willingly bankrupt themselves to ensure that their children get the Christmas that they deserve, even if that is only a warm house and a nice Christmas lunch. It is that, not the desire for a Ferrari or a 60-inch television, that drives people to phone the payday loan companies.

We can help those people. We can take action today to stand side by side with those families who face impossible financial choices at Christmas and every other day of the year. In supporting the motion, we can give people the knowledge to help them avoid the so-called easy-fix payday loans and find somewhere to turn that will not lead to the grinding reality of a cycle of inescapable debt.

The Deputy Presiding Officer: Thank you, and I thank most members in tonight's debate for their seasonal goodwill with the length of their contributions. I ask the minister whether, in that spirit, he will respond to the debate in a maximum of seven minutes.

17:40

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): I thank John Wilson for lodging the motion and for all the work that he does in the cross-party group on credit unions, which is one of the best attended and most active cross-party groups in the Parliament. Members from across parties have taken this opportunity to highlight the problems, misery, unhappiness and difficulties that can be caused to those who get into unsustainable debt, especially that associated with and caused by payday loans. The festive period can be a time of enormous financial strain for families throughout the country, with the pressures to buy presents for children and others. The 12 days of debtmas campaign aims to prevent people from getting into debt, especially at this time of year.

The campaign was launched at the Grampian Credit Union in Aberdeen on 18 November. I take this opportunity to thank its chief executive, Gill Mathieson, for hosting a very successful launch

event. I also thank her staff and the volunteers who were there in force. I had some interesting engagement with them and, during that time, which was punctuated by television cameras, radios and so on, the staff still took calls and were still advising people.

The campaign is a bold one. It highlights the dangers of taking out payday loans. Last month, the Money Advice Service published its annual Christmas spending survey results, which showed that almost one in five people admitted that they were still paying off debts from last Christmas, and that 6 per cent planned to turn to payday loans to cover the costs of this Christmas. Like Rhoda Grant, I save with HI-Scot, which is an example of a credit union that is achieving a great deal, as are many credit unions throughout the country.

Sadly, more and more people are turning to payday loans. In six months, StepChange Debt Charity has helped 30,672 people with payday loan debts, which is nearly the same amount as it helped during the whole of 2012, and 800,000 people in Scotland are in serious debt. Plainly, it is vital that we do everything we reasonably can to ensure that people who need to access money and debt advice do so, and that they know where to get it. I am pleased that the credit unions are supportive of the Bankruptcy and Debt Advice (Scotland) Bill, which we have just debated. I very much look forward to that bill becoming law for the provisions that the credit unions generally welcome therein.

We take our responsibility for raising awareness very seriously. That is why we have undertaken not one but three campaigns this year to seek to prevent people from entering into unmanageable debt. As Alex Johnstone said, there is no foolproof way of doing that. The power of Government is not absolute, and those who are taking out payday loans today will not be listening to this debate. We must therefore remember that, out there in the real world, people are making their own decisions, right or wrong, and we want to get across to them the alternatives that are available. That is why we decided that the 12 days of debtmas was a good, popular way of doing that.

For the second time this year, we have worked in close partnership with the *Daily Record*, as we did when we produced the "Deal with your debt" publication, and the help out of the hole advertising campaign, which raised awareness of the debt arrangement scheme and directed people to money advice rather than to payday lending. Earlier, I advised members that 18,000 people had responded to the 12 days of debtmas campaign, but I inadvertently misinformed them. We are supposed to put that right as soon as possible and I have this fortunate opportunity so to do right now. I have been informed that there were 19,000

visitors to the website, not 18,000, and more than 2,000 people have searched for details of their local credit union. That has been a reasonably solid result.

The other point that I make, in response to one of Kez Dugdale's questions, is that the second phase of the campaign is to run from the third week in January, so the campaign is not a one-off event and activity will go on after Christmas. It is important that the campaign should be sustained. The Scottish Government has allocated £250,000 to the campaign for the year, which is split into the two phases that I mentioned.

We must ensure that we get value for the taxpayers' money that is used. We must evaluate campaigns and ensure that they are efficacious, which is their purpose. There is a reasonable balance to be struck: we need to use the money carefully, but we have a duty to promote the risks of payday lending, and we will continue so to do.

Kez Dugdale asked about a loan guarantee fund. We have examined the idea closely and I will write to her with full details on the matter. Our examination took some time, because we asked the four main trade associations to consult their members and gather views. The results were inconclusive and polarised; members of the Scottish League of Credit Unions remain strongly opposed to the suggestion. The trade associations provided information that was based on the views of 72 credit unions, of which 37 were supportive of a loan guarantee fund and 35 were not.

I make no judgment here, but it might be that the reason for that division is that many credit unions want to inculcate the ethic of saving and thrift. That is an important factor for some.

Kezia Dugdale: Will the minister give way on that point?

Fergus Ewing: I will do so in a minute, if I have time—I am sorry, but I do not think that I will have time. I will write to the member with more detail, because she and Jackie Baillie raised the issue.

We have not ruled anything out at this stage and we are happy to consider all advice, but there are mixed views on a loan guarantee fund. I think that many credit unions think that there are many other ways in which they can be helped in the short and long term. For example, public sector organisations, such as the Scottish Government, can encourage employees to sign up to credit unions. That is going on and it does not involve a great deal of money. I pay tribute to the people who are involved.

The Bankruptcy and Debt Advice (Scotland) Bill is another short-term measure but, in the long term, as Mike MacKenzie said—and I do not make this a political point—given the consensus in the

Parliament that payday loans should be properly regulated, it would be best if the Scottish Parliament were able to do that. The first thing that we would do is bring forward a cap on interest rates, which I think could be done by April 2014. That would really help people to avoid the iniquities of payday loans at Christmas 2014.

I thank all members who have taken part in the debate.

Meeting closed at 17:47.

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