

The Scottish Parliament Pàrlamaid na h-Alba

# Official Report

## **MEETING OF THE PARLIAMENT**

Wednesday 4 November 2015



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### **Scottish Parliament**

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

### **Portfolio Question Time**

### **Finance, Constitution and Economy**

### **Dundee City Council (Funding)**

1. Jenny Marra (North East Scotland) (Lab): To ask the Scottish Government when the Cabinet Secretary for Finance, Constitution and Economy last discussed funding for public services with Dundee City Council. (S4O-04728)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): The Scottish Government engages regularly with all local authorities in Scotland, including Dundee City Council, on a wide range of issues.

Jenny Marra: The cabinet secretary will be aware that Dundee City Council has announced that it is to make £28 million in cuts over the next two years. Coupled with the £27 million in cuts that NHS Tayside is to face, that means that we have a £55 million black hole in our finances. Given the relatively high deprivation, deep-rooted health inequalities and low employment in my city, does the cabinet secretary believe that it is fair for his Government to ask Dundee and NHS Tayside to make such deep cuts? What impact does the Government believe those cuts will have on my community?

John Swinney: The first point to make to Jenny Marra is that, during the past five years, the Scottish Government budget has reduced in real terms by 10 per cent. In that context, the Scottish Government has worked assiduously to protect and deliver public services. That has resulted in a real-terms increase in the health service budget and we have guaranteed that increase for the remainder of the current parliamentary session and for the next parliamentary session.

For local government, it has meant a fair financial settlement in comparison with the significant reductions in public expenditure that local authorities south of the border have faced. The Government will co-operate with public authorities in Scotland as we work through the implications of the spending review on 25 November to ensure that we put in place a sustainable budget that meets the needs of the people of Scotland, including those in the city of Dundee.

### **Housing Market**

2. Willie Coffey (Kilmarnock and Irvine Valley) (SNP): To ask the Scottish Government what action the Cabinet Secretary for Finance, Constitution and Economy is taking to help stimulate the housing market. (S4O-04729)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): Our planned investment of more than £1.7 billion in affordable housing over five years has significantly benefited the many house builders across Scotland who win the contracts to build those homes. Innovative funding and delivery models using charitable bonds, pension finance and guarantees have complemented our traditional affordable housing programme such that we are well on our way to achieving our target of having 30,000 affordable homes built by March 2016.

We have also supported sustainable home ownership with £305 million investment over three years going to the help to buy (Scotland) shared equity scheme, including the £30 million help to buy (Scotland) small developments scheme.

Since 2007, our popular low-cost initiative for first-time buyers, or LIFT, schemes have helped more than 10,000 people on low to moderate incomes to get a foot on the property ladder. For 2015-16, we have allocated £70 million to our open market shared equity scheme.

Willie Coffey: I thank the cabinet secretary for that very detailed answer. Will he confirm that the actions taken by the Scottish Government are helping thousands of Scots to purchase their own homes? Is he further able to confirm that the number of houses sold in Scotland has reached its highest level for more than seven years?

**John Swinney:** It is some achievement to see the volume of transactions continue to increase. The data that was released on 27 October shows that 28,019 residential properties were sold, which is an increase of 6.5 per cent on a year ago.

There is no doubt that our actions have assisted that increase. Since 2007, LIFT and the shared equity scheme have helped more than 10,000 people on low to moderate incomes to get a foot on the property ladder. However, we also note that volumes are still well below pre-recession levels and we will continue to work with the industry to maintain the upward trend that we are experiencing.

Ken Macintosh (Eastwood) (Lab): Does the cabinet secretary agree with the findings of the commission on housing and wellbeing that Scotland is facing a housing supply crisis, and that we are building fewer houses than we have done for 70 years? Does he also agree with the

commission's provisional target that we should build 23,000 homes a year?

John Swinney: Mr Macintosh and I have gone over these issues many times in the past few years, and the first point that I would make is that when the Government's capital budget is reduced by 25 per cent, there are constraints on the capital expenditure that we would like to deploy. For that reason, we have resorted to innovative funding and delivery models, which have helped us to achieve what many people thought was a significant target of 30,000 affordable homes by next March. As I said in my answer to Mr Coffey, we are well on our way to achieving that target by that date.

Of course, there is further unmet demand for housing in Scotland. That is precisely why the First Minister has said that if this Administration is returned in the election next May, we will commit ourselves to a target of 50,000 affordable homes over the lifetime of the next Parliament, as a significant contribution to addressing the demand that is clearly illustrated for housing in Scotland.

#### **Sustainable Economic Growth in Towns**

3. Margaret McCulloch (Central Scotland) (Lab): To ask the Scottish Government how it is supporting sustainable economic growth in towns. (S4O-04730)

The Minister for Business, Energy and Tourism (Fergus Ewing): Scotland's town centre first principle, agreed with the Convention of Scottish Local Authorities, and the range of measures that are set out in the town centre action plan set the conditions for and underpin activity that is designed to tackle key issues such as empty shops and diversifying the town centre offer, thereby attracting a range of businesses and services to locate there.

We deliver the most competitive business tax environment in the United Kingdom, with more than two in five rateable properties in Scotland paying zero or reduced rates under the Scottish Government's small business bonus scheme alone, and further relief is available under our fresh start and new start schemes.

In addition, to support local authorities that remain responsible for local economic development, we have also introduced a substantial new power under the Community Empowerment (Scotland) Act 2015, which gives councils more control over business rates and an opportunity to tailor them to their local area and circumstance. It could be applied in order to attract new investment into our town centres.

Margaret McCulloch: GVA James Barr's sixth annual report on Scotland's town centres

highlights some encouraging signs of growth. However, it also says:

"Many policies continue to discourage non-retail uses within centres unfairly, despite our research finding that it is these uses that are lifting levels of activity in high streets".

Given the emphasis on mixed-use town centres in the town centre action plan, what can the Scottish Government do to ensure that town centres thrive once again not just as places to shop but as places to live, learn, visit and invest?

**Fergus Ewing:** The member makes a good point. We want a variety of uses in town centres, not only retail. I will undertake to examine the report to which she referred. I think that she has made a useful and constructive suggestion.

I alluded to the fact that powers are being created for local authorities to establish a town centre investment zone, using discretionary rates relief. That is one tool.

It is relevant that, under our reforms of empty property relief, the fresh start relief scheme offers a 50 per cent rates discount for the first years of occupation of certain long-term empty premises. That has been done precisely to provide an incentive to bring empty premises back into use and to encourage diversification of town centres.

Mike MacKenzie (Highlands and Islands) (SNP): Does the minister agree that the significance of the small business bonus scheme is sometimes understated and is not properly appreciated, and that there has been a year-on-year increase in the number of businesses taking up the available discounts, with 99,000 properties across Scotland now benefiting from the scheme?

Fergus Ewing: I agree that understatement of the benefits of the small business bonus scheme is a mistake that has been made, although not by me. I have always emphasised that small businesses deserve a better deal. When we became the Administration in 2007, the finance secretary delivered that better deal. Ever since then, the number of small businesses that benefit from the arrangement has risen inexorably and now stands at almost 100,000.

That is providing a lifeline for many businesses, including the Victorian market in Inverness in my constituency. Without the benefit of that reduction in, or elimination of, business rates, I suspect that many of those businesses would not have been able to continue in business. Our pledge is to continue the scheme, and I am grateful to Mr MacKenzie for his campaigning on the issue as always.

### **European System of Accounts 2010**

4. Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): To ask the Scottish Government

what discussions it has had with the Office for National Statistics regarding the implications of the European system of accounts 2010. (S4O-04731)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): Scottish Government officials have been working closely with the Office for National Statistics on the implications that the introduction of the European system of accounts 2010 will have for a wide range of issues across the public sector.

Malcolm Chisholm: Have the discussions led the cabinet secretary to believe that it will be possible to unlock the delayed capital investment without a massive hit on up-front capital expenditure? Have his officials had discussions about university funding, about which there is considerable concern? I believe that Universities Scotland has had discussions and has come to conclusions that are quite different from his.

John Swinney: The work on the classification of non-profit distributing and hub projects is still under way. We are still involved in discussions with the Office for National Statistics on that point and await the ONS's decisions. I will advise Parliament, as I have promised to do, when I have that information.

I assure Mr Chisholm and Parliament that a tremendous amount of effort is going into resolving the issues because I want to ensure that the construction projects to which he refers are able to take their course. They are essential to strengthening the Scottish economy, as the economic data have demonstrated.

On the classification of universities, the Scottish Government is clear that universities are autonomous bodies. We do not believe that there is anything in the Higher Education Governance (Scotland) Bill that contravenes the ONS indicators of control. The Government has set out those opinions clearly to Parliament in recent debates.

John Scott (Ayr) (Con): The Deputy First Minister will be aware of the concerns of South Ayrshire Council and other local authorities about delays to school building programmes. In my constituency, those delays are affecting Ayr academy and Queen Margaret academy. When will those matters be resolved and how does he intend to resolve the problem with the ONS to allow concerned local authorities such as South Ayrshire Council to proceed with their planned school building projects?

**John Swinney:** The Government has undertaken a significant amount of school rebuilding and refurbishing to date. We are working our way through the conditions report on schools to ensure that we have a school estate

that is appropriate for the 21st century. A great deal has been achieved already.

The question was about the issues that we face on the forward programme. I assure Mr Scott that the Government is working with all its energy to resolve the issues that the Office for National Statistics has raised. The ESA rules have changed since we commenced our programme and we are exploring and examining the best way to respond to that. We have made proposals to the ONS and we await the outcome of its deliberations on those points. I assure Mr Scott that the issue will be resolved as quickly as it possibly can be and, once it is resolved, I will take action to advance the programme in the most appropriate way in light of the ONS's decisions.

### **Land and Buildings Transaction Tax**

5. Murdo Fraser (Mid Scotland and Fife) (Con): To ask the Scottish Government how much it has collected in land and buildings transaction tax. (S4O-04732)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): The land and buildings transaction tax monthly statistics that are published by Revenue Scotland show that £183 million was raised from the tax in its first six months of operation.

**Murdo Fraser:** Is that figure in line with, higher or lower than the sums that the Scottish Government expected to raise?

John Swinney: I will put a caveat on the figure that I shared with Mr Fraser: there is an unresolved issue in relation to the first six months of the financial year, given the effects of forestalling because of the interaction between the tax that we raise and the predecessor tax that the United Kingdom Government put in place.

Such issues have become the subject of discussions with the UK Government. We estimated that land and buildings transaction tax would raise £381 million in the course of this financial year. In my view, the tax that has been collected to date is in line with that estimate and we will continue to monitor that for the remainder of the financial year.

Jim Eadie (Edinburgh Southern) (SNP): Is the cabinet secretary able to confirm whether receipts of LBTT on the sale of properties for less than £330,000 will show that the doom-mongering of the Conservatives has been completely and utterly without foundation?

**John Swinney:** The figures that Registers of Scotland published last week show that house sales in the most recent quarter reached the highest volume for any quarter since April to June

2008, which is very encouraging. A number of commentators have recognised the positive effect that LBTT is having on the Scottish housing market. Christine Campbell, who is Your Move's managing director in Scotland, recently stated that LBTT has given

"the middle and the lower tiers of the market a new lease of life."

#### She added that the

"rapid recent growth in Scotland is grounded in the new LBTT rates, which are stimulating demand at the bottom and middle rungs of the property ladder."

That is exactly what I intended to do as a consequence of the rates that I set.

#### **Local Authorities (Business Rates)**

**6. Hugh Henry (Renfrewshire South) (Lab):** To ask the Scottish Government whether Renfrewshire Council or any local authority that decides to reduce its business rates would have to pay an equivalent amount to the Scottish Government. (S4O-04733)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): Any reduction by a council of non-domestic rates in its area, under part 11 of the Community Empowerment (Scotland) Act 2015, would be fully funded by that council and its reported rates receipts would not be affected.

**Hugh Henry:** I think that the cabinet secretary just avoided giving an answer, because my understanding—he can correct me if I am wrong—is that any reduction will be funded by the councils but they will have to pay the Scottish Government for the amount by which they reduce business rates. Will he confirm that that is the case and, if it is, does he think that it is acceptable that council services such as education and home care will have to be reduced to make sure that the Scottish Government does not lose a penny?

John Swinney: I am a bit surprised by Mr Henry's response to what I thought was a very clear answer. I indicated that the reduction by a council of non-domestic rates in its area would be fully funded by that council and its reported rates receipts would not be affected. That is the answer that I gave him, which clearly addresses the question that he raised with me.

I point out to Mr Henry that local authorities welcomed the granting of the power. The Convention of Scottish Local Authorities gave it a warm welcome, which I think represents the view of local authorities that want to exercise control to make their areas more attractive for investment. I encourage local authorities to take up the opportunity that the Government has created.

### **Dalzell and Clydebridge Steel Plants (Jobs)**

**7. James Kelly (Rutherglen) (Lab):** To ask the Scottish Government what action it is taking to protect jobs at the Dalzell and Clydebridge steel plants. (S4O-04734)

The Minister for Business, Energy and Tourism (Fergus Ewing): I am—as, I am sure, all members are—concerned about the impact that the proposed mothballing of Tata Steel's operations at Clydebridge and Dalzell would have on the workforce, their families, the local communities and the steel industry in Scotland.

Immediately, when the announcement was made, the First Minister convened a multi-agency task force, of which James Kelly is a member. I chaired the first meeting on 29 October and we will meet again on 13 November, given the urgency of the action that is needed to find an alternative operator for Tata Steel's plants at Dalzell and Clydebridge. The primary purpose of the task force is to find an alternative operator. The Scottish Government is determined to help to secure a viable future for both plants.

James Kelly: I thank the minister for that answer. Last week, the minister told Parliament that Transport Scotland is working to identify public infrastructure projects that would be relevant to Clydebridge and Dalzell. That stream of work is absolutely urgent in order to secure the future of the plants. What relevant projects has Transport Scotland identified? Also, have any other public agencies identified projects that would be relevant to work that is carried out at Clydebridge and Dalzell?

Fergus Ewing: I confirm that Transport Scotland is carrying out a review to ascertain what more can be done. It is important to point out that Tata Steel produces rails at the Hayange works in north-east France, so it would not be possible for Clydebridge or Dalzell to provide steel for railway tracks.

However, there are possibilities in shipbuilding. In October we awarded two contracts to Ferguson Marine Engineering Ltd, so there is a possibility in that respect, although not in the immediate future.

Just yesterday I made a personal private visit to Dalzell and had a long discussion with the management and with the trade union and workforce. During that discussion, there was a useful suggestion made that bridges for road projects could use steel that is rolled at Dalzell and quenched and tempered at Clydebridge. That suggestion is being pursued.

Michelle Rennie of Transport Scotland is to visit Tata for a similar discussion. She will take with her experts in procurement for that particular aspect of road works. All other potential aspects are being pursued by Transport Scotland, and a full report will be made to the task force a week tomorrow.

Clare Adamson (Central Scotland) (SNP): Does the minister share my disappointment that the Scottish Government is being excluded from the European Union talks to discuss the industry's future?

Fergus Ewing: I wrote to Sajid Javid on 2 November expressing my disappointment at not having been given the opportunity to participate in a crucial EU-level meeting. I say that simply because I feel that we have a strong case to make, informed by the benefit of a full parliamentary statement and input from across the chamber, in which there was unanimous support, and by a reasonable amount of knowledge that has been garnered from the benefit of speaking to the management, the trade union and individually to members of the workforce.

However, I do not want to dwell on that in a political sense. I am pleased that a European Council emergency competitiveness council will be held on Monday 9 November to discuss the situation, and I have asked that our director for economic development be included as a member of the UK delegation. I hope that that request will be acceded to.

### **Taxation (Devolution of Powers)**

**8. Dave Thompson (Skye, Lochaber and Badenoch) (SNP):** To ask the Scottish Government what additional powers over tax it considers should be devolved. (S4O-04735)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): The Scottish Government believes that the Scottish Parliament should have full control of all taxes raised in Scotland.

As we set out in "More Powers for the Scottish Parliament" in October 2014 and "Beyond Smith—More Powers for the Scottish Parliament" in June 2015, full fiscal autonomy remains our preferred package of powers, short of independence.

**Dave Thompson:** Does the cabinet secretary agree that the recent debate on tax credits in Westminster gives a sense of urgency about devolution of those powers to this Parliament so that we can deal with the matter in a humane and sensible way?

John Swinney: The arguments for ensuring that we can exercise full financial responsibilities are important, not only because that would enable us to ameliorate the challenges that vulnerable people face as a consequence of welfare reforms in the United Kingdom, but because it would give us the ability and the capacity to grow and

strengthen the Scottish economy. In my view, one of the considerable weaknesses of the Smith commission proposals remains that they do not give us sufficient powers to grow and expand the Scottish economy. That balance of powers is required to enable us adequately and fully to address the needs of the people of Scotland.

### **Superfast Broadband**

**9. George Adam (Paisley) (SNP):** To ask the Scottish Government whether it will provide an update on the roll-out of superfast broadband. (S4O-04736)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): The Scottish Government's digital Scotland superfast broadband programme is investing more than £410 million of public and private sector funds to extend the coverage of fibre broadband to 95 per cent of Scottish premises by the end of 2017, with an interim milestone of 85 per cent coverage by March 2016.

The programme is progressing through two regional projects: one that is led by Highlands and Islands Enterprise, and another that is led by the Scottish Government. The DSSB programme is a key step in the Scottish Government's aim for Scotland to become a world-class digital nation by 2020.

We are less than half way through the physical roll out. However, we are already more than half way towards our 2017 target of 750,000 homes and businesses, with more than 460,000 premises now having access. That is the fastest deploying network in the United Kingdom, and we are enabling an average of 7,000 homes and businesses each week throughout Scotland. Without the intervention programme, only 66 per cent of Scotland's homes and businesses would have access to fibre broadband services.

We have also set up community broadband Scotland to work with communities that are unlikely to have superfast coverage delivered through the DSSB programme and to support them to design and implement sustainable broadband solutions.

**George Adam:** I thank the cabinet secretary for that detailed answer. A number of my constituents have contacted me regarding exchange-only lines. Can he outline how digital Scotland and its partners are working to deal with exchange-only lines?

**John Swinney:** A number of homes and businesses throughout Scotland are connected directly to their local exchange via an exchange-only line. Those lines present a greater engineering challenge to address than those that

are connected via roadside cabinets. However, the good news is that a number of solutions are available under the Scottish Government's digital Scotland programme. Those technical solutions are often complex and time consuming and they are significantly more expensive than standard solutions, but the programme will always look to deploy the solution that is best suited to each situation, while maintaining our value-for-money criteria. Digital Scotland has already enabled more than 80,000 exchange-only homes and businesses across Scotland, and the number is increasing every week.

The Deputy Presiding Officer (Elaine Smith): There are a number of supplementary questions. I will try to take them all if the questions and answers are brief.

Lewis Macdonald (North East Scotland) (Lab): The cabinet secretary will be familiar with the superconnected cities broadband voucher scheme, which the United Kingdom Government closed six months early the other week, no doubt as a result of high demand from small and medium-sized enterprises in our major cities. What discussion has the Scottish Government had with the UK Government about reopening or replacing that scheme in due course?

John Swinney: A number of developments in the superfast broadband programme are currently under consideration. As I have reported to Parliament, the Government has a gain-share element of the contract, which is enabling us to extend the roll-out in the existing contract. We will continue to explore every opportunity to support the roll-out of superfast broadband. It is particularly important that businesses become engaged in the process, because there is a strong platform for competitiveness in the years to come.

Liam McArthur (Orkney Islands) (LD): The cabinet secretary referred to Highlands and Islands Enterprise taking forward the programme, which I very much welcome. He will be aware that the target for coverage across the region is around 84 per cent. He may also be aware that, in places such as Orkney, coverage is likely to fall short of that, at around 75 per cent. Does he believe that it should be a priority, both for community broadband Scotland and for any additional investment, to bring areas such as Orkney that fall below the regional average up to that regional average and beyond?

John Swinney: I recognise the importance of the issue to Mr McArthur's constituents. I have set out that our target is to get to 95 per cent of Scottish premises by the end of 2017 under the DSSB programme. The remaining 5 per cent are still very much in my sights, in terms of how we can find solutions for those individuals and premises. Community broadband Scotland has a

particular role to perform in working with communities to identify the most appropriate solutions, and I know that many projects are already in scope with community broadband Scotland to enable that to happen.

I assure Mr McArthur and his constituents that finding solutions to the challenges for people who are outwith the core programme that we are rolling out remains uppermost in the Scottish Government's mind and in the design of the programme. We will ensure that every opportunity is taken to get those services delivered as speedily as possible to some constituents who currently cannot see where their services will come from.

The Deputy Presiding Officer: I apologise to the other members who wanted in, but I am afraid that I need to move on.

## Partnership Action for Continuing Employment (Professional Footballers)

**10. Mark Griffin (Central Scotland) (Lab):** To ask the Scottish Government what support the PACE team can provide to unemployed professional footballers who have been released by their club. (S4O-04737)

The Minister for Business, Energy and Tourism (Fergus Ewing): Partnership action for continuing employment is a Scottish Government initiative that is dedicated to helping individuals and employers with the advice and support that they need when faced with redundancy. That support is also available to individuals whose contracts have not been renewed, and PACE support is therefore available to unemployed professional footballers who have been released by their club.

PACE offers free and impartial advice and support that is tailored to meet individual needs and local circumstances. That includes one-to-one counselling; information on rights, entitlements—including benefits entitlements—and tax calculation; help with job search, writing CVs, application forms and covering letters, and preparing for interviews; and help with identifying learning and training opportunities, starting up a business, making the most of one's money, and coping with redundancy-related stress.

Mark Griffin: Hundreds of young footballers are signed by clubs every year on professional youth contracts. It has been suggested that up to 95 per cent of those young players fail to make the grade and are released. What arrangements does the Scottish Government have with the Scottish Football Association or the Scottish Professional Football League to support young people who find themselves unemployed and who may not have considered an alternative career? Will he ask the

PACE team to investigate the situation and offer support for retraining and seeking alternative employment?

Fergus Ewing: Mr Griffin has raised a serious and relevant issue. I can assure him that—as I think he well knows—both football clubs and the football authorities take very seriously their responsibility to all their employees, paying particular regard to the fact that many of those employees may leave their employment at an early age.

As Mr Griffin has raised the matter in the chamber today, I assure him that I will ask PACE specifically to seek to engage with both the SPFL and the SFA to check that there is nothing more that can be done. If there is more that can be done, I am sure that PACE will be ready to do it.

### **English Votes for English Laws**

11. Bill Kidd (Glasgow Anniesland) (SNP): To ask the Scottish Government what analysis it has carried out on the possible impact on its finances of English votes for English laws. (S4O-04738)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): The Scottish Government is concerned that the EVEL procedures will exclude Scottish MPs from key decisions on bills that will affect Scottish finances through the Barnett formula. Having received evidence from the Scottish Government, the Procedure Committee at the House of Commons has highlighted Barnett consequentials as an issue to be examined when it reviews the operation of standing orders.

Now that the House of Commons has adopted EVEL procedures, effective inter-governmental cooperation on all Westminster bills is even more crucial.

**Bill Kidd:** Many of my constituents share worries that cuts by the Westminster Government to areas of responsibility that come under EVEL will be reflected in the Barnett consequentials that come to the Scottish Government. Can the cabinet secretary tell me whether any debates or discussions have been arranged to address the issue?

John Swinney: The issue will be pursued through existing intergovernmental machinery. Many such issues would be better protected if we had greater provision in the Scotland Bill on the entrenchment of procedures under the Sewel convention, which is the proper statutory approach to consideration of questions on the subject. I assure Mr Kidd that the issue will be assiduously monitored by the Scottish Government, as we determine the implications of that significant change to parliamentary procedures.

### **Chancellor of the Exchequer (Meetings)**

**12. Bob Doris (Glasgow) (SNP):** To ask the Scottish Government when the Cabinet Secretary for Finance, Constitution and Economy last met the Chancellor of the Exchequer and what issues were discussed. (S4O-04739)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): I last met the Chancellor of the Exchequer on 8 June 2015. We discussed matters relating to the fiscal framework and the economy. I have also met the Chief Secretary to the Treasury on four occasions since June to progress negotiations on the fiscal framework for Scotland.

Bob Doris: I ask the cabinet secretary to draw to the United Kingdom chancellor's attention the 250,000 working families in Scotland who will lose at least £1,500 a year due to tax credit cuts. Those cuts are particularly relevant to my constituents, given that 60 per cent of Glasgow kids stay in households that rely on tax credits. I ask the cabinet secretary to redouble his efforts and to urge the UK Government to scrap this pernicious attack on the working poor in Glasgow and across Scotland.

John Swinney: The chancellor will be well aware of the difficulties that are being created by his tax credit proposals, given the decisions of the House of Lords last week. We await the outcome of the spending review at the end of the month, which will determine the final form of the proposals that are taken forward, and the response of the UK Government.

I agree with Mr Doris about the pernicious effects of the changes. They will cause hardship to people who are working very hard to get on in life, and I associate the Government with his remarks about the need to ensure that the chancellor does not progress changes of this nature.

## Onshore Coal and Gas Extraction Licensing (Devolution)

**13. John Wilson (Central Scotland) (Ind):** To ask the Scotlish Government what meetings it has had with the United Kingdom Government regarding the devolution of onshore coal and gas extraction licensing. (S4O-04740)

The Minister for Business, Energy and Tourism (Fergus Ewing): All coal extraction licensing, including for underground coal gasification, is the responsibility of the UK Coal Authority and is therefore a reserved matter. The devolution of coal licensing has not been discussed with the UK Government at this time.

If the member is referring to conventional onshore gas extraction, I can confirm that the

licensing process for all onshore gas extraction is due to be devolved to the Scottish Parliament, in line with recommendations from the Smith commission. The Scottish Government continues to engage with the UK Government about the plans for devolution and the Scotland Bill 2015, but there have been no recent discussions about this specific matter.

John Wilson: As the minister will be aware, I have submitted a number of written questions to the Scottish Government that relate to this issue, which is one that I and a large part of the Scottish public are concerned about. What consultation does the Scottish Government plan to have with local authorities and community groups on the transfer of licensing powers over gas extraction? When are those powers expected to be transferred to the Scottish Government?

**Fergus Ewing:** I can confirm that the member has raised the matter on a number of occasions.

We engage regularly with local authorities about the discharge of all our responsibilities in so far as they affect local interests. This particular interest will be no exception. I can advise the member that in the near future I will be meeting Stephen Hagan, the economic development spokesperson for the Convention of Scottish Local Authorities, and I will certainly be raising these matters with the local authorities. We need to do so in preparation for the transfer of licensing powers, whenever that occurs. I am not sure that the precise date of transfer has yet been settled by the Westminster Parliament, but I hope that it will be settled soon.

The Deputy Presiding Officer: Sarah Boyack has a brief supplementary; please provide a brief answer.

Sarah Boyack (Lothian) (Lab): How will the minister ensure that the research that comes under the remit of the Scottish Government's moratorium will apply to projects that are currently under licence or under planning?

Fergus Ewing: The research programme that we have set out is extremely comprehensive in relation to unconventionals. The research will cover all aspects of such matters as the possible impact on the environment, on transport and on traffic as well as the economic issues thereanent.

There have been no planning applications for hydraulic fracturing, so far as I am aware, so I do not think that there are any current applications or matters for which the research would need to consider the position in Scotland. Certainly no applications have been granted. It is difficult to see how the research can encompass developments that have not yet taken place.

If I have in any way misunderstood the question, or if the member has any other matters to raise, she should not hesitate to write to me and I will endeavour to reply as quickly as possible.

## Social Enterprise Businesses (Financial Support)

**14. Chic Brodie (South Scotland) (SNP):** To ask the Scottish Government what plans the Cabinet Secretary for Finance, Constitution and Economy has to provide financial support for businesses in the social enterprise sector in the south of Scotland. (S4O-04741)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): Scotland is regarded as world leading in the support that it provides to social enterprise. The Scottish Government is committed to supporting and investing in the sector as part of the development of a capable, sustainable and enterprising third sector. The Scottish Government has maintained funding of £24.5 million to the third sector in 2015-16. The detail of our forthcoming spending plans will be set out in the Scottish budget.

Chic Brodie: Social enterprise in Scotland is thriving, with 5,200 companies now operating—a 42 per cent increase in the past 10 years—and a net worth of more than £3 billion. The cabinet secretary is to be congratulated on his personal commitment to the sector's success. Will the Scottish Government expand its commitment to social enterprises by asking local authorities in the south of Scotland to further engage with those enterprises by outsourcing to them and having them provide non-core local services and activities and, in doing so, secure community involvement?

John Swinney: I agree very much with Mr Brodie's suggestion. There is an opportunity for us to redesign public services to involve social enterprises in a fashion that makes a real impact on the lives of individuals in Scotland, particularly in some of the isolated locations in the south of Scotland that are represented by Mr Brodie. I encourage all public authorities to engage constructively with social enterprises to find ways in which the sector can make a more profound contribution to our economy and to the delivery of public services.

## National Health Service Boards (Funding Formula)

**15.** Nanette Milne (North East Scotland) (Con): To ask the Scottish Government what assessment the Cabinet Secretary for Finance, Constitution and Economy has made of the future funding formula for NHS boards. (S4O-04742)

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): The national resource allocation committee formula is used to inform funding for NHS boards. It is calculated independently. Although NRAC shares are regularly subject to revision and refinement, there are no current plans to change the use of that formula in the future. We remain committed to moving all boards to being no greater than 1 per cent below NRAC parity. That commitment is reflected in the £420 million that has been invested by the Scottish Government in parity funding since 2012-13.

Nanette Milne: Given that NHS Grampian has been underfunded per head of population in all but one year of the Parliament, what assurance can the cabinet secretary give that the health board will not fall behind again in the foreseeable future?

John Swinney: As I explained in my earlier answer, the Scottish Government has taken action to address the issues where boards are more than 1 per cent below NRAC parity. That will remain our position in forthcoming years. Grampian has had a total of £29 million allocated to it in 2015-16 specifically to accelerate movement to NRAC parity. The Government will of course consider all those issues as part of the budget process that follows the United Kingdom spending review.

The Deputy Presiding Officer: Thank you, cabinet secretary. That concludes question time.

### Supporting Scotland's Children

The Deputy Presiding Officer (Elaine Smith): The next item of business is a debate on motion S4M-14688, in the name of Jackie Baillie, on supporting Scotland's children.

14:40

Jackie Baillie (Dumbarton) (Lab): Today is a historic day for the Scottish Parliament and a defining day for devolution. The members of this Parliament are going to look ahead to the future and lay out their plans to transform the lives of people in this country using the new powers that are coming to the Parliament. I have to say that, if the Scottish National Party does not support our motion today, that will confirm once and for all that the politics of grievance is more important to the SNP than helping working families in Scotland.

We have the power to make change; we have the money to pay for that change. The question is, does the SNP have the political will? Scottish politics is about to get real and it is not before time. At the Scottish Labour conference in Perth last weekend, Kezia Dugdale outlined Labour's plans to protect working families. Scottish Labour will restore in full the money for tax credits.

Scottish Labour will make different choices on tax from the SNP Government in Edinburgh and different choices from the Tory Government in London. We would not implement the Tory tax cut for higher-rate earners; we would not implement the SNP's tax cut for airlines. Tax cuts actually cost money. The SNP spends money to cut a tax, but we would spend that money differently. We would use that revenue to restore the money lost from tax credits for families in Scotland, using the new powers that are coming to the Scottish Parliament through the Scotland Bill.

Murdo Fraser (Mid Scotland and Fife) (Con): Will Jackie Baillie spell out how much money will be raised by the tax changes that she proposes?

**Jackie Baillie:** I will do so in the course of my speech.

I wonder whether I can get Mr Fraser to reflect on the words of Tory member of Parliament David Davis, who said:

"The Government needs to look at this again. For three million families losing £1,000 doesn't mean cancelling your holiday, it means an empty pantry. I hope this doesn't turn out to be our Poll Tax."

When Murdo Fraser opens the debate for the Conservatives, will he say whether he agrees with David Davis?

Labour will use the new powers that are coming to this Parliament to fulfil its historic mission to stand up for working people. I promise members that no one will pay more tax than they are paying now under Labour's plans to restore the money that is lost from tax credits—not one penny more.

We would use the air passenger duty of £250 million to help working families, rather than give a tax cut to airlines, as the SNP proposes to do. We would not increase tax thresholds for those earning more than £42,000, as the Tories propose to do. That will give funding of £440 million, to answer Murdo Fraser's question. There is more than enough from both those sources to fully fund the policy and even a bit more.

The SNP really does need to keep up. The claim that our funding has already been committed for education is absolute nonsense. Unlike the SNP, we do not spend the same amount of money over and over again. As Kezia Dugdale said at the weekend, we will use the powers that are coming to Scotland to set a 50p top rate of tax on those who are earning more than £150,000 a year, to invest in education. Specifically, we will create a fair start fund for our poorest pupils—an idea that was praised this week by the commission on school reform, which criticised the SNP's lack of urgency in closing the attainment gap between the richest and the rest in our classrooms.

The Government's amendment is factually wrong, but I do not imagine that that will bother Alex Neil much. Why let the facts stand in the way of his spinning yarns? I fully expect from him a pantomime dame performance to distract us from the paucity of the SNP's position. The SNP's amendment says that we do not have the power. What rubbish! John Swinney says that we do not have the money, but I have just demonstrated that we do. This is about political will. Alex Neil has over 5,000 families in his constituency who are in receipt of tax credits; today, he has turned his back on them, offering them a pitiful excuse rather than real action. He is putting grudge and grievance with the United Kingdom before action that will help working families, and he is using the constitution simply as a distraction and an excuse.

Like the SNP Government, Alex Neil is very good at talking but not so good at doing. Just last Sunday, Alex Neil—who knows that I hang on his every word—said:

"Tax credits can be a lifeline for families on low incomes that rely on them to get through daily life, put food on the table, heat their home and pay their bills."

I agree. He said:

"Removing this vital support from thousands of families will widen the gap in inequalities and push even more people into poverty."

I agree with that, too. He also said:

"The UK Government's plans are a clear attack on low income working families and those families must be protected as a matter of urgency."

Alex Neil can claim the match ball, because that is a hat trick of things that I agree with him about. Both Alex Neil and I oppose Tory austerity; the difference between us is that I am willing to do something about it instead of simply wringing my hands and telling everybody how bad it is.

Let us take action, see the possibilities of devolution and use the power to do good. I am willing to unlock the potential of devolution and use the powers of this Parliament for the purpose of standing up for working-class families.

Kevin Stewart (Aberdeen Central) (SNP): Will Ms Baillie give way on that point?

Jackie Baillie: I will. in a second.

The SNP wants to hide behind the constitution. Stronger for Scotland? The SNP is not stronger for working families. The First Minister said that she wants our country's motto to be "Can-do Scotland". I agree with that, too. It is a pity that she leads a can't-do Government.

Kevin Stewart: In 2013, Ms Baillie said:

"I'm not saying that, y'know, we can't develop our own welfare system; I'm saying we shouldn't develop our own welfare system."

What has changed her mind and why does she not want all the welfare powers to be devolved to this Parliament?

**Jackie Baillie:** It is typical of SNP members to hark back to the past. Fifty-five is greater than 45—they did not win the referendum. The people of Scotland's settled will is to have a partnership with the UK Government.

Let me talk about tax credits. [Interruption.]

**The Deputy Presiding Officer:** Order, please, particularly on the Government front bench.

Jackie Baillie: Tax credits work. They boost people's earnings in a targeted way to really tackle inequality. They lift hundreds of thousands of children out of poverty and allow families to aspire to more than just making it to the end of the month or the end of the week. David Cameron has broken his promise not to cut tax credits, and working families are paying the price. In Scotland, nearly 350,000 families rely on the money from tax credits, with the average family being more than £100 a month worse off as a result of the cuts that are planned by the Tories. It is a rise in tax on the working poor, and 70 per cent of the money saved by this rise in tax on working people will come from the pockets of working mothers. In a few weeks, just before Christmas, families are due to receive letters on their doormats telling them how

much they will lose. What a cruel way to break a promise.

I never thought that I would say this, but thank God for the House of Lords. Labour, working alongside cross benchers, led the defeat of the chancellor's plans in the House of Lords, and he has been forced to think again. We must keep the pressure on the Tories to cancel their plans to cut tax credits but, if they ultimately refuse, we will stand up for Scottish families come what may. It was not just the Tories who made a promise to the people of Scotland. Both Labour and the SNP promised working families a break from Tory austerity. That is why we should use the new powers that are coming to the Scottish Parliament to restore the money lost from tax credits for working families.

Few members in this chamber could have been as vocal about this Parliament taking on more financial responsibility as the leader of the Scottish Conservatives. I have no doubt in my mind that, next year, the Tories will run on a ticket of tax cuts. However, they cannot claim, as they appear to want to, to be caring or compassionate Conservatives if they let George Osborne cut tax credits for working families. If Ruth Davidson does not intervene to stop that, she and her party will stand accused of introducing a measure that is even worse than the poll tax in Scotland. Anything short of that and the mask slips, and we will know that compassionate Conservatism is simply a sham.

We have been here before: the Tories make a cruel decision at Westminster, the Scottish Tories look awkwardly at their shoes, and the SNP does anything at all to avoid taking responsibility. That past decision was, of course, the bedroom tax, which is mentioned in the SNP's amendment. For months, the SNP said that protecting vulnerable Scots from the bedroom tax just could not be done, despite Scottish Labour saying repeatedly that it could. We had the money and the power then, but the SNP did not have the political will to do anything about it. Vulnerable people had to wait a year for action by the SNP.

John Swinney—where has he gone?—has elected not to speak in a debate this afternoon about the tax choices that this Government faces. He eventually admitted that he could mitigate the impact of the bedroom tax, but he did not want to do that because it would let Westminster off the hook. What a shameful thing to say when he claims to be anti-austerity.

The reality is that the SNP set up constitutional excuses to avoid blocking the bedroom tax for as long as it possibly could. It had to be dragged kicking and screaming into this chamber to a decision by Scottish Labour. It is shameful that the SNP is attempting to play the same red herring yet

again, but it should be careful: people saw through that the first time, and they will see through the SNP again.

The SNP Government is trying to claim that we cannot restore tax credits and protect working families, but we can. It is trying to claim that the new powers that are coming to Scotland will not allow us to make fairer choices on tax credits, but they will.

### Mark McDonald (Aberdeen Donside) (SNP): How?

**Jackie Baillie:** Clause 21 of the Scotland Bill gives us to the power to do that. I quote the Scotland Office:

"Holyrood will be able to top up payments to people in Scotland who are entitled to a reserved benefit. These payments will be in addition to the reserved benefits and will allow the Scottish Government to provide extra money to people on reserved benefits where they consider it necessary."

The independent experts at the Scottish Parliament information centre agree that there is the power to top up tax credits, as do the independent experts at the House of Commons library. [Interruption.]

Fiona McLeod (Strathkelvin and Bearsden) (SNP): Is Ms Baillie not aware that the top-up of reserved benefits can happen only in cases of severe hardship and that if someone has had their benefit taken off them, the benefit can no longer be topped up? [Interruption.]

The Deputy Presiding Officer: I will give you the time back.

Jackie Baillie: Thank you, Presiding Officer.

What is fascinating is that the member clearly does not understand the detail that is there. [Interruption.]

The Deputy Presiding Officer: Order, please.

Jackie Baillie: How many times does she need to be told? The UK Government, SPICe and the independent experts at the House of Commons library all say that we can top up reserved benefits.

Let us talk about independence for a minute, because I know that SNP members are keen to do that. It was just over a year ago that the SNP tried to claim that an independent Scotland could share the administration of welfare with the rest of the UK. Now it is trying to claim that a devolved Scotland with powers over tax and welfare cannot restore the money for tax credits. How absurd is that? A party of Government that claimed that after independence it would be able to run a different welfare system using the UK system now pretends that it is impossible to run a different system inside the UK, even when the UK Government is offering

to allow it to do just that. Alex Neil should be embarrassed to be peddling such nonsense. He should be especially embarrassed, given that he is doing it to avoid protecting working families.

Politics is about priorities and values. Joe Biden said:

"Don't tell me what you value. Show me your budget and I'll tell you what you value."

Instead of hiding behind the constitution and peddling the familiar politics of grudge and grievance, the SNP should try something new. Maybe it should show us the money. Alex Neil should just tell us what is more important to him, his party and his Government—the incomes of working-class families or the price of a business-class flight.

The SNP has the power and the money, but does it have the political will?

I move.

That the Parliament believes that the UK Government's proposed changes to tax credits would leave working families worse off and calls on the Scottish Government to restore tax credits to families using the new powers being devolved.

14:56

The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil): Last night, Jackie Baillie voted with the Tories to spend £167 billion on replacing Trident and building a new generation of weapons of mass destruction. I find it incredible that, less than 24 hours later, she is still leading for Labour as a spokesperson on public services. How can Labour have any credibility on public services when its cheerleader in this debate voted to spend £167 billion on warfare instead of on welfare?

To be fair to Jackie Baillie—I am always fair to Jackie Baillie—her colleagues in London also failed to oppose the Tories' Welfare Reform and Work Bill. Indeed, the then acting leader of the Labour Party, Harriet Harman, wanted to vote for it. At the end of the day, Labour eventually agreed merely to abstain, but at no point did I hear Jackie Baillie criticise Harriet Harman for wanting to vote for that Tory bill.

**Jackie Baillie:** Will the cabinet secretary take an intervention?

Alex Neil: No. [Interruption.]

The Deputy Presiding Officer: Order.

Alex Neil: Jackie Baillie made it clear during the referendum that she is opposed to social security powers coming to this Parliament. Had Jackie Baillie had her way, with the result that no powers would be coming to this Parliament, we would not

now be getting the power to reverse the Tory tax credits cuts—

The Deputy Presiding Officer: Would you sit down please, cabinet secretary? Rhoda Grant has a point of order.

Rhoda Grant (Highlands and Islands) (Lab): I would like to ask for your guidance, Presiding Officer. I thought that members had to speak to the motion for debate and that it is not in order to speak to the motion for the previous day's debate.

The Deputy Presiding Officer: Thank you, Ms Grant. The cabinet secretary is opening with debating points. He is speaking about welfare, and it is entirely up to me whether I stop him.

Cabinet secretary—continue to speak to the motion.

**Alex Neil:** Right, Presiding Officer. Labour members do not like the truth.

If we had listened to Jackie Baillie and this Parliament was therefore to be denied social security powers, we would not be in the position that we are in now, whereby we will be able to undo the dirty work of the Tories on some tax credits. [Interruption.]

The Deputy Presiding Officer: Order, please.

Alex Neil: It is no wonder that the Scottish Labour Party has no credibility when it comes to fighting the Tory cuts. Unlike the Labour Party, the SNP has fought the welfare cuts tooth and nail at every opportunity while Labour has tried to get into bed with the Tories.

**The Deputy Presiding Officer:** Cabinet secretary, could you address your remarks through the chair, please?

Alex Neil: I am doing so.

Unlike the Labour Party, we will not run up the white flag while there is still a realistic chance of forcing the Tory Chancellor of the Exchequer to amend drastically his proposals for tax credits cuts when he makes the autumn statement. Those cuts will do enormous damage to the living standards of some of the poorest working people in Britain. We estimate that in Scotland the impact of the proposed changes will be that 250,000 working households will lose an average of £1,500 a year in tax credits.

Johann Lamont (Glasgow Pollok) (Lab): Will the cabinet secretary give way?

Alex Neil: That impact is just from the changes that are to be brought in next April. In the longer term, if the full set of cuts were to be implemented, low-income households with children could lose an average of £3,000 a year. That is against a backdrop of a cumulative total of £6 billion having

been lost to the Scottish social security budget through previous cuts.

**Johann Lamont:** Will the cabinet secretary give way?

**The Deputy Presiding Officer:** The cabinet secretary is not giving way, Ms Lamont.

Alex Neil: This year alone, there will be cuts of just under £2.5 billion in Scotland. Unlike Labour, the SNP will continue to demand further amendments to the Scotland Bill to give the Scotlish Parliament power over all tax credits policy. I hope that Labour members will not listen to Jackie Baillie again but will agree that it is too dangerous to leave tax credits under the control of the Tories at Westminster.

Labour has to give a clear commitment to support the SNP's amendments to the Scotland Bill to ensure that the Scottish Parliament gets the power to do what Labour says it wants to do. If Labour does not support those amendments, it will have no credibility in relation to tax credits policy.

That said, I also welcome the new amendments that the UK Government has tabled today, which go much closer to what we had asked for in terms of the powers that are required. As the Scottish Parliament information centre has confirmed, until the new amendments, which Jackie Baillie clearly did not know about—[Interruption.]

The Deputy Presiding Officer: Order, please.

Alex Neil: Until the new amendments were placed on the order paper in the House of Commons, the reality was that we would not have had the power to do all that Labour wants.

**Jackie Baillie:** Will the cabinet secretary give way?

**Alex Neil:** Jackie Baillie would not take an intervention from me.

**Jackie Baillie:** The cabinet secretary did not ask for one.

**The Deputy Presiding Officer:** Order, Ms Baillie. The cabinet secretary is not taking an intervention.

**Alex Neil:** I will not be drawn down by them, Presiding Officer.

Three weeks from today—

**Murdo Fraser:** Will the cabinet secretary give way?

Alex Neil: I will give way in a minute.

Members: Oh!

Alex Neil: Three weeks from today, we will find out whether George Osborne will revise or refine his tax credits proposals when he makes his spending review statement in the House of Commons. The SNP will continue to demand total reversal of the tax credits cuts in the autumn statement, but if the Tories continue to force through changes that are to the detriment of hard-pressed working families in Scotland, the Scottish Government will not stand by idly and watch the living standards of our poorest families fall off a cliff. Once we know the facts, the shape and the content of the chancellor's final tax credits proposals, we will consider carefully what action needs to be taken to protect the living standards of our most vulnerable children and families. [Interruption.]

The Deputy Presiding Officer: Order, please.

Alex Neil: We will give urgent serious consideration to the consequences for the people of Scotland that will arise from the chancellor's statement on 25 November. We will consider what corrective action needs to be taken on tax credits, when it needs to be taken and how it should be funded and administered. [Interruption.]

**The Deputy Presiding Officer:** Order, Ms Baillie.

**Alex Neil:** I will now take Murdo Fraser's intervention.

**Murdo Fraser:** I am very grateful to the cabinet secretary for giving way. In relation to the point that he made just a moment ago, can he confirm his understanding that the new amendments to the Scotland Bill that he has mentioned will, if agreed to, give this Parliament the power, if it chooses, to replace in full any reduction in tax credits?

**Alex Neil:** The amendments that were tabled today should give the Scottish Parliament that power. However, none of the amendments that were tabled before today would have done that. [Interruption.]

The Deputy Presiding Officer: Ms Baillie!

**Alex Neil:** That has been confirmed by various people, including the great John McTernan from the Labour Party.

We will properly address the needs of people who will be affected by cuts in tax credits. We will look at new claimants, which Labour has not done, and we will look at the time gap between the implementation of tax credits changes and the date from which the Scottish Parliament will have the power to fill the gaps, which Labour has not done. For example, the policy levers that Labour has referred to will not be devolved to us until next year, the power to set the higher rate threshold for income tax will come to the Scottish Parliament from April 2017 at the earliest, and responsibility for air passenger duty will not be devolved until 2018.

Labour has not done its homework. It has tried to work things out on the back of a postage stamp. As a serious Government, we will do the job properly. We will establish the most effective way to administer top-ups to tax credits, we will properly cost our proposals before we bring them before the Parliament, and we will identify where any additional funding will come from. Unlike Labour, we will not draw up our proposals on a whim without proper research and consideration. We will ensure that we get it right for the people of Scotland. [Interruption.]

**The Deputy Presiding Officer:** Order, please, while we hear the cabinet secretary conclude.

Alex Neil: Unlike many people in the Labour Party, we will continue to fight against the Tory tax credits cuts and other unfair cuts in social security benefits. Unlike Labour, we will deliver for the people of the Scotland.

I move amendment S4M-14688.3, to leave out from "and calls on" to end and insert:

"welcomes the action that the Scottish Government has already taken to offset UK Government welfare cuts, including mitigation of the so-called bedroom tax and the establishment of the Scottish Welfare Fund; notes that there is currently no proposed power in the Scotland Bill that would enable the Scottish Government to restore all tax credits; calls on all parties in the House of Commons to vote for an amendment that would devolve full responsibility for child and working tax credits to the Scottish Parliament at the report stage of the Bill; further notes that Labour's sums simply do not add up and that it plans to pay for its policy using money that it has previously earmarked for education, and agrees that the Scottish Government will set out credible, costed proposals to further mitigate these Conservative welfare cuts following the comprehensive spending review".

15:07

Murdo Fraser (Mid Scotland and Fife) (Con): I warmly welcome Jackie Baillie's return to the Labour front bench. As she knows, I am very fond of her, so I was more than a little concerned yesterday about her future career prospects, given her unaccustomed role in being banished to the back benches. I feared that she had gone from her normal position of loyal front-bench stalwart to that of rebel back bencher. Fortunately, the true Scottish Labour leader—Mr Findlay—has hauled her back into line and we now see her restored to her rightful place. Long may she reign on the Labour front bench and have the good sense to continue to vote with the Conservatives.

It was Hallowe'en on Saturday. As I took my children guising around the streets of Perth, they were terrified by the endless procession of hideous misshapen creatures from the underworld—the procession of ghastly ghouls and the undead stalking the streets. I am sure that it was only a coincidence that the Scottish Labour

Party conference was being held in our city at just that time. What we saw at the weekend was the zombie figure of 1970s-style socialism, which we all thought had long since been consigned to its grave, hauling itself back from the earth and coming back to strike fear and alarm into the people's hearts.

Today, we see the first fruits of the decisions that were taken at that conference at the weekend and of the announcements that have been made under the new Corbynite Labour Party. We see the Scottish Labour Party taking a step back in history to a time of tax-and-spend economics and of higher taxes clobbering working families.

Let me deal with the tax credits issue and try to respond to some of the points that Jackie Baillie made. We in the Conservative Party have been very clear that we want to move Britain from being a high-welfare, high-tax and low-wage economy to being a lower-welfare, lower-tax and higher-wage economy. The reality is that, under Labour, the tax credits bill was allowed to spiral out of control. The cost trebled in real terms in 10 years: from a system that cost £4 billion in its first full year to one that cost £30 billion in 2015. Under Labour, nine out of 10 working families with children were eligible for tax credits, including those of a number of members of Parliament, who by no definition could be described as poor.

The whole thing has become an absurd extension of the welfare system. Members should not take my word for that, because even a former Labour chancellor, Alistair Darling, said that tax credits were

"subsidising lower wages in a way that was never intended."

Johann Lamont: Will the member give way?

Murdo Fraser: I will give way in a second.

The changes that are being introduced by the current Conservative Government, coupled with the introduction of the national living wage and record increases in the income tax personal allowance, mean that eight out of 10 working households will be better off in 2017-18 by an average of £130.

**Johann Lamont:** I do not accept Murdo Fraser's premise in relation to tax credits. However, can he explain to me why, in this period of transition to a high-wage, low-welfare economy, the poorest families in our communities have to suffer right now?

**Murdo Fraser:** I will respond directly to that point, which is the same challenge that Jackie Baillie made.

We accept that there is an issue with the transition as the national living wage kicks in. That

is exactly the point that Ruth Davidson raised some weeks ago; she has raised it in public and in political cabinet on a number of occasions. It has also been raised by other people in the Conservative Party, among them the leader of the Welsh Conservative Party, the Mayor of London and a number of Conservative back benchers, to whom Jackie Baillie referred. We look forward to the autumn statement and to hearing from the chancellor how he will address those concerns, many of which we share.

Today, however, we see Labour's solution.

**Jackie Baillie:** Will the member take an intervention?

**Murdo Fraser:** No. I need to make some progress.

Labour's solution is to propose a hike in taxes solely for people in Scotland, which will put us at a competitive disadvantage in relation to the rest of the United Kingdom. We see Labour planning to reintroduce a 50 per cent top rate of tax—but in Scotland only. How much money would that raise? Not even Kezia Dugdale seems to know the answer to that question. In that august publication, *Holyrood* magazine, she told its editor, Mandy Rhodes, that it would raise

"up to £100 million. But bluntly, Mandy, it could also raise zero."  $\,$ 

**Jackie Baillie:** Will the member take an intervention?

**Murdo Fraser:** Yes. Maybe Jackie Baillie can tell us the answer to the question, because her leader does not seem to know.

Jackie Baillie: She does know, actually. We were encouraged—as I hope Murdo Fraser will be—by HM Revenue and Customs's comments about pursuing high earners who might, through behavioural change, seek to pay their taxes elsewhere. The estimated haul from that rise would be £80 million to £100 million. I hope that the member will accept that. However, might I ask him whether he agrees with the Institute of Fiscal Studies's comments about the national minimum wage?

**The Deputy Presiding Officer:** Hurry up, please, Ms Baillie.

**Jackie Baillie:** The key fact is that the increase in the minimum wage simply cannot provide—

**The Deputy Presiding Officer:** Ms Baillie—hurry up, please.

**Jackie Baillie:** —full compensation for the majority of losses that will be experienced by tax credits recipients. That is just arithmetically impossible. Does Mr Fraser agree?

**The Deputy Presiding Officer:** I will give Murdo Fraser a minute back.

**Murdo Fraser:** Thank you, Deputy Presiding Officer.

I suggest to Jackie Baillie that she read the article in *Holyrood* magazine to which I referred, in which her leader said that she does not know how much money would be raised. That just makes clear the level of Labour's economic literacy: by the Labour leader's admission, Labour is proposing, in order to pay for its spending commitments, a measure that might well raise nothing. [*Interruption*.]

### The Deputy Presiding Officer: Order.

Murdo Fraser: There are only some 14,000 higher-rate taxpayers in Scotland, many of whom operate businesses on a cross-border basis. The impact of an additional 5 per cent hike in their tax would be enough to send a large proportion of them south of the border, which would potentially leave us—as Kezia Dugdale is prepared to admit—with zero. However, it could actually be worse than that, because we could end up raising less money by losing all the revenue from those high earners if they were to relocated elsewhere. Once again, Labour is—true to form—completely clueless when it comes to understanding taxation and how the issues should be approached.

However, to give Labour credit, at least it is setting out its stall. Labour realises that this Parliament is at last getting new powers over tax and welfare. Labour is setting out how, as an old-style socialist party, it will use those powers to hike taxes in order to increase public spending. I think that Labour is fundamentally wrong in aiming to do that. I believe that Labour would put Scotland at a serious competitive disadvantage. However, at least Labour is making a case.

We now need to hear from the SNP what it is going to do. Will the SNP stand with the Labour Party in hiking taxes in Scotland in the knowledge that that will reduce the tax-take and leave public services in Scotland short-changed, or will the SNP stand with us in resisting further tax rises and seek to create a more competitive Scotland that welcomes entrepreneurs and aims to grow businesses and personal wealth?

**The Deputy Presiding Officer:** Draw to a close, please, Mr Fraser.

**Murdo Fraser:** I listened carefully to what the cabinet secretary had to say on the issue, and he used the words "will consider carefully" and "urgent serious consideration" about it. He cannot hide for much longer. Sooner or later we will know the answers, and on which side the SNP stands.

I have pleasure in moving the amendment in my name.

I move amendment S4M-14688.1, to leave out from "believes" to end and insert:

"considers that, under the last Labour UK administration, nine out of 10 working families with children became eligible for tax credits while spending spiralled out of control; believes that this growth went far beyond what was envisaged when the current system of tax credits was introduced and has contributed to the subsidising of low wages; welcomes proposals to reduce expenditure while seeking to build a high wage, lower tax and lower welfare society; anticipates announcements in the Autumn Statement on what more can be done to ensure that changes are applied in the fairest way possible; considers that Scotland's children would be best supported by growing up in a thriving economy with high levels of employment, good-quality education and appropriate provision for childcare, and calls on the Scottish Government to reject proposals that would increase the burden of taxation in Scotland and put the country at a competitive disadvantage relative to other parts of the UK".

James Kelly (Rutherglen) (Lab): On a point of order, Presiding Officer. I seek your guidance on the competence of the SNP amendment, specifically the statement

"there is currently no proposed power in the Scotland Bill that would enable the Scottish Government to restore all tax credits".

Given that during his speech Mr Neil acknowledged that the bill would have the power to restore tax credits, I ask you whether the amendment is still competent to be considered at decision time tonight.

The Deputy Presiding Officer: Thank you, Mr Kelly. I will check that point and come back to the chamber.

15:15

Willie Rennie (Mid Scotland and Fife) (LD): The Labour Party is to be congratulated on taking the initiative in having a real debate about powers that the Parliament will have. That is a refreshing change, which I welcome. I would have thought that the SNP would also welcome it.

What is disappointing is the SNP's response—a groundhog day debate about powers. Faced with a choice between taking action to help low-paid workers and continuing with its constitutional obsession, the SNP simply cannot help itself. So much for accepting the result of the referendum.

I am not in the slightest bit surprised that the SNP is not going to back Labour up today; I am just surprised that Labour is surprised. The SNP has a track record on this. If we look back to the independence white paper, we will remember that John Swinney's plans for the welfare budget in the first year of independence were to match exactly the spending by Iain Duncan Smith—there would not have been one penny more.

The SNP spent years arguing with, debating with and condemning the Westminster Government for its £2.5 billion cut in welfare spending but, when the opportunity came, no SNP members condemned John Swinney for not including extra finance in the white paper. The SNP has a track record. It often complains but, when it comes to moving away from the rhetoric and taking action, it refuses to act.

I felt sorry for Alex Neil today.

Members: Aw.

Willie Rennie: I know. Having a Liberal Democrat feel sorry for him must be painful for Alex Neil. He has been sent out to deliver stirring rhetoric, to lambast the Opposition and to pump up the ever-loyal back benchers. However, the most confused and contradictory speech that I have ever heard from him is the speech that I heard today.

Alex Neil started by saying that the SNP Government does not have the powers and by demanding that this Parliament should have the powers so that we can make the decisions. By the end of his speech, he had conceded that we have the powers after all and that he might actually take action. That was the most confused and contradictory contribution from a man whom I hold in high regard.

We should not forget that we are here today because of my former coalition colleagues in the Conservative Party. These ideologically driven cuts will directly affect 250,000 Scottish families and 300,000 children. Alex Neil is right about the financial impact that the cuts will have on those families. Someone who has an MSP's salary could probably cope with a £1,000-plus cut, but for a family who are living on the breadline and finding it really difficult to make ends meet, £1,000 could be a lifeline. I deeply regret that the Conservatives continue to argue for such a cut.

Despite the warm words from the leader of the Scottish Conservatives, the words of the Conservative amendment wed the party completely to the tax credit cuts. Murdo Fraser finished his speech by refusing even to consider making up the difference on the tax credits when we have the powers over them here.

We know where the Conservatives stand. They sent Annabel Goldie down to the House of Lords to vote for the tax credit cuts. David Mundell, who is a member of the Cabinet, voted for the cuts in the House of Commons. Today, the Conservative MSPs will vote for tax credit cuts; we just heard it from Murdo Fraser.

The Liberal Democrats spent many years in the coalition Government cutting taxes for those on low and middle incomes. The aim was to make

work pay so that people would be incentivised into work. We did not do all that work over five years just for the Conservatives to undo it all in one year with a £1,000-plus cut to people on low incomes. We did not want that to happen, and many people will condemn them for that.

I want to move towards a low taxation and high wages regime, with—in the meantime—a tax credit regime to support families who are in need. Despite the rhetoric, we know exactly where the Conservatives stand today.

Who would have believed that the House of Lords—that age-old, unelected institution that I want to get rid of—would be more representative of the British people than the newly elected Government and would speak up for working people? The new champions of working people are in the House of Lords, not the Conservative Party. That shows us what a topsy-turvy world we now live in.

We will vote against the SNP amendment. That is easy, because we have the powers and, if we choose to do so, we should be able to act on the choice to help working people. However, I urge the Conservatives in the Scottish Parliament, if they have any influence over the Conservative Cabinet—to date they have shown that they have none—to send the message out from today that the tax credit cuts should be reversed. That is the priority and that is the message. That is what we need to change.

I move amendment S4M-14688.2, to leave out from "and calls on" to end and insert:

"; notes that these cuts are being proposed by the UK Conservative administration despite them not being in its manifesto and the Prime Minister explicitly ruling out tax credit cuts if the Conservatives won the general election; believes that economic reasoning is now being used as a pretext to mask ideologically-driven welfare cuts, many of which were blocked by the Liberal Democrats in the previous UK administration; is deeply concerned that 250,000 families in Scotland and 300,000 children would be affected by the proposed cuts; believes that the priority should be blocking any proposals that leave these people, among three million on low incomes across the UK that would be affected, more than £1,000 worse off, pushing more families into poverty; urges the UK Government to listen to the House of Lords and to come back with plans to balance the books that do not attack working families already struggling to get by; welcomes that, if all else fails, Scotland will be able to use its welfare powers to assist people affected by the cuts, but believes that this course of action remains an inferior solution compared with stopping the tax credit cuts wholesale across the UK".

The Deputy Presiding Officer: We come to the open debate. Some time has been lost through points of order and other issues, so I will allow speeches of six minutes—members must keep to that time limit.

15:22

Mark McDonald (Aberdeen Donside) (SNP): We must distinguish between principle and practicality. The principle of supporting and assisting the most vulnerable in our society is not in question, and we have seen the Scottish Government take steps in that direction. The question has always been about practicality and effect.

The amendment that has been tabled at Westminster today—I do not think that anyone had seen it before today, although perhaps certain people had—would perhaps give the Scottish Government the ability to do what the Labour Party suggests. However, the SPICe paper that Jackie Baillie quoted contains two important caveats. The first is that it talks about a situation in which tax credits are accepted as a benefit. At the moment, tax credits are administered through HMRC, not the Department for Work and Pensions, so there would need to be a discussion about whether they were classified as a benefit under the devolution settlement. However, if the Westminster amendment that has been tabled today allows that to happen, we can take that as read.

The second important caveat in the SPICe paper is that top-up of benefit is possible only when benefits are being received. In the changes that the Chancellor of the Exchequer is proposing, a significant number of people will lose all entitlement to tax credit—they will not receive any tax credit whatsoever. The question in that case is whether a top-up power could be used. Obviously, we cannot top up a non-existent benefit. The question is therefore how we administer a system that enables those who, because of a change in 2016, will not receive tax credits to subsequently receive them. Given that the powers that are being proposed in the Scotland Bill will come into play in 2017 or 2018—or possibly later; that depends on the technicalities of disaggregating some of the functions in areas of shared competence—there will be a significant gap for the families and individuals who will lose out.

The cabinet secretary is entirely correct when he says that the important thing is to consider the detail and then consider the possibilities that arise as a result. We do not yet know the final picture or what the Chancellor of the Exchequer is going to propose, having been given a bloody nose by the House of Lords. I am no fan of the House of Lords, but I welcome the decision that it took. I still think that the place should be abolished, because it is a democratic and constitutional anachronism, but a stopped clock is right twice a day, so there is no reason why the House of Lords cannot occasionally get a decision right, too.

The Chancellor of the Exchequer has been sent home to think again, so the question is: what comes back? I want to ensure, and we as a party are trying to ensure, that all guns are blazing so that the chancellor reverses the decision and we convince enough rebels to back the Opposition. I hope that the Labour Party will oppose the decision 100 per cent in Westminster alongside the SNP and that rebels will be attracted to ensure that we do not have to consider the matter further.

Johann Lamont: I take it from what Mark McDonald says that this is now an issue of timing. Of course Labour Party members want to do everything that they can to stop the cuts going through, but is it not reasonable to ask the Scottish Government, with all the power and support that it has, to interrogate every option that is open to it to protect people? Instead, it has spent the past few days explaining to everybody how it cannot do anything to support the affected families.

Mark McDonald: The cabinet secretary stated clearly that considering the options is exactly what the Government is doing and will do. It will consider how it can deliver support for the most vulnerable.

The vehicle for delivery is important. To offset the bedroom tax, we were able to use discretionary housing payments. The cap required to be lifted for that to be done, which required negotiation with Westminster. On council tax benefit, we had to create a mechanism to replace the 10 per cent reduction and ensure that we could fully fund council tax reductions with the moneys that we were given. Again, some creative thinking had to be applied to enable that to happen.

Last week, the Finance Committee took evidence from HMRC on the Scottish rate of income tax. HMRC said that, if the Scottish rate of income tax were set differently from the UK level, that would more than double the administration costs that HMRC incurred. If we are to consider establishing a different approach in Scotland, the fact that there is a cost per transaction for tax credits—as opposed to a global administrative sum, as there is for the Scottish rate of income tax—begs the question of where the administrative costs for those transactions will fall and whether they are factored into the calculations that Jackie Baillie laid out.

There is no member who does not recognise the impact on the vulnerable in society, but our record—whether on the establishment of the welfare fund, council tax reduction or discretionary housing payments—shows that, where we can, we take action to support the most vulnerable in society. However, devolution is supposed to be about our priorities and setting our own policy agenda; it should not be about continually being

handed a pig's ear by Westminster and being expected on limited resources to fashion it into a silk purse.

15:28

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): I will spend the first part of my speech dispelling Tory myths about tax credits and the second part exposing SNP myths about why nothing can be done.

Tax credits were one of the great achievements of the previous Labour Government. The IFS said in 2003 that they were

"a substantial reform"

#### whose

"distributional impact is fully in keeping with that of past Labour reforms, with the largest gains going to the poorest families".

The tragic fact of the matter is that the families who are having the highest losses as a proportion of income now are precisely those poorest families, as the threshold for reductions is plunging from £6,420 to £3,850 and the taper is increasing from 41 to 48 per cent. The threshold and the taper apply to child tax credits as well, which is completely against what David Cameron promised during the general election campaign.

We should all reflect on the fact that 43 per cent of in-work recipients of tax credits are in households that earn less than £10,000 a year. On average, they will lose more than £1,000 in appallingly regressive cuts. The raising of the income tax threshold that Murdo Fraser mentioned is irrelevant to those families, because they are nowhere near it.

We should reflect also on the national living wage, which the Conservatives and others always invoke in this context. To quote the IFS again,

"even under the 'better case' scenario",

that would result in £140 extra a year. Crucially, the IFS says that that would offset 11 per cent of the tax credit losses.

Liz Smith (Mid Scotland and Fife) (Con): Does the member agree with Alistair Darling, who has said that the Labour policy on tax credits expanded to such an extent that it put intense pressure on public spending and therefore had a detrimental effect on economic growth?

Malcolm Chisholm: The fact of the matter is that there are fewer people on tax credits now than there were under the Labour Government. I accept that, but Murdo Fraser should have acknowledged that, at this moment—before the cuts—less than 50 per cent of working families are on tax credits. In a way, we have already moved

on from Alistair Darling's comment from a few years ago. Torsten Bell of the Resolution Foundation summed that up perfectly when he said:

"Tax cuts and the living wage cannot compensate for these tax credit changes. That is not an option ... The answer to tax credits is tax credits."

We also have the massive work disincentive in the changes: the withdrawal rate of 80p in the pound for any extra money earned, and 93p in the pound if people are on housing benefit.

What are we to do if there is no change from the UK Government? At a recent Devolution (Further Powers) Committee meeting, Judith Paterson of the Child Poverty Action Group Scotland said:

"the question to be asked is what will happen if Scotland does not use the powers to top up tax credits ... It has been forecast that, if it does not do that, many more children and families will fall into poverty over the next few years, which would have associated impacts on children's health, education and prospects."—[Official Report, Devolution (Further Powers) Committee, 8 October 2015; c 7.]

As we all know, although some of us forget—not me personally—politics is about choices. Today, Labour is making it clear that we are making a different choice from the SNP—certainly in relation to APD—and a different choice from the Conservatives in relation to the higher-rate tax threshold. That might be a different choice from the SNP; it has not told us about that.

Bruce Crawford (Stirling) (SNP): I recognise Malcolm Chisholm's sincerity and I acknowledge what he says about choices. However, in coming to that decision, did Labour take into account the administration costs that the DWP will charge? As he will know, because he is a member of the Devolution (Further Powers) Committee, the DWP is entitled to do that under the legislation. If Labour took those costs into account, what did it estimate them to be?

Malcolm Chisholm: Our costings are in excess of what is required to restore tax credits. We have made a choice and we will always make choices that lead to improvements for working families and a more equal society. We should remember that the choice involves no extra tax increases; it just means a different choice from other parties about tax reduction.

The amendment from the SNP Government says that this cannot be done—wrong. The amendment from the SNP Government says that the money has already been "earmarked for education"—wrong. The SNP amendment is all over the place. It says that more powers are required; the SNP is hiding behind the constitution as usual. The changes can be made with the powers that we are going to get. If Alex Neil did not know yesterday when he lodged the amendment that those powers are coming to

Scotland, he should have done, because we certainly knew.

The SNP is thrashing about, looking for excuses not to do what is self-evidently just, fair, achievable and necessary. It is trying to be all things to all people, which is its way.

**Alex Neil:** As things stand, the tax credit cuts will take effect next April but we will not get the income tax powers until at least the following year and we will not get the APD powers until the year after that. What is the start date for implementing the Labour proposals?

The Deputy Presiding Officer (John Scott): Briefly, please, Mr Chisholm.

Malcolm Chisholm: It is interesting—

Alex Neil: You do not know.

The Deputy Presiding Officer: One at a time.

**Malcolm Chisholm:** It is interesting that the Government is thinking up new arguments that it obviously had not thought about for its amendment.

**The Deputy Presiding Officer:** Close, please, Mr Chisholm.

**Malcolm Chisholm:** My last word is that the SNP may think that being all things to all people is a good strategy for building support for a referendum, but it is a useless strategy for creating a fairer and more equal society and, for some of us, that is the purpose of politics.

15:34

Clare Adamson (Central Scotland) (SNP): Earlier in the debate, Murdo Fraser spoke about zombie figures. I am afraid that we are discussing this issue today purely because of the outdated dinosaur politics of the Tory party and a discredited zombie ideology that fails to learn the lessons of the global financial crisis and continues to wage war on the poor and increase inequality, thereby damaging the economy that the Tories claim to care so much about.

Mr Fraser does not need to take my word for it—he can take the word of Standard & Poor's, which warned in 2014 that growing income inequality in the United States was slowing growth in the world's biggest economy. It stated:

"Aside from the extreme economic swings, such income imbalances tend to dampen social mobility and produce a less-educated workforce that can't compete in a ... global economy."

It went on to say:

"This diminishes future income prospects and potential long-term growth, becoming entrenched as political repercussions extend the problems."

When we make families in our society more unequal, we increase borrowing, which takes us back to the very problems that caused the global financial downturn in the first place. When incomes keep falling and borrowing is kept at the same rates, households eventually run into brick walls. That is where the Conservative Party is taking the poorest people in our society.

In lowering incomes and attacking low-income families, the Conservatives are putting more people in poverty, thereby damaging the future of this country.

**Kezia Dugdale (Lothian) (Lab):** Will the member give way?

**Clare Adamson:** No, sorry—I think that we are pressed for time.

Unequal societies are less functionally capable, less socially cohesive and less economically sound, and they perform worse than more equal countries. Growing inequality is probably the most pressing global economic crisis that we face, yet the Tory party fails to realise what its policies are doing in that area.

More than half a million children in this country rely on tax credits to make ends meet, and 350,000 of them will feel the impact of the Tory cuts that will strip away much-needed tax credits from more than 200,000 low-income working families. The figures from SPICe show that 197,200 families in Scotland, with a total of 346,000 children, have been hit by those changes from the Tory party.

We have to do something about that. I wonder what people who are scared of what is going to happen to their futures will think when they watch the debate this afternoon. There should be more that joins us than divides us on this issue, and we should not be arguing about semantics or principles, because we are on the same page on this matter. [Interruption.]

### The Deputy Presiding Officer: Order.

**Clare Adamson:** The difference is that this Government, unlike Labour, will not write a blank cheque but will look for a costed and practical way to tackle the policies of the Tory Government.

Kezia Dugdale: Will the member give way?

**Clare Adamson:** No, I am not taking an intervention—I am sorry.

The decision on who to trust on the issue will lie with the voters. It will come down to who they trust to deliver a commitment to do as much as possible to stop the Tory ideology and to create a new system in Scotland. Labour seems to have been content to grab a headline on the issue rather than produce a reasonable and costed manifesto that can make progress for the people of Scotland. I

say to Labour members that they should think very hard about that, because people do not have short memories. They do not forget that, in the past, Labour promised things in its manifesto and then, within weeks, changed its stance on policies, as it did when it said that the decision on the council tax freeze was wrong.

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

### Kezia Dugdale rose—

Clare Adamson: Let us not forget that many of those families have already been affected by the abolition of the 10p tax rate, which hit part-time low-income workers. They will not forget that that is Labour's record on delivery, unlike the record of this Government, which has committed £90 million since the introduction of the bedroom tax to fully mitigate the impact and help more than 70,000 people in Scotland.

With the councils, the Government has committed more than £40 million to help more than half a million people in Scotland to receive council tax benefit, protecting them from the UK Government's cuts. It has provided more than £1 million to combat food poverty in Scotland through the emergency food action plan, and an extra £9.2 million of the Scottish welfare fund, giving a total of £33 million for each of the three years from 2013 to 2016.

It is a matter of trust, and the people of Scotland will trust this Government, which has a track record of standing up for the poor and vulnerable and for delivering on policies that, unlike the Tories' policies, seek to level our country and reduce inequality. As I have said, inequality is the most pressing issue of our times and I am glad to stand behind a costed and well-put-together plan by the Government to do everything that it can to reduce inequality in future.

15:40

Stuart McMillan (West Scotland) (SNP): Before I start, I want to refer to Malcolm Chisholm's comments of a few moments ago. He referred to the powers that we are going to get to deal with the situation, but I am sure that Jackie Baillie, in her opening remarks, spoke about the powers that we already have. That highlights the fact that, once again, Labour is all over the place.

Education represents an investment not just in our children but in our culture, society and economy. Quality education helps young people to be successful learners and to grow into confident individuals, responsible citizens and effective contributors to society. A highly skilled population leads to higher wages, better jobs and economic growth, and benefits the health and wellbeing of

each of us, but a child in poverty is a child who has yet one more barrier to learning. A child whose home life is chaotic, or who is hungry, cannot do their best, and a child who worries about the future of their family is a child who is distracted from fulfilling their potential.

Johann Lamont: If Mr McMillan is concerned for the wellbeing of that child, why would he prioritise a cut of £250 million in air passenger duty? Does he think that that was the right choice, and how much interrogation of the possibilities of that tax did the Scottish Government do before it made that decision, as it cannot make one on tax credits?

**Stuart McMillan:** I reiterate a point that I made in the chamber yesterday. I have heard Labour members speak in this Parliament about cutting APD not because it is a bad thing but because it threatens the airports in the north of England. That is more of an issue for the Labour Party to address than it is for anybody on this side of the house.

The main tools for tackling poverty and for tackling the attainment gap lie in the tax and benefits system and in the employment services. All need to play their part in a coherent system that delivers for children, allows parents to work and boosts family income. Currently, unfortunately, those tax and benefits powers are under the control of Westminster. Under the Scotland Bill as it stands, the Scottish Parliament cannot restore all tax credits and does not have the power to reimburse all those who will be affected.

The UK Government is using those tools not to tackle poverty or to promote work in Scotland but to cut welfare. The Tory tax credit cuts will lead immediately to £1,500 being taken from the pockets of 250,000 Scottish working households next April. Across Scotland, the number of children affected will be almost 350,000. In Inverclyde, where I stay, 5,500 children will be affected. Those figures should help anyone who has not yet grasped the scale of the cuts to understand just how many families in Scotland are being hit and how many children are being affected.

It is time for those powers to be transferred to Scotland, allowing us to take real action to tackle poverty, support working families and give our children all the support they need rather than continuing on the UK Government's course, which will push even more children into poverty.

The SNP has today tabled amendments at Westminster to devolve working tax credits and child tax credits in full to the Scottish Parliament. The amendment to the Scotland Bill that the cabinet secretary highlighted in his opening speech will enable the Scottish Parliament to set its own tax credit system, including eligibility,

thresholds and tapers, allowing the Scottish Government to determine the level of tax credits in Scotland and to protect households from Tory tax credit cuts.

Holyrood should send a united message to George Osborne that the cuts are completely unacceptable. Unlike Labour, the SNP has voted against the proposals at every possible opportunity, and we will continue to do so. Willie Rennie has now left the chamber, but he mentioned the House of Lords. Unfortunately, on the fatal motion that was before the House of Lords, Labour peers sat on their hands.

The SNP Government has mitigated some of the worst aspects of the UK Government's welfare cuts, and we are already spending £296 million over three years to mitigate the damaging effects of those cuts. The Scottish Government will set out clear, credible and costed plans to support low-income households following comprehensive spending review and the outcome of the amendments that have been tabled to the Scotland Bill. Who knows what is going to happen with those amendments? However, one thing that is clear is that the Scottish Government is the one that is credible and competent—something that the Labour Party clearly knows very little about.

The SNP is standing up for Scotland in government here in the Scottish Parliament, and we are the only ones who are providing an effective Opposition to the Tories at Westminster. We will continue to fight austerity and to oppose Trident, and we aim to ensure that George Osborne's tax credit cuts are stopped in their tracks.

For as long as powers over working-age benefits remain in the hands of the likes of lain Duncan Smith, Scottish families and Scottish children will bear the brunt. We will continue to fight the cuts and to demand that the Tories protect the poorest from the worst impacts.

**Jackie Baillie:** Will the member take an intervention?

The Deputy Presiding Officer: I am sorry, but the member is in the last minute of his speech.

**Stuart McMillan:** The principal aim of providing support for families is to give children the best start in life and the greatest chance to succeed as they grow and develop into adulthood. It is essential to maintain the highest quality of provision in order to support child wellbeing and development, alongside providing significant support to families and sustainable employment opportunities. That is why I back the amendment in the name of the cabinet secretary.

**The Deputy Presiding Officer:** We are tight for time. Members have up to six minutes.

15:46

Hugh Henry (Renfrewshire South) (Lab): Murdo Fraser took some delight in trying to point out differences of opinion within other parties on a range of issues. On this particular topic—tax credits and the impact that they will have on working families—it appears that there is quite a significant difference within Murdo Fraser's party. I do not know whether Ruth Davidson represents the caring weekend face of conservatism when she says that she is concerned about the impact that tax credits will have, whereas Murdo Fraser perhaps represents the real face of the Conservative Party as cheerleader for tax credit cuts and the impact that they will have on families right across the country.

There are a number of different issues at stake. The first issue is the tax credit cuts and what they will do. There can be no doubt that there are hundreds of thousands of families throughout the United Kingdom, including in Scotland, who are profoundly worried about what is going to happen to them.

I recently had the pleasure of meeting Mark Payne from Port Glasgow, who is a member of the Union of Shop, Distributive and Allied Workers. USDAW is a trade union that is at the forefront of campaigning about the impact of tax credits on its members and on ordinary families. Mark and his partner, Agnes, live in Port Glasgow and have three children. They are a family who believe in the ethos of hard work, and both Mark and Agnes work. They are also a family who stand to lose £2,100 per year because of the changes to tax credit. Mark works full time as a supermarket delivery driver, and Agnes works part time in the retail trade, too. Mark told me that he and Agnes work two jobs for more than 60 hours per week. They have no time with the kids, and they have no food in the fridge by the end of the week. He and Agnes have to skip meals to ensure that the kids eat.

When I raised Mark's case with Priti Patel, who came here to meet members of the Welfare Reform Committee, she agreed to meet Mark. I hope that she will listen and reflect on what Mark has to say. I accept that there are members of the Conservative Party at Westminster who have begun to realise the inhumane impact that the tax credit cuts will have.

Unfortunately and tragically, Mark is not alone. There are hundreds of thousands of people like Mark, and it is not just hard-working families who are affected. Amanda Batten, the chief executive of the charity Contact a Family, said:

"These cuts will affect a staggering 150,000 hardworking families with disabled children whose finances are already at breaking point."

That is the reality of what we are confronting.

I will take help and support from anybody who will help to stop the cuts taking place. That is why I welcomed the decision in the House of Lords, which is a body that has to be reformed—Labour is on record as saying that we will reform it from top to bottom. What struck me was not just the decision in the House of Lords but the quality of the debate there, which would put this chamber and the House of Commons to shame. We heard some fantastic contributions from people who were reflecting on what is happening in ordinary families across the country. To their credit, they forced the Westminster Government to stop and think again, which I hope it will do.

I agree with Alex Neil that the solution is for Westminster to come to its senses and accept that what is being proposed is, frankly, unacceptable and also cruel in the extreme. I also think that we have a responsibility to say that, if we cannot win the argument there, we will look at our power and our budgets in order to do something.

Before this afternoon, it was all about whether the Labour motion would have been competent and could have been put into effect. Alex Neil now tells us that an amendment has been tabled today in the House of Commons; I do not know whether he is talking about the SNP amendment or the Government amendment, but he seems to indicate that it is that. Well, Presiding Officer, we have a problem. If that amendment was tabled before the debate today, we will be asked to vote on an amendment here this afternoon that is outdated, no longer competent and, frankly, misleading.

The Minister for Parliamentary Business (Joe FitzPatrick): Will the member take an intervention?

**Hugh Henry:** In a minute. We have been asked to vote on something that says that we have no power, when in fact the minister has indicated that we will have the power.

Alex Neil: On a point of order, Presiding Officer.

The Deputy Presiding Officer: You are in your last 20 seconds, Mr Henry, although there appears to be a point of order from Mr Neil.

Alex Neil: What has been lodged in the House of Commons today is a proposed amendment. As things stand, the bill does not give us the powers that would be required to carry out the Labour proposal. If the amendment tabled today is carried, it will do. Therefore, we are not out of order.

**The Deputy Presiding Officer:** Many thanks for that. I will treat it as a point of information. Mr Henry, would you please close in the next 20 seconds.

**Hugh Henry:** The SNP amendment says that "there is currently no proposed power in the Scotland Bill",

but there clearly is.

I think that we should work together. I think that the cabinet secretary should reflect on where the SNP is. To be honest, this should not be about point scoring—about who is right and who is wrong. If that power is there, I think that we should grab it with both hands. We should reflect. We will look absurd, Presiding Officer, if we vote on something that is now outdated. What we need is something that will protect hard-working families.

15:53

Joan McAlpine (South Scotland) (SNP): I welcome the cabinet secretary's assurances that we will, when the time comes, take measures to help the families who are affected by these cruel tax credit cuts. I have great confidence that the cabinet secretary will do that, because I judge the Scottish Government on its record.

The Scottish Government has already spent £300 million to mitigate the damaging effects of UK Government welfare reforms. We do not have to go by the Scottish Government's figures on that. In March this year, evidence was presented to the Parliament's Welfare Reform Committee from research that it had commissioned from Sheffield Hallam University on the cumulative impact of welfare reforms to that date. The evidence did not cover the budget shock announcement about tax credits, but it did cover the £350 million of previous tax credit cuts that were brought in by the Tories and their coalition partners.

The Sheffield Hallam research showed that the cumulative effect on Scotland of all the welfare changes announced to March was £1.5 billion. It broke that down into an average of £440 per head for every adult of working age in Scotland, whether or not they claimed benefits. That is an important point. Professor Steve Fothergill who conducted the research pointed out that the per capita cost to Scotland of those welfare cuts was just below the GB average of £450, but was much less than in other areas, including even London, which loses £490 per head, the north-west of England, which loses £530, and Wales, which loses £520.

The explanation of that in the research is worth quoting. It said:

"It should not escape note, however, that the impact in Scotland would have been around £35 a year per head higher for every adult of working age if the Scottish Government had not struck a deal with local authorities to avoid passing on the cut in Council Tax Benefit or put in place arrangements to defray the impact of the 'Bedroom Tax'"

It continues:

"The financial burden of these welfare reforms is being borne by public sector budgets in Scotland rather than by benefit claimants."

That is a very clear acknowledgement from an independent source the Scottish that Government's measures to mitigate cuts are working. However, it is also an acknowledgement that those measures come at a cost to other public sector budgets in Scotland—budgets for health and education, and general local authority budgets. Every week, Labour members come to the chamber demanding that more be spent on those budgets, even though revenue budgets have been cut by 10 per cent by the Tory Government and capital budgets have been cut by 25 per cent.

Although I have confidence that the Scottish Government will continue to do the right thing by the poorest in society, as it has done in the past, we must recognise that that comes at a cost to existing public sector budgets—and it will continue to do so. The cabinet secretary has pointed out Labour's black hole. The tax powers will not kick in until one and two years after tax credits have been cut, and not a single Labour speaker who has been challenged has been able to answer that question about the black hole.

The Scotland Bill gives us limited powers over tax and welfare. Seventy per cent of tax and 85 per cent of welfare will remain with Westminster, so the vast part of Scotland's budget will continue to be determined by a UK Government that we did not vote for and which has very different priorities from the Scottish Government. We have a UK Government that is cutting welfare by £12 billion while cheerily committing to an additional £167 billion for weapons of mass destruction—a policy that was backed cheerfully by Labour front bencher, Jackie Baillie, only yesterday.

Let us never forget that the cuts are coming from that Tory Government. It is vital that we do not let the Tory Government off the hook. It is vital that we speak with one voice on tax credits, as we spoke with one voice yesterday on Trident renewal. George Osborne has been on the ropes over tax credits, so I urge members not to let him bounce back, whether by blaming tax credit cuts on the SNP or by saying that the policy is okay and not a big deal, because Scotland can somehow find the money to sort it all out. Tax credit cuts are a very big deal for the families who are affected and we must not let George Osborne off the hook. We need to call time on his cruel tax credit cuts, and that needs to happen in London.

I began by talking about the Scottish Government's track record in clearing up Westminster's mess. Measures in that regard require not just resources but expertise at devising solutions that work in our increasingly complex devolved settlement. Mitigation of benefit cuts is difficult, as we have seen, and requires us to have a careful look at what we can do with the powers that are devolved to us.

The issue will become increasingly complicated, given the piecemeal devolution of some benefits and not others. If I had more time, I would quote some of the expert evidence to the Welfare Reform Committee on the difficulties that piecemeal devolution will bring and the hardship that it will cause, particularly in the context of the failure to devolve universal credit. Devolution of universal credit would make it much easier to mitigate the tax credit cuts. I cannot understand why anyone on the Opposition benches who has heard some of the evidence on welfare reform would vote against devolution of universal credit in its entirety.

That is why I take with a pinch of salt some of the pronouncements from the other benches. I say to members that it is not too late. Amendments to the Scotland Bill will be tabled and we can still devolve universal credit and power over sanctions, which is another issue that is harming the poorest people in our society.

#### 16:00

Cara Hilton (Dunfermline) (Lab): The Tories' austerity agenda is penalising the poor and vulnerable, and it is having a devastating effect in communities throughout Scotland. Over the past five years, we have seen benefits and tax credits changed and cut, which has hit working families and the poor hard, while, at the same time, we have seen taxes cut for the rich and a blind eye turned to tax evasion by both individuals and companies.

Now, despite promising during the general election to protect tax credits, the Tories are at it again. In their election manifesto, the Tories promised to improve the lives of

"the millions who work hard, raise their families, care for those who need help, who do the right thing".

The changes that the Tories want to make to our tax credits system fly in the face of those aspirations. I guess that the lesson to learn is never to trust a Tory.

The Tories' plans to cut tax credits will leave around 4,600 families in my constituency an average of £1,300 a year—more than £100 a month—worse off. Across Scotland, more than 250,000 working families will be affected, and the figure reaches 3 million across the UK. That is 3 million working families, the vast majority with children, who are already struggling to get by from week to week and who will have less money in their pockets than they have now. The Child Poverty Action Group has cited some examples of

those who will be affected: the nursery nurse who will lose £1,788 a year; the hospital porter who will lose £2,011 a year; and the care worker who will be £1,906 a year worse off.

While those low-paid families are being made to pay the price of austerity, the Tory Government has made its priorities clear, pledging £2.6 billion to help the rich by cutting inheritance tax, handing £7.25 billion to big business by cutting corporation tax, and increasing the take-home earnings of those who are already comfortable by raising the threshold of the top tax rate, which will benefit the rich most. Last week at Westminster, the Labour lords won a vote to stop the Tory plans going ahead unless protections are introduced for the most vulnerable. However, although the UK Government suffered a setback, the Tories are still refusing to say that they will change their plans.

We have heard many statistics, but I will talk about the actual impacts on families. The Union of Shop, Distributive and Allied Workers has been contacting its members to find out how they will be affected by the tax credit cuts. Many on household incomes of between £7,000 and £27,000 a year are already worse off because of previous cuts to tax credits. Those families are struggling with rising housing costs, heating bills and food prices. In the retail sector, where evening and weekend work is the norm, mums and dads who are already struggling to spend enough quality time with their children and are now facing further cuts are asking whether it is worth their staying in work at all.

Imagine the outrage that there would be if the Government proposed a 97p tax rate for millionaires, yet the increase in the clawback that is proposed by the Tories means that families who are in receipt of housing benefit will lose 97p of every £1 that they earn, making it impossible for them to make up for the cuts or work their way out of poverty as some Tories suggest. Only a Tory would think that the solution is to work more hours. For many families, working more hours means more childcare costs, not more income. For USDAW members who work in retail, the reality is that there is little opportunity for them to increase their hours; in fact, many feel that there is a real risk of employers' cutting their hours to make up for the increase in the minimum wage, and many worry about being replaced by younger workers who will cost their employers less.

What impact will the cut in tax credits have? Hugh Henry cited one example and I will cite others. An USDAW member called David could lose £2,000 a year. David says that the changes to tax credits will "massively affect" his family, who are already worrying about how to pay their bills and keep their car running. He says:

"The government is disgusting for taking these tax credits away from people like myself who work hard and

have never been unemployed since they left school. We are the people who keep the economy going".

Yvonne from Airdrie will lose £1,870 a year. She says:

"We struggle financially most months, even without these cuts being introduced. Food shopping is obviously a big part of our monthly budget. Anything over and above is non existent. This will just make things worse".

Tax credits are an absolute lifeline for those families—they are the difference between families keeping their heads above water or going under.

Those are just two examples that highlight how the Tory tax cuts could hit hard almost a quarter of a million hard-working families right across Scotland unless we act.

**Bob Doris (Glasgow) (SNP):** Will the member give way?

Cara Hilton: I am sorry, but I have no time.

Scottish Labour will fight the Tory cuts to tax credits every step of the way. We want to protect every family in the UK from these vicious cuts. However, should the Tories get their way, we must have a plan B. Scottish Labour has pledged to protect Scottish families from Tory austerity, and that is what we will do. If the Tories go ahead and implement the cuts, it is only right that we should use the powers of the Scottish Parliament to protect hard-pressed families in Scotland.

We can choose to let more children grow up in poverty, or we can choose to do things differently. We will always put those on middle and lower incomes first. We will never put millionaires before ordinary working families and expect working families to pay the price.

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): Will the member give way?

The Deputy Presiding Officer: The member is in her last minute.

**Cara Hilton:** Our plans will ensure that working families are protected and that no one in Scotland will pay more tax than they do today as a result of our commitment.

Jackie Baillie said that today is a defining moment for Holyrood. She is right: today is the time to get our priorities right. When children in my constituency are going to school hungry and when families I represent are struggling to afford a food shop, I know what my priority is: protecting the incomes of working families, not reducing the cost of business-class flights.

With the new powers that have been agreed for Holyrood, we have the opportunity to act to ensure that every Scot has a decent standard of living, that income and wealth are distributed fairly, and that the cycle of poverty that destroys people's life

chances is ended. The new powers have been confirmed. It is time for the SNP to stop the whinging and to start standing up for working people.

Scottish Labour will use the new powers to support working families. The question is: will the SNP and Tories do the same? The 4,600 families in my constituency who will be affected by the tax credit cuts deserve to know whether the SNP is on their side.

16:06

George Adam (Paisley) (SNP): I am only too pleased to take part in the debate, as it is on an issue than will affect many of my constituents. As always, I will try to represent them to the best of my abilities.

How we deal with the on-going attacks from the Westminster Tory Government will continue to be one of the major debates in the chamber. I am not exaggerating when I say that the savage Tory cuts on tax credits will affect many families in Renfrewshire. A recent briefing from children's charity Barnardo's calculated that 10,500 families in Renfrewshire will have to deal with that situation. Half of all families in Renfrewshire with dependants use that money to buy food, clothes and other essentials. That means that more than 17,000 children in Renfrewshire will be affected by the callous cuts. All that is taking place on the back of the so-called Tory Westminster reforms, with more and more of our constituents-our friends and members of our communitiescontinuing to suffer on the Tories' watch.

The Scottish Government has mitigated, and will continue to mitigate, the on-going Tory Government attacks, but that is not simple as the Labour Party says that it is. The debate is not just about tax credits but about welfare reform in general; it is about the on-going attack on the vulnerable in our society. The Scottish Government is looking holistically at how we deal with the issues.

It may be easy for the Labour Party to carp from the sidelines—it does not have to deliver for the people of Scotland. However, the Scottish Government has a record of delivering for our people, and it will continue to deliver.

I have no doubt that in their heart of hearts many Labour members want to make a difference for their constituents, but it appears that they have lost touch with what is happening in the real world. Labour is debating in the parliamentary bubble, when we need to get out there and deal with the issues that affect our constituents. Who will the public believe? Will they believe a Scottish Government that has delivered for our people and

which continues to deliver for them, or a discredited Labour Party?

Even Labour Party members of high standing doubt the party's policy positions. Tom Harris recently said:

"Labour still expect to be taken seriously as a potential government? Really?"

He also said:

"Labour has jumped the shark ... And I give up. That's it for me. Giving. Up. Goodbye."

Presiding Officer, you are probably wondering, "What exactly does 'jumping the shark' mean?", which is what I asked at the time. It is a theatrical term for a television or movie series that has gone on for too long, has lost any creative input and has no further to go—a storyline that is so over the top and unbelievable that it can no longer be taken seriously. That sounds very similar to the Labour Party's situation.

Jenny Marra (North East Scotland) (Lab): Will the member give way?

George Adam: No, I must carry on.

The situation that the phrase relates to is when in "Happy Days" Arthur Fonzarelli water-skied over a shark. I know that the Labour Party believes that it can do many things, but I do not believe that it can keep any credibility.

Labour is trying desperately to be relevant to the debate. Yesterday, some Labour members were evangelical about scrapping Trident, but others were not. Today, Labour is making a cynical attempt to talk about tax credits. We are talking about real people's lives and real people's issues. Labour should join me in looking towards Scotland's future instead of looking towards tomorrow's newspaper headlines.

Talking of newspaper headlines, I give way to Jenny Marra.

**Jenny Marra:** If I can be allowed to bring the member back to the point of the debate, is he in favour of our proposals to reinstate the tax credits for working people in his constituency?

**George Adam:** I am in favour of making sure that we have a policy that ensures that the people of Scotland have the ability to live their lives to the full. That is what is important to me: doing the job that the Scottish Government is doing, as opposed to pontificating and making noise.

That is why Labour has absolutely no credibility. Labour has already said that it would spend the proposed cut in APD on education. No matter how many times Jackie Baillie says that it has not, Labour has already said that it would do that. That is its right—it is a fair point for it to make. Education and bridging the gap in attainment are

ways of bringing people out of poverty. The Labour Party said that, but now it has changed its mind.

Scotland is to get extra powers in 2017, but it will not get control of APD until 2018, so what will happen to the 250,000 families in Scotland who are being affected in the here and now? How will they get by on Labour's kind words? We need to deal with the real-world issues that are in front of us instead of playing a political game.

The on-going Westminster attacks are attacks on the weakest in our society—not just families who receive tax credits but others on benefits. I am talking about personal independence payments, disability benefits and payments for those with long-term conditions. In Christina McKelvie's members' business debate on welfare reform last week, I spoke about the people who are struggling to get by.

For me, the issue is who people trust. Do they trust the Scottish Government, which has a record of continuing to support the people of Scotland, or do they trust a bunch of chancers from the Labour Party?

16:12

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): Jackie Baillie talked about value, but she would rather spend £160 billion on bombs than on bairns. That is her way of supporting Scotland's children—the topic of today's debate.

Scotland gets back only about 70 per cent of the extra money that we send to London. The other 30 per cent is kept by Westminster and is usually spent on things that we did not ask for and did not want, including nuclear bombs. The Barnett formula grants Scotland about £30 billion, which is worth about £28.8 billion when inflation is taken into account. We have no idea what cut the Chancellor of the Exchequer will hit us with at the end of the month.

Increasingly, the costs of the UK Government's commitment to austerity are being borne by the most vulnerable people. The cuts to welfare benefits have so far cost our economy at least £4.5 billion, and last year the situation got worse. With the Tories' majority came another phalange of cuts totalling £30 billion in all, which were heartily backed by Labour MPs. Those same Labour MPs are now telling us that we must mitigate their decision.

We have little idea what David Mundell's latest amendment might do, but we know what our amendments would do. We cannot ignore the reality that Scotland is not getting any extra money. In fact, under Smith it was a condition that neither side would gain or lose funds, so all we can do is recalculate the budget headings. We did that in order to mitigate the effects of the bedroom tax, but we cannot keep mitigating Westminster policy decisions on welfare without having the balancing financial and revenue-raising powers.

Ultimately, only with full power and full decision-making powers will the Scottish Government be able to access all of Scotland's resources in order to deliver a more prosperous and fairer Scotland—including a social security system that works for our people. I just hope that Labour will not revert to type and let the Tories off the hook at Westminster for an "SNP bad" story today.

With the reality now straight in everyone's minds, we need, I believe, to see what we can do to mitigate the tax credits cuts. Kezia Dugdale says that Labour will use the new welfare powers in the Scotland Bill, but we are not yet altogether sure what those powers will be; indeed, the UK Government has just tabled another 20 or so amendments, the latest of them having been tabled at lunch time today. Malcolm Chisholm has said that he knew about the amendments last night. Is that part of the pooling and sharing of resources and information that we heard about from the better together campaign? If Mr Chisholm about it last night, that shows straightforward disrespect for the Scottish Government.

The Labour Party cites clause 21, but discretionary payments would give us only the competence to introduce discretionary top-up payments to people in Scotland who are already entitled to a reserved benefit. We have heard from SPICe that what has been proposed simply cannot happen and that that clause will not let us restore the benefits that will be lost to some 80,000 families, or support people who have been SNP sanctioned. The has now tabled amendments at Westminster, which would, if they are agreed to, mean full devolution of working tax and child tax credits. Can Labour tell me today whether its MSPs will back those amendments? If it will not back them, that will show that its rhetoric is empty.

Colleagues here have made clear their support for the move, and the cabinet secretary has reiterated the disastrous losses that will hit low-income households. On that point, I have to congratulate Cara Hilton, who I see is not in the chamber at the moment. I wanted to intervene on her to do so, because I thought that her speech was fantastic and I agreed with everything that she had to say—at least, until the last 30 seconds, when she reverted to the "SNP bad" theme.

The cabinet secretary has highlighted how we have realised the promises that we have made, but all we have heard from Labour today is an

empty promise and dereliction of its duty to people who need support. If it is to follow through on the promise that it has made today, it will troop through the lobbies with our MPs next Monday in support of the amendments that we have tabled.

Never mind. Let us push on. Kezia Dugdale will have seen the collection of media reports describing her admirable desire to make things better for the most vulnerable people as a wish to "restore", "cancel" or "reverse" Tory tax credits cuts. Her spin doctors have been spinning away all afternoon in an attempt to change the words to "top up", because they realise that they cannot restore, cancel or reverse anything. At the risk of stating the obvious, I believe that Ms Dugdale seems to have avoided one small issue: tax credits are not devolved. They are not even counted as a benefit. They are counted as a tax, and we do not know what they will be or whether they will be defined as a benefit. The devil is always in the detail-something that the Labour Party never takes cognisance of.

Jackie Baillie: Will Christina McKelvie give way?

**The Deputy Presiding Officer:** The member is in her last minute.

Christina McKelvie: Where is Ms Dugdale going to find the money? Is she going to cut the national health service? Is she going to cut education? Is she going to cut local government? Perhaps Jackie Baillie will decide to cut the £167 billion that she would rather spend on bombs. Once again—we are familiar with this by now—Labour is making promises that it can never fulfil. Labour Party members in Scotland will have seen just how true that is when, after 70 per cent of them voted not to renew Trident, the London party said, "Ye'll dae whit yer telt."

**The Deputy Presiding Officer:** Draw to a close, please.

Christina McKelvie: Let us give the people of Scotland a bit of hope and do something for them. We need to support full devolution of tax credits, not some wishy-washy "top-up"—

**The Deputy Presiding Officer:** You must close, please.

**Christina McKelvie:** Labour needs to support the inclusion in the Scotland Bill of full devolution of tax credits, then we can work together to make life better for the people whom we all care about.

The Deputy Presiding Officer: Neil Bibby will be followed by Fiona McLeod. You have up to five minutes.

16:18

Neil Bibby (West Scotland) (Lab): I welcome the opportunity and am proud to speak in favour of Scottish Labour's motion on tax credits, which have, since they were introduced by the last Labour Government, helped millions of families up and down the country. They were instrumental in lifting more than a million children out of poverty during the period of the last Labour Government by putting money into the pockets of working people, and today they support nearly 50,000 families in West Scotland, 350,000 families across the whole of Scotland and more than 3 million families up and down the UK. I have spoken to hundreds of people, including some of my own family, who rely on that vital support. Tax credits are very important to many people, which is why it is scandalous that the Tories want to take that support away from working families.

It is even more scandalous that David Cameron and the Tories broke their promise to the Scottish public and the UK public earlier this year. During the general election campaign, David Cameron told millions of working people live on national television that he would not cut tax credits; now he is planning to cut them. We saw Jeremy Corbyn ask the Prime Minister six times at last week's Prime Minister's question time whether any working families would be worse off as a result of the changes in April next year, and six times David Cameron did not give a straight answer.

We are asking whether the SNP Government and others will join Kezia Dugdale's and Scottish Labour's call to give a clear commitment to help working families in Scotland and to agree that, if necessary, we will restore the money that is lost through tax credits cuts to working families.

We know what Nicola Sturgeon has said about the tax credits cuts. On 25 June, she said:

"Cuts of that magnitude will have a significant impact on families and poverty levels in this country, and they will push more people into relying on services such as food banks."—[Official Report, 25 June 2015; c 20.]

As usual, we have nice, warm words from Nicola Sturgeon and from Alex Neil today, but working families need more than that. They do not need excuse after excuse from SNP members who appear keen to find problems and to highlight reasons not to act.

Alex Neil: I do not know whether Neil Bibby was in the chamber to hear my speech, but I gave a very clear commitment on behalf of the Government. Once we know what the further changes are—the chancellor has said that he will announce them on 25 November—we will look at what gaps need to be filled and take whatever action is necessary. That is the sensible thing to

Quite frankly, the details of Labour's proposals have not been properly thought out.

**The Deputy Presiding Officer:** You must be brief, please, Mr Neil.

**Alex Neil:** We need to think out the detail and do the thing properly at the right time.

**Neil Bibby:** If Alex Neil wants to give a clear commitment to working families in Scotland, he will withdraw his amendment and support Labour's motion.

We all know that the Government has the power to act. We, the Scotland Office and SPICe have said that, and even Alex Neil appears to be saying that. We heard the SNP say that it cannot act on the bedroom tax: it said that, legally, it could not take action to mitigate the bedroom tax. That was until Labour-run Renfrewshire Council showed how that could be done and Labour lodged a budget amendment. The bedroom tax is cited in the SNP's amendment. Let us not tell families across Scotland that we cannot take action. Where there is a will, there is a way. The question is not whether there is a way for the SNP; it is whether there is the political will.

As Jackie Baillie said, this is a defining day for the Scottish Parliament. Will we decide to exploit the political argument, or do the right thing and give a clear commitment to those who need it? We and the SNP know that it has the power and the resources. Labour has said that we would not abolish air passenger duty, which would cost £250 million. Helping families and stopping children falling into poverty has to be a bigger priority than cutting airline taxes. If SNP members think the opposite, they have their priorities all wrong.

We can also achieve the resources that are needed by making different decisions from George Osborne's decisions on tax rates without anyone having to pay any more tax than they currently do. We can make that socially just policy work, if we have the political will to do so.

A number of key questions are left. If the SNP wants to mitigate the cuts and has a well put together and costed plan, as Clare Adamson said, what and where is that plan? Given Alex Neil's comments on having the powers, and given the questions over the competence of the SNP amendment, will the SNP withdraw it? Will it vote against Labour's motion, which calls for firm action to restore the money that is lost through cuts in tax credits?

Scottish Labour has lodged a motion that can begin the process of supporting working families in Scotland. I urge all members in the other parties to vote for the Labour motion, if they are serious about doing that.

16:24

Fiona McLeod (Strathkelvin and Bearsden) (SNP): The debate has been characterised by a lot of heat and noise, especially from one part of the chamber. Perhaps we have to look at facts; we need to look at facts in a variety of ways.

First, let us test the Tories' actions against the Scottish Government's response. The Tories cut, and the Scottish Government mitigates. We do not have the money, but we find it and we do that. That is the first fact. We have mitigated the heinous Tory welfare cuts.

However, we then have to test the Labour Party's proposals against the legislative, financial and political facts. The legislation is absolutely clear: the Scotland Bill will provide limited devolution of benefits from the United Kingdom to the Scottish Parliament. The benefits system works only if it is done holistically, but we are getting only limited devolution of benefits. Next, we can look at legislative amendments down in Westminster that we can either support or oppose. The SNP lodged an amendment to the Scotland Bill to ensure, as Christina McKelvie and Stuart McMillan said, that tax credits are devolved to the Scottish Parliament in their totality.

**Neil Findlay:** The fact is that we will get devolution of air passenger duty. Would Fiona McLeod spend money on cutting ticket prices for businessmen flying to London, or would she prefer to put that money in the pockets of working people?

**Fiona McLeod:** It is interesting that Mr Findlay talks about devolution of air passenger duty. If I remember rightly, it is something that the Labour Party did not want.

**Neil Findlay:** Answer the question.

**Fiona McLeod:** The Labour Party said that it was better for APD to remain with the Westminster Government.

**Neil Findlay:** Answer the question.

**The Deputy Presiding Officer:** Mr Findlay, that is enough.

**Fiona McLeod:** Talking holistically, I want all benefits to be devolved to the Scottish Parliament, but I also want the economic levers that would allow us to make our economy prosperous so that we can reinvest in the welfare of a socially just Scottish society.

**Neil Findlay:** Answer the question.

**Fiona McLeod:** I say to Mr Findlay that it is about facts and not his airy-fairy "Let's have a go at the SNP" approach.

Neil Findlay: Answer the question.

The Deputy Presiding Officer: Mr Findlay, will you desist?

Fiona McLeod: As Stuart McMillan and Christina McKelvie did, I will put a question to the Labour Party. Will it vote next week for the SNP amendment to the Scotland Bill to devolve everything to the Scotlish Parliament? If it does, that will be unlike the times when the Labour Party did not vote for SNP amendments just because they were from the SNP; and unlike when in July this year 184 out of 232 Labour MPs did not oppose Tory welfare proposals. Those are the legislative facts.

On the UK Government amendment to the Scotland Bill that was lodged today, I pose this question: will any new Scottish benefits that we produce in the Scottish Parliament be immune from UK clawback through other benefit changes and tax changes? The example that comes to mind is what happened when we introduced free personal and nursing care, which this Parliament is incredibly proud of: the UK Government took away attendance allowance from our old folk in Scotland. We should ensure that the UK Government amendment to the Scotland Bill gives us the power to ensure that Westminster cannot interfere with what we do.

I am rapidly running out of time, but I can say that Labour's financial approach to the tax credits issue is all over the place, and that, politically, what the Tories are doing is beyond words. However, Labour's words have to be checked against the Scottish Government's actions, and many of my colleagues have already gone through what we have done on mitigation. In total, £296 million out of a diminished Scottish Government budget will have been spent from 2013 to 2016 to mitigate Tory welfare cuts.

However, the reality is that, politically and financially, we cannot keep on mitigating, and we should not have to. It is wrong, cruel and deceitful to say that the Scottish Parliament can continue to mitigate the cuts coming from Westminster. It is wrong, cruel and deceitful for the Opposition to say that they want to do something about the cuts coming from Westminster but to say at the same time that they do not want to have the powers in the Scottish Parliament that would benefit our economy so that we can reinvest in a socially just Scotland.

The Deputy Presiding Officer: Before we turn to closing speeches, I want to refer to the point of order that was made by James Kelly during the debate, on the competence of the amendment in the name of Alex Neil.

The veracity of points that are made in amendments is a matter for the member who lodges the amendment, not the Presiding Officer.

Veracity is not an admissibility criterion for an amendment. Therefore, in terms of the standing orders, the amendment in the name of Alex Neil is competent.

#### 16:29

Willie Rennie: In his contribution, Hugh Henry spoke about what we are all really talking about. He spoke about Mark and Agnes. They have two jobs and are working 60 hours a week but are struggling to put food on the table and spend time with their kids. Any extra hours spent working are less time to spend with their kids. This debate is about that couple, although we might sometimes find it difficult to believe that. Hugh Henry hit the nail on the head and we must do everything that we can to exert the influence that we have to make the changes that are necessary, whether it is done here or at Westminster. We must do everything that we can to help Mark and Agnes, because that couple is what it is all about.

We should be trying to make work pay in this country and incentivise people into work. Despite their claims of being for working people and being in favour of work, the Conservatives are making benefits pay. If the tax credit changes go through, some people will be better off on benefits than in work. Just like our tax cuts for those who are on low and middle incomes, the whole system was created in the first place to incentivise people into work.

I cannot understand why we are trying to reverse that action. Before we have driven up wages to the real living wage level that we all want to see, cuts are being implemented. If the Scottish Parliament really wants to make an impact, we should focus on what we can do to make the difference. We need to send the message to the Conservatives at Westminster just like the House of Lords did.

We need to have a proper programme of change. By all means, we should try to put an end to the Government subsidising companies that pay their employees low wages, but we should not do it on the backs of working people who are struggling to make ends meet. To do it in that way while presenting it in terms of trying to balance the budget is unfair.

Malcolm Chisholm was right when he talked about the Conservatives' record. The tax credit cuts were not in the Conservative manifesto; it talked about £12 billion of welfare cuts, but tax credit cuts were not mentioned. Conservative members did not argue for making those cuts in any of the debates that I heard during the election campaign. In fact, the Prime Minister explicitly ruled that out as an option. On three fronts, the Conservatives have a record on this issue. If they

believed what they said during the election campaign, they should make meaningful change in the autumn statement.

SNP speakers find it difficult to put the referendum behind them.

Jim Eadie (Edinburgh Southern) (SNP): It is you who keep talking about it.

Willie Rennie: Even when the minister admits that the power is coming to the Scottish Parliament, the back benchers are stuck singing an old song and arguing for more powers when we need to focus on how to use the powers that are coming. Christina McKelvie, Joan McAlpine, Stuart McMillan and Fiona McLeod all made the case for more powers rather than focusing on what Alex Neil says he is now focusing on.

Mark McDonald: Will the member give way?

**Joan McAlpine:** Will the member take an intervention?

Fiona McLeod: Will the member give way?

Willie Rennie: See, they all get very excited when I start talking about the referendum. Who says that it is only us who talk about the referendum? SNP members are interested only in more powers, rather than in making this Parliament work for working people.

We know that the SNP is in trouble when it appeals for unity. It always appeals for unity on its own terms and never on anyone else's. Clare Adamson was brilliant—I have to commend her. Without one scintilla of embarrassment, she called for that unity and then, in the next breath, condemned the Labour Party. How does she seek unity if she is condemning the people with whom she is trying to seek consensus? I cannot understand that. I was impressed by her speaking skills, because I did not think that it was possible to do such a thing.

George Adam continued that attack, as did Christina McKelvie. However, someone is absent today: that Presbyterian accountant, the Deputy First Minister. He said quite clearly, just a few weeks ago—

Joe FitzPatrick: Will the member give way?

Willie Rennie: Not just now.

Mr Swinney said quite clearly just a few weeks ago that it was "highly unlikely" that he would reverse the Conservatives' planned benefit cuts. Earlier, we heard about his record, as evident in the independence white paper. The SNP bellyached about the £2.5 billion cuts but did nothing about them in the white paper, which pledged to spend not one penny more than lain Duncan Smith was planning to spend. The SNP will be judged on its record.

Today was the most humiliating day for Alex Neil, who started his speech arguing that he did not have the power to take action and then concluded by saying that he had the power after all. We all know that the SNP likes to say different things to different people, telling them whatever they want to hear. However, it usually exhibits a degree of sophistication when deploying that tool by getting different people to say different things to different people. Alex Neil is obviously so confident about his abilities that he thinks that he can say different things to different people in the one speech, which is exactly what he did today.

**The Deputy Presiding Officer:** Could you draw to a close, please?

**Willie Rennie:** I commend Alex Neil's speaking ability, as I did Clare Adamson's.

We need to get back to what Hugh Henry was talking about earlier on.

**The Deputy Presiding Officer:** Not today; you must close.

**Willie Rennie:** How are we going to help Mark and Agnes? That is what it is all about, and that is how this Parliament will be judged.

16:36

Liz Smith (Mid Scotland and Fife) (Con): This has been a highly charged debate, with a contest between Alex Neil and Jackie Baillie for the highest decibel levels, particularly when they were discussing whether the amendment was admissible—a point that you have cleared up, Presiding Officer.

Welfare is a contentious and emotive issue, so it is not surprising that passions have been running high. Hugh Henry made an interesting point when he said that he felt that the standard of debate in the House of Lords was better than it was in this place or the House of Commons. However, I hope that that has been partially addressed today because, as Willie Rennie said, this has been a good debate.

The Labour motion is blunt in its criticism, but I remind Labour members again that the context in which the debate takes place is one in which a senior Westminster colleague of theirs, Alistair Darling, said:

"one of the unintended consequences is that we are now subsidising lower wages in a way that was never intended".

That is not an argument for scrapping tax credits but an argument for adjusting the system so that wages are driven up. That is good advice and is a clear pointer to the fact that the current high level of tax credits creates long-term pressures on the economy and difficulties for public spending. Labour cannot get away from the fact that nine out

of 10 working families with children became eligible for tax credits. That is not a sustainable situation.

That point notwithstanding, the recent differences in opinion between the House of Commons and House of Lords reflect the fact that there are real concerns about this issue. The Scottish Conservatives have been clear that we have concerns, particularly about the timing. That will be an important issue at the time of the autumn statement.

Willie Rennie: I am confused. If the Conservatives were quite clear, in the way that Liz Smith describes, why did they send Annabel Goldie down to the House of Lords to back up the Conservative Government?

**Liz Smith:** For the simple reason that, as Annabel Goldie put on record on television the other day, it was a point of principle about the nature of that bill.

That said, those who want to reinstate tax credits to a similar level to the present level have to explain two things: first, how they would pay for that and balance the books; and, secondly, how Britain and Scotland could, in those circumstances, move to a high-wage, low-tax economy that promotes stronger growth and will not burden future generations with unmanageable levels of debt. The Labour Party needs to consider that carefully.

As Willie Rennie said in his closing speech, the national living wage policy, lower taxes and reformed tax credits come as a macroeconomic package; the elements cannot be seen in isolation.

It is our contention on this side of the chamber that, given the new powers that are coming to this place, we must reject policies that seek to introduce taxation policies that place Scotland at a competitive disadvantage, for exactly the reasons that Murdo Fraser set out.

Mark McDonald said something interesting about the debate being about principle and practical issues. There is some truth in that, but it is also about choices, and the different political parties in the Parliament will clearly come to different decisions about the different choices.

**Mark McDonald:** Will Liz Smith take an intervention?

**Liz Smith:** I will not at the moment, if Mr McDonald does not mind.

Aileen Campbell made an announcement today about the reason why childcare and educational changes are important. I was interested to hear her announce that measure, because she was trying to drive at some of the issues to do with better provision in that area. I was slightly

surprised that the SNP members did not raise some of that, because the Conservatives are clear that it has to be part of the equation of looking after Scotland's children.

I was interested to hear from the Labour Party conference at the weekend that that party will introduce a £78 million fair start fund to provide extra teaching and extra facilities for the most deprived pupils, as I understand it. That is a laudable aim in principle, even if I do not necessarily agree with the way in which the Labour Party will pay for it.

The really interesting point about that announcement is that the Labour Party says that the money will follow the child, bypass local authorities and go straight to headteachers. Which party criticised the Tories for doing exactly that? I can point to amendments in the name of Neil Bibby and speeches by Malcolm Chisholm and Cara Hilton that criticised the Conservative Party for saying exactly that. If that is a Damascene conversion for the Labour Party, I welcome it, because it is an important part of the package that goes with ensuring that our children have the best start in life.

We find ourselves at an interesting time in Scottish and British politics. Difficult choices will have to be made. The Conservative Party is prepared to make those difficult choices and to accept a lot of the criticism that has been levelled in our direction about the timescale for the changes and the need to mitigate the impact on the poorest. That is an important thing to think about as we go on with the knockabout politics that are familiar to the chamber. There are real issues and real choices to be made.

Naturally, I support the amendment in the name of Murdo Fraser.

#### 16:42

The Minister for Housing and Welfare (Margaret Burgess): It has been a highly charged debate in some ways because the issue is critical. As a number of members highlighted, we are talking about low-paid people in communities throughout Scotland. We will always seek to protect them.

I will be absolutely clear and reiterate what Alex Neil said at the start. We will address the issues by considering what happens to new claimants and how we fill the gap between the implementation of tax credit changes and the date when the Parliament has power to fill the gaps. We will consider the matter in a measured way once the chancellor has announced what he intends to do with tax credits on 25 November. Members should be reassured that the Scottish

Government will not stand by and let low-paid people in our communities suffer.

**Jackie Baillie:** I hear what the minister says about considering the practical implications, but I want to establish a principle. Is it the SNP Government's principle to restore in full tax credits that have been cut by the Tories?

Margaret Burgess: The SNP Government's principle is to ensure that low-paid working families in Scotland do not suffer through the Tory cuts. [Interruption.] If Jackie Baillie lets me get through a bit more of my speech, she will understand what I am saying. She did not listen to what the cabinet secretary said, so I hope that she will listen to some of what I say.

If the Labour Party does not want the cuts in tax credits, it should back the SNP amendment to the Scotland Bill that would ensure that tax credits were under the control of this Parliament, instead of backing a chancellor who seeks to cut £1,500 from 250,000 working families in just six months. As Joan McAlpine outlined, there was no Labour backing for an SNP amendment that would have devolved all working-age benefits to the Scottish Parliament in the last report stage of the Scotland Bill. Labour seems now to have had an about-face in realising that tax credits should be in the hands of the Scottish Parliament and I hope that it can support our amendment today and also our amendment that would devolve employment rights and the minimum wage to the Scottish Parliament.

Alex Johnstone (North East Scotland) (Con): Will the minister take an intervention?

**Margaret Burgess:** I want to make some progress and then I will take an intervention.

Those are powers that we can use to lift people's wages and lifestyle and tackle inequalities in our society. I point out to Murdo Fraser and his Tory colleagues that their party did not go into the last general election with a manifesto commitment on those cuts—and no wonder. They knew the results that those punitive measures would have had. Would Ruth Davidson have spoken publicly then to voice her concerns, as Mr Fraser says she has done, or was she kept in the dark like the rest of the voting public?

Only a matter of weeks ago, the cabinet secretary, Alex Neil, wrote again to the UK Government asking it to think again on tax credits. I very much hope that the chancellor and the UK Government will listen to the views of people in Scotland and beyond.

**Hugh Henry:** Will the minister take an intervention on that point?

**Margaret Burgess:** I will take an intervention on that point.

**Hugh Henry:** I was a bit confused by some of the discussion earlier on, when the cabinet secretary said that a UK Government amendment was tabled today in the House of Commons and that that is what he was predicating his argument on. Can the minister confirm that?

Margaret Burgess: No. What I can say is that late on today, we were told that a UK Government amendment was tabled that supports what the Scottish Government has been asking for for some considerable time—to give the Scottish Government power to create its own benefits. As the Scotland Bill currently stands, we do not have that power.

**Jackie Baillie:** Alex Neil said that it had been tabled.

Margaret Burgess: An amendment was tabled with other amendments—it has not been agreed. However, Jackie Baillie did not seem to know about that. Jackie Baillie was talking about section 21, which would have allowed the Scottish Government, when we got the powers, to top up benefits to people who had an existing entitlement. That would not have covered people falling off the tax credits cliff in April 2016 because they would no longer have an entitlement that we could top up. We may have made some progress on that.

**Jackie Baillie:** Will the minister take an intervention on that point?

**Margaret Burgess:** I will go back to that if the member wants to debate the semantics of it but—[Interruption.]

**The Deputy Presiding Officer:** Order. Let the minister make her point.

Margaret Burgess: What I want to talk about is what we are trying to do with tax credits. We are trying to protect the people who are losing tax credits across Scotland. We will also continue to fight the UK Government on that, because the UK Government is creating that situation for the people of Scotland. We pay into a social security system that we want in Scotland. We want the tax credits to be paid. We did not want the bedroom tax. We did not elect a Tory Government; it is imposing these changes on us and it is right that we try to make it see the error of its ways and not spend its money on nuclear weapons but spend it on social security, helping the low paid in this country.

**Jackie Baillie:** Will the member take an intervention?

**Margaret Burgess:** I will not take an intervention just now.

The cuts to tax credits that the Tories are proposing will not be replaced by any rise in the UK Government's new national minimum wage—it

is not a living wage as the Tories would have us believe—nor will it be replaced by any other measures announced in the budget. It is clear that working families will lose out—I think that Labour and the SNP can absolutely agree on that—as a result of the chancellor's proposed changes.

We have been in such a position before with the introduction of the bedroom tax. We heard what Jackie Baillie said on the bedroom tax. We did what we think was the right thing—we opposed the bedroom tax from day 1. We constantly opposed it and we tried to get the UK Government to change its mind about it. We knew that we had a problem that we had to deal with and we were willing to do that, but we had to find a mechanism that was right—one that was administratively workable and which we could cost. We did that—the people of Scotland appreciate that we did that—and we will do it again. We will always stand up for the vulnerable in our society.

We have a record of meaningful action—a record of credibility and competence. I say to some Labour opponents that it is easy to stand up and say in a conference speech to their members that they are going to do something, but when they do not have the means or ideas on how to deliver it and are relying on funds—

**Jackie Baillie:** Will the minister give way on that point?

**Margaret Burgess:** How long do I have left, Presiding Officer?

**The Deputy Presiding Officer:** Take the intervention.

Margaret Burgess: I will take the intervention.

**Jackie Baillie:** For the record, I correct the minister: the Government kept people waiting for a full year before it mitigated the bedroom tax.

On a point of clarification, Presiding Officer, Alex Neil said earlier that an amendment was tabled by the UK Government. He did not say that it would be tabled at the end of the day—he said that it was tabled. Can he clarify his comments?

**The Deputy Presiding Officer:** I call the minister.

Margaret Burgess: That intervention has just taken up some of my time. I will go back to the bedroom tax. We took meaningful action and helped 72,000 households, 80 per cent of which contain a disabled adult, and approximately 11,000 of which contain one or more children, with the bedroom tax. The reality is that we deliver.

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

Margaret Burgess: I make it clear again that, as the cabinet secretary said in his speech and in

an intervention, and as I said at the beginning of my speech, this Government will set out clear, credible and costed plans to support low-income households following the comprehensive spending review. That is when we will know how many families are involved and how much they will lose.

**The Deputy Presiding Officer:** You must close, please.

Margaret Burgess: I should say, in line with what other members have said, that we should not have to do that, but a Tory Government that Scotland did not elect is making cuts.

I want to make a final point—

The Deputy Presiding Officer: You have made your final point, minister. That will do for today. Thank you very much. You must close.

Margaret Burgess: John Swinney is not at the debate because he is with the Fife task force today.

The Deputy Presiding Officer: Many thanks.

16:51

Jenny Marra (North East Scotland) (Lab): Nothing in politics is inevitable. There was nothing inevitable about women getting the vote; about the creation of the national health service; or about the smoking ban that was passed by this Parliament. Those changes all had to be fought for. People had to campaign for progressive change, and politicians had to be brave enough to make decisions that would upset vested interests.

As we debate the cruel cuts to the tax credits, it is important that we remember that the policy did not just drop out of the sky. Tax credits were not an inevitable change for working families across this country. It took a bold decision by a Labour Government—and a Scottish Chancellor of the Exchequer—to make the changes that have made so much difference to people's lives. Labour was brave enough to redistribute money to those who needed it most. We believed—and still believe—that children and working families need support in the face of low pay, and we took action to help them. The consequence was a radical overhaul of our tax and welfare system that put fairness at its heart, which is reflected in Jackie Baillie's motion.

We did that in the face of the same arguments that we hear from the Tories today—we resisted their empty claims and invested in hard-working families that deserved better than they got under previous Tory Governments.

We have heard from members on the SNP side of the chamber that the policy to slash Labour's tax credits will put thousands of children in poverty. Mark McDonald said that 1,700 families are affected in his constituency; according to Clare

Adamson, 18,700 families in Central Scotland are affected; and 18,000 families are affected in Stuart McMillan's region of West Scotland. George Adam referred to 10,500 families in Renfrewshire, and talked of the 17,000 children who are affected there. The cabinet secretary, Alex Neil, said that 5,000 families in his constituency are affected. The SNP members should think hard before they vote against the Labour motion tonight to support those families and reinstate their tax credits with the power that the Government has.

**Christina McKelvie:** Will the member give way on that point?

Mark McDonald: Will the member give way?

Jenny Marra: Let me make a little progress. I cannot imagine why even a Tory Government would find those families and those strivers fair game for its cuts agenda, but it will target them indeed. The UK Government will answer in time for its broken promises, including David Cameron's broken promise on tax credits, and for its cuts to Labour's tax credits.

With the changes to the Scotland Bill—perhaps another thing for which we can be thankful to Gordon Brown—the baton will fall to whichever party the people of Scotland trust to form a Government here in Holyrood next May. Scottish Labour and Kezia Dugdale have shown that they are prepared to be bold, with a well-thought-out, fully costed plan to increase the level of tax credits in Scotland to a level that we believe to be fair.

**Christina McKelvie:** Will the member give way?

John Mason: Take the intervention.

**Jenny Marra:** The SNP offers families who are facing deep cuts to their household budgets only excuse after excuse after excuse.

Margaret Burgess: Will the member give way?

Jenny Marra: I want to take members through some of the excuses that we have heard today, then I will be happy to take the minister's intervention. We have heard that there is not enough time, that it is not the right time, that we do not know what the spending review will say, that we need full powers, that we need full economic levers, that we need to redesign the whole benefits system before we do that, that we do not have enough power, we do not have enough power.

Margaret Burgess: Jenny Marra missed the point of what I said, although I said it three times. This Scottish Government will lay out what we will do to help people in low-income families who have suffered tax credit losses. I will make that clear and I will say it again. We will do that based on information and we will find who the people are,

because, quite frankly, if all benefits and tax credits were devolved here it would be an easier job for any Government to do if it was in charge of all the benefits.

**Jenny Marra:** That is another list of waffle and excuses. The key point is the principle. Will the SNP members use the power in their hands—

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Will the member give way?

**Christina McKelvie:** Will the member give way?

The Deputy Presiding Officer: Order.

**Jenny Marra:** Will the SNP use the power that it already has to support Labour's motion tonight to restore tax credits to families who need them?

Christina McKelvie: Come on, Jenny.

**Jenny Marra:** The principle is absolutely clear. Let us make no mistake. When those powers pass to the Scottish Parliament—

Joe FitzPatrick: You said that we already have them.

John Mason: You just said that we had them.

**The Deputy Presiding Officer:** Order, Mr FitzPatrick.

Jenny Marra: When those powers pass to the Scottish Parliament, they will no longer be Tory cuts. They will be cuts imposed by whichever party holds the balance of power in this chamber and fails to reinstate tax credits. If Nicola Sturgeon is Scotland's First Minister, they will be the SNP's cuts and her cuts.

Kezia Dugdale, like Gordon Brown before her, has shown her priorities by pledging to put money in the pockets of hard-working families.

**Christina McKelvie:** Will Jenny Marra take an intervention?

**Jenny Marra:** She will help hard-working families battling low pay—[*Interruption*.]

**The Deputy Presiding Officer:** The member is not taking interventions. Oh—yes, she is.

Christina McKelvie: I thank Miss Marra very much for taking my intervention. My only question is whether Labour will support the SNP amendments to the Scotland Bill to fully devolve tax credits on Monday. Will she answer, please?

**Jenny Marra:** The only question that the people of Scotland are asking this afternoon is whether the SNP will restore the tax credits—[*Interruption*.]

**The Deputy Presiding Officer:** Order. Allow Miss Marra to make her points, please.

Jenny Marra: Kezia Dugdale, like Gordon Brown before her, has shown her priorities by pledging to put money in the pockets of hardworking families. Nicola Sturgeon, like George Osborne before her, has chosen to leave hardworking families worse off so that she can pursue her own pet projects. For George Osborne, it is inheritance tax breaks. For Nicola Sturgeon, it is tax breaks for the poor airline companies such as Ryanair, which just this week announced record profits.

Of course, this is not the first time that the SNP's record on welfare support has been found wanting. We heard the same excuses when the Tories brought forward the hated bedroom tax. John Swinney told us that he would not help families because he did not want to let the Tories off the hook. Only when Labour embarrassed the SNP into action did the Government use the powers at its disposal. Here we are again. First we were told that the money was not available to reverse tax credit cuts. When we found the money, we were then told again and again this afternoon that the powers do not exist.

Forgive me if I am wrong, but it sounds suspiciously like the SNP Government is looking for reasons not to take action, rather than using the powers that it has been campaigning for for years to help Scottish families.

There is a clear matter of principle here. It would be very remiss of the First Minister and the SNP not to support the principle of Labour's motion this evening.

The Deputy Presiding Officer: That concludes the debate on supporting Scotland's children.

James Kelly: On a point of order, Presiding Officer. I make this point of order in response to your ruling on my previous point of order during the debate.

Members: Oh!

**The Deputy Presiding Officer:** Allow Mr Kelly to be heard, please.

**James Kelly:** I contend that the SNP amendment is not competent in relation to its point about the powers—[Interruption.]

**The Deputy Presiding Officer:** Will you allow me to hear Mr Kelly's point of order, please?

James Kelly: Will I be allowed to make my point of order, or will we just descend into a rabble?

The SNP amendment is not competent, on two points. First, we have heard from the minister that amendments have been tabled that give effect to the powers in the Scotland Bill to restore tax credits. In addition, the clear advice from SPICe states:

"tax credits can be assumed to be included in the competence offered by clause 21 allowing the Scottish Parliament the legislative competence to introduce top-up payments to people in Scotland entitled to reserved benefits."

We can have no credibility as a Parliament if we are voting on an amendment that is not competent. Therefore, I call on you, Presiding Officer, to rule that amendment out of order.

The Deputy Presiding Officer: Thank you, Mr Kelly, for raising a further point of order. However, the accuracy of the content of motions is not a matter for the Presiding Officers, so it is not a point of order. It was not a point of order before, nor is it now—but the point has been made nonetheless.

## **Business Motions**

17:02

The Deputy Presiding Officer (John Scott): The next item of business is consideration of business motion S4M-14708, 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 10 November 2015

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions
followed by Topical Questions (if selected)

followed by Scottish Government Debate: Trade

Union Bill

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time followed by Members' Business

Wednesday 11 November 2015

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions

Rural Affairs, Food and Environment

Justice and the Law Officers

followed by Stage 1 Debate: Succession (Scotland)

Bill

followed by Scottish Government Debate: Scotland

and Malawi 10 Years Since the

Cooperation Agreement

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time followed by Members' Business

Thursday 12 November 2015

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 Scottish Parliamentary Corporate Body

Questions

followed by Welfare Reform Committee Debate:

Future Delivery of Social Security in

Scotland

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

### Tuesday 17 November 2015

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 18 November 2015

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions

Health, Wellbeing and Sport

followed by Scottish Government Business

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time followed by Members' Business

Thursday 19 November 2015

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 Scottish Government Business

followed by Business Motions

followed by Parliamentary Bureau Motions5.00 pm Decision Time.—[Joe FitzPatrick.]

Motion agreed to.

The Deputy Presiding Officer: The next item of business is consideration of three business motions. I invite Joe FitzPatrick, on behalf of the Parliamentary Bureau, to move en bloc motions S4M-14709, S4M-14710 and S4M-14711, which set out timetables for various bills.

### Motions moved,

That the Parliament agrees that consideration of the Burial and Cremation (Scotland) Bill at stage 1 be completed by 12 February 2016.

That the Parliament agrees that consideration of the Education (Scotland) Bill at stage 2 be completed by 18 December 2015.

That the Parliament agrees that consideration of the Smoking Prohibition (Children in Motor Vehicles) (Scotland) Bill at stage 2 be completed by 27 November 2015.—[Joe FitzPatrick.]

Motions agreed to.

# **Parliamentary Bureau Motions**

17:03

The Deputy Presiding Officer (John Scott): The next item of business is consideration of five Parliamentary Bureau motions. I invite Joe FitzPatrick to move motions S4M-14695, on committee meetings, motion S4M-14696, on the designation of a lead committee, and motions S4M-14697, S4M-14705 and S4M-14707, on the approval of Scottish statutory instruments.

### Motions moved,

That the Parliament agrees that, under Rule 12.3.3B of Standing Orders, the Health and Sport Committee can meet, if necessary, at the same time as a meeting of the Parliament from 12.45 pm until 2.15 pm on 7, 14, 21 and 28 January and 4 and 11 February 2016 for the purpose of accommodating its legislative work programme.

That the Parliament agrees that the Health and Sport Committee be designated as the lead committee, and that the Local Government and Regeneration Committee be designated as a secondary committee, in consideration of the Burial and Cremation (Scotland) Bill at stage 1.

That the Parliament agrees that the Criminal Justice and Licensing (Scotland) Act 2010 (Supplementary Provision) Order 2015 [draft] be approved.

That the Parliament agrees that the Environmental Regulation (Enforcement Measures) (Scotland) Order 2015 [draft] be approved.

That the Parliament agrees that the Renewables Obligation (Scotland) Amendment Order 2015 [draft] be approved.—[Joe FitzPatrick.]

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

## **Decision Time**

### 17:04

## The Deputy Presiding Officer (John Scott):

There are seven questions to be put as a result of today's business. I remind members that, if the amendment in the name of Alex Neil is agreed to, the amendment in the name of Willie Rennie falls. In addition, if the amendment in the name of Murdo Fraser is agreed to, the amendment in the name of Willie Rennie falls.

The first question is, that amendment S4M-14688.3, in the name of Alex Neil, which seeks to amend motion S4M-14688, in the name of Jackie Baillie, on supporting Scotland's children, be agreed to. Are we agreed?

Members: No.

## The Deputy 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)

Burgess, Margaret (Cunninghame South) (SNP)

Campbell, Aileen (Clydesdale) (SNP)

Campbell, Roderick (North East Fife) (SNP)

Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)

Constance, Angela (Almond Valley) (SNP)

Crawford, Bruce (Stirling) (SNP)

Cunningham, Roseanna (Perthshire South and Kinross-

shire) (SNP)

Dev. 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)

FitzPatrick, Joe (Dundee City West) (SNP)

Gibson, Kenneth (Cunninghame North) (SNP)

Gibson, Rob (Caithness, Sutherland and Ross) (SNP)

Grahame, Christine (Midlothian South, Tweeddale and

Lauderdale) (SNP)

Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)

Hyslop, Fiona (Linlithgow) (SNP)

Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)

Keir, Colin (Edinburgh Western) (SNP)

Kidd, Bill (Glasgow Anniesland) (SNP)

Lochhead, Richard (Moray) (SNP)

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) Maxwell, Stewart (West Scotland) (SNP)

McAlpine, Joan (South Scotland) (SNP)

McDonald, Mark (Aberdeen Donside) (SNP)

McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)

McLeod, Aileen (South Scotland) (SNP)

McLeod, Fiona (Strathkelvin and Bearsden) (SNP)

McMillan, Stuart (West Scotland) (SNP)

Neil, Alex (Airdrie and Shotts) (SNP)

Paterson, Gil (Clydebank and Milngavie) (SNP)

Robertson, Dennis (Aberdeenshire West) (SNP)

Robison, Shona (Dundee City East) (SNP)

Russell, Michael (Argyll and Bute) (SNP)

Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)

Stewart, Kevin (Aberdeen Central) (SNP)

Sturgeon, Nicola (Glasgow Southside) (SNP)

Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)

Torrance, David (Kirkcaldy) (SNP)

Urguhart, Jean (Highlands and Islands) (Ind)

Watt, Maureen (Aberdeen South and North Kincardine)

(SNP)

Wheelhouse, Paul (South Scotland) (SNP)

White, Sandra (Glasgow Kelvin) (SNP)

Yousaf, Humza (Glasgow) (SNP)

### Against

Baillie, Jackie (Dumbarton) (Lab)

Baker, Richard (North East Scotland) (Lab)

Baxter, Jayne (Mid Scotland and Fife) (Lab)

Bibby, Neil (West Scotland) (Lab)

Boyack, Sarah (Lothian) (Lab)

Brown, Gavin (Lothian) (Con)

Carlaw, Jackson (West Scotland) (Con)

Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)

Dugdale, Kezia (Lothian) (Lab)

Fee, Mary (West Scotland) (Lab)

Fergusson, Alex (Galloway and West Dumfries) (Con)

Findlay, Neil (Lothian) (Lab)

Fraser, Murdo (Mid Scotland and Fife) (Con)

Goldie, Annabel (West Scotland) (Con)

Grant, Rhoda (Highlands and Islands) (Lab)

Gray, Iain (East Lothian) (Lab)

Griffin, Mark (Central Scotland) (Lab)

Henry, Hugh (Renfrewshire South) (Lab)

Hilton, Cara (Dunfermline) (Lab)

Hume, Jim (South Scotland) (LD)

Johnstone, Alex (North East Scotland) (Con)

Kelly, James (Rutherglen) (Lab)

Lamont, Johann (Glasgow Pollok) (Lab)

Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)

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)

McArthur, Liam (Orkney Islands) (LD)

McCulloch, Margaret (Central Scotland) (Lab)

McDougall, Margaret (West Scotland) (Lab)

McGrigor, Jamie (Highlands and Islands) (Con)

McMahon, Michael (Uddingston and Bellshill) (Lab)

McNeil, Duncan (Greenock and Inverclyde) (Lab)

McTaggart, Anne (Glasgow) (Lab)

Milne, Nanette (North East Scotland) (Con)

Mitchell, Margaret (Central Scotland) (Con)

Murray, Elaine (Dumfriesshire) (Lab)

Pearson, Graeme (South Scotland) (Lab) Pentland, John (Motherwell and Wishaw) (Lab)

Rennie, Willie (Mid Scotland and Fife) (LD)

Scanlon, Mary (Highlands and Islands) (Con)

Scott, Tavish (Shetland Islands) (LD)

Simpson, Dr Richard (Mid Scotland and Fife) (Lab)

Smith, Elaine (Coatbridge and Chryston) (Lab)

Smith, Liz (Mid Scotland and Fife) (Con) Stewart, David (Highlands and Islands) (Lab)

### **Abstentions**

Finnie, John (Highlands and Islands) (Ind) Harvie, Patrick (Glasgow) (Green) Johnstone, Alison (Lothian) (Green) Wilson, John (Central Scotland) (Ind)

The Deputy Presiding Officer: The result of the division is: For 62, Against 48, Abstentions 4.

Amendment agreed to.

**Deputy Presiding** Officer: The The amendment in the name of Willie Rennie falls. The next question is, that amendment S4M-14688.1, in the name of Murdo Fraser, which seeks to amend motion S4M-14688, in the name of Jackie Baillie, on supporting Scotland's children, be agreed to. Are we agreed?

Members: No.

The Deputy Presiding Officer: There will be a division.

### For

Brown, Gavin (Lothian) (Con)

Carlaw, Jackson (West Scotland) (Con)

Fergusson, Alex (Galloway and West Dumfries) (Con)

Fraser, Murdo (Mid Scotland and Fife) (Con)

Goldie, Annabel (West Scotland) (Con)

Johnstone, Alex (North East Scotland) (Con)

Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)

McGrigor, Jamie (Highlands and Islands) (Con)

Milne, Nanette (North East Scotland) (Con)

Mitchell, Margaret (Central Scotland) (Con)

Scanlon, Mary (Highlands and Islands) (Con)

Smith, Liz (Mid Scotland and Fife) (Con)

### **Against**

Adam, George (Paisley) (SNP)

Adamson, Clare (Central Scotland) (SNP)

Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)

Allard, Christian (North East Scotland) (SNP)

Baillie, Jackie (Dumbarton) (Lab)

Baker, Richard (North East Scotland) (Lab)

Baxter, Jayne (Mid Scotland and Fife) (Lab)

Beattie, Colin (Midlothian North and Musselburgh) (SNP)

Biagi, Marco (Edinburgh Central) (SNP)

Bibby, Neil (West Scotland) (Lab)

Boyack, Sarah (Lothian) (Lab)

Brodie, Chic (South Scotland) (SNP)

Burgess, Margaret (Cunninghame South) (SNP)

Campbell, Aileen (Clydesdale) (SNP)

Campbell, Roderick (North East Fife) (SNP)

Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)

Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)

Constance, Angela (Almond Valley) (SNP)

Crawford, Bruce (Stirling) (SNP)

Cunningham, Roseanna (Perthshire South and Kinross-

shire) (SNP)

Dey, Graeme (Angus South) (SNP)

Don, Nigel (Angus North and Mearns) (SNP)

Doris, Bob (Glasgow) (SNP)

Dornan, James (Glasgow Cathcart) (SNP)

Dugdale, Kezia (Lothian) (Lab)

Eadie, Jim (Edinburgh Southern) (SNP)

Ewing, Annabelle (Mid Scotland and Fife) (SNP)

Ewing, Fergus (Inverness and Nairn) (SNP)

Fabiani, Linda (East Kilbride) (SNP)

Fee, Mary (West Scotland) (Lab)

Findlay, Neil (Lothian) (Lab)

Finnie, John (Highlands and Islands) (Ind)

FitzPatrick, Joe (Dundee City West) (SNP)

Gibson, Kenneth (Cunninghame North) (SNP)

Gibson, Rob (Caithness, Sutherland and Ross) (SNP)

Grahame, Christine (Midlothian South, Tweeddale and

Lauderdale) (SNP)

Grant, Rhoda (Highlands and Islands) (Lab)

Gray, Iain (East Lothian) (Lab)

Griffin, Mark (Central Scotland) (Lab)

Harvie, Patrick (Glasgow) (Green)

Henry, Hugh (Renfrewshire South) (Lab)

Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)

Hilton, Cara (Dunfermline) (Lab)

Hume, Jim (South Scotland) (LD)

Hyslop, Fiona (Linlithgow) (SNP)

Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)

Johnstone, Alison (Lothian) (Green)

Keir, Colin (Edinburgh Western) (SNP)

Kelly, James (Rutherglen) (Lab)

Kidd, Bill (Glasgow Anniesland) (SNP)

Lamont, Johann (Glasgow Pollok) (Lab)

Lochhead, Richard (Moray) (SNP)

Lyle, Richard (Central Scotland) (SNP)

MacAskill, Kenny (Edinburgh Eastern) (SNP)

MacDonald, Angus (Falkirk East) (SNP)

MacDonald, Gordon (Edinburgh Pentlands) (SNP)

Macdonald, Lewis (North East Scotland) (Lab)

Macintosh, Ken (Eastwood) (Lab)

Mackay, Derek (Renfrewshire North and West) (SNP)

MacKenzie, Mike (Highlands and Islands) (SNP)

Malik, Hanzala (Glasgow) (Lab)

Marra, Jenny (North East Scotland) (Lab)

Martin, Paul (Glasgow Provan) (Lab)

Mason, John (Glasgow Shettleston) (SNP)

Matheson, Michael (Falkirk West) (SNP)

Maxwell, Stewart (West Scotland) (SNP)

McAlpine, Joan (South Scotland) (SNP)

McArthur, Liam (Orkney Islands) (LD)

McCulloch, Margaret (Central Scotland) (Lab)

McDonald, Mark (Aberdeen Donside) (SNP)

McDougall, Margaret (West Scotland) (Lab)

McKelvie, Christina (Hamilton, Larkhall and Stonehouse)

McLeod, Aileen (South Scotland) (SNP)

McLeod, Fiona (Strathkelvin and Bearsden) (SNP)

McMahon, Michael (Uddingston and Bellshill) (Lab)

McMillan, Stuart (West Scotland) (SNP)

McNeil, Duncan (Greenock and Inverclyde) (Lab)

McTaggart, Anne (Glasgow) (Lab)

Murray, Elaine (Dumfriesshire) (Lab)

Neil, Alex (Airdrie and Shotts) (SNP)

Paterson, Gil (Clydebank and Milngavie) (SNP)

Pearson, Graeme (South Scotland) (Lab) Pentland, John (Motherwell and Wishaw) (Lab)

Rennie, Willie (Mid Scotland and Fife) (LD)

Robertson, Dennis (Aberdeenshire West) (SNP)

Robison, Shona (Dundee City East) (SNP)

Russell, Michael (Argyll and Bute) (SNP)

Scott, Tavish (Shetland Islands) (LD)

Simpson, Dr Richard (Mid Scotland and Fife) (Lab)

Smith, Elaine (Coatbridge and Chryston) (Lab)

Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)

Stewart, David (Highlands and Islands) (Lab)

Stewart, Kevin (Aberdeen Central) (SNP)

Sturgeon, Nicola (Glasgow Southside) (SNP) Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)

Torrance, David (Kirkcaldy) (SNP)

Urquhart, Jean (Highlands and Islands) (Ind)

Watt, Maureen (Aberdeen South and North Kincardine)

Wheelhouse, Paul (South Scotland) (SNP)

White, Sandra (Glasgow Kelvin) (SNP)

Wilson, John (Central Scotland) (Ind) Yousaf, Humza (Glasgow) (SNP)

The Deputy Presiding Officer: The result of the division is: For 12, Against 102, Abstentions 0.

Amendment disagreed to.

The Deputy Presiding Officer: The next question is, that motion S4M-14688, in the name of Jackie Baillie, on supporting Scotland's children, as amended, be agreed to. Are we agreed?

Members: No.

The Deputy 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)

Burgess, Margaret (Cunninghame South) (SNP)

Campbell, Aileen (Clydesdale) (SNP)

Campbell, Roderick (North East Fife) (SNP)

Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)

Constance, Angela (Almond Valley) (SNP)

Crawford, Bruce (Stirling) (SNP)

Cunningham, Roseanna (Perthshire South and Kinross-

shire) (SNP)

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)

FitzPatrick, Joe (Dundee City West) (SNP)

Gibson, Kenneth (Cunninghame North) (SNP)

Gibson, Rob (Caithness, Sutherland and Ross) (SNP)

Grahame, Christine (Midlothian South, Tweeddale and

Lauderdale) (SNP)

Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)

Hyslop, Fiona (Linlithgow) (SNP)

Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)

Keir, Colin (Edinburgh Western) (SNP)

Kidd, Bill (Glasgow Anniesland) (SNP)

Lochhead, Richard (Moray) (SNP)

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)

Maxwell, Stewart (West Scotland) (SNP)

McAlpine, Joan (South Scotland) (SNP)

McDonald, Mark (Aberdeen Donside) (SNP)

McKelvie, Christina (Hamilton, Larkhall and Stonehouse)

McLeod, Aileen (South Scotland) (SNP)

McLeod, Fiona (Strathkelvin and Bearsden) (SNP)

McMillan, Stuart (West Scotland) (SNP)

Neil, Alex (Airdrie and Shotts) (SNP)

Paterson, Gil (Clydebank and Milngavie) (SNP)

Robertson, Dennis (Aberdeenshire West) (SNP)

Robison, Shona (Dundee City East) (SNP)

Russell, Michael (Argyll and Bute) (SNP)

Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)

Stewart, Kevin (Aberdeen Central) (SNP)

Sturgeon, Nicola (Glasgow Southside) (SNP)

Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)

Torrance, David (Kirkcaldy) (SNP)

Urquhart, Jean (Highlands and Islands) (Ind)

Watt, Maureen (Aberdeen South and North Kincardine) (SNP)

Wheelhouse, Paul (South Scotland) (SNP)

White, Sandra (Glasgow Kelvin) (SNP)

Yousaf, Humza (Glasgow) (SNP)

### Against

Baillie, Jackie (Dumbarton) (Lab)

Baker, Richard (North East Scotland) (Lab)

Baxter, Jayne (Mid Scotland and Fife) (Lab)

Bibby, Neil (West Scotland) (Lab)

Boyack, Sarah (Lothian) (Lab)

Brown, Gavin (Lothian) (Con)

Carlaw, Jackson (West Scotland) (Con)

Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)

Dugdale, Kezia (Lothian) (Lab)

Fee, Mary (West Scotland) (Lab)

Fergusson, Alex (Galloway and West Dumfries) (Con)

Findlay, Neil (Lothian) (Lab) Fraser, Murdo (Mid Scotland and Fife) (Con)

Goldie, Annabel (West Scotland) (Con)

Grant, Rhoda (Highlands and Islands) (Lab)

Gray, Iain (East Lothian) (Lab)

Griffin, Mark (Central Scotland) (Lab)

Henry, Hugh (Renfrewshire South) (Lab)

Hilton, Cara (Dunfermline) (Lab)

Hume, Jim (South Scotland) (LD)

Johnstone, Alex (North East Scotland) (Con)

Kelly, James (Rutherglen) (Lab)

Lamont, Johann (Glasgow Pollok) (Lab)

Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)

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)

McArthur, Liam (Orkney Islands) (LD)

McCulloch, Margaret (Central Scotland) (Lab)

McDougall, Margaret (West Scotland) (Lab)

McGrigor, Jamie (Highlands and Islands) (Con) McMahon, Michael (Uddingston and Bellshill) (Lab)

McNeil, Duncan (Greenock and Inverclyde) (Lab)

McTaggart, Anne (Glasgow) (Lab)

Milne, Nanette (North East Scotland) (Con)

Mitchell, Margaret (Central Scotland) (Con)

Murray, Elaine (Dumfriesshire) (Lab)

Pearson, Graeme (South Scotland) (Lab) Pentland, John (Motherwell and Wishaw) (Lab)

Rennie, Willie (Mid Scotland and Fife) (LD)

Scanlon, Mary (Highlands and Islands) (Con)

Scott, Tavish (Shetland Islands) (LD) Simpson, Dr Richard (Mid Scotland and Fife) (Lab)

Smith, Elaine (Coatbridge and Chryston) (Lab)

Smith, Liz (Mid Scotland and Fife) (Con)

Stewart, David (Highlands and Islands) (Lab)

**Abstentions** 

Finnie, John (Highlands and Islands) (Ind)

Harvie, Patrick (Glasgow) (Green) Johnstone, Alison (Lothian) (Green) Wilson, John (Central Scotland) (Ind)

The Deputy Presiding Officer: The result of

the division is: For 62, Against 48, Abstentions 4.

## Motion, as amended, agreed to,

That the Parliament believes that the UK Government's proposed changes to tax credits would leave working families worse off; welcomes the action that the Scottish Government has already taken to offset UK Government welfare cuts, including mitigation of the so-called bedroom tax and the establishment of the Scottish Welfare Fund; notes that there is currently no proposed power in the Scotland Bill that would enable the Scottish Government to restore all tax credits; calls on all parties in the House of Commons to vote for an amendment that would devolve full responsibility for child and working tax credits to the Scottish Parliament at the report stage of the Bill; further notes that Labour's sums simply do not add up and that it plans to pay for its policy using money that it has previously earmarked for education, and agrees that the Scottish Government will set out credible, costed proposals to further mitigate these Conservative welfare cuts following the comprehensive spending review.

The Deputy Presiding Officer: The next question is, that motion S4M-14695, in the name of Joe FitzPatrick, on committee meetings, be agreed to.

## Motion agreed to,

That the Parliament agrees that, under Rule 12.3.3B of Standing Orders, the Health and Sport Committee can meet, if necessary, at the same time as a meeting of the Parliament from 12.45 pm until 2.15 pm on 7, 14, 21 and 28 January and 4 and 11 February 2016 for the purpose of accommodating its legislative work programme.

The Deputy Presiding Officer: The next question is, that motion S4M-14696, in the name of Joe FitzPatrick, on the designation of a lead committee, be agreed to.

## Motion agreed to,

That the Parliament agrees that the Health and Sport Committee be designated as the lead committee, and that the Local Government and Regeneration Committee be designated as a secondary committee, in consideration of the Burial and Cremation (Scotland) Bill at stage 1.

The Deputy Presiding Officer: I propose to ask a single question on motions S4M-14697, S4M-14705 and S4M-14707, on the approval of Scottish statutory instruments. If any member objects to a single question being put, they should say so now.

The question is, that motions S4M-14697, S4M-14705 and S4M-14707, in the name of Joe FitzPatrick, on the approval of SSIs, be agreed to. Are we agreed?

## Motions agreed to,

That the Parliament agrees that the Criminal Justice and Licensing (Scotland) Act 2010 (Supplementary Provision) Order 2015 [draft] be approved.

That the Parliament agrees that the Environmental Regulation (Enforcement Measures) (Scotland) Order 2015 [draft] be approved.

That the Parliament agrees that the Renewables Obligation (Scotland) Amendment Order 2015 [draft] be approved.

The Deputy Presiding Officer: That concludes decision time. I ask members to leave the chamber quickly and quietly.

## Save Our Steel

The Deputy Presiding Officer (Elaine Smith): The final item of business is a members' business debate on motion S4M-14559, in the name of John Pentland, on save our steel. The debate will be concluded without any question being put.

Motion debated.

That the Parliament notes with great concern the announcement of job losses at the Dalzell and Clydebridge steel plants and the detrimental impact that this would have on the workforce, their families, their communities and the local economies; considers that any curtailment or closure of the plants will have a significant and long-term negative impact on the Scottish economy; welcomes the creation of the Scottish Steel Task Force, and notes the view that all avenues should be explored to prevent the closure of the plants, including UK and Scottish government intervention to protect jobs and ensure the long-term viability of the Scottish steel industry.

17:10

John Pentland (Motherwell and Wishaw) (Lab): I thank the MSPs who have given the motion cross-party support. I welcome to the gallery members of the task force, Community union works conveners Ross Clark of Dalzell and Des Fearon of Clydebridge, and other Community members and their families. [Applause.]

I declare my interest as a former redundant steelworker and as a current member of the steelworkers union, Community.

My constituency used to be known as Steelopolis, for the obvious reasons: Ravenscraig, Clyde Alloy, Lanarkshire Steelworks, Colville's and many others. Now they are all gone—gone because of MacGregor's axe, wielded on Margaret Thatcher's behalf.

Gone too were the ambitions and aspirations of many, leaving shattered lives and shattered steel communities—communities that are still picking up the pieces, trying to rebuild and regenerate the local economy and bring in jobs. Communities that have some of the worst social deprivation and unemployment have been left not with hope, but with the unwanted legacy of the biggest brownfield site in Europe.

Now the remaining steelworks are under threat, as are hundreds of jobs in the Scottish steel plants, which are linked to thousands in the service, manufacturing and construction sectors and tens of thousands in the wider local and Scottish economy.

Let us not start by asking whether we can save the steel industry; let us start by saying that we can have a steel industry. Steel is a strategic asset. Take away our manufacturing capabilities and you will make us dependent on others. There is no doubt that our steelworkers at Dalzell and Clydebridge are at the sharp end of unfair competition. The Chinese stand accused of dumping, and we know that Chinese steel production is subsidised, pays less heed to working conditions, health and safety and quality and is made cheaper by exchange rates.

Such problems will not last for ever, but if we allow our industry to be driven out of existence we will pay the price in future. Other countries consider their steel industries to be too important and will not allow them to go to the wall. When their industries are threatened, they do what needs to be done to safeguard them.

There are good economic arguments as to why the United Kingdom and Scottish Governments should support the steel industry and help it to withstand unfair pricing. The starting point for the task force should be to find the best way to save the steel plants and all the jobs. As Ross Clark has said, we need to retain, not retrain.

I admit that I was alarmed when I saw the agenda for the first task force meeting, which appeared to be mainly about what we can do in the event of closure, rather than how to stop closure. I am glad that the discussion that took place was much more positive, largely due to the excellent contributions from Ross Clark, Des Fearon and Steve McCool, the Community reps, who emphasised their members' high expectations.

Three key areas need to be addressed: dumping; ownership of the industry and the need to find a buyer or some form of public ownership; and support for the industry as a strategic asset, in the face of unfair competition. The Scottish Government should have a stronger input in the first of those, could be Scotland's main actor in the second and has a crucial role to play in the third. Merely pointing the finger of blame at the United Kingdom Government and the European Union will not do Scotland much good. The task force must not be the means to pursue a grievance; rather, it should be the means to address the matter.

We must ensure that the Scottish Government does what is needed to save our steel. We need a strategy to get work for the industry, with more work provided through procurement. We need the Scottish Government's agencies to identify future public contracts that can be allocated to the Dalzell and Clydebridge plants. With the increasing powers available to the Scottish Government, it can provide direct support to the industry and its communities, and there are precedents for the use of such powers, such as the actions taken to support Prestwick airport, Ferguson's shipyard and Grangemouth. Morally, it would be wrong for any Government not to

intervene. It was morally right for the Scottish Government to intervene at Prestwick to save jobs, so it would be immoral and unacceptable if the Scottish Government did not intervene to save jobs at Dalzell and Clydebridge as it did at Prestwick. Saving jobs at Dalzell and Clydebridge is just as important as saving jobs at Prestwick was.

I believe that Scottish steel can have a future and that we must consider all the options for achieving that, including forms of public ownership. That means doing the groundwork to support all the options. The Scottish Government's preferred option might be to find a buyer, but we also need to plan for public ownership alternatives. Failure to do so could mean that, in a month's time, Scotland would have no steel industry, which is an unbearable thought and would be a dereliction of duty by those in power.

The workers at Dalzell and Clydebridge and their families and communities are looking to the Scottish Government for meaningful action in their hour of need. Many of their friends, families and supporters will be marching on Saturday, from the Dalzell works to Ravenscraig, in support of the industry and to save our steel. On their behalf, I extend an invitation to everyone to join them, assembling at 10.30 am to march at 11.00 am.

## 17:18

Clare Adamson (Central Scotland) (SNP): I congratulate John Pentland on securing the debate at this concerning time for the workers at the Clydebridge and Dalzell mills and their families. I also welcome our guests in the public gallery.

Steel has been the defining industry of my home town—just ask a Motherwell supporter about "the steelmen". In the 1920s, my grandfather came from Warrenpoint in Ireland to work in Colville's and spent most of his working life at the Dalzell works. Mr Pentland and I—indeed, many other members from Lanarkshire—will have attended school award ceremonies at which the Colville's medal is still given out.

It was the closure of Ravenscraig that brought me into politics. Then, as now, the global overproduction of steel was causing severe pressures on the industry and, due to EU quotas, the decision was taken to close a plant in the UK. I believe that it was the wrong decision that that plant should be Ravenscraig. Our town's industrial heritage has been much diminished since 1992. It is estimated that there was a loss of 10,000 jobs from both the steelworks and the supporting industries in the area.

The news from Tata about its intention to mothball the two plants with the loss of 270-odd

jobs is devastating, but the possible loss of that iconic industry from my home town is simply heartbreaking.

The crisis that we face—the challenge before us—is not about sentiment or the past; rather, it is about the future. It is about the industry and the jobs that need to be saved, because Scotland's future depends on a mixed economy, where highly skilled, well-paid jobs are valued and the capacity of our country to manufacture steel is prized and key to the successful future of our economy.

I very much welcome the formation of the task force. As John Pentland said, its clear focus is not about managing the situation into decline, but about securing a positive outcome and a new operator for the Dalzell and Clydebridge plants. I take great heed of the First Minister, who said that no stone will be left unturned in seeking to find an alternative operator or a positive outcome for Scottish steel.

Earlier this year, I stood on the Ravenscraig site at the unveiling of Andy Scott's memorial, which is the first memorial in more than 300 years to steel workers who lost their lives or were injured in the industry. I stood there with politicians from all parties; many unions, including the Scottish Trades Union Congress and Community, were represented, too. I trust that the chamber will today send out the same message of solidarity that we will do everything that we can to stand with the steel workers in this fight to save Scottish steel and its future in Scotland.

### 17:21

James Kelly (Rutherglen) (Lab): I congratulate John Pentland on securing the motion and bringing it to the Parliament for debate tonight, as well as on the dignified manner in which he spoke. I also welcome the steelworkers from Clydebridge and Dalzell. It is very important that we have the workers here, because a lot is at stake—people's livelihoods, and the livelihoods of their families and communities. Sometimes when we debate issues and legislation in the Parliament, we look at the facts and figures, but in this instance we have the people who are affected in the gallery. We need to remember that as we consider the issues that are at stake.

The Clydebridge plant, which is in my constituency, has been in existence since 1877. There is no doubt that it would be a big blow to the area if the plant were to close. There is a proud history and an iconic tradition of steel making in my constituency and throughout Lanarkshire.

However, Clare Adamson is right: it is important to realise that this is not some dewy-eyed, emotional response. I firmly believe that there is a strong business case for keeping the plants open. Over the past couple of weeks, there has been lazy right-wing analysis that says, "Oh well, we'll do what we can to keep these plants open, but see if you cannot find a buyer, too bad—that's just what happens." I do not accept that analysis. If we look at the business analysis, we will see a current customer order book, and there is an opportunity to extend it.

The Scottish Government infrastructure budget is £4.5 billion. We are building roads, bridges, hospitals and houses. I understand that there are technical constraints around Clydebridge and Dalzell, but the Government should be doing all that it can to explore the procurement options and to enhance the production process, which has recently seen investment.

We have a skilled workforce at both the plants. Those skilled workers, combined with the physical assets, are real assets for us.

We also know that there is scope for reducing business rates and—if the UK Government can act promptly to secure an exemption from the high electricity tariffs—electricity costs. There is real hope there, and there is great support for intervention, as demonstrated by yesterday's Survation poll, which showed that 68 per cent of the public believe that there should be intervention in the steel industry. The Government must bear that in mind if the first option fails and an alternative buyer cannot be found.

It is a crucial issue. As well as representing the Clydebridge plant, I grew up in the area. I saw the steel plants closing in the 1980s and I saw the effect that that had—some people never worked again, and some people's lives were devastated and they were never the same again. We cannot allow that to happen. There is a real urgency about the situation, so it is incumbent on both Governments, all the political parties and everyone who is involved in the task force to pull together to find a solution that sustains steel making at Clydebridge and Dalzell. It is incumbent on everyone to stand up for steel.

## 17:26

Margaret Mitchell (Central Scotland) (Con): I thank John Pentland for bringing this extremely important debate to the chamber.

At the first meeting of the Scottish steel task force, it was abundantly clear that there is good will across all political parties to work together in an effort to retain a viable steel industry in Scotland. It was recognised that, in order to achieve that objective, it is crucial to look at how to retain the skilled workforce while exploring different measures to reduce the unit cost of the product.

There is an encouraging example of how that was achieved at Liberty steelworks in Newport, South Wales. Liberty House bought the plant in Wales when it was mothballed in 2013. The 150 staff members were retained on half pay and allowed to find other work until market conditions improved and the plant could be reopened. Two and a half years later, it reopened and every worker returned to the plant to resume their skilled employment. It is therefore worth looking at the Newport experience in detail.

I turn to the second major issue of reducing unit costs. Some progress on that has already been made through the action that has been taken to reduce prohibitive energy costs by making improvements at the plant. Potential UK and Scottish Government procurement contracts, including contracts for infrastructure projects, also need to be identified. That should be done with a view to the Dalzell and Clydebridge plants gearing up to submitting a successful competitive bid. An added bonus would be a reduction in the costs associated with transportation when steel is imported.

More immediately, there is also the opportunity to consider reducing the plants' business rates. In a recent response to a question on the subject from my colleague Murdo Fraser, the minister said that the Scottish Government is constrained by state aid rules on the maximum assistance that can be provided to any steel company over a three-year period. However, when I asked at the task force meeting for information about the state aid rules and the possibility of exploring enterprise status for the plants, it was confirmed that those rules, like business rates, are entirely within the devolved competence of the Scottish Government. Consequently, it would be possible to grant mini enterprise status for the Motherwell Clydebridge plants. I believe that the Scottish Government is considering such a measure, which would lead to a significant reduction in unit costs.

It is also worth looking at potential new areas in which contracts could be won. One such area is flood defences, as the sheet piles that are used for flood defences and for port infrastructure are not currently produced anywhere in the UK. Scottish steel is recognised internationally as a quality product. At a time when concern has been expressed about the quality of imported Chinese steel, there are opportunities for increased and more effective marketing of our steel.

Given all that, there is a definite strategy, and tangible proposals are emerging to secure a viable future for the Dalzell and Clydebridge plants and their skilled workforce and to safeguard the Motherwell and Cambuslang local economies that benefit from the steel industry.

The Deputy Presiding Officer: Many thanks. Before we continue, I advise the chamber that, due to the number of members who still wish to speak in the debate, I am minded to accept a motion from John Pentland that under rule 8.14.3 the debate be extended by up to 30 minutes.

Motion moved.

That, under Rule 8.14.3, the debate be extended by up to 30 minutes.—[John Pentland.]

Motion agreed to.

### 17:30

Richard Lyle (Central Scotland) (SNP): I begin by saying something that we too often do not hear in the chamber, which is that I hope that the debate serves as an example of MSPs and politicians across the political spectrum setting aside their differences to work together to save our nation's steel industry. I also thank John Pentland for bringing this important issue to the chamber and welcome the work that we are all doing together to stand up for workers, for steel and for our communities.

It is important that working together should be the motto of this cross-party effort to save our steel. The briefing from Community, the steelworkers union, makes clear the reality of the job losses and their wider impact and reinforces why we must support Scottish steel. The jobs that are being cut are of a high quality, with good terms and conditions and, interestingly, each of them supports a further three employment opportunities in the wider economy.

I remember days gone past when we joined with thousands of people in Motherwell and marched to save Ravenscraig. Those were days of immense troubles and battles between workers and the right-wing Tory Government led by Thatcher. I thought that those days had gone, but we are now faced with a Tory Government that is possibly even more right wing than the Government of those bygone days.

I say that not to be partisan, but to highlight the absurdity of its position on our steel industry. I have been led to believe that the Prime Minister has refused to meet the MP for Motherwell and Wishaw, which is where the majority of jobs will be lost, and I hope that that is not the case. However, that discussion is a distraction from the most important issues in all this: our workers, their jobs, their families, their futures and their steel industry.

The First Minister and this Government have been quicker in responding to the issue. I note that the First Minister visited Tata Steel in Dalzell as a matter of urgency and began to explore the options for protecting the future of the industry not only in Motherwell but across Scotland. The First

Minister also announced the formation of an emergency task force to get the people we need around the table to work together on a potential solution to this problem.

However, we should not rest on our laurels. I know that this Government is listening, and I note in the Community briefing the ideas that have been proposed for an active industrial strategy. I believe that there is long-term work that we can do together to help our industry and to ensure that it is used and championed, and I know that this Government and—I hope—parties across the spectrum will do everything that they can to protect our workers, their families and their futures.

Our steel industry is one of the proudest in our resource-rich nation, and it would be a sad day for our nation if any steel production were to depart. It must not be allowed to happen, and we must work together on finding a strong, successful and productive future for the steel industry in Scotland.

I want to end in the spirit in which I began by again congratulating John Pentland on securing the debate. I also welcome the steelworkers to the chamber. I wish that the circumstances did not require such a debate, but the fact is that we must secure and save Scottish steel.

## 17:34

Michael McMahon (Uddingston and Bellshill) (Lab): As someone from Lanarkshire, I share a common heritage with many people of the county who, although they might not have been directly employed in the steel industry, will have had parents, grandparents and other relatives who over many generations worked in the many and varied steelworks that are synonymous with our area.

Although I have never worked in a steel-making plant, I was a welder in a previous life, and as an active trade unionist in the steel fabrication sector in Lanarkshire, I am grateful to have gained so much life experience from working with fellow trade unionists across the local, wider steel industry. That is why I want to extend a message of solidarity to the Community union and other trade unions whose members are affected by Tata Steel's recent announcement in relation to its Dalzell and Clydebridge plants in particular. I thank John Pentland for bringing the debate to the Parliament and allowing me to extend that message.

My colleague Siobhan McMahon is unable to attend the debate, but she asked me to pass on her thoughts to the workforce and unions at Tata that are affected by the company's decision. I know that the thoughts of the Deputy Presiding Officer, Elaine Smith, who represents a community

that has seen the demise of Gartsherrie, Gartcosh, the Imperial and Tennant's foundry, will be with the steel workers at Dalzell and Clydebridge.

It is clear that John Pentland represents the steel workers at Dalzell. He is a former steel worker, and it is right that he has led the debate. However, I also represent parts of the Steelopolis that is Motherwell, and I am proud to do so. I also represent the Vallourec steel works in Mossend, which is better known to many as the Clydesdale tube works and which is the only remaining heat treatment facility for tubes in the whole of the UK.

As I said to the minister last week, following his statement, although the current acute crisis means that we must rightly focus the work of the task force that he has established on the immediate plight of Dalzell and Clydebridge, we must not lose sight of the importance of other steel facilities in Lanarkshire, which have their own issues to address. I know from his answer to me last week that he appreciates that. I reiterate my gratitude to him for that.

Finding a solution to the present predicament will not be easy. In many ways, that has been made more difficult by previous decisions and missed opportunities. Only six years ago, Tata announced the closure of its facilities in Mossend, with the loss of 78 jobs at its plate and profiling mill. However, when I met management at Tata Steel in May this year, it was keen to tell me that it had identified potential future markets in steel recycling that would allow it to develop the capacity to pursue work in the renewables sector. What it needed to be able to do that was investment in equipment for profiling—the very same type of machinery that it had disposed of in 2009 when it shut down Corus at Mossend.

One year after making that short-sighted decision, Tata announced an investment of £8 million at the Dalzell steel mill, which included investment for installing new 3,500 tonne press and handling equipment, as well as an upgrade to the plant's existing press and other manufacturing equipment. Again, that was done with an eye on capitalising on the burgeoning wind turbine manufacturing sector. A change in procurement rules was needed that would ensure that local products were used as much as possible, rather than new turbines being constructed in Germany, Denmark and elsewhere.

In welcoming the Statoil announcement yesterday, I point out that, yet again, it looks as though we will have huge Scottish public investment, but in something that is built by Norwegians using a Spanish steel fabricator, and another 20,000 tonne opportunity is going abegging for the Scottish steel industry, just like with the Forth crossing. That has to stop. It is down to the Scottish Government to get its hands

dirty on public procurement rather than standing by. I hope that the task force will also look at that issue.

I wish the task force well in its efforts on behalf of the Scottish steel industry and the steel communities in Lanarkshire. We have to save our steel.

17:38

**Chic Brodie (South Scotland) (SNP):** I, too, thank John Pentland for arranging the debate.

Today, there is a sad situation for the families and communities of Motherwell, Cambuslang and the surrounding areas. Above all, it is potentially hugely damaging for Scotland and its downstream manufacturing.

Many years ago at NCR, I sat at a table declaring people redundant. The pain on both sides of the table was palpable. It is up to us when we consider the concern of the 270 workers at Motherwell and Cambuslang to do everything that we can to eliminate the pain.

I commend the Scottish Government for putting together the steel task force, which will consider any solution to meet the challenge. Frankly, in the face of the EU talks on the steel industry, the UK Government is supine, because on such matters the UK and EU relationship is soured. Fergus Ewing should certainly be at the table as a distinctive Scottish voice looking after the interests of our steelworkers.

The situation is urgent not just because of the mothballing and the consequent loss of skills but because of the very significant downstream impact on future Scottish infrastructure and precision engineering capability and capacity. When Ravenscraig closed in 1992, 770 jobs were lost directly, but it was estimated that another 10,000 jobs were linked directly or indirectly to the plant and the loss of those jobs was attributed to its closure.

What of the parties involved in the current situation? What is Tata's position on the proposed closure? Tata is 100 years old and was the first company in the world to receive an ethical award for good governance. In 2014, the most recent recorded year, the company's shareholders' funds rose by 8.2 per cent, which I think is 5 billion rupees, with Tata BlueScope Steel producing steel building and construction applications. Of course, the company covers the globe in many other areas—for example, it is the core supplier to PSA Peugeot Citroën. The company also won the most respected company award in 2011 and has won other awards. The company categorised last year by Social Accountability International as an SA8000 standard company,

which is a prestigious award, so I believe that there is every reason for the company to come to the table and be constructive in dialogue about any positive solution offered.

It is true that Chinese steel production has dropped, but its steel prices have dropped drastically to get rid of the inventories that the industry had built up. While China's crude steel production fell by 0.9 per cent in the last year, Europe's production actually rose by 1.6 per cent in terms of millions of tonnes—that applies to rolled plate, coil and other elements of the steel industry.

The steel plants must not be closed. As I said in a parliamentary question last week, I urge the Scottish Government and Scottish Enterprise to work with the employees and with Tata in Scotland to consider an employee buy-out, to be exercised with a repayable loan, and to sit down with Tata and the employees to produce a business plan to facilitate that.

We only have to look at a company called Mondragon for inspiration in steel. In October 2009, the United Steelworkers union in the United States reached an agreement with the Mondragon Corporation to create worker co-operatives in the United States, a model that is working to this day and that might be an inspiration to, or at least one solution for the people of Motherwell. In 2012, with strong international sales capability, high quality and good customer services, Mondragon had international sales of over €4 billion.

I add my voice to the voices that have called for the steelworks to be saved. I wish that I could say that I was delighted to take part in this debate, but the pain that I mentioned earlier means that I cannot. The future of the Scottish steel industry is vital to all Scotland—it is the lifeblood of the Scottish manufacturing base. We owe it to the highly skilled, dedicated steelworkers and the people of Motherwell and Cambuslang to look exhaustively at all possible opportunities. The option that I suggested is one of those and I urge the Scottish Government to consider it seriously.

### 17:43

John Wilson (Central Scotland) (Ind): I, too, thank John Pentland for bringing the motion to the chamber for debate. First, I would like to reiterate many of the points that other members have made in the debate.

The closure of the Dalzell and Clydebridge steel plants will be a huge loss to their communities. The closures, if they are allowed to go ahead, will have a detrimental effect not just on the workers in the plants but on the local communities as a whole and on Scotland.

To see that, we need only look to the recent past and the closure of Ravenscraig, which was the cornerstone of industry in Motherwell, and a source of high employment in a proud historical industry. As other members have said, steel production in Motherwell was so important that some among us remember its nickname. Steelopolis. The closure of Ravenscraig devastated the area—the local economy faltered and hundreds of people lost their jobs as a direct result of the closure, while thousands more jobs were lost indirectly. The community that had evolved around the steel industry in Motherwell never recovered and the Ravenscraig site remains mostly empty.

Similarly, the closure of the steel mill at Gartcosh in 1986 devastated that community and the surrounding area. The closure weakened the local economy and resulted in job losses outwith the steel plants. Gartcosh remains a largely derelict site. The only investment that has been made in the site in recent years has come from public money, through Police Scotland.

It is imperative that we do not let the same thing happen in Dalzell and Clydebridge. Local industries provide the lifeblood of such areas and the mothballing of the steel plants will run down a wide range of businesses. As we have seen in the past, plant closures affect more than just the workers; they negatively affect the community as a whole.

That is why it is imperative that we assist those who want to see developments. Chic Brodie talked about the possibility of, rather than mothballing the plant, a workers' co-operative or other development that would allow the works to continue to function and for the workers to develop orders in their own right.

I welcome the announcement of the Scottish steel task force and I hope that it can do what the Scottish Government claims it can do, but we must keep the Scottish Government under scrutiny and put pressure on it and the United Kingdom Government to ensure that the task force delivers secure, appropriate and well-paid jobs, and that it retains the industry.

John Pentland was right to refer to the save our steel march on Saturday. The save our steel campaign is not just for the workers at Dalzell and Clydebridge; it is for Scotland. If we want to look forward to an industrial and manufacturing future, we need a steel industry. If those plants close down, it will once again decimate the future opportunities for Scotland to be a productive manufacturing nation. I hope that everyone in the chamber will make the effort to get along to the march on Saturday to support the workers and their families. I will certainly be there.

The reality for members in this chamber and for Scotland as a whole is that we must ensure that the steel industry remains, grows stronger and leads the way to the manufacturing and industrial base that Scotland should have. I can remember when the central belt was Scotland's manufacturing heartland, providing steel and other products to go round the world. We have to make sure that manufacturing can build and grow again. I look forward to the plants being retained and being able to grow with the appropriate resources and support from the UK Government and the Scottish Government. I look forward to working with Community the union to ensure that that happens.

### 17:48

Margaret McCulloch (Central Scotland) (Lab): I congratulate John Pentland on securing the debate and giving members the opportunity to express our sympathy and support for the workers at Dalzell and Clydebridge. I also declare an interest as a member of Community union.

For all that has changed in steel manufacturing over the years, it remains an iconic industry for Lanarkshire. The number of people who are employed in steel is much smaller than in decades gone by, but the jobs that remain are largely highly skilled, and the industry that remains across Britain is generally productive.

However, there is a real sense that too many good jobs have gone and that too few of the jobs that have replaced them are as rewarding, secure or important to the identity of the communities as work in the steel industry once was.

The challenge for us now is to ensure that steel becomes more than just a strand of our industrial heritage or a chapter in our social history. The steel industry must be part of our economic future. The promise to "reindustrialise Scotland" must be kept.

I welcome the immediate focus of the Scottish Government on finding new commercial operators for the plants, and its guarantee that modern apprentices who are affected by closures will be given the opportunity to complete their training.

Community, the steelworkers union, and Scottish Labour have also put forward a number of suggestions that I hope have been taken into consideration. They range from looking again at the infrastructure procurement pipeline to short-term working and, if necessary, public ownership to preserve industrial assets at the plants.

Of course, the crisis in the steel industry is an international crisis and it demands a response from government at every level. The EU must act on the dumping of Chinese steel in our markets

and the UK must take forward its compensation package for energy-intensive industries.

Last week, steelworkers from across the UK rallied together in London. Roy Rickhuss, the general secretary of Community, called for

"decisive intervention to support this vital foundation industry".

That is a call that I repeat in Parliament today.

Before coming into politics, I had a long career in training and employability. From the youth training scheme to the new deal, I worked with people of all ages and backgrounds who needed support to help them into work. They included second and third-generation unemployed-young men and women who were growing up in homes where nobody had ever worked—as well as men and women from industries that had gone into decline and people who had lost the jobs they thought that they would have until they retired, but had been thrown into an uncertain and changing competitive job market, in which they were left wondering whether they would ever work again. It was that experience—real-life experience of what unemployment can do to people—that led me into politics and the Labour Party.

I can say from experience that what is happening to the workers in Lanarkshire is distressing socially, economically and emotionally. The de-industrialisation of Lanarkshire left far too many scars. We do not need any more.

We need to save our steel and save those jobs. We must get through this crisis now and build a better future for the people of Lanarkshire and for steel manufacturing communities across Britain.

## 17:52

The Minister for Business, Energy and Tourism (Fergus Ewing): We have heard speeches from members of all the parties that are represented in Parliament, and we are united in a common purpose to do everything that we can to save the steel industry in Scotland. I commend John Pentland for securing the debate and for the passion and conviction that he brought to the topic, based on his experience of working in the industry. I also commend Clare Adamson for her moving account of the recent commemoration of the sacrifice that some men have made in the industry.

The steel industry has been part of the warp and weft of Scotland and is part of our industrial history. It has contributed in large part to the manufacturing base of Scotland. It has helped to provide great ships such as the Lusitania, the Mauretania, the Queen Elizabeth II and many others. As many members have said, it is part of our heritage and culture. Members from all parties

have stressed the fact that we do our best on occasions such as this to leave aside party politics. That is right and it is the approach that I have sought to take.

I will start by confirming that we will do everything in our power to ensure a sustainable future for this key sector against the significant challenges that it faces. That is the primary purpose of the task force; indeed, it was the whole topic of the conversation at the first task force meeting. As was correct, there were other matters on the agenda, but we all agreed without debate that it was not the time to discuss them. The primary purpose is the task that the First Minister has described and is the one that, as the minister with particular responsibility, I am pursuing. In that task, I seek to work with the UK Government to help the sector in every way possible.

Margaret Mitchell, James Kelly, Clare Adamson and other members referred to energy costs. For some time now, the UK Government has promised to introduce assistance for high energy-using industries. The current state of play is that it is being sought that the package be brought forward to now instead of April next year. I mentioned in my recent parliamentary statement that I had had workmanlike discussions with Anna Soubry. There appears to be confidence that those will have some success, which would play a part.

Reference has been made to business rates. As has been said, we are considering every possible permutation and option. It is only correct to put that on the record because it is a matter of fact, and facts are chiels that winna ding.

We cannot unmake rules; they exist and Governments must abide by them. Members should be sure that, where there is flexibility in the rules, we will use that to the full. Therefore, we are spending a lot of time—as is appropriate—on identifying every conceivable way in which, using the powers that we have, we can assist a potential private operator to carry on the industry. There will be a more detailed report on those matters, as is correct, at the next meeting of the task force, which will be a week tomorrow. There will be two to three hours in which we can have a good discussion.

I commend the local authorities for the efforts that they have made and for their co-operation. I have worked closely with the trade union representatives throughout the situation. At my own behest I made a visit yesterday morning for two and a half hours, during which I had the opportunity for an entirely private discussion with members of the workforce and the management in different sessions, as well as with representatives of the trade unions. Roy Rickhuss, the head of Community union, was there. We had a useful discussion. I am in touch with John Park, a former

MSP, and with Steve McCool, who made a particularly effective and moving contribution in the task force meeting. It was possibly the most effective and moving of several contributions of that ilk.

We have been working closely with Tata; we have had its co-operation. That is important because, as a matter of practice, if one seeks to identify a private operator to take over—as we do-they need access to information. They cannot purchase blind; they need to carry out due diligence, make inquiries and have information about customers, costs and a range of other things. I am pleased to say that the management of Tata, many of whom I have met-including Jon Bolton, Colin Timmins and Mr Jha-have been fully co-operative. Indeed, the First Minister has met Mr Jha. We are in daily contact with the company, which is extremely important. Such situations are never easy, but they are made much more difficult if one does not have the full cooperation of the company involved.

In times past—not the distant past, either—there have been challenges. Each case is different. There was a threat to the opencast mining industry when Scottish Coal and ATH Resources went bust. People thought that the game was a bogey, but Hargreaves Services emerged, invested in the industry and preserved many of the jobs in a short space of time.

Shipbuilding at Ferguson's yard looked, to be frank, as if it was over last summer. Thanks to many interventions, primarily that of Jim McColl, that great industry has been saved and now, I am pleased to say, the Scottish Government has awarded contracts to Ferguson Marine Engineering Ltd for two ferries. Incidentally, we are in initial discussions with Ferguson's about the possibility of sourcing the steel that will be used in those vessels from continuing steel operation in Scotland.

I mention those comparisons not because they are of direct relevance—every case is different and there is no formulaic approach to such situations, which I know, as the minister responsible—but simply because there is hope. I assure members that we are pursuing the matter with hope and confidence, difficult though the task is.

The presentation that Jon Bolton and Colin Timmins made to the task force, as members who attended the whole task force meeting will know, painted a grim and difficult picture of the worldwide challenges that face the industry, with the price of steel having plummeted from £500 to £250 per tonne. That is a huge threat and the losses that have been made are very substantial.

However, the prospect now is not the one that we have been looking at over the past year and a bit—namely, the sale of the whole of the Tata long products division. Rather, it is the sale of the Scottish operation. That is entirely different and there are opportunities there as well as challenges. There are opportunities in respect of the skills of the workforce—about 40 of whom are welcome in the gallery this evening to listen to the debate—and in respect of the fact that the work that is done on steel plate at Dalzell, with quenching and tempering being done at Clydebridge, means that there are unique qualities to offer. I am not, and will not, become an expert, but I understand that the thickness of the steel plate produced there is unique in the UK and therefore can be used in contracts of particular types.

In response to the questions that have been asked by Michael McMahon and others, we have looked at the procurement issues and I can confirm that a detailed report will be issued to the task force next week. However, we are confident that there are opportunities that can and will be pursued—in shipbuilding, in bridges, in relation to other transport contracts and also possibly in relation to wind towers, as was mentioned earlier. We have, in Wind Towers (Scotland) Ltd at Machrihanish, a Scottish manufacturer, so there are opportunities and work is being done.

A huge amount of effort, quite rightly, is being injected by all the officials at my behest and at the First Minister's behest. The matter is being dealt with at the most senior level possible. We are looking to find solutions to the challenges that face the sector, including business rates, procurement, energy costs and environmental liabilities. We are looking at every single way in which we can reduce the burden for any alternative private operator and we have not eliminated any possibility—nothing is off the table. State aid rules are a terrifically difficult constraint, I am afraid, but we are looking at the situation from a can-do point of view, rather than taking a pessimistic view.

For generations, steel has stood proudly at the very core of Scotland's industrial landscape. This Government will leave no stone unturned to ensure that the sector remains viable for generations to come.

Meeting closed at 18:03.

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