



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 3 February 2016

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.scottish.parliament.uk or by contacting Public Information on 0131 348 5000

Wednesday 3 February 2016

CONTENTS

	Col.
PORTFOLIO QUESTION TIME	1
SOCIAL JUSTICE, COMMUNITIES AND PENSIONERS' RIGHTS	1
Housing Supply Budget 2016-17	1
Homelessness (Prevention)	1
Climate Change Targets (Fuel Poverty and Housing)	3
Elections (Participation Rights)	4
Argyll and Bute Council (Discussions)	5
Third Sector Services (Commissioning)	6
Home Ownership (Support)	7
Housing (Dumfries and Galloway)	8
Attendance Allowance	9
FAIR WORK, SKILLS AND TRAINING	10
Equal Pay Claims (Local Authorities)	10
Women's Employment	10
Trade Union Bill	12
Skills and Training (Adults)	12
Highlands and Islands Enterprise (Fair Work)	14
Employment Support Services (Devolution)	15
Employment Skills and Training (Ayrshire)	15
BUDGET (SCOTLAND) (NO 5) BILL: STAGE 1	18
<i>Motion moved—[John Swinney].</i>	
<i>Amendment moved—[Jackie Baillie].</i>	
The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney)	18
Jackie Baillie (Dumbarton) (Lab)	23
Kenneth Gibson (Cunninghame North) (SNP)	27
Murdo Fraser (Mid Scotland and Fife) (Con)	32
Joan McAlpine (South Scotland) (SNP)	35
Willie Rennie (Mid Scotland and Fife) (LD)	38
Mark McDonald (Aberdeen Donside) (SNP)	40
Malcolm Chisholm (Edinburgh Northern and Leith) (Lab)	43
Chic Brodie (South Scotland) (SNP)	45
Patrick Harvie (Glasgow) (Green)	47
Linda Fabiani (East Kilbride) (SNP)	50
Ken Macintosh (Eastwood) (Lab)	52
George Adam (Paisley) (SNP)	54
Jenny Marra (North East Scotland) (Lab)	57
John Mason (Glasgow Shettleston) (SNP)	59
James Kelly (Rutherglen) (Lab)	61
Gavin Brown (Lothian) (Con)	63
Alex Rowley (Cowdenbeath) (Lab)	66
John Swinney	68
BUSINESS MOTIONS	73
<i>Motions moved—[Joe FitzPatrick]—and agreed to.</i>	
PARLIAMENTARY BUREAU MOTIONS	76
<i>Motions moved—[Joe FitzPatrick].</i>	
DECISION TIME	77
EDINBURGH SOUTH SUBURBAN RAILWAY	83
<i>Motion debated—[Jim Eadie].</i>	
Jim Eadie (Edinburgh Southern) (SNP)	83
Sarah Boyack (Lothian) (Lab)	86
Cameron Buchanan (Lothian) (Con)	88
Alison Johnstone (Lothian) (Green)	89

Stewart Stevenson (Banffshire and Buchan Coast) (SNP) 90

David Stewart (Highlands and Islands) (Lab) 92

The Minister for Transport and Islands (Derek Mackay) 93

CORRECTIONS 98



Scottish Parliament

Wednesday 3 February 2016

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

Portfolio Question Time

Social Justice, Communities and Pensioners' Rights

The Deputy Presiding Officer (John Scott): Good afternoon. The first item of business this afternoon is portfolio questions. So that we can get as many members in as possible, I would prefer short and succinct questions and answers.

Housing Supply Budget 2016-17

1. Gavin Brown (Lothian) (Con): To ask the Scottish Government what the priorities are for the housing supply budget in 2016-17. (S4O-05504)

The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil): Let me answer succinctly, Presiding Officer.

This Government's priority is to increase affordable housing supply across Scotland, with a particular focus on increasing the number of social rented homes. In addition, we recognise the importance of offering a range of home ownership options, to help people to buy a new home. All our investment in housing not only provides more homes for rent and home ownership but helps to support construction jobs and sustain business across Scotland.

Gavin Brown: I am grateful for that succinct answer. Is it correct to say that the help-to-buy budget is being reduced? If so, by how much?

Alex Neil: The help-to-buy budget is £195 million and is funded through financial transactions. All financial transactions funding is committed, including to other parts of the housing budget. Nearly 7,500 people will be assisted by the new phase of the help-to-buy scheme. That is an increase of 1,000 on the number of people who were assisted by the first phase.

Homelessness (Prevention)

2. Jayne Baxter (Mid Scotland and Fife) (Lab): To ask the Scottish Government what it is doing to prevent people becoming homeless. (S4O-05505)

The Minister for Housing and Welfare (Margaret Burgess): Preventing homelessness is a priority for the Scottish Government, and we have seen consistent falls in recorded

homelessness in Scotland in recent years. The falls in homelessness are due to the promotion of the housing options approach to prevention, which local authorities and their partners have developed, with financial and practical support from the Scottish Government. We are committed to continual improvement in the delivery of the approach. Non-statutory guidance and a training toolkit will shortly be available to help to improve the consistent delivery of homelessness prevention.

Preventing homelessness is part of our overall housing strategy. With investment of more than £1.7 billion in this parliamentary session, we have exceeded our target to deliver 30,000 affordable homes, including 20,000 for social rent. We have pledged to deliver 50,000 new affordable homes over the next five years.

Jayne Baxter: Homelessness is becoming increasingly visible on the streets of our cities this winter. "The homelessness monitor: Scotland 2015", which Crisis published recently, noted that attempts to prevent homelessness are often "relatively 'light touch'", consisting primarily of information and signposting. Will the minister commit to a renewed approach to tackling and preventing homelessness, including a new cross-departmental strategy?

Margaret Burgess: We have a strong focus on preventing homelessness in Scotland, and we work with a stakeholder group, the homelessness prevention and strategy group. I am a member of the group, as are the Convention of Scottish Local Authorities, Shelter Scotland, NHS Health Scotland and other organisations. We are looking closely at how we ensure that everyone who is homeless in Scotland can access the services and the support that is available to them, and we review the position at every meeting. Reducing homelessness in Scotland is an absolute priority.

Alex Johnstone (North East Scotland) (Con): Will the minister consider looking again at people who have specific problems holding down a tenancy, to see whether additional aid can be given to support such people with their tenancies and prevent them from becoming homeless?

Margaret Burgess: The member is right to highlight the issue. Support to keep people in tenancies is on-going. I visited a housing options team in Ayr this week to see how that works in practice. If there is practice that we can spread to other local authority areas and other housing options teams, who meet regularly, we will do that. Lots of good work is going on in local authorities across the country to support people with their tenancies. It is recognised that the approach works and prevents homelessness, and we will continue to work with people to ensure that we see the results of that activity.

Climate Change Targets (Fuel Poverty and Housing)

3. Graeme Pearson (South Scotland) (Lab):

To ask the Scottish Government what analysis it has made of the effect of the reduction in fuel poverty and energy efficiency funding in the "Draft Budget 2016-17" on its ability to meet its statutory fuel poverty and housing climate change targets. (S4O-05506)

The Minister for Housing and Welfare (Margaret Burgess): We have allocated £103 million to tackle fuel poverty and energy efficiency in 2016-17, which will be used to help install energy efficiency measures, including solid wall insulation, in 14,000 homes, building on the more than 900,000 measures that have been delivered since 2008.

We have broadly maintained the expenditure that is available for fuel poverty and energy efficiency in the budgets that we have under our control, in what is a tough financial climate. The 2015-16 budget was increased over the course of the year with £15 million of consequential from the United Kingdom Government's green deal home improvement fund. That scheme was ended without warning by the UK Government and is therefore no longer available to us.

The Scottish Government is fully committed to eradicating fuel poverty in Scotland and overall we are on track to meet our statutory 2020 target of a 42 per cent reduction in greenhouse gas emissions, but we recognise the scale of the challenge before us.

Graeme Pearson: The Government's Scottish house condition survey has just reported. Between 2012 and 2014, it records a 3 per cent rise in people in East Ayrshire, my area, reporting that they are living in fuel poverty, and a 1 per cent rise in Dumfries and Galloway. Has the minister considered any specific steps to deal with that rise in fuel poverty, in light of the 13 per cent cut in the budget allocation?

Margaret Burgess: The methodology that is used in the Scottish house condition survey to estimate fuel poverty was recently changed to include the contribution of the warm homes discount scheme. However, we are always considering ways to reduce fuel poverty. Recently, the Cabinet Secretary for Social Justice, Communities and Pensioners' Rights announced the energy efficiency programme for Scotland and the national infrastructure scheme, which is looking at the detail of ways in which we can improve energy efficiency in homes—in the social rented sector and other sectors—and in other buildings across Scotland.

All of that is part of our energy efficiency programme. We will continue to make progress

with that programme and work with our stakeholders. We have a strategic working group that will advise and inform the Government. It is working alongside the Scottish fuel poverty forum and the rural fuel poverty task force to build on our efforts and drive forward the fuel poverty agenda.

Tavish Scott (Shetland Islands) (LD): Is the minister aware that the Scottish house condition survey, which has been mentioned, shows that more than half of households in Shetland are in fuel poverty? What specific steps will the Government take to address the particular problems in rural communities such as Shetland?

Margaret Burgess: As I said in my previous answer, we have set up the rural fuel poverty task force, which is specifically considering issues in global and remote areas. We have also adapted our home energy efficiency programme Scotland—HEEPS—scheme to take into account the issue of fuel poverty in rural areas and ensure that more can be spent in those areas, because we recognised the difficulties that they face.

We have implemented a number of other measures to help with the training and accreditation of the installers, to ensure that we can support local businesses in rural areas as well.

Ken Macintosh (Eastwood) (Lab): As well as cutting the fuel poverty budget in this year's budget, the minister has cut business rates relief for the renewables industry in Scotland. How much money will that cost, and what will be the impact on climate change of that measure?

The Deputy Presiding Officer: You can answer that if you want, minister, but it is not relevant to the initial question.

Margaret Burgess: I will speak to the Minister for Business, Energy and Tourism and write to the member on that issue.

Elections (Participation Rights)

4. Christian Allard (North East Scotland) (SNP): To ask the Scottish Government what rights non-United Kingdom European Union citizens who live in Scotland have to participate in elections. (S4O-05507)

The Minister for Parliamentary Business (Joe FitzPatrick): Non-UK EU citizens who live in Scotland can vote at European Parliament, Scottish Parliament and local government elections. In addition, Commonwealth citizens from Malta and Cyprus and citizens of the Republic of Ireland who are resident in Scotland can vote at UK parliamentary elections.

Christian Allard: As the minister will know, that does not concern me: I live in neither Malta nor Cyprus. Would he agree with me that stopping EU

citizens who reside in Scotland from voting in the EU referendum—after they will have been able to vote in every Scottish parliamentary election and in two Scottish constitutional referendums since 1997—is in fact a breach of human rights law?

Joe FitzPatrick: The Scottish Government is very disappointed that the franchise is not being extended to EU nationals resident in the UK. Around 170,000 non-UK EU citizens have chosen to make Scotland their home. EU citizens can vote in Scottish Parliament elections, as I said. Most recently, as Christian Allard said, they had a vote in our independence referendum.

The case for extending to EU citizens a vote in the EU referendum is clear, and I urge the UK Government to reconsider. While it is at it, the UK Government should make arrangements to allow 16 and 17-year-olds to vote, too.

Argyll and Bute Council (Discussions)

5. Jamie McGrigor (Highlands and Islands) (Con): To ask the Scottish Government what recent discussions it has had with representatives of Argyll and Bute Council. (S4O-05508)

The Minister for Local Government and Community Empowerment (Marco Biagi): I am meeting Argyll and Bute Council on 1 March to discuss matters of mutual interest. Other ministers and officials also meet council representatives regularly.

Jamie McGrigor: Is the minister aware of the extent of the concern among councillors and the public in Argyll and Bute about the severity of the spending cuts that are being considered there and about their impact on vital local services? In particular, can he comment on the possible loss of core funding to the Argyll and Bute citizens advice bureaux network, which directly prevents dozens of people each year from becoming homeless and thus saves the council hundreds of thousands of pounds every year?

Marco Biagi: The local government settlement as a whole has been challenging but fair. That applies to Argyll and Bute as much as it does to anywhere else, and represents a 2 per cent reduction of the overall expenditure available.

I point out that, for Argyll and Bute, many of the things that we are asking for come with attached funding. The council tax freeze will be funded to the tune of £1.4 million for Argyll and Bute Council, and its share of the £250 million for health and social care is £4.6 million. I will endeavour to investigate the specific issue in Argyll and Bute that the member raises, as I am not aware whether that is a local funding issue or a national funding issue. I will write to the member on the matter.

Neil Findlay (Lothian) (Lab): When the minister meets representatives of Argyll and Bute Council and other councils, is he not embarrassed and ashamed of what his Government is doing to local government?

Marco Biagi: It is always a ray of sunshine when Neil Findlay comes to ask a question, isn't it? I am very proud of the effect that our policies have had on local government since we came into government.

Neil Findlay: Proud?

Marco Biagi: We came into government and we immediately removed £2.7 billion of ring fencing, allowing local government to address its own priorities and answer to its own electorate. We have consistently protected local government from the scale of the cuts that have happened in England. If we really want to see what an embarrassing record on local government is, I suggest looking at England—[*Interruption.*]

The Deputy Presiding Officer: Mr Findlay.

Marco Biagi: There, figures range from 27 per cent in cuts to a figure I saw last night in an analysis from the Institute for Fiscal Studies, which said that, in the run-up to the 2015 election, there was a 36 per cent cut in central Government funding to local government in England. We are far away from that and I am very proud that we are.

Third Sector Services (Commissioning)

6. Margaret Mitchell (Central Scotland) (Con): To ask the Scottish Government what recent discussions it has had with local authorities in relation to the commissioning of third sector services. (S4O-05509)

The Minister for Local Government and Community Empowerment (Marco Biagi): Scottish ministers and Government officials regularly meet representatives of all local authorities to discuss a wide range of matters of current interest to local organisations. Under the local authority single outcome agreement, delivery decisions on commissioning services are made locally, reflecting knowledge and understanding of local need.

Margaret Mitchell: Can the minister outline the process for the allocation of the additional £1.85 million of criminal justice funding, which was invested in providing additional support for victims of sex crimes across Scotland, including male and female survivors of childhood sexual abuse? Can he indicate when the many small charities that do specialist work in this area and that are awaiting decisions about their core funding applications, which were submitted in September 2015, can expect a decision?

Marco Biagi: The member raises some very important issues and I will endeavour to have my justice colleagues investigate and respond in as short order as possible.

Home Ownership (Support)

7. Graeme Dey (Angus South) (SNP): To ask the Scottish Government how many people have received support into home ownership since 2007. (S4O-05510)

The Minister for Housing and Welfare (Margaret Burgess): Since 2007, the Scottish Government has spent more than £800 million supporting more than 20,000 households into home ownership through a range of initiatives, which include the low-cost initiative for first-time buyers scheme and the help to buy (Scotland) scheme.

From sales forms returned by buyers, we know that between 70 and 75 per cent of all sales across the different low-cost home ownership and help to buy schemes were to buyers aged between 18 and 34.

Graeme Dey: Can the minister outline how the Government intends to build on that success in supporting people into home ownership and whether such measures will be targeted at those who need support to get on to or move up the housing ladder?

Margaret Burgess: Yes, I can certainly say to the member that we are committed to doing everything that we can to help first-time buyers and existing homeowners to buy a home where that is sensible and sustainable for them.

For 2015-16, we have allocated £160 million to help up to 5,000 people buy a home; £80 million of that has been allocated to our popular open market shared equity scheme to help up to 2,000 first-time buyers buy their first home and £80 million has been allocated to our help to buy (Scotland) scheme. It is an affordable build scheme to help first-time buyers and existing homeowners to get a new-build home. The £80 million allocated to the help to buy (Scotland) affordable new-build scheme forms part of the £195 million allocated over the next three years to help up to 7,500 homeowners to buy a new home. *[Margaret Burgess has corrected this contribution. See end of report.]*

Gavin Brown (Lothian) (Con): The minister just said that £160 million has been allocated for 2015-16. What will the amount be for 2016-17? *[Interruption.]*

Margaret Burgess: Sorry, I am just checking what we announced, but certainly in the budget announcement we set out that we will be investing a further £80 million through the open market

shared equity scheme in 2016-17. That remains the same as we have spent in 2015-16. Also, £80 million has already been announced of the £195 million that has been allocated to help to buy over the next three years. That announcement was made by the cabinet secretary last month, I believe.

Housing (Dumfries and Galloway)

8. Elaine Murray (Dumfriesshire) (Lab): To ask the Scottish Government how many homes for social rent and how many for mid-market rent will have been built in Dumfries and Galloway between May 2011 and March 2016. (S4O-05511)

The Minister for Housing and Welfare (Margaret Burgess): Between 1 May 2011 and 30 September 2015, £23 million of funding supported the construction of 642 homes for social and mid-market rent in Dumfries and Galloway. That included 595 social rented homes and 47 intermediate rented homes. Our projected investment for this year is a further £8.255 million to support the building of more affordable homes in the region.

A "Housing Statistics for Scotland Quarterly Update" will be published in March 2016 on the Scottish Government website. It will include the number of completions for the period October to December 2015. Housing statistics to the end of March 2016 will be published in June 2016.

Elaine Murray: I thank the minister for her full response. Minister, I was contacted recently by a couple with four children in a two-bedroom property with a box-room. They had 40 overcrowding points and they were one of 24 families who were applying for eight four-bedroom properties in the Annan area, none of which have become available in the past 12 months.

Consideration was being given to other methods of funding for housing associations to build additional properties for social rent, such as the use of pension funds. Can the minister give any update on whether progress has been made in looking for additional sources of funding?

Margaret Burgess: We have set a clear target of 50,000 new affordable homes for the next five years of the Parliament, backed by £3 billion of investment. We are also working with housing associations, local authorities and right across the sector to look at other ways of supporting and funding affordable rented houses, so yes, that work is on-going. We have a scheme up and running in Falkirk through the Falkirk pension fund, which can set an example to other pension funds. It is clearly up to the trustees of funds where they wish to make their investments but, yes, we are certainly still looking at that issue.

Attendance Allowance

9. Joan McAlpine (South Scotland) (SNP): To ask the Scottish Government what assurances it can provide on the future of attendance allowance in Scotland in light of concerns in England regarding its proposed transfer to local authorities. (S4O-05512)

The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil): The United Kingdom Government has not yet published its consultation on transferring attendance allowance to local authorities down south, so I am not in a position to comment in any detail on the proposal. However, my understanding is that it will not impact on the devolution of attendance allowance to the Scottish Parliament that will be implemented through the Scotland Bill.

We are considering how we will use the new devolved social security powers, and we will publish our plans in the coming months. In the meantime, we will continue to engage with users and stakeholders as we develop the detail of our policies. I can assure members that current attendance allowance recipients will be protected however we choose to use the devolved powers.

Joan McAlpine: There is a lot of concern in England about devolving attendance allowance, because of what happened to the independent living fund. When the ILF was devolved to English local authorities it was cut—

The Deputy Presiding Officer: Can we have a question?

Joan McAlpine: —whereas when it was devolved to the Scottish Government it was continued. Can the cabinet secretary assure us that something similar will happen to attendance allowance?

Alex Neil: The independent living fund is a good example of how we protect services in Scotland, compared to the axing of services south of the border. The Scottish independent living fund is a new scheme in Scotland that went live in July 2015, safeguarding the rights of 2,800 existing ILF users in Scotland, with an extra £5 million committed to open up the scheme to new users.

The successful creation of the Scottish welfare fund, after the abolition of elements of the UK Government's social fund, is another example of where we have protected provision of a vital service and increased the funding over and above that devolved by the UK Government. The latest statistics for the welfare fund show that it has paid out £81 million and helped 178,000 households since April 2013.

Fair Work, Skills and Training

Equal Pay Claims (Local Authorities)

1. Stuart McMillan (West Scotland) (SNP): To ask the Scottish Government how many local authorities have outstanding equal pay claims. (S4O-05514)

The Minister for Youth and Women's Employment (Annabelle Ewing): Local authorities as employers are responsible for dealing with equal pay claims by their staff, so information on the number of claims is not held centrally. The Minister for Local Government and Community Empowerment, Marco Biagi, has written to all Scottish local authorities asking for information about equal pay claims. The letter reiterated the need for cases to be resolved with urgency and commitment, so that those affected receive their legal entitlements and local authorities meet their legal obligations.

Stuart McMillan: The minister will be aware that the long-standing issue of equal pay claims was raised in the chamber in November, when the First Minister encouraged local authorities to conclude settlements as quickly as possible. Thankfully, Fife Council has done that since then, but elsewhere many claims remain outstanding.

The minister said that the local government minister wrote to local authorities. Will she consider writing to local authorities before Parliament dissolves for the election to impress on them the importance of the issue, so that they can allow people to move on with their lives?

Annabelle Ewing: I share the frustration of the member and his constituents who may be affected with the on-going delays to the settlement of the claims, but I reiterate that the settlement of the claims is the responsibility of local authorities.

Mr Biagi wrote to all local authorities on 28 October. He received only 11 replies and wrote again to the local authorities that did not reply on 11 December. Following that second letter, it has been agreed that there will be a meeting between the minister and representatives from the Convention of Scottish Local Authorities and the Society of Local Authority Chief Executives and Senior Managers, which will take place on 12 February. *[Annabelle Ewing has corrected this contribution. See end of report.]*

I encourage all local authorities that have outstanding claims to do the right thing and ensure that they are settled as quickly as possible.

Women's Employment

2. Claudia Beamish (South Scotland) (Lab): To ask the Scottish Government what information

it has on women employed in part-time and temporary work. (S4O-05515)

The Minister for Youth and Women's Employment (Annabelle Ewing): The labour force survey that is produced by the Office for National Statistics is the source of information on women employed in part-time and temporary work. The latest available labour market statistics, which are from September to November 2015, show that female part-time working decreased by 38,000 over the year and female temporary working decreased by 7,000 while female full-time working increased by 27,000 over the year.

Claudia Beamish: Although that is encouraging, I have information from the Scottish Parliament information centre that, in Scotland in 2015, 41 per cent of women worked part-time compared to 11 per cent of men. As women are more likely to work part-time and make up the majority of those in the workforce who are part-time, Close the Gap suggests that it is relevant to compare men and women's earnings on that basis.

The Deputy Presiding Officer: What is your question?

Claudia Beamish: For every £1 that a man earns, a woman earns 83.2p. What is the Scottish Government actively doing to rectify that very bad situation?

Annabelle Ewing: If I have understood correctly, the member's supplementary question principally concerns the issue of the gender pay gap. Of course, the gender pay gap is unacceptable. It is unacceptable that we are still talking about it in 2016. In Scotland, the gap has decreased from 9.1 per cent in 2014 to 7.3 per cent in 2015, but of course it is still unacceptable that there is any gender pay gap. The equal pay legislation was introduced in Westminster in 1970. Notwithstanding the success of Westminster Governments of both hues, we are still faced with that situation.

The Scottish Government will do everything that we can to ensure that the pay gap is narrowed to the point at which it no longer exists. We are pursuing a number of important initiatives in that regard, such as the expansion of childcare, the promotion of flexible working, challenging pay and pregnancy and maternity discrimination, challenging occupational segregation, promoting a 50:50 gender balance on boards, and of course promoting the living wage for social care workers. I hope that local authorities across Scotland will respond to the very good funding deal that is on offer and do the right thing by social care workers, the majority of whom are of course women.

Trade Union Bill

3. Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): To ask the Scottish Government what recent discussions it has had with the United Kingdom Government about the Trade Union Bill. (S4O-05516)

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): In addition to a telephone call with Nick Boles, Minister of State for Skills, on 8 October 2015, I have now written to him on five separate occasions setting out the Scottish Government's increasing concern with the bill proposals and seeking Scotland's exemption from the extent of the bill. However, he has not yet responded to any of those letters.

The First Minister raised the issue in her meeting with the Prime Minister on 14 December. The Scottish Parliament debate that was held on 26 January demonstrated the opposition of Parliament to the bill. I want to reassure each and every worker in Scotland that we are doing what we can to deal with the potentially damaging legislation. Just before I came into the chamber, I received confirmation of a meeting with Nick Boles, specifically to discuss the Trade Union Bill. That will take place tomorrow morning.

Malcolm Chisholm: I support any and all means to defeat this appalling bill and its intrusion on areas of devolved competence. However, if all else fails, will the Scottish Government join councils in Scotland in refusing to comply with the legislation?

Roseanna Cunningham: All that I can do is to refer to the words of the First Minister, who has said that we will go on doing what we are doing at the moment. There are aspects of the bill that it will be impossible to avoid. We are currently discussing some aspects directly with the Scottish Trades Union Congress among others, including the Convention of Scottish Local Authorities, to establish how best we can deal with the likely consequences if the worst comes to the worst and the bill is passed. However, we are not giving up on seeking exemptions in respect of the various aspects.

Skills and Training (Adults)

4. Liz Smith (Mid Scotland and Fife) (Con): To ask the Scottish Government what innovative steps it is taking to help improve skills and provide training for adults. (S4O-05517)

The Minister for Youth and Women's Employment (Annabelle Ewing): Achievement of our ambitions for a more productive and inclusive Scotland involves a greater focus on strengthening and developing the skills of all our people. The Scottish Government is committed to developing

those skills, whether in colleges, universities, communities or workplaces, and to ensuring that our people are able to thrive in sustainable employment. In particular, Skills Development Scotland delivers an all-age careers service. We also have our modern apprenticeship programme, which applies in key and enabling sectors to those who are aged over 25.

Liz Smith: The minister will be aware that the principal at Dundee and Angus College, Grant Ritchie, has suggested that one way of addressing the key education needs of the long-term unemployed would be to provide more opportunities to develop literacy in information technology. He has suggested that colleges could help to do that by opening in the evening to provide additional classes. Will the Scottish Government undertake to discuss with Colleges Scotland that important initiative?

Annabelle Ewing: I thank the member for her interesting point. I suspect that I should discuss it first with the Cabinet Secretary for Education and Lifelong Learning, because it seems to fall within her remit. I promise to do that.

I know that Dundee and Angus College has been pursuing an interesting programme with its code academy, which I have been interested in learning about. I will visit the college in a couple of weeks, albeit to discuss another matter, but I will take the opportunity when I am there to hear more about the proposals that the member referred to.

Stuart McMillan (West Scotland) (SNP): The 2015 employer skills survey showed that 71 per cent of Scottish employers offer their staff training. That is a higher rate than in England, Wales or Northern Ireland. Will the minister provide an update on what else can be done to continue that good progress?

Annabelle Ewing: The recent statistics show that employers in Scotland are doing more and more to ensure that young people are given an opportunity. We will continue to work as hard as we can to bring more employers on board.

We have set a very ambitious target for modern apprenticeships of 30,000 starts a year by 2020. We are working closely with employers, training providers, the third sector and others to ensure that young people get the training that they need and that employers have the possibility to create a more dynamic workplace with young people on site and to ensure proper succession planning for themselves.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): What progress has been made on ensuring that people with disabilities enter the modern apprenticeship scheme? When we previously looked at the percentages of people who are disabled who had entered the scheme, the figure

for England was around 7 per cent, while the figure for Scotland was less than 1 per cent. The Government gave an undertaking to do something about that. What has happened since?

Annabelle Ewing: I remember that exchange in the chamber with Dr Simpson. Since that time, a number of issues have come to light. One is the issue of self-certification—whether someone certifies that they have a disability. If we leave that issue—which we have already aired in the chamber—to one side, the member may be aware that we have published, through Skills Development Scotland, the equality action plan that I referred to in previous debates. I believe that it was published on 2 December last year. We will work closely with SDS to ensure that we meet the objectives and targets that are set forth in that plan on this important issue.

Highlands and Islands Enterprise (Fair Work)

5. Rob Gibson (Caithness, Sutherland and Ross) (SNP): To ask the Scottish Government what aspects of fair work it has discussed recently with Highlands and Islands Enterprise. (S40-05518)

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): The Scottish Government promotes the benefits of fair work in the Highlands and Islands, as we do across Scotland. We have regular discussions with Highlands and Islands Enterprise on a range of issues. For example, HIE has actively contributed to the development and implementation of the Scottish business pledge, discussions on future employment services and Investors in People. In October 2015, HIE contributed to discussions with the fair work convention in Inverness. Account managers from HIE regularly discuss fair work, innovation and internationalisation with individual businesses as part of their efforts to boost productivity and inclusive growth.

Rob Gibson: I do not know whether the cabinet secretary has sought HIE's views on the impact on hotels of changing to the Scottish Government's version of the living wage for hospitality workers, as the Scalloway hotel in Shetland has announced that it has done.

Roseanna Cunningham: I have not had a specific discussion with HIE about the Scalloway hotel announcement, which we strongly welcome. I am pleased to say that the number of living wage-accredited organisations is growing rapidly and has now reached 460 out of our target of 500. Of those organisations, 37 are in the HIE area.

The accreditation of the Scalloway hotel—an excellent hotel—emphasises that employers from across Scotland, and in all sectors, are

recognising the benefits of fair pay. There are now a variety of accredited employers in tourism and hospitality that are making significant efforts to reward staff—that is in two sectors where roles are traditionally low paid. The move that the Scalloway hotel has taken shows that it can be done.

Employment Support Services (Devolution)

6. Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): To ask the Scottish Government when it last discussed devolution of employment support services with the United Kingdom Government. (S4O-05519)

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): The Scottish Government is in frequent discussions with the UK Government regarding the contracted employment support services that will be devolved from April 2017. My next meeting with the UK Minister for Employment, Priti Patel, is scheduled for 11 February. My officials continue to work with those in the UK Government to build strong relations that are focused on the future needs of unemployed Scots.

Christina McKelvie: Does the cabinet secretary agree that cutting the budget by 87 per cent after deciding to devolve the powers is one of the things that break the so-called vow and that it goes against the spirit of the Smith agreement?

Roseanna Cunningham: The drastic reduction in programme spend that the UK Government has suggested undermines the spirit and intention of the Smith commission. More to the point, it fundamentally reduces the Scottish Government's ability to provide employment support for those who face significant barriers to entering employment. We are still awaiting progress through the fiscal framework on details of the final settlement that the UK Government is to offer. However, we believe that what is proposed on employment support would create severe financial restrictions for us to operate under following devolution of the services.

Employment Skills and Training (Ayrshire)

7. Margaret McDougall (West Scotland) (Lab): To ask the Scottish Government what skills and other training it provides to people in Ayrshire who have been made redundant. (S4O-05520)

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): Redundancy triggers support through our initiative for responding to redundancy situations, partnership action for continuing employment, which is more commonly known as PACE. Skills Development Scotland leads on the delivery of PACE support on the Scottish Government's behalf in conjunction with a number of key

partners, including the Department for Work and Pensions. Through providing skills development and employability support, PACE aims to minimise the time for which individuals who have been affected by redundancy are out of work.

PACE support is tailored to meet individual needs and local circumstances. In Ayrshire, from April 2015 until December 2015, PACE support was provided to 552 individuals from 13 companies.

Margaret McDougall: The minister will be aware that, in recent months, there have been announcements of job losses that roll into the hundreds across Ayrshire. Around 60 job losses have been announced at Clydeport, 77 at Red Cross house and 212 including agency workers at Mahle in Kilmarnock. Just last week, we heard that the Brantano and Next stores in Irvine are closing.

In addition, Howco in Irvine will shed 50 jobs after public money was invested in the plant, although neither the Scottish Government nor Scottish Enterprise appears to be willing to disclose to Labour councillor Joe Cullinane how much public money was invested for the return of 50 P45s. What will the Scottish Government do about the steady leakage of jobs in Ayrshire? What will it do to protect the Ayrshire economy?

Roseanna Cunningham: We work hard to use a number of ways to protect the Scottish economy as well as local labour markets. Work will be done by Skills Development Scotland through the apprenticeship scheme, through local employers and through the local developing the young workforce group. The local authorities are also actively encouraging employment opportunities through their local employment hubs. A great deal is being done. When people are made redundant, we put in as much support as we can to ensure that their period of redundancy lasts as little time as possible.

Kenneth Gibson (Cunninghame North) (SNP): Does the cabinet secretary agree that the Ayrshire growth deal will do a lot to help to create jobs in North Ayrshire and put a lot of the redundant workers back to work? It shows the tremendous co-operation between the three Ayrshire councils, the Scottish Government and private business that that deal is on-going and should deliver substantially for Ayrshire in the years ahead.

Roseanna Cunningham: I know that there is a great deal of co-operation between the three councils and that is to be commended. They are delivering and developing a good employability offer locally. I am delighted at the increased number of opportunities that have been provided in North Ayrshire. I am also encouraged by the partnership between local authorities, Skills

Development Scotland, local employers and wider partners in supporting our ambitions for the further expansion of the programme and the opportunities that it will provide for young people and employers in the area.

Budget (Scotland) (No 5) Bill: Stage 1

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion S4M-15522, in the name of John Swinney, on the Budget (Scotland) (No 5) Bill.

14:40

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): Last week, I introduced the Budget (Scotland) (No 5) Bill for 2016-17, which will implement the draft budget that I set out in December. I welcome the report of the Finance Committee, and I will formally respond to it in advance of stage 3, as agreed with the committee.

The budget that is before Parliament today is a budget that will promote growth in the economy and reform public services. It will ensure that the maximum impact is generated from our expenditure and that decisions on revenues raised reflect our principles-based approach to taxation.

Public spending in Scotland continues to face significant challenges, as another real-terms reduction has been applied to our total departmental expenditure limit for 2016-17. Looking ahead, the settlement that we received in the United Kingdom spending review will mean that the Scottish budget will continue to fall in real terms in every year until the end of this decade.

The financial context is also set by the continued pressure on household incomes. Since its election, the Government has been determined to protect household incomes, particularly for low earners. Our longer-term financial decisions are influenced by the expectation that we will get further powers from what will be the Scotland Act 2016. In December, I said that the Government would set out its longer-term intentions on use of those new powers before Parliament is dissolved for the election. To use those powers, we need a fiscal framework that delivers on the Smith commission; it must be a framework that is faithful to that agreement and fair to Scotland.

I met the Chief Secretary to the Treasury again this week, and work is going on, as I speak, to try to reach an agreement, but I must make it clear to Parliament that there is a long way to go; there is significant difference between our respective views and time is short to reach an agreement. On one point, I want to be absolutely definitive: I will sign only a deal that is fair to Scotland and is consistent with the principles that were agreed by the Smith commission. I will not sign a deal that is harmful to the interests of the people of Scotland.

The budget provides the resources that are necessary to deliver a strong and sustainable economy while tackling economic inequality. It delivers an extensive capital programme that will support our economy, enhance our social infrastructure and help to address climate change. It takes forward a bold and ambitious programme of public sector reform, together with our delivery partners, to ensure the sustainability and quality of our services, and it delivers on our commitments to the people of Scotland at a time of continued pressure on household incomes.

In the December budget statement, the Government proposed a Scottish rate of income tax for the first time. The limited nature of the income tax power that is currently available to the Scottish Parliament allows only for a single rate to be set and then applied to all three income tax bands, which means that any increase on the wealthiest taxpayers would also apply to those on the lowest incomes. The proposals from other parties to increase income tax by 1p next year would hit the taxpayers who are least able to pay.

Willie Rennie (Mid Scotland and Fife) (LD): How does that comment match the comment that John Swinney made to the Finance Committee last month? He said:

"I view the Scottish rate of income tax as a progressive power ... Clearly, people on higher incomes will pay comparatively more than people on lower incomes."—*[Official Report, Finance Committee, 13 January 2016; c 40.]*

Therefore, surely what he has just said is wrong.

John Swinney: If Mr Rennie had been listening, he would know that what I said was that the proposal to increase income tax by 1p next year would hit the taxpayers who are least able to pay. Of course it would. It would put up tax for the lowest-paid people in our society, whether those individuals were newly qualified teachers, police officers, firefighters, postal staff, bus drivers, charity workers, shop workers or hotel workers. Workers the length and breadth of the land would see their income tax rise.

Jackie Baillie (Dumbarton) (Lab): Would the cabinet secretary reflect on the fact that teachers are doing their own photocopying and buying jotters for the classroom because there are no resources in our classrooms? They absolutely understand why we are proposing to increase income tax by 1p.

Does the cabinet secretary welcome the rebate that we propose that would help to protect people who are on the very lowest incomes?

John Swinney: I want to say to teachers and public service workers the length and breadth of the country, who have had to endure pay constraints because of the austerity programme of

the UK Government, that I value the sacrifices that they have made, and that the last thing that I am going to do is put up their taxes.

Jackie Baillie just raised the proposed rebate to mitigate the effects of the tax rise. The immediate conclusion to draw from that announcement of a proposed rebate is that there is recognition that the tax rise is damaging to the incomes of low-paid workers. There are also the legislative and practical issues that would need to be overcome—and quickly—to make that concept a reality from April this year. *[Interruption.]*

Let us go through the detail. Labour will need to demonstrate clearly the legal basis under which it believes that such a payment can be made. If it is—*[Interruption.]*

The Presiding Officer: Order. Let us hear the Deputy First Minister.

John Swinney: I am only helpfully going to dismantle Labour's proposals, so they should be quiet and listen.

If the rebate is a tax relief, it is outside the powers of the Scottish Parliament in relation to income tax, as conferred by the Scotland Act 2012. If it is a social security payment, that is outside the competence of the Parliament, as defined in the original Scotland Act 1998.

Further evidence that the proposal is not properly thought through is provided by the lack of clarity about how it would be administered and, in particular, how it could be done within the £75 million that has been allocated for the proposal by Labour. An estimated 1 million taxpayers—workers and pensioners—could be eligible for the £100 rebate, which would cost £100 million. That is more than Labour has budgeted for the rebate, which does not even meet the needs of individuals within our society.

The second problem is that on top of that would be the costs of setting up and operating administrative systems by 32 local authorities across Scotland. We know already that it costs local authorities many millions of pounds to administer help with council tax bills, for which authorities already have a lot of information about the circumstances of claimants.

Thirdly, the rebate payment is likely for tax purposes to be counted as income, and so those who receive it would be liable to pay tax on it. It does not seem to me to be too much to expect that those who propose policies of this kind have at least considered those issues, but there seems to be little evidence that that has happened.

The only conclusion we can draw is that it is unlikely that anyone would receive the rebate on the basis of the proposition that Labour has offered to the people of this country.

Jackie Baillie: Mr Swinney's speech is very reminiscent of what we heard from his back benchers yesterday, which was all about detail—fine aspects of detail. *[Interruption.]*

The Presiding Officer: Order. Let us hear Ms Baillie.

Jackie Baillie: Let me say to John Swinney that it is, to be frank, an excuse for not addressing the question of principle. I want to know what he thinks about the principle of what we are proposing, because that, politically, is important.

John Swinney: That was a very revealing intervention, because the detail matters. On 1 April, a citizen of this country who was going to have their tax raised by Labour—but who will not have it raised by the SNP—would have the right to expect that what is being promised by Labour can actually be delivered. What Jackie Baillie must do in her speech today is explain how the legal, practical and operational issues that I have raised will somehow be overcome by what she has written on the back of a fag packet.

This Government will freeze income tax, and we will deliver a pay rise to around 50,000 of the lowest-paid workers in Scotland. The uprating of the living wage, its extension to social care workers and an uplift of £400 for people who are covered by public sector pay policy who earn £22,000 or less will see tens of thousands people being better off because of this budget.

That is the difference between the SNP and Labour. We want to give the lowest paid a pay rise; Labour wants to give them a tax rise. *[Applause.]*

Lewis Macdonald (North East Scotland) (Lab): I am sorry that Mr Swinney was, I understand, too busy to come out of the Parliament today to talk to the local government workers who were lobbying outside it. As he has reiterated that he has set his face against any increase in tax, what is his message to the 16,000 local government workers who are liable to lose their jobs as a result of £500 million of cuts in the coming financial year?

John Swinney: I say to those individuals that the Scottish National Party is determined to protect their incomes, not punish them with a tax rise that the Labour Party has come out with.

Neil Findlay (Lothian) (Lab) rose—

John Swinney: No afternoon would be complete without Mr Findlay.

Neil Findlay: It is fairly simple. How can the Government protect people's income if they do not have a job? *[Interruption.]*

The Presiding Officer: Let us hear the Deputy First Minister. *[Interruption.]* Enough, Mr Findlay!

John Swinney: The Government has given public sector workers the guarantee of no compulsory redundancies. That is what we have delivered for the people of this country.

The budget reaffirms our commitment to deliver inclusive growth through investment in education and skills. Almost £5 billion is invested annually in delivering school education, and average expenditure per pupil is higher in Scotland than in England. The health budget in Scotland will reach over £13 billion. We will protect the budget for colleges in Scotland and ensure that higher education spending is over £1 billion in 2016-17.

The Scottish Government is investing £250 million in supporting the integration of health and social care services at local level. That is the biggest reform in how we deliver health and social care services since 1948. That money is designed to pay the living wage to social care workers in our country, which I thought the Labour Party would have welcomed, and which I thought its local authority leaders would embrace and think is a good idea. *[Interruption.]*

The Presiding Officer: Order.

John Swinney: What have we had? We have had obfuscation from the Labour Party and complaints about the SNP Government doing the right thing to protect people on low incomes in our society. We want to ensure that the health and social care reforms bring together those important services to expand the social care that is available to members of the public, to deal with the financial pressures that are felt across the system, and to ensure that workers are able to command the living wage. Those are the SNP Government's priorities on health and social care.

As well as doing that, we will maintain 1,000 additional police officers on the streets of Scotland and protect the front-line policing budget in real terms next year. With a further £55 million being provided to support a new phase of change and transformation, we will ensure that police services meet the needs of the people of Scotland.

In a time of austerity, we will inject resources to protect household incomes from the welfare changes that the United Kingdom Government has undertaken.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): Will the Deputy First Minister take an intervention?

The Presiding Officer: I am sorry, but the Deputy First Minister is winding up.

John Swinney: The investment that we are making in the Scottish welfare fund is £38 million, and there is £343 million for council tax reduction and £35 million to ensure that nobody pays the bedroom tax in Scotland. That is on top of the

commitments to providing free school meals for our youngest citizens and free personal care for our most elderly citizens.

The budget meets the needs and expectations of the people of Scotland. It confronts austerity, protects people and their household incomes, stands in the face of a rise in people's tax by the Labour Party; and delivers for the people of this country.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.5) Bill.

14:54

Jackie Baillie (Dumbarton) (Lab): Politics is all about choices, and the SNP today has to make its choice. The budget before us is an austerity budget and so far it is clear that John Swinney has chosen to pass austerity on, rather than break from it.

It does not need to be that way. There is a real opportunity and a chance to do things differently. The SNP can make different choices and our amendment shows the way. We have new powers now, and new powers are coming. I ask the SNP to work with us to use those new powers to invest in our children and in Scotland's future, and to keep the promise that it has made to the Scottish people time after time: that more powers will mean the chance to do things differently and to make fewer cuts.

The SNP believed in that during the general election when it set out plans to end austerity that it wanted an incoming UK Government to adopt. What has changed since last May? Let me tell the Government. You now have the power to do that for Scotland. You can deliver real change right now.

Mark McDonald (Aberdeen Donside) (SNP): Will the member give way?

Jackie Baillie: In a minute. This is about our future. I am ambitious for Scotland: I want a growing economy, and I want our young people to do better than the generation that went before them, with better skills for the jobs of tomorrow in the industries of the future.

However, you do not get that without investing in your people and specifically in their education and skills. Investing in education is one of the most significant ways of growing our economy and we have a lot of catching up to do. Take a look at what has happened in education over the past nine years. There are 4,000 fewer teachers in our classrooms and 152,000 fewer students in our colleges, classroom assistants have gone and not enough young people are achieving their potential. What a waste.

Mark McDonald: Will the member give way?

Kevin Stewart (Aberdeen Central) (SNP): Will the member take an intervention?

Jackie Baillie: I will take an intervention from Mark McDonald.

Mark McDonald: Jackie Baillie asked what has changed since May. In the Finance Committee's report on the budget—[*Interruption.*]

The Presiding Officer: Order.

Mark McDonald: Wait for it. Paragraph 27 of the Finance Committee's report states:

"The Committee supports the Scottish Government's proposal to set SRIT at 10p for 2016-17."

Jackie Baillie is a member of that committee and that recommendation was agreed unanimously, so I ask her: what has changed since Friday?

Jackie Baillie: I am sure that Mark McDonald, if he had been paying attention, would have realised that I was not at the meeting on Friday.

Members: Oh!

The Presiding Officer: Order.

Jackie Baillie: Perhaps—[*Interruption.*]

The Presiding Officer: Order, order. Let us hear Ms Baillie.

Jackie Baillie: Perhaps Mark McDonald—[*Interruption.*]

The Presiding Officer: Order! Let us hear Ms Baillie.

Jackie Baillie: Thank you, Presiding Officer. Mark McDonald might want to get his glasses tested.

Education spending on the SNP's watch has fallen by 8 per cent for pre-school, 11 per cent for primary school and 4 per cent for secondary school. Put simply, that is £561 less per head being spent on our school children. That is not a picture of a Government that is investing in our economy or in our future. The SNP has cut the central education budget by £130 million and it wants to cut the local government budget by at least £350 million. As education is local government's biggest budget, it is inevitable that there will be more cuts to come.

Make no mistake: the big losers in John Swinney's budget are the local communities, schools and public services that people value. The budget cut to local government is hundreds of millions of pounds. The UK Government has cut the Scottish Government's budget, but John Swinney has taken that cut and doubled it before passing it on to local government. That is austerity on stilts and it is John Swinney's choice to do that.

We should not worry, however; as the First Minister told us, it is all simply reprofiling. When is a cut not a cut? When it is reprofiling, of course. Members should expect to see that word used quite often in future.

The share of local government spending is down to 30 per cent, which is a further drop of 1.7 per cent in comparison with last year. Gone is the concordat and mutual respect; gone are the warm smiles and the handshakes. Now it is all threats and draconian sanctions, and a complete disregard for local democracy. The temperature in relations is near freezing. When I am told by John Swinney that he has been very generous and fair to local government—

John Swinney: Will the member give way?

Jackie Baillie: I ask the member to listen to the point first, then he can respond to it.

I point to the 40,000 fewer public sector workers, with the GMB estimating that at least 8,000 more will go and the Convention of Scottish Local Authorities suggesting that it could be 15,000. If this was a private sector closure, John Swinney would have MSPs on their feet in the chamber demanding that task forces be set up. Where is the task force to save local services and jobs from John Swinney's cuts?

John Swinney: I point out to Jackie Baillie that employment in Scotland is at its highest level. Secondly, Jackie Baillie knows that there are three elements to the local government package that I have required it to sign up to—the council tax freeze, the integration of health and social care and the protection of teacher numbers. Which one of those does Jackie Baillie object to?

Jackie Baillie: John Swinney threatens the lot. [*Interruption.*] Can I also say to him—

Members: Answer the question.

Jackie Baillie: I will, if members are silent.

The Presiding Officer: Order. Let us hear Ms Baillie.

Jackie Baillie: I did not hear a denial that 40,000 public sector workers have lost their jobs. The workers outside who are protesting for their jobs and their communities are looking to us in the chamber. Where were the SNP ministers or back benchers? John Swinney would not even meet the trade unions to consider the impact of the cuts.

Kevin Stewart: Will Jackie Baillie take an intervention?

Jackie Baillie: Let me touch on the living wage for care workers—something that Labour members have been demanding for some time now, and that Labour councils such as

Renfrewshire Council have been delivering and leading the way on.

Kevin Stewart: Will Jackie Baillie take an intervention?

The Presiding Officer: I do not think that Ms Baillie is giving way, Mr Stewart.

Jackie Baillie: I ask John Swinney whether it is fair, in all honesty, to deliver a living wage for workers that is paid for by sacking thousands of their colleagues. Many of us joined the trade unionists from the GMB, Unite and Unison and the councillors from across Scotland who are outside the Parliament today protesting about the cuts to local government, but they have done more than simply protest. They have been positive in offering alternatives and trying to find solutions. Unite has suggested a debt amnesty and Unison has suggested changing how councils borrow, both of which would realise savings. The GMB has worked alongside local councils to protect services. All of them care about the future of their communities and they know that the cuts to come in years 2 and 3 will potentially be even worse than this year's. No wonder John Swinney did not want to do a spending review and has hidden the cuts to come.

It is time for grown-up politics. It is time to choose.

John Swinney: Will Jackie Baillie give way?

Jackie Baillie: Rory Mair, the outgoing chief executive of COSLA, said:

"If you self-deny the ability to raise more money and you decide that the way to deal with a downturn in resources is to cut, however you dress it up, that's an austerity budget."

Too true.

John Swinney: Will Jackie Baillie give way?

The Presiding Officer: Ms Baillie is not giving way, Mr Swinney.

Jackie Baillie: Given the choice between using our powers and making cuts to our children's future and our country's future, we choose to use our powers. Scottish Labour would use the tax system in a fair way, raising the Scottish rate of income tax by 1p to avoid making cuts to local schools and local communities.

Income tax is by its nature progressive. An army of experts tell us that, and even John Swinney has said:

"Clearly, people on higher incomes will pay comparatively more than people on lower incomes."— [*Official Report, Finance Committee, 13 January 2016; c 40.*]

Those are his words, so there we go. However, with the proposed rebate of £100 to those taxpayers who earn between the £10,800

threshold and £20,000, we would make it even fairer and even more progressive.

I have heard SNP MSPs who are opposed to increasing tax in principle pretend that this is about detail, and I heard that from the cabinet secretary as well. It is really about the decision.

John Swinney: Will Jackie Baillie give way?

Jackie Baillie: I do not have time.

The Presiding Officer: Ms Baillie is in her last 30 seconds.

Jackie Baillie: We have done the detail. Leaders in councils—

John Swinney: There was no answer on the detail. [*Interruption.*]

Jackie Baillie: I am happy to share and discuss the detail with John Swinney, but let me say to him—[*Interruption.*] Presiding Officer—

The Presiding Officer: It is time to wind up, Ms Baillie.

Jackie Baillie: Leaders of councils across Scotland, which already make payments, have made it clear that they are ready, willing and able to do this, so the Government should stop pretending that it is too difficult.

It is not too late for the SNP. We could work together to end Tory austerity in Scotland—the SNP used to want to do that—and invest in our children, our economy and our future. I say to John Swinney that he should not persist with the cuts. For all his noise, he knows how painful those cuts are and he knows that he does not have to do that. Let us use the powers that we have, because faced with a choice of using our powers to invest in the future of Scotland or continuing Tory austerity, which is exactly what he is doing, there is no contest.

The Presiding Officer: You need to close, Ms Baillie.

Jackie Baillie: We would choose to use our powers.

I move amendment S4M-15522.1, to insert at end:

“, and, in so doing, believes that the Scottish rate of income tax should be set at 11p for 2016-17, 1p higher than the UK rate set by the Chancellor of the Exchequer”.

15:05

Kenneth Gibson (Cunninghame North) (SNP): It is with pleasure that I speak on behalf of the Finance Committee in this stage 1 debate on the Budget (Scotland) (No 5) Bill for 2016-17 and to our draft budget report, which was published last Friday.

Scrutiny of the draft budget always works to a tight and demanding schedule. This year's timetable was even more challenging than usual as the Scottish Government had to await publication of the UK Government's spending review in late November 2015 before it introduced its budgetary proposals. I would like to thank all those who contributed to our scrutiny, particularly given the challenging circumstances.

As most members are aware, we approach budget scrutiny on the basis of four principles: affordability, which is the wider picture of revenue and expenditure and whether they are appropriately balanced; prioritisation, which is a coherent and justifiable division between sectors and programmes; value for money, which is the extent to which public bodies are spending their allocations well and achieving outcomes; and budget processes, which is the integration between public service planning and performance and financial management.

This year, we concentrated our scrutiny on affordability and budget processes. Historically, budget scrutiny has focused almost entirely on the Government's spending plans, with little consideration of taxation. However, the devolution of some tax powers, along with the expectation of more to come, fundamentally changes the process and caused us to reassess it. Last year, we considered in detail the land and buildings transaction tax and landfill tax; this year, a key element of our scrutiny was on the Scottish rate of income tax.

Subject committees considered Government spending plans in their areas and we recommended that they examine the extent to which public bodies are adopting a priority-based budgeting approach to deliver the outcomes set out in the national performance framework. The Finance Committee welcomes the work of the subject committees in making the shift towards a more outcomes-based approach. I thank them for their helpful contribution to our scrutiny process.

To enable us to hit the ground running when the draft budget was published, we issued separate calls for written evidence on, in addition to taxation, the work of the Scottish Futures Trust and progress in delivering preventative spending. I thank all who submitted evidence.

Given the new tax powers, for the first time we questioned the Deputy First Minister over two sessions. The first session considered the Government's tax proposals in detail; we then scrutinised its spending proposals at an external meeting in Pitlochry. That worked well and we will consider the need for any further changes to budget scrutiny as part of our legacy report.

In Pitlochry, we also held workshops with representatives of local businesses, voluntary organisations and public bodies, hearing first-hand about the impact of public spending on their community and how spending should be prioritised. The key issues raised included flood prevention, access to high-speed broadband, transport, housing and community empowerment. Nevertheless, given the topicality and importance of issues relating to taxation, I intend to largely concentrate on those, although I will also briefly touch on the work of the Scottish Futures Trust and on delivering the prevention agenda. Other members will wish to discuss the Government's spending priorities and I look forward to hearing from them.

Turning first to affordability, the committee considered the need for a balanced budget, with expenditure being no greater than revenue. The draft budget proposes to apply a 10 pence Scottish rate of income tax, meaning that Scottish taxpayers will continue to pay the same rate of income tax as those in the rest of the UK.

To inform our consideration of the issue, we held several oral evidence sessions during the autumn. One or two witnesses favoured a reduced rate of SRIT on the basis that that would act as a stimulus to the wider economy, boosting jobs and growth; others advocated an increased rate on the basis that higher revenues could be used to reduce inequalities. However, a clear majority of responses supported the maintenance of the 10p rate for 2016-17, citing factors such as the complexity for employers, the mobility of labour, the economy's on-going but incomplete recovery from recession, the impact on our workforce, which has endured below-inflation pay rises in recent years, and the blunt nature of the power.

Having considered the matter in detail in our report, the committee unanimously supported the Government's proposal to set the Scottish rate of income tax at 10p for 2016-17. Nevertheless, we heard some innovative proposals for changes to taxation going forward, and recommended a wide-ranging debate across Scotland on taxation policy in anticipation of expected new financial powers from April 2017.

To inform such a debate, one of our key recommendations is that future decisions on taxation policy must be informed by behavioural analysis. Expert witnesses explained how taxpayers could be expected to change their behaviour in response to tax changes. Evidence from around the world suggests that higher rates of income tax are likely to lead to behaviours that impact negatively on tax revenues, including reductions in labour supply, tax avoidance and migration. Those behavioural responses are particularly important in relation to high earners,

who are more likely to have the means, mobility and motivation to change their behaviour in response to tax changes. Professor David Bell told us that the highest 10 per cent of taxpayers pay more than half of income tax revenues, while the top 1 per cent contributes around a fifth. He estimated that there are around 11,000 additional-rate taxpayers in Scotland. As such a large proportion of tax revenue depends on a relatively small number of taxpayers, the committee was clear that it is imperative that the potential impact of behavioural responses on tax revenues is assessed before changes to taxation policy are made.

Ultimately, the intention underlying the devolution of tax powers is that the Scottish Parliament will be responsible for raising more of the money that it spends and thus that it will be more accountable to the electorate. Nevertheless, a large part of its income will continue to be dependent on the block grant and, as members know, the mechanism by which it will be reduced to compensate for devolved tax powers is of supreme importance to Scotland's future financial wellbeing. We have consistently raised concerns about the impact of relative population growth on the indexation of the block grant adjustment. We therefore welcome the fact that the Deputy First Minister supports the indexed deduction per capita method and we recommend that that method is agreed in the fiscal framework that will underpin the devolution settlement.

Members will not need reminding that time is of the essence in agreeing the framework if the Parliament is to scrutinise it prior to dissolution. We look forward to questioning the Deputy First Minister and the Chief Secretary to the Treasury on the framework in the coming weeks to consider whether it meets the criteria agreed by the Smith commission and, importantly, whether it is fair to Scotland and to the rest of the UK and meets the no detriment principle. The Finance Committee has consistently raised concerns about the current lack of transparency in relation to block grant adjustments arising from the devolution of financial powers and we believe that full transparency is an essential element in securing public confidence in the process. It is therefore imperative that the fiscal framework contains detailed explanations of how the block grant will be adjusted in 2016-17 and beyond.

Regarding taxes that are already devolved, we have closely followed developments in the first year of their operation, particularly with regard to the land and buildings transaction tax. Stakeholders raised concerns that LBTT had a negative effect on sales at the higher end of the property market. Although it is not possible to fully assess LBTT's impact before outturn figures for the full year are available, the latest indications are

that high-value sales are returning to previous levels, while according to Your Move and Acadata, the middle and lower tiers of the market have been given a new lease of life by the Government's approach. On that basis, we are supportive of the proposal to maintain the current rates and bands for residential LBTT. However, we have also recommended that the Government conducts and publishes a review of LBTT once the outturn figures for its first year of operation become available. That will doubtless assist the Parliament in its scrutiny of next year's draft budget proposals regarding LBTT.

Members will be aware that the committee takes a keen interest in the Scottish Fiscal Commission's work. Indeed, stage 2 proceedings on the bill that puts the commission on a statutory basis will take place next week. I look forward to discussing the issues raised in our stage 1 report then, so I do not intend to discuss the commission at length today, except to reiterate our recommendation that greater clarity is needed on the role of the commission and how it works in practice, particularly regarding whether it is asked to agree the forecasting methodology prior to publication of the official forecasts and what happens if it does not do so.

Regarding the Scottish Futures Trust, the committee invited written evidence on how successful it is in achieving its aim,

"to improve the efficiency and effectiveness of infrastructure investment in Scotland by working collaboratively with public bodies and industry, leading to better value for money and ... improved public services."

The overwhelming majority of responses were positive and indicated a high level of regard for the SFT, its staff and their professionalism and collaborative approach. Suggestions on how the SFT could further improve its work were also made, and we look forward to hearing the SFT's views on those suggestions in due course.

Staying with capital investment, an issue around which on-going concerns have been raised relates to the impact of the European system of accounts 2010 regulations, which have led to certain non-profit-distributing projects being reclassified as public sector spending. We note that £398 million was allocated from the capital departmental expenditure limit budget in 2016-17 to cover NPD projects, and we believe that it is vital that full transparency is provided on the impact of reclassification, particularly where it resulted in delays to other planned capital investment projects.

That is no doubt relevant to the fiscal framework negotiations that relate to additional borrowing powers. We would welcome an update from the Deputy First Minister in that regard.

The committee continues to scrutinise the Government's commitment to

"a decisive shift towards preventative spending."

We have long taken an interest in the subject. Although there is evidence of progress, the committee remains frustrated by the lack of evidence of a large-scale shift towards prevention. We received more than 40 responses to our call for evidence on the topic, several of which highlighted perceived barriers, including a lack of shared ownership among public sector partners.

It is clear that if a decisive shift towards prevention does not take place, public bodies will face growing demands for services against a backdrop of finite and perhaps diminishing resources. The committee therefore agreed to take further evidence on prevention before reporting its conclusions by the end of this parliamentary session.

As I said, the committee's budget scrutiny focused on affordability and budget processes, but many other topics were covered in our report, which I am sure that members will raise in the debate. I hope that I have given a flavour of the increasingly broad range of subjects that the Finance Committee considers as part of our draft budget scrutiny, and I look forward to hearing from members.

15:15

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

The Deputy First Minister is fond of telling us the extent to which he is a victim of so-called Tory austerity from Westminster, so I thought that it might be useful to ask the Scottish Parliament information centre where the total Scottish Government budget for 2016-17 stands in relation to previous years. SPICe told me that the total budget for 2016-17 will be higher in real terms than the budget in every year of devolution from 1999 to 2007. It will be higher than the budget in each of the years 2011-12, 2012-13 and 2013-14. In cash terms, it will be nearly £400 million higher than the current year's budget.

We know that the Scottish Government will always complain that it does not have enough money, and we know that it will always put the blame for that at Westminster's door. The difference in this budget is that the finance secretary could have chosen to increase taxation, if he wanted to, and he chose not to do so.

Those of us in the Parliament who have long memories will remember the Scottish Parliament election in 1999, when a fresh-faced Mr Swinney was the architect of the penny for Scotland campaign. It is something of an irony that, 17 years later, that very campaign has been taken up

by Labour and the Liberal Democrats and it is Mr Swinney who is holding the line against increases in income tax.

Kevin Stewart: Will the member take an intervention?

Murdo Fraser: No, I will not.

Kevin Stewart: No?

The Deputy Presiding Officer (Elaine Smith): Mr Stewart, the member said no.

Murdo Fraser: Mr Swinney is right to hold the line against increases in income tax. As we have often said, the Scottish Conservatives believe that people in Scotland should not be taxed more highly than people in the rest of the United Kingdom. Sometimes that has been a lonely message to put out, but no more. It gladdens my Tory heart to hear those self-proclaimed social democrats and political progressives on the SNP benches arguing so vigorously and passionately against increases in taxation.

Conservative members are happy to stand shoulder to shoulder with the SNP in holding the line against the tax grabbers on the Labour and Liberal Democrat benches, who would clobber Scottish families. To coin a phrase, we are happy to be better together with the SNP on this issue.

However, the SNP can hardly complain about Tory austerity when it had the choice to raise taxation. *[Interruption.]*

The Deputy Presiding Officer: Order, please.

Murdo Fraser: What all that means is that in the coming election, for those who are unionist voters and for those who voted no in the referendum, there is now only one party that will protect their pockets and household incomes, and that is the Scottish Conservatives.

Willie Rennie: Will the member give way?

Murdo Fraser: I will of course give way to Mr Rennie, tax grabber.

Willie Rennie: I have studied the Conservative proposals for the budget, which comprise £189 million in tax cuts and spending increases, but I can see only £50 million in cuts—that involves a cut to the bus pass scheme. Where would the rest of the money come from? How would Mr Fraser pay for his policies?

Murdo Fraser: If Mr Rennie had studied our proposals in detail, he would have seen that we challenge some of the assumptions in Mr Swinney's budget about the revenue that is likely to be raised. For example, we know that, according to the Office for Budget Responsibility, LBTT revenue is about £42 million behind his

projected revenue. We think that some of his sums are wrong.

We would also make different choices. For example, as Mr Rennie well knows, we would introduce a graduate contribution. We have been clear about that. If Mr Rennie studies what we said in more detail, he will see that we have a package of proposals, and I will spell out in more detail why they are important.

We have determined that our priority should be the Scottish economy. A strong and vibrant economy is essential not just for the economic and social benefit of the people of Scotland but as a means of generating the tax income that the Scottish Government requires. That will be particularly important in the coming year and in subsequent years as a closer link between Scotland's economic performance and the Scottish Government's tax take is established.

With that in mind, we have proposed a number of changes to the budget—I am glad that Willie Rennie was paying attention to them. First, we have concerns about the increase in non-domestic rates. Partly, that involves the doubling of the large business supplement from 1.3 per cent to 2.6 per cent. Notwithstanding its title, that supplement will hit many relatively modest businesses, as it applies to properties with a rateable value of £35,000 or more, which include relatively modest shops in many Scottish high streets. The First Minister has told us that she wishes Scotland to become the most competitive part of the United Kingdom in which to do business. Unfortunately, having a rate that is double that payable south of the border flies in the face of that.

Perhaps more worrying are the proposals to change empty property relief and end the exemption for industrial property. The business community has expressed the strong view to us that that will be extremely damaging, that it could bring to a halt new speculative industrial development and that it might even lead to the demolition of 1 million square feet of empty factories. That is important because a vibrant, dynamic economy needs a stock of empty properties for new and expanding businesses to move into. We share the business community's concerns about the adverse impact that those changes will have on the potential for economic growth and on our ability to attract inward investment.

We have concerns about LBTT, which I have spelled out, and we believe that the threshold for the 10 per cent rate should be increased. We maintain the opposition that we have had in recent years to the cuts in college funding, which have resulted in a decrease in college places of 153,000, which particularly impacts on people

such as women who are trying to get back into the workforce.

Our package of proposals would put the Scottish economy first and foremost, as we are always conscious that a growing economy is necessary to widen the tax take. We will abstain on stage 1 of the bill tonight to allow further discussions to take place. However, we are clear that this party will not support proposals to increase taxation and, if necessary, we shall be happy to go into the coming election as the only party defending hard-pressed Scottish households that feel that they are already contributing quite enough to Government coffers. That is the distinctive Conservative message.

The Deputy Presiding Officer: We come to the open debate. At the moment, I can allow speeches of six minutes, but that might have to change, as we are tight for time.

Before I call the first speaker, I remind everyone that the code of conduct dictates that members should not turn their backs on the chair. I ask members to bear that in mind for the rest of the debate.

15:22

Joan McAlpine (South Scotland) (SNP): I welcome the budget and highlight the £250 million health and social care package. It bears particular scrutiny as it represents the greatest shift in health spending that we have seen since 1948 and it puts our talk about preventative agendas into practice.

We would think that there would be a consensus in the chamber on that extra money for health and social care, particularly since Mr Swinney has specifically said that it should go to provide a living wage for care workers. That issue has been raised repeatedly in the chamber, because providing the living wage for care workers also in turn tackles delayed discharges, delivers improved quality of care, speeds up the delivery of care packages and increases the number of care packages.

Of course, increasing wages to care workers improves job satisfaction rates, which reduces churn in the sector and ensures that there are fewer staff shortages. That leads to continuity in care packages, which is another issue that has been raised repeatedly in the chamber, as it is important that people who receive care packages in the community see the same people.

That is all very good news, but it is being rejected by Labour councils, backed by their political allies in the Parliament. It is astounding that they would walk away from the budget, given the number of times that Labour has raised the issues of health and social care and of the living wage in that sector.

Jackie Baillie: Will the member give way?

Joan McAlpine: I will finish this point. Two years ago, Neil Findlay lodged a motion about the results of Unison's staff survey, which were published in its document "Scotland—It's time to care". The motion said that resources should be provided to ensure the payment of the Scottish living wage, which we have done.

The Economy, Energy and Tourism Committee recently completed an investigation into low wages.

Drew Smith (Glasgow) (Lab): Will the member give way?

Joan McAlpine: In that investigation, Labour members of the committee repeatedly asked us to introduce the living wage in the care sector.

I will give way.

The Deputy Presiding Officer: Ms McAlpine, who are you giving way to?

Joan McAlpine: I will give way to Mr Smith, who is on his feet.

Drew Smith: Given that Ms McAlpine quoted what Unison rightly had to say about the living wage for social care workers, does she agree with what Unison has said about the scale of public sector cuts and job losses that will come as a result of the budget? Why is there no task force for the tens of thousands of public sector workers who will be put out of a job by this SNP budget?

Joan McAlpine: When we look in detail at the budget, we can see that it is absolutely despicable that Labour councils around the country are threatening to sack workers. We are talking about a 12.5 per cent cut to this Government's budget under the Tories. Councils here have been relatively protected, as Mr Swinney has said, compared with councils in England. *[Interruption.]*

The Deputy Presiding Officer: Order, please.

Joan McAlpine: The package represents a 1 per cent cut. If the Labour bosses of councils do not have the imagination and the ability to manage that in the same way as Mr Swinney has managed the budget of the country, they are doing a disservice to the workers they claim to represent.

Jackie Baillie: Will the member take an intervention?

Lesley Brennan (North East Scotland) (Lab): Will the member take an intervention?

Joan McAlpine: I will.

The Deputy Presiding Officer: Jackie Baillie.

Jackie Baillie: Will Joan McAlpine tell us what SNP-controlled Dundee City Council is doing in

issuing notices to 6,000 employees to ask whether they will take redundancy?

Joan McAlpine: My understanding is that that is completely misleading—it misinterprets what is actually happening.

Labour has pinned its principles to the mast on social care repeatedly in the chamber. It has raised the issue of the living wage for healthcare workers and it has raised the issue of delayed discharges. It has pinned its principles to the mast on that. Now Labour's principles are under water, because its members have a chance to implement what they say they want, but they are walking away. As far as I can see, they are making a last desperate attempt to hurt the SNP before the election. However, they are not hurting the SNP. The people they are really hurting are the long-term sick, the terminally ill, the frail elderly, the disabled and people stuck in hospital beds. They are the people who will be hurt if the £250 million social care package is not put in place because their Labour councils are walking away from it.

What is Labour's message to care workers—the care workers to whom it is denying the living wage? Not only is it denying them the living wage, but it is now threatening to tax them. [*Interruption.*]

The Deputy Presiding Officer: Order, please.

Joan McAlpine: As well as threatening to tax them, Labour is offering those low-wage workers—who are not going to get the living wage—a rebate, but we do not even know the legal status of the rebate. It would be a matter of going back to Labour councils for means testing of the rebate.

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

Joan McAlpine: No—I have already taken two interventions. I am sorry; I do not have time.

The Deputy Presiding Officer: The member is now closing.

Joan McAlpine: People will have to go back to Labour councils to claim their rebate—if it is legal and if it can be introduced. Of course, Labour members just love means testing, don't they? [*Interruption.*]

The Deputy Presiding Officer: Ms McAlpine, could you draw to a close, please?

Joan McAlpine: Somebody mentioned the trade unions. I remind members that the Trades Union Congress found that under the Tories real wages in Scotland have fallen by the equivalent of £1,500. That is the amount of money that we have saved people through the council tax freeze, which, week after week, Labour councillors continue to oppose.

The Deputy Presiding Officer: Ms McAlpine, you must close.

Joan McAlpine: It is the SNP Government that is protecting workers in the home care service and everywhere else. It is a shame that Labour has lost—

The Deputy Presiding Officer: Close, please, Ms McAlpine.

Joan McAlpine: —the tag of the workers' party that it used to have.

The Deputy Presiding Officer: I remind members that, if they take more than six minutes, it is colleagues' time that they are taking up, and I will have to reduce the time later.

15:29

Willie Rennie (Mid Scotland and Fife) (LD): This is the budget of many firsts. It is the first budget with substantial tax powers. It is the first budget without a fixed income. It is the first budget where we can increase Government spending. It is the first budget with costed alternative tax proposals on the table. It is the first budget where any pretence that councils have flexibility over their budgets has completely evaporated.

This is also the first year when John Swinney has been deprived of his well-worn and rather shabby songbook—the book of songs that he trots out on these occasions. “We value the relationship with our local authority partners”—he cannot say that any more; he has strong-armed them into submission with a triple whammy of fines worth £408 million. If Scotland's 32 councils were to increase the council tax by just £1 each, they would face fines imposed by the SNP Government totalling £408 million. The historic concordat is simply history.

What else can John Swinney no longer sing? “We have a fixed budget”—he has flexibility now. “If only we had the powers”—he has the tax powers now. “This is a budget against austerity”—not if he uses the powers; he can do something about that if he does. His favourite—“These are Westminster cuts”—is gone, too. With a triple lock on councils to deny them any choice and his refusal to use the Parliament's powers, he is imposing the kind of budget that he has previously condemned.

The people of Scotland will know that his refusal to act means that every single cut to public services to Scotland is a John Swinney cut. He cannot shirk that; he must accept it. He cannot point anywhere else any more. The £500 million cut to schools and council services is a John Swinney cut. The loss of 152,000 college places—John Swinney is responsible for that. The failure to invest to meet our climate change targets and fuel

poverty targets, the cuts to police budgets and mental health services not being treated on an equal footing—this is John Swinney's budget and he must accept the consequences of his decisions today.

The Liberal Democrats' case is that the situation is so urgent that we must use the Calman powers that we have now rather than wait for the Smith powers that are due in two years. We recommend that we increase income tax by one penny to deliver £475 million of investment to repair the damage of SNP cuts to education and to make a transformational investment in education.

John Swinney *rose—*

Willie Rennie: If Mr Swinney is getting to his feet, can he explain how he will protect the incomes—

John Swinney: I am more than happy to explain if Mr Rennie will give way.

The Deputy Presiding Officer: Order.

Willie Rennie: I will let Mr Swinney in when I let him in.

John Swinney: In the interests of parliamentary courtesy—

The Deputy Presiding Officer: Order.

Willie Rennie: I will let Mr Swinney in when I let him in.

How can John Swinney protect the incomes of the council workers across the country who he is about to sack as a result of this budget? Will he explain that? [*Interruption.*]

The Deputy Presiding Officer: Order, please.

John Swinney: I would be grateful if Mr Rennie would share with Parliament when he became so concerned about those issues—he defended the cuts to our budget under the five years of the Conservative-Liberal coalition.

Willie Rennie: I am afraid that that is in the old songbook; it is not in the new songbook. Mr Swinney needs to understand that if it was not for the Liberal Democrats cutting tax for those on low and middle incomes, people in Scotland would be far worse off; they have been far better protected than by the SNP.

It will surprise no one that we proposed to spend more than the Tories at the last general election. We believed that the severe cuts that they are now delivering were unnecessary and would risk the economic recovery.

What I am proposing today is consistent with our approach last May. Thanks to the Liberal Democrats in government, those on low and middle incomes have seen reductions of more

than £800 each year because of the increase to over £10,000 in the personal allowance. In fact, thousands of people have been taken out of tax altogether—a policy that I remember members on the SNP benches opposing.

Kevin Stewart: Will Mr Rennie give way?

Willie Rennie: Not just now.

The Deputy Presiding Officer: Mr Rennie is approaching his last minute.

Willie Rennie: Our proposal would mean that we can increase taxes on those with higher incomes while protecting those on lower incomes. For instance, someone would have to earn more than £19,000 to pay more tax next year compared with this year, thanks to a further rise in the tax threshold, and someone who earns more than £100,000 a year would pay 30 times as much extra tax as someone on the median wage in Scotland of £21,000.

Our proposal is a progressive measure to invest in and have a transformational effect on our public services. It would mean investment in a pupil premium, investment in nursery education, investment to stop SNP cuts to our schools and investment to protect our colleges from further SNP cuts. That is the investment that we propose with a penny for education, which the so-called progressives on the SNP benches reject. We will support the Labour amendment at decision time.

15:35

Mark McDonald (Aberdeen Donside) (SNP): When I asked Jackie Baillie about the Finance Committee's report on the draft budget, she responded by saying that she was not at the meeting when we discussed it. Her argument is somewhat undermined by the fact that the Labour Party was represented at that meeting and that it signed up to the recommendation on the SRIT in the Finance Committee report. There is one line in the report from which the Labour Party dissented, which is:

"The Committee, therefore, welcomes that the DFM now supports indexed deduction per capita and recommends that this approach is agreed in the fiscal framework."

The Labour Party is opposing the deal that would ensure that Scotland would get a fair settlement in the fiscal framework.

Jackie Baillie: Will the member take an intervention?

Mark McDonald: It would be unfortunate if Jackie Baillie tried to explain the thinking behind why something was opposed at a meeting at which she was not present. [*Interruption.*]

The Deputy Presiding Officer: Ms Baillie, Mark McDonald is not taking an intervention.

Mark McDonald: I will move on.

When the committee took evidence on the Scottish rate of income tax, Stephen Boyd from the Scottish Trades Union Congress said:

“our point is that, at this particular moment in the economic cycle, having been through an historically unprecedented collapse in real wages over the past five years, 2016-17 is not the moment in which to increase taxes on the lower paid.”

Ruchir Shah of the Scottish Council for Voluntary Organisations said:

“We do not need to increase taxes to invest in prevention. Prevention is something that can be done with budgets now ... I do not think that we should look towards the new tax powers as a panacea and as the way to bring extra money into prevention. We need to look at our budgets independently of the tax system.”

I have another quote from that committee meeting:

“the yield that we would get from 1p on the Scottish rate of income tax is actually quite small ... Is there not a better argument to be had about shifting the spend within the overall budget, which is substantially higher?”

That was said by Jackie Baillie. I wonder what has transformed the Labour Party's opinion between that September meeting of the Finance Committee—that evidence is on the record—the signing off on the committee's report, which happened just last week, and today's debate. Perhaps Jackie Baillie can enlighten us.

Jackie Baillie: Mark McDonald realises, of course, that the yield would be £0.5 billion. Failure to use the SRIT now will lead to devastating cuts of £1 billion before any new powers come to this Parliament. Does he not regret the decision that his cabinet secretary is making?

Mark McDonald: I can only apologise to Jackie Baillie for again quoting her own words at her. She said:

“the yield that we would get from 1p on the Scottish rate of income tax is actually quite small ... Is there not a better argument to be had about shifting the spend within the overall budget?”—[*Official Report, Finance Committee*, 30 September 2015; c 7, 15, 30.]

If she wants to change her position, that is a matter for her.

Neil Bibby (West Scotland) (Lab): Will the member take an intervention?

Mark McDonald: I am looking to develop my comments a little further.

As the cabinet secretary said when he gave his budget statement to Parliament, this budget is important because of the need for public sector reform—the need to reform the way in which we deliver our services. We are in a period of ongoing Tory austerity at Westminster, so doing things in the same way as we have always done them will not be sustainable in the long term. We

have seen reform of police and fire and rescue services, and reforms of health and social care are taking place. It is now time to look at how services are delivered at the local level and to drive forward the shared services agenda.

That agenda has been taken forward very well in some areas of Scotland—it would be remiss to suggest that a strategic approach has not been taken in parts of Scotland. However, it is also fair to say that a lot of local authorities are lagging far behind when it comes to public sector reform and the shared services agenda.

An interesting element of the debate is the Labour Party's insistence that savings can be achieved only by cutting front-line services. Only last week in *The Press and Journal*, the finance convener of Aberdeen City Council, Labour councillor Willie Young—a man with whom I have my own special relationship—boasted that the council had identified £20 million-worth of savings without a single saving coming from the front-line services that the Labour Party today says are the only things that are left to be tackled. The notion that there are not savings to be found in local government or that local authorities could not achieve different ways of delivering services flies in the face of what Labour councillors are saying.

Drew Smith: Since Mr McDonald is fond of quoting other members, I point out that, on 23 April last year, he said:

“we cannot sustain further austerity, which results in those with the least being hurt the most”.

He went on to say that his belief is

“that we need to see a commitment to public spending increases”.—[*Official Report*, 23 April 2015; c 8-9.]

How does Mr McDonald propose that we raise more money for public services? [*Applause.*]

Mark McDonald: I am always grateful when Labour members are fans of my early work. [*Interruption.*]

The Deputy Presiding Officer: Order, please. We must hear Mr McDonald close.

Mark McDonald: The point that I make to Mr Smith, if he will listen, is that we put forward a comprehensive and costed package that a Westminster Government could deliver as an alternative to austerity. We did not get the result in the Westminster election that we were hoping for, and Mr Smith's party certainly did not. That was what that comment related to.

The point about the SRIT, on which I have always been consistent, is that I do not believe that it is right that the same increase in tax should apply to those on the basic rate as applies to those on the higher rate.

The Deputy Presiding Officer: Mr McDonald, you must close.

Mark McDonald: The Labour Party disagrees with me on that, but I suspect that the public will disagree with the Labour Party.

The Deputy Presiding Officer: If members take interventions, they must take them in their own time.

15:41

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): Context is everything when it comes to decisions about tax. The context today is the biggest cut to local government budgets in my lifetime. The Finance Committee accepts the SPICe figure of a 5.2 per cent cut to local authority budgets and, on pages 40 and 41 of its report on the draft budget, makes a fairly sharp critique of the nonsense that we have heard from the Government about the cut being only 2 per cent. In Edinburgh, that translates to £85 million-worth of cuts for the coming financial year. I am sure that the 2,000 workers who are going to lose their jobs in Edinburgh are extremely grateful that John Swinney is going to protect their non-existent incomes.

I say to Joan McAlpine, who talked about shocking sackings, that we have an SNP-Labour coalition in Edinburgh. It would pay her to look at the comments of the SNP group leader in the council and what he thinks of the Government's settlement for local government.

That is the context in which Labour has made its choice. It is the same context in which John Swinney has instead sent an unprecedented letter to local government threatening a further £408 million-worth of cuts if local authorities do not accept the whole package, including the council tax freeze. Just to be clear about what that means, in the past, if councils did not accept the council tax freeze, they would lose the council tax support money. However, this year, if councils do not accept the council tax freeze, they will lose the council tax support money, the social care money and the teachers money. As the leader of the City of Edinburgh Council has said, that is a democratic outrage.

Joan McAlpine: The member talks about a £400 million cut, but that includes money that is set aside for health and social care and to maintain teacher numbers. Why should councils get £250 million for health and social care if they are not going to deliver it? It is not a penalty—the money is for a specific purpose.

Malcolm Chisholm: Joan McAlpine completely misunderstands the point that I made and the significance of her cabinet secretary's letter.

Councils would lose all that money just if they did not do one thing. If they did not have a council tax freeze, they would lose all the social care money. That is a completely different point from the one that Joan McAlpine makes.

That is the wider context in which Labour has made its decision. For the past 24 hours, I have struggled to understand the SNP's response. In 1999, at the start of a massive increase of public expenditure from Labour, which all parties welcomed—even the Tories at the time—the SNP supported the penny for Scotland but, now that we have the biggest cut that we have ever seen to local Government, it does not support that.

The SNP is also the party that very recently actually supported a local income tax, saying how fair and progressive it was. Nor do we need to go back very far, because at the Finance Committee last month—two members have quoted this already—John Swinney said:

"I view the Scottish rate of income tax as ... progressive".—[*Official Report, Finance Committee*, 13 January 2016; c 40.]

Therefore, all the rhetoric about a regressive income tax that we have heard for the last 24 hours is merely rhetoric. Why is the SNP—*[Interruption.]*

The Deputy Presiding Officer: Order.

Malcolm Chisholm: Why is the SNP not looking at the effect of the change that we are proposing on people's actual incomes? I will deal with that issue once Mark McDonald has made his intervention.

Mark McDonald: The evidence from the STUC was that because of the impact on wages in real terms, 2016-17 is not the year to increase the SRIT. Does Malcolm Chisholm not accept that contention by the STUC?

Malcolm Chisholm: I certainly know what Stephen Boyd was saying yesterday, and I have heard many speakers from the trade unions and the rally outside a couple of hours ago who were not saying that.

As I was saying, let us look at the effect on incomes. David Eiser, who I am sure that Mark McDonald respects as a good economist and who he has heard at the Finance Committee, has said:

"in assessing the progressivity of an increase in SRIT, it is more relevant to consider the change in after tax income,"

—which is understandable—

"not the change in the amount of tax paid."

On a £12,000 income—and this is without the rebate—income falls by 0.2 per cent. On £23,000, it falls by 0.6 per cent. On £50,000, it falls by 1 per cent. On £100,000, it falls by 1.5 per cent. As

Willie Rennie said, on £100,000 someone is paying 30 times more tax than someone who is on the median income. If the rebate is added in, of course that is even better for those who are earning up to £20,000.

What John Swinney said about our proposals is exactly what he said when we said that local government could deal with this for the bedroom tax, and because of that, the local authority administration systems are already in place.

John Swinney rose—

Malcolm Chisholm: I have no time; I am in my last minute.

I am still struggling to make sense of the Scottish Government's position on our proposals, other than to conclude that it is an electoral calculation. That is the top and bottom of it. What I say, and what we say, is that it is better to do what is right than to second-guess the electorate.

Nothing is more important for the future of Scotland than education. I would expect the SNP to agree with that, because clearly it is crucial to the growth of the economy as well as to individual opportunity. We are saying that now, in the current context, in the current circumstances of unprecedented cuts on local government budgets—half of which are to education—the right thing to do is to raise more income. Our proposal would do that in a progressive way.

The choice before the people of Scotland today and next May is a penny for Scotland or double austerity with the Tories and the SNP.

15:47

Chic Brodie (South Scotland) (SNP): I am happy to participate in the debate. I decided to do so in the forlorn hope that we could have a clinical and analytical review of—*[Interruption.]* Just wait—a review of alternative proposals. However, I was not hopeful and I was right.

With that reflection, let us try to understand the basis of this budget—why we are here in the present and what has happened in the recent past. If we do not do that, there is no hope for any meaningful alternative proposals in the future with the powers to come. I credit the Deputy First Minister for facing the challenges not just of this budget, but of the budgets that he has produced over the last eight years.

To understand the budget, we start by asking: why are we here? Willie Rennie did his Pontius Pilate job of saying, "It's nothing to do with me, guv." He obviously does not understand the economic cycle, or he would get on it. We are here because the UK has run up a mountainous debt of £1.6 trillion. We are here because the UK

chancellor said that he was committed to a large budget surplus by 2019-20.

As a consequence of current fiscal arrangements, we are here because the Scottish DEL budget will fall by 4.2 per cent in real terms between 2015-16 and 2019-20, and it has fallen by £2.7 billion in real terms in the period 2010 to 2016.

Murdo Fraser rose—

Chic Brodie: Not just now.

We are here because Scotland's capital budget, despite George Osborne's claim to have increased capital spending, will be £600 million less, or 70 per cent lower, than it was in 2010-11. That is why we are here. Under the current fiscal arrangements, we are hitched to the application of a Tory austerity programme of choice, not necessity, that does not have to be applied with the immediate haste that it is being applied. It will get worse.

Murdo Fraser: Will the member take an intervention?

Chic Brodie: No, not just now.

Six weeks after the November budget forecast, the OBR said that gross domestic product will now be 0.2 per cent less than forecast. The balance of payments deficit in November was double that of the balance of payments deficit in November 2014. At the end of December, borrowing was £69.3 billion, which is almost the figure for the forecast for the whole financial year to March. That is why we are here. We have a Scottish budget that recognises those factors but considers balanced priorities and risk aversion, and I will come on to those in a minute.

What are the alternatives? We have heard that the Tories will cut taxes or at least maintain them and they will also cut benefits further in the face of crippling debt and a challenging global economy. Labour says that it will increase income tax rates by a penny in the pound. That is a sure sign that Labour members know that they will not be in a position to implement that change. It is regressive and unfair. Labour should give us the details.

Lewis Macdonald: Will the member take an intervention?

Chic Brodie: Let me ask some questions and then I will give way.

What will the impact on pensions be? What will be the percentage change on net disposable income for those who are on £20,000, which includes teachers, police officers and nurses, and those who are on £100,000? What will the scheme cost to administer? How much tax is to be paid on the rebate? Stephen Boyd might have changed his views but at the Finance Committee, he said:

"keeping the SRIT at 10p made sense."—[*Official Report, Finance Committee*, 30 September 2015; c 6.]

Lewis Macdonald: I am sure that Mr Brodie will recognise that the STUC said yesterday that Labour's proposal is serious and should be given serious consideration. I am sure that he also recognises what we have said about rebates for pensioners and those who are on the lowest incomes. If Mr Brodie regards income tax as a regressive tax, what is a progressive tax?

The Deputy Presiding Officer: Mr Brodie, I do not know whether you heard Mr Macdonald because he turned away from his microphone. If you did, now is your opportunity to speak again.

Chic Brodie: When I get questions like that, it reminds me that the weapons of Labour and its associates are boomerangs.

Whatever the balance of the budget, Labour cannot deny the additional investment. We have talked about the redirection of spending on care and are delivering substantial investment in educational attainment—

Drew Smith: Will the member give way?

Chic Brodie: No, I do not have time.

We are continuing to pursue national security. All that is underpinned by a long-term economic growth platform that supports internationalisation, research, innovation, partnership, growing small businesses and social enterprises.

If I may, I will finish off by saying something to local authorities. I believe that the budget is realistic. It is tight because of the circumstances but it is not anti-austerity. To paraphrase Charles Kettering, if you are doing things the way you always did, you are doing them wrong. These times give us the opportunity to create a productive Scotland by looking at how we share services, how we become lean and mean by disposing of underutilised or non-utilised assets that require maintenance and by procurement through the entrepreneurial spirit of the third sector and community and social enterprises. Is it tough? Yes, it is tough, but when the going gets tough, the tough get going.

15:54

Patrick Harvie (Glasgow) (Green): That is quite an act to follow. As the Deputy First Minister knows, I like to give credit where it is due on these occasions and today I want to say something positive about the Government and the Labour Party's position. The Government is due some credit for its position on ensuring that the living wage should be given to care workers, including those who do not work directly for local authorities.

Dr Simpson: Will the member take an intervention?

Patrick Harvie: I would like to make some progress.

The Economy, Energy and Tourism Committee was deeply concerned about that in its inquiry into fair work. We heard evidence about the impact that poverty wages in the sector have.

I disagree with the context in which the Government is doing it, but the point is that those workers are due the living wage and we should be grateful that that is going to happen.

Dr Simpson: I thank the member for giving way. The question is, who is going to pay for the living wage? We are all agreed that it should be there, but we are being told that the voluntary organisations will have to meet 25 per cent of the costs. After years of being strapped for cash, that will be extremely difficult and challenging for them.

Patrick Harvie: I agree with that point very strongly. All that I am saying is that I like to say something nice to each side at the beginning of my speech. I promise that I will move on.

The Labour Party and, to be fair, the Liberal Democrats are due credit, too, for acknowledging a truth that has become increasingly unavoidable, not just this year but over the past several years: if we want to protect local and national public services, we will have to raise the revenue that is necessary to do that. Simply managing cuts from Westminster and blaming a UK Government—which, to be fair, is culpable for the deeply wrong and damaging actions that it is taking—is not enough. It is not enough simply to know who to blame; we have to know what to do about it, and raising revenue will be an important part of the response.

I do not agree with Labour and the Liberal Democrats on how best to do that. From my point of view, the emphasis of their proposal only on income is inadequate. Wealth inequalities are even starker in Scotland than income inequalities. Wealth must become a bigger part of the taxation picture, not a smaller one. Over the years, we have had many debates on the role of central Government versus the role of local government. The proposal to put up income tax by 1p would make local government more, not less, dependent on grants from central Government.

Lewis Macdonald: Will the member give way?

Patrick Harvie: In a moment.

Over the coming weeks, the Scottish Greens will set out proposals for a longer-term approach, which will make use of the more sophisticated tax powers that we hope will be devolved. As well as covering income tax and wealth tax, those

proposals will address the critical issue of local empowerment. Meanwhile, in the shorter term, we have already proposed an end to the council tax freeze and an end to the financial penalties that the Scottish Government threatens local authorities with if they do not comply.

In addition, this morning, in amendments to the Land Reform (Scotland) Bill, I proposed means of achieving in excess of £300 million per annum in additional revenue from taxation on derelict land. The Minister for Environment, Climate Change and Land Reform did not agree with what I was proposing, but she has agreed to discuss the issue further, and I hope that that discussion will be fruitful. In the shorter term, we could use the council tax multiplier, so that grossly undervalued luxury properties end up paying a bit more.

I will give way to Lewis Macdonald if he still wants to intervene.

Lewis Macdonald: I am grateful. I acknowledge that Patrick Harvie has now said that he recognises the need for action in the immediate term. Does he recognise that that is the central point of Labour's proposal? The crisis in local government funding cannot wait if services are to be protected, and action must be taken in the coming financial year.

Patrick Harvie: I agree completely that if we want to avoid the kind of crisis that Lewis Macdonald is concerned about, which we are all concerned about, action needs to be taken, and that that must mean revenue raising. My proposal is that we do that at local level as well as by ensuring that we properly address the balance between wealth and income taxes. At the moment, Labour's proposal would push the balance too far in the direction of income when it should be going in the other direction.

I have written to the cabinet secretary on a number of other issues that I hope will be addressed, not least the on-going shifts in the transport budget. There have been hugely significant increases in road building when we should be emphasising a shift towards sustainable, active and public transport. That is a trend that seems to emerge both when budgets are going up and when budgets are going down. At a time when it appears that the world is moving towards a greater degree of ambition on climate change in the wake of the Paris agreement, the climate change budgets are being savaged, there is a lack of any shift towards sustainable transport policies in the Scottish Government's budget and there has been a dramatic reduction in funding for energy efficiency work. Those are not things that the Greens can possibly support.

I urge the cabinet secretary to give an indication that he is willing to reverse those changes during

the scrutiny of the budget, or to at least look at how the severity of their impact can be reduced. I do not say that with great hope of hearing something positive from the cabinet secretary, but my ears will be open.

16:00

Linda Fabiani (East Kilbride) (SNP): I will start by putting some of what is being said in context. Some of that context is the Scottish Government's strong economic record. The proof is there: the employment level in Scotland has reached a record high of Scots now in work; Scotland has the highest employment rate of the four UK nations and it outperforms the UK as a whole; the youth unemployment rate fell to the lowest level for September to November since 2006; and the number of registered businesses in Scotland has grown by 12 per cent since 2007, along with a growth in Scotland's productivity rate from the same time. Not only that, our international exports have increased by 36 per cent between 2007 and 2014.

The Government has a strong economic record and it has delivered balanced budgets over its time in office. That can be contrasted with some of the stuff that has been going on recently with Labour, which has put forward what is largely a confusing position. Instead of putting forward positive things for discussion at budget time, which I am sure John Swinney would listen to very carefully, Labour has taken a scatter-gun approach, with anything that will do for a headline in the paper. For example, it was only in December that Jackie Baillie, Labour's finance spokesperson, said on television that she agreed that the Scottish rate of income tax was a blunt instrument.

Jackie Baillie: Perhaps the member would agree that we have sharpened that instrument by introducing a rebate to make it more progressive and fairer.

Linda Fabiani: That is an interesting point. Earlier, Jackie Baillie said that the detail would be provided; I very much look forward to hearing that detail. The position has changed—Labour's position has changed even since Friday, when Lesley Brennan and Jackie Baillie did not agree any position whatsoever for the Finance Committee, as Mark McDonald pointed out.

Labour members cannot even agree within their own group, so let us look at the context from which Labour's new policy has come. In the Scotland Act 2012, following the Calman commission, Labour and the Tories agreed a single Scottish rate of income tax. There was no control over personal allowances, tax bands, tax reliefs or rebates—therefore, it was not progressive.

Now Labour is offering this £100 annual payment. How? I heard it said that we would be given the detail and I look forward to seeing that. It cannot be a tax rebate or a tax allowance, because that is not allowed. If it is to come through local authorities, it must be a benefit. Benefits are generally a reserved matter, and will be so even if the current Scotland Bill is enacted.

That was a look at how the rebate could be paid. Next comes how it will be administered. How will the local authorities get the appropriate data, and how will they check it? Will people have to apply for the rebate? We all know that the low take-up of benefits is worst among those with the lowest incomes. Is this yet again a Labour push against universality?

All those issues and many more will perhaps be explained in detail by Labour in closing, along with the timeline to 1 April for implementation. Labour's plans are all over the place.

Neil Bibby: Linda Fabiani talks about looking for extra detail. Could she give us the detail about what the SNP is going to do to stop the swingeing cuts that are affecting our communities?

Linda Fabiani: The SNP is very clear in what it has put forward; John Swinney's budget has that detail. Labour would do better to work with that. It should recognise that it is the Tories who are the problem here and work with us to get a better deal, and with the councils to make it better for people all round, instead of coming up with crazy economics that have no back-up.

There is a complete confusion in what Labour is trying to do. I said that perhaps clarification would be given, but I am not convinced that it will be. We have heard so many off-the-cuff announcements from Labour over the last while,

"full of sound and fury,
Signifying nothing,"

as is often mentioned in literature. Every time detail is requested, we move on to something else. I have not even heard air passenger duty mentioned today, although it is supposed to be the answer to many issues.

I have no doubt that the consistency and commitment of the First Minister and the Deputy First Minister will result in the correct decision for Scotland on the fiscal framework that is being negotiated, which Labour cannot agree on either. I also have no doubt that, when the confusion and the incompetent financial and operational forecasting of Labour's proposed policy are contrasted with the record in government and sound financial management in the hardest of times of John Swinney and his team, it will be widely recognised that the Parliament should

agree to the general principles of the Budget (Scotland) (No 5) Bill.

16:05

Ken Macintosh (Eastwood) (Lab): John Swinney has enjoyed a remarkably long run as finance secretary, and he and his SNP colleagues have managed to escape the level of opprobrium and censure that some of his budget decisions have merited in that time. However, his luck has finally run out, and he has finally been found out.

I acknowledge that, in the past, perhaps assisted by his personable manner, Mr Swinney's political and financial conservatism has often been charitably or sympathetically interpreted as prudence. However, this time, most people—certainly in the media—have identified and named his approach for what it is: Conservatism with a capital "C".

The *Financial Times* headline was "Scottish budget follows George Osborne's example". The article said:

"While denouncing Conservative austerity policies for squeezing the Westminster block grant for Scotland, Mr Swinney emulated the UK chancellor George Osborne".

The Telegraph said "John Swinney's Scottish budget 'a Tory copycat'". It said:

"The Finance Minister pledges a 'Scottish alternative' to austerity but refuses to raise taxes and copies a series of George Osborne's policies."

In what many have seen as a step too far, the finance secretary has put local government at the centre of his budget and decided to cut a whopping £500 million from locally delivered public services. Half a billion pounds is to come out of libraries, day care centres, learning support for the young, and care at home for the old. As *The Guardian* concisely summarised it,

"Taking his cue from George Osborne's budget, the SNP's John Swinney slashed spending for councils".

If SNP ministers or members do not want to hear that from the press, they can have it from one of their own. The SNP councillor Sandy Howat, to whom Joan McAlpine referred earlier, is the deputy leader of the City of Edinburgh Council. He said:

"A ... cut of this scale would be very damaging for jobs and services within ... local government generally ... the harsh reality is that this will translate to real job cuts that hit real families, in real communities ... Everyone will be hurt by this."

In some ways, that should all come as no surprise to us. The SNP has been cutting support to our communities for years and passing the blame elsewhere. Although Mr Swinney and his on-message back benchers complain bitterly about cuts from the Conservative Government, the

Scottish Parliament information centre has revealed that the Government passed on double those cuts to our local authorities.

John Mason (Glasgow Shettleston) (SNP): Does the member think that John Swinney has been too generous to the health service? Would he rather see some of the money moved from the health service to local government?

Ken Macintosh: As Mr Mason knows full well, that is not the alternative that we are proposing. We propose that the SNP raises income tax by 1p, and protects the low paid and our public services. That is in addition, not instead of.

It should also come as no surprise to see Mr Swinney try to deploy his full range of budget tricks and techniques. He talked proudly about the increase in the affordable housing budget, but a quick glance at the published figures revealed that the overall housing budget is virtually unchanged. In other words, in the middle of a housing crisis, with 150,000 people waiting for accommodation, he has not increased support for housing funding; he has simply moved money from one column to another.

At least those figures were published. On fuel poverty, Mr Swinney tried to publish last year's draft figures rather than the normal outcome figures to hide the fact that he is cutting the budget for that by £15 million. When he was found out, the SNP came up with the most convoluted form of words. Apparently, all the spending is down to it, but the cuts are someone else's responsibility.

Worst of all is when the SNP gives no figures at all. It likes to boast about its commitment to the renewables industry, never away from bemoaning any decisions that are taken at UK level despite the fact that the investment comes from UK consumers. However, we discovered not in the budget book but in a subsequent local government finance circular that Mr Swinney has decided to cut business rates relief for the Scottish renewables industry. He did not even have the guts to tell the industry. Why has Mr Swinney chosen to impose that additional penalty on the sector at the same time that he is accusing the UK Government of withdrawing support? Exactly how much will he raise by heaping that substantial additional cost on the sector when it is already withdrawing from Scotland at a rate of knots because of the withdrawal of the renewables obligation?

There has long been a gap between SNP rhetoric and the reality of SNP ministerial spending decisions. In the past, the SNP has managed—incredible as it may seem to us—to pass responsibility or blame either to George Osborne or to our local authorities. When employment goes up, it is because of successful SNP policies. When

unemployment goes up, it is because of Westminster.

Today, Mr Swinney opened his remarks with misplaced braggadocio, proposing to dismantle Labour's proposal. He proceeded to present two of the most feeble arguments that I have heard: that income tax is not progressive, and that we need to look at the proposal in more detail. On the first point, Mr Swinney should—as several speakers have highlighted—check the *Official Report* for his own remarks about income tax being progressive before trying to tell us that he has changed his mind.

As for the second point, everything that I have heard today—Chic Brodie summed it all up—brings to mind the words of Edwin Morgan, in his admonition to us all to avoid

“the droopy mantra of ‘it wizny me’”,

or in this case, “We cannae do it.” In that poem, Edwin Morgan said to this Parliament that we should avoid being a “nest of fearties”:

“A nest of fearties is what they do not want.

A symposium of procrastinators is what they do not want.”

I fear that that is what the SNP has become. “If only we had more powers”, the SNP members say. Well, today we have called them out. Given the choice between using the powers that we have or cutting Scotland's future, we choose to use our powers.

16:11

George Adam (Paisley) (SNP): I have taken part in most of the budget debates since my election in 2011, and every one of them has taken place against the backdrop of the Westminster Tory austerity programme. The Scottish Government continues to deliver for our nation, and this time we find once again that the Scottish Government is mitigating the excessive impacts of Westminster spending cuts. This budget protects the most vulnerable in our society from the on-going Westminster austerity programme.

I will address the Scottish Government's record on education. As we heard yesterday, the passage of the Education (Scotland) Bill shows that closing the educational attainment gap has been a priority for the Scottish Government.

Neil Findlay: Will the member give way?

George Adam: For far too long, progress in education has depended on where you were born and where you live. We now have the £100 million attainment Scotland fund that quite rightly targets primary schools that serve our most deprived communities, and £33 million of that investment is being provided this year. The work on educational

attainment is happening this year. Let us not forget that, in these times of Westminster austerity, we are continuing to invest in offering 600 hours of free, high-quality early learning and childcare for all three and four-year-olds, moving to 1,140 hours by the end of the next session of Parliament if the SNP Government is re-elected.

We still have £1 billion of investment in Scotland's very successful university sector while ensuring that Scottish students continue to benefit from free tuition and the continued commitment on teacher numbers in the form of the £88 million funding package.

That brings me to our local authorities. I used to work as a local councillor, and it is my opinion that local government has received a challenging but fair financial settlement.

Neil Bibby: Will the member take an intervention?

George Adam: With my previous experience as a councillor, I would say that it has always been thus.

Neil Bibby: Will the member take an intervention?

The Deputy Presiding Officer: Mr Bibby, it does not look like the member is giving way.

George Adam: It is important that our local authorities work in more innovative ways to deliver services, finding new ways to deliver them—

Johann Lamont (Glasgow Pollok) (Lab): Will the member take an intervention?

George Adam: The integration of health and social care is an example of joint working and ensuring that there is no doubling up in service delivery. It is, at its heart, an opportunity for our communities to get a service that suits their needs.

Johann Lamont: Will the member take an intervention?

The Deputy Presiding Officer: Ms Lamont, I do not think that the member is giving way.

George Adam: That is the challenge for local government, which must lead the way in innovation and delivery of best practice. I mentioned during the debate on the Education (Scotland) Bill yesterday that when COSLA and other councillors came to the Education and Culture Committee I asked them what their innovative plans for education were and in which way they would work together to make that difference. However, it appeared that, for them, it was business as usual. There was a head-in-the-sand attitude. In these challenging times, that is not good enough. We need to ensure that we work together to find new solutions and new ideas while

delivering services. We need to have a mature debate, because that is what the public want.

I will take Mr Findlay's intervention now, if he wants. *[Interruption.]*

George Adam: Sorry—Mr Findlay wanted in, but fair enough.

Neil Bibby: Will the member take an intervention?

George Adam: Mr Bibby wants in. Any more for any more?

Neil Bibby: Was there a fair funding settlement for local authorities when you were a councillor, Mr Adam, between 2007 and 2012? You voted to cut 200 teachers from schools in Renfrewshire.

The Deputy Presiding Officer: Interventions should be made through the chair, please.

George Adam: I say to Mr Bibby that the whole point is that it is time to move on and deal with the issue now. *[Interruption.]*

The Deputy Presiding Officer: Order, please.

George Adam: Our public and our constituents—*[Interruption.]*

The Deputy Presiding Officer: Order!

George Adam: When Mr Bibby and I meet at the hustings in Paisley, he will—

The Deputy Presiding Officer: Mr Adam, will you stop for a moment? Can I have order, please?

I call George Adam.

George Adam: Thank you, Presiding Officer.

Johann Lamont: Will the member take an intervention?

George Adam: During the election campaign, I will defend our case and Mr Bibby can defend his. His is not a good one, and I know which one the public trusts.

Johann Lamont: Will the member take an intervention?

The Deputy Presiding Officer: Ms Lamont, I do not think that the member is taking an intervention.

George Adam: The Scottish Government is continually working with its partner organisations to try to ensure that we provide what the public want. The Westminster austerity programme seeks to make the old, the weak and the disabled the ones who suffer the most—it seeks to make them suffer for others' excesses—whereas the Scottish Government's budget seeks to help those I have mentioned. There is £35 million to fully mitigate the bedroom tax, and funding is maintained for free prescriptions, eye checks and

concessionary travel for old, disabled and young people. The Opposition callously calls all of the above “the free stuff”, but those things help every man, woman and child in Scotland and they are valued by members of our community.

Once again, the Scottish Government is standing up for all Scots during difficult, challenging times. We have a distant, uncaring Westminster Government that has no love for our communities. I know who my constituents believe and trust with our national finances and future, and I look forward to seeing, during the campaign in the coming weeks, how the Opposition parties explain their part in all of this.

16:17

Jenny Marra (North East Scotland) (Lab): Dundee is facing £23 million of cuts to local services. This is the worst local government settlement in real terms across the whole of Scotland. The SNP tells us that there is no alternative and says that the cuts are coming from Westminster. In real terms, the cut that is coming from George Osborne to Scotland is 4.7 per cent, but the cut that is coming from John Swinney to Dundee is 5.5 per cent. There is an enhanced package of cuts for Dundee and other deprived areas across Scotland. It is austerity plus.

With the exception of teachers—Joan McAlpine might want to listen to this—every employee of Dundee City Council has received a voluntary redundancy notice. The SNP fought the previous election guaranteeing that there would be no public sector compulsory redundancies, and Mr Swinney reiterated that today. What he did not say is that people will be politely and quietly asked to go in letters left on their desks.

The Minister for Parliamentary Business (Joe FitzPatrick): Does the member understand the difference between “voluntary” and “compulsory”?

Jenny Marra: Yes, and the SNP has asked every council worker in Dundee with the exception of teachers to go quietly—to take their redundancy.

While council staff in Dundee read their voluntary redundancy letters, they see the services that they have worked so hard to maintain being slashed by the settlement from John Swinney. Where will the cuts fall? The SNP’s finance convener in Dundee has said that he is happy to maintain the council tax freeze, so he must have prepared his budget and he must know where the local SNP plans for the cuts to fall, but he has yet to come clean with the people of Dundee. We have an SNP finance secretary in Edinburgh who is happy to deliver a Tory budget in Scotland and an SNP council in Dundee happy to be good foot soldiers and visit that Tory budget

on our local services. Stronger for Scotland? I do not think so.

Kezia Dugdale was right yesterday to suggest that people who can afford it should pay a bit more tax. It is all very well the SNP saying that it is stronger for Scotland but, while it is praising public services and those who deliver them, it is undermining them by delivering eye-watering cuts. Our leader was right to propose the harnessing of the powers of this Parliament. The SNP has been desperate for years to have the power to put a penny on tax—it campaigned for that in 1999 and again in 2003. We were reminded of that on television last night when we saw the First Minister—she was not the First Minister then—campaigning for a penny for Scotland.

Every week, the First Minister says that she wants consensus. Now she has it on the most important political issue. Last week, the Liberals said that they agree with putting a penny on tax and, yesterday, Kezia Dugdale made clear Labour’s position. The First Minister now has the power for which she has campaigned all her political life. I would fully expect the Government to seize that power and initiative when it comes to the vote tonight.

When I heard on the radio yesterday the SNP saying that it wanted to keep things in line with the rest of the UK, I nearly choked on my tea. What utter disarray.

Let me go back to Dundee.

Linda Fabiani: Yes. [*Laughter.*]

The Deputy Presiding Officer: Order, please.

Jenny Marra: Not right now.

Last week, the Scottish Government, with the British Government, announced a huge package of funding to support and diversify Aberdeen’s oil and gas industry and to prepare it to seize the opportunities of decommissioning. That is very welcome. For two years, I have been raising those opportunities in the chamber. Oil platforms have been sailing down Scotland’s east coast past Aberdeen and Dundee on their way to be decommissioned in Hartlepool. That seems like a terrible loss of work and industry to Scotland and the north-east. I have written to the First Minister, Amber Rudd, the UK Government’s Secretary of State for Energy and Climate Change, and David Mundell to ask each for a meeting to see how the rest of the north-east and Dundee can share in that investment. Dundee needs a working river, not just a waterfront. We desperately need work, and John Swinney knows that.

To add insult to injury, Dundee has been dealt the worst local government settlement in the whole of Scotland, with a budget decrease of 5.5 per cent. That figure is just behind that for Shetland

and the Western Isles, but our poverty and deprivation levels are, as John Swinney knows, eye-watering in comparison. The insult was exemplified when Dundee's two MPs, Stewart Hosie and Chris Law, who were elected last year on an anti-austerity agenda, declined to comment on Mr Swinney's cuts to Dundee. They said that the issue was a matter for colleagues north of the border. That is a disgrace.

This budget and the SNP are, at best, taking Dundee for granted. In reality, we are the SNP's sold-out city in Scotland. I seriously hope that that can be redressed at decision time tonight and by John Swinney in his budget.

16:23

John Mason (Glasgow Shettleston) (SNP): Although it is sometimes preferable to speak at the start of a debate, it can also be advantageous to speak nearer the end and to have the opportunity to reflect on what others have said.

The first area that I will touch on is taxation. As has been stated, the Finance Committee focused largely on taxation during its budget study this year and, in particular, on the Scottish rate of income tax, which is our significant new power from April. Some 11 pages of our report were on that subject and we spent a considerable amount of time on it.

I come from a position where I would like to see improved public services paid for by increased taxation. I also consider that the gap between rich and poor is too wide and that we should try to rectify that by increasing both revenue and capital taxation.

Neil Findlay: Will Mr Mason taken an intervention?

John Mason: Let me finish my point, and I will take interventions if I have time at the end.

Just on Sunday night I visited the Lodging House Mission in my constituency, which houses Glasgow's main winter night shelter and is run in conjunction with Glasgow City Mission. It has 40 mattresses on the floor, yet it has had to turn people away some nights because it is not allowed to take more than 40 people on any one night. What kind of society are we in that allows that to happen? I would happily raise taxes to redistribute income and wealth much more fairly.

Neil Findlay: Will the member give way?

John Mason: I said that I would give way once I have finished this argument, which has some distance to go.

The Finance Committee looked at whether we could raise the SRIT, and the first question was whether the SRIT is progressive or not—would it

tax the better off more than those at the bottom? The answer is yes, it is progressive; we had some useful evidence from Lucy Hunter Blackburn, who compared someone earning £25,000 a year with someone earning £125,000 a year and showed that although their salaries are different by a factor of five, increasing the SRIT by 1.5p would mean that the richer person would pay eight times as much. That tells me that it is a progressive tax, and I am glad that the cabinet secretary agreed with me, although I think that the convener of the committee did not at the time. The main argument to the contrary is that, if you put 1p on 20p, that is a 5 per cent increase in tax, and if you put 1p on 40p, it is a 2.5 per cent increase, so from that point of view I accept that it is not progressive.

I argue that the SRIT is progressive, but certainly not very progressive. A lot of people on lower incomes could at this time really do without a tax increase. Since the report was finalised, we have had the Labour proposal to raise income tax by 1p. On the surface, that might seem to be attractive; I would love to have an extra £400 million that could be spent on public services, but the idea raises a lot of questions. Because it has been suggested so late in the day, the Finance Committee has not been able to examine the practicalities of how it would work. Would local authorities be able to handle a rebate system? What cost would that involve for local authorities? Could the people in most need be properly targeted? Would there be a bureaucratic burden for people who apply? Let us remember that a third of pensioners did not, because of the hassle, apply for pension credit to which they were entitled. Would the rebate payments themselves be taxable? We know that Westminster is not co-operative on such issues. There may be answers to those questions, but the reality is that they have not been looked at in any thorough way.

We had witnesses at committee advocating a tax increase—I was very impressed by NHS Health Scotland suggesting that the receipts be targeted at health spending for those who are most in need—but even the Scottish Trades Union Congress suggested that it is a blunt instrument and that we would be better off waiting a year to get control of the bands and rates, as well.

I confess that I find it to be a difficult question, because I find raising tax for those who are well off very attractive. In the end, however, I fear that there are too many people on relatively low incomes who could be seriously hurt, and I consider that we would be better off waiting just one more year for fuller powers.

Johann Lamont: I commend John Mason for a very reasoned speech, but does he think that people such as the homeless people in Glasgow whom he mentioned can wait another year? It is a

serious matter, and just because the tax is not the most progressive, would he ask his Government minister to test the arguments and find something that works better, if the arguments support that? Does he agree that we should not settle for the detail, but for the potential for that money to make a difference in people's lives right now?

John Mason: It would have helped if the Labour party had brought forward its proposal earlier in the process, so that we could have looked at it in a bit more detail.

I see that Mr Rennie has joined us again. He would not allow me to intervene during his speech, but I want to make the point—

Neil Findlay: Will the member give way?

The Deputy Presiding Officer: Mr Mason is in his final minute.

John Mason: I seem to remember a Liberal Democrat minister from Westminster coming here and refusing to give us control of the rates when we got the SRIT, because the Liberal Democrats did not want us to make it more progressive. It is a bit rich for Mr Rennie to come in at this stage and say that we should be raising tax with the very blunt instrument that we have.

Finally, on expenditure, one of the strengths of what the Government is doing is that it is protecting health spending. Assuming that we cannot or should not raise tax, if the Opposition parties want to say that there should be more for local government, they can say that, but the corollary of that is that health spending would have to be cut as well. I support the budget.

16:29

James Kelly (Rutherglen) (Lab): This is a significant debate, because there are on the table two proposals for which Parliament can vote. We can support the Labour amendment to put 1p on income tax, which will protect public services and the many thousands of local council workers' jobs that are under threat, and support investment in our schools, which will ensure that we can put forward a programme that can tackle the attainment gap, continue to promote talent and, ultimately, benefit the Scottish economy. Alternatively, we can support the Scottish Government budget, which will slash council spending by £500 million, thereby putting investment in schooling under severe threat and undermining help for the economy.

It seems to me that Nicola Sturgeon and John Swinney have become not political leaders, but managers. Mr Swinney, in particular, has become a budget manager.

John Swinney: Thank goodness someone is managing—[*Laughter.*]

James Kelly: He has been imprisoned by the accountants at St Andrew's House, and he is—

Does Mr Swinney have something to say?

John Swinney: I am grateful to Mr Kelly for letting me intervene. I will say out loud what I was muttering to my colleagues: thank goodness that someone manages the budget carefully in this Parliament.

Michael McMahon (Uddingston and Bellshill) (Lab): That was a cracking intervention.

James Kelly: Yes—it was worth waiting for, wasn't it? [*Laughter.*]

Kevin Stewart: Get on with it!

The Deputy Presiding Officer: Order, please.

James Kelly: I will get on with it.

Mr Swinney, if you had been outside earlier and had had the opportunity to speak to council representatives, you might have been able to explain to them why your budget is going to put thousands of council workers on the dole—

The Deputy Presiding Officer: Mr Kelly, speak through the chair, please.

Kevin Stewart rose—

James Kelly: I will give way to Mr Stewart.

Kevin Stewart: Does James Kelly not acknowledge that this morning the cabinet secretary was at the Local Government and Regeneration Committee and then the Finance Committee for those committees' budget scrutiny? Only one Labour member turned up at the Local Government and Regeneration Committee, and that member asked only one question. Is Labour really so bothered about all this?

James Kelly: The problem with the SNP is that in this debate all the bravehearts and all the progressive voices have been silenced. [*Interruption.*]

The Deputy Presiding Officer: Order, please.

James Kelly: Look at them all. They are all meek now. Given the opportunity—

Kevin Stewart: Where was Labour this morning? Will Mr Kelly give way?

James Kelly: Sit down, Mr Stewart. You have had your chance.

The Deputy Presiding Officer: Order, please, Mr Kelly. I request that members sit down. Can we have order, please?

James Kelly: Given the opportunity to use the power to do something to protect council budgets,

John Swinney has followed George Osborne's austerity route and the Tory party's cuts—*[Interruption.]*

The Deputy Presiding Officer: Order, please.

Linda Fabiani: Will Mr Kelly give way?

James Kelly: Yes. Why not?

Linda Fabiani: Given everything that Mr Kelly has said, I wonder why Labour MPs voted with the Tories last year to enact £30 billion of spending cuts to public budgets.

James Kelly: Maybe Ms Fabiani should get into the TARDIS and join us in this time and place. We are debating the Scottish budget, which is affecting Scottish communities and Scottish councils. Why does the Government not take some responsibility, instead of passing the buck?

It cannot be acceptable that teachers do not have the photocopying facilities that they need to be able to give kids their homework, and are asking the kids—some of whom do not have computers and printers—to print things out at home. That has happened in my constituency. That cannot be acceptable. *[Interruption.]*

The Deputy Presiding Officer: Order, please.

James Kelly: It cannot be acceptable that kids will have to walk to school next year because of school transport cuts, as a result of cuts from this SNP Government. *[Interruption.]* It cannot be acceptable, I say to Ms Campbell, that we are getting into a position in which we have fewer teachers and classroom assistants—*[Interruption.]*

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

James Kelly: The choice is clear. The time for talking has got to be over. It is time to stand up and be counted, to protect the budgets, to protect council workers' jobs and to protect our communities.

16:35

Gavin Brown (Lothian) (Con): This has, indeed, been a unique debate because, for the first time in a couple of years, the Labour Party has come to the chamber with a policy—it might not be the same policy as it had last week and it might not be the same policy as it will have next week but—my goodness!—it is a policy. It is extremely unfair of the Scottish Government to say that Labour has not taken any evidence on the policy and that it has been worked out on the back of a fag packet. That is not true. For months, in the Finance Committee, which has Labour members, evidence has been taken on the policy. The Finance Committee has heard from businesses, councils, the third sector and trade unions. We

have had a morass of evidence. However, the Labour Party has just ignored all the evidence apart from one submission—which it has adopted as a policy.

I hope that the Scottish Government does not feel bowed by the Labour Party and its new friends in the Liberal Democrats. I hope that John Swinney stands true to his word, as set out in his opening statement, and refuses to implement an income tax increase for the hard-working population of Scotland. As we—those of us who turned up to the Finance Committee—saw in evidence time and again, the proposal would not be good for those workers or for the economy of Scotland, so I ask the finance secretary to confirm in his closing speech that he will not be bowed by the proposal from the Labour Party.

Our problem with the budget is a different one, as outlined by Murdo Fraser today and in statements that he has made to the press. Our first concern is that, in line with the previous couple of budgets, this budget makes Scotland just that little bit less competitive. On a year-by-year basis, some of those things are noticed less than in others but, in the medium term, by chipping away at our competitive position we could store up problems for the future.

Last year, we complained bitterly about the residential rates of the land and buildings transaction tax, saying that we felt that, although it was right to give a break to first-time buyers, we were concerned about what might happen in other sectors of the market. We remain concerned about that today; we are concerned about the residential market. In terms of the commercial part of land and buildings transaction tax, the top rate of tax might be only marginally higher than in the rest of the UK, but sometimes even being marginally higher can count against us. We need to try to retain every advantage that we can and to erode or remove any disadvantages.

We have heard about empty property charges. We fought hard against that legislation when it came in. However, at the time, the Scottish Government's position was that we still had a competitive advantage because of the exemption for industrial property. However, in this budget, the plan is to remove that exemption, which will take away one advantage that we might have had.

We have big concerns about the large business supplement—a measure that was introduced without consultation or impact assessment. We hear from businesses that it could cause problems and could lead to businesses choosing to invest in other parts of the UK, instead of in Scotland. Will it apply to oil and gas businesses, which have been hit hard over the past year or so? We hear about all sorts of forums in the north of Scotland and Aberdeen, but we do not know whether those

businesses will be hit by the large business supplement. According to my reading of the policy, they will be. That means that we will be doubling the burden for businesses that are already struggling.

Mark McDonald: Mr Brown mentioned evidence that we heard in the Finance Committee. Does he also accept that the committee received no evidence opposing the supplement?

Gavin Brown: That is technically correct, although members—including, I am sure, Mr McDonald—received submissions that were addressed to them as individuals. Further, Mr McDonald will recall that we tendered for evidence before the announcement of the policy, so it would have been unusual for businesses to have complained about it, given that they had not heard about it.

Our second problem is that, again, the Government attempts to hide reality. It attempts to obfuscate some of the bad news and it refuses to give clear and plain answers to questions that we ask. The Government says, for example, that housing is an absolute priority, but when we pointed out on budget day back in December that it appears that the housing budget is being cut by £1 million—a small cut, but a cut nonetheless for a budget that is said to be an absolute priority—we were told that the budget for affordable housing was up by £100 million.

The Government is not telling us, however, what is being cut in order to fund that. We understand that the help-to-buy budget is being absolutely hammered. When I asked the Scottish Government today at question time what is happening to the help-to-buy budget, I was just given a three-year figure. The number, £195 million, sounds big, but if that is over three years, it reveals a pretty big cut if we divide it by three.

We also have issues about oversight of the budget. The Scottish Fiscal Commission signed off on the budget, saying that it is reasonable, but it clearly admitted to the Finance Committee that it did not examine any outputs whatsoever. The commission admitted that it would have no idea what numbers would be unreasonable. Despite having increasing concerns about the lack of behavioural analysis regarding the revenue numbers, it was still prepared to pass the budget as reasonable. We will come to that as the proposed legislation goes through.

The Presiding Officer (Tricia Marwick): You need to close, Mr Brown.

Gavin Brown: I am content to leave it there, Presiding Officer.

16:41

Alex Rowley (Cowdenbeath) (Lab): First, I acknowledge all those council workers and shop stewards and all the other people who have travelled from across Scotland to lobby the Parliament today—not to put the case for higher wages or more pay, but to put the case for their jobs and their colleagues' jobs and for public services across Scotland.

As an Opposition party examining any budget, we know that there will be proposals and moneys within the budget that are to be welcomed. I have already put on record an acknowledgement that the £250 million going into health and social care is to be welcomed. Clearly, discussions still have to take place with local authorities, which still seem unclear as to some of the detail and the conditions. Nevertheless, given the major difficulties that we have with social care throughout Scotland, that money is welcome.

We would go further on housing. It is important that we now make things happen in housing, and we have a housing crisis that needs to be tackled. Again, I note the additional funding that was put in place there.

Being in opposition is about weighing up budgets and the good things within them and deciding whether those outweigh the negatives—and therefore whether or not to support the budget. Sadly, this time round, we find ourselves in a position where we cannot support Mr Swinney's budget.

For all the bluster and shouting that has taken place in the chamber today, and for all the financial detail of the budget, we should never lose sight of the fact that we are speaking about the impact of the budget on people's lives and on communities up and down Scotland.

Kevin Stewart: Mr Rowley is right to speak about people's lives. There is an omission, however, in Labour's proposal. That omission is how the rebate system would actually work. No one from the Labour benches has outlined that today. Could Mr Rowley please outline how that rebate system would work? If it does not work, that will have a major impact on people's lives.

Alex Rowley: There is a clear choice with the budget. There is a clear choice between cutting Scotland's future and investing for Scotland's future. On this side of the chamber, we will invest in Scotland's future.

I do not forget that, when we announced that we would reverse the tax credit cuts that were coming from the Tory chancellor, we were told that we could not do that. The Government and its supporters said that that could not be done. Then, the Government had to move from that position.

Today, we seem to be getting told why the rebate cannot work. We are absolutely confident that the rebate can work, but we are absolutely happy to sit down with the Government and have that discussion, as we are with local authorities.

Kevin Stewart: Will the member give way?

Alex Rowley: We have spoken to local authorities across Scotland, and we are confident that it can work.

Kevin Stewart: Will the member give way?

The Presiding Officer: Mr Stewart, the member is not giving way.

Alex Rowley: At the end of the day, this budget is about real people. Last week, I visited a project that supports disabled people who want to be able to shop in our town centres. The project has been told by the local authority that its moneys are going to be cut.

As regards early years investment, there are threats to budgets the length and the breadth of Scotland. If we had a joined-up strategy and a joined-up budget in Scotland, we would not be cutting early years investment for those who most need it in our communities. We know that children might already have their path outlined for them by the age of three or four, which is why there has been an emphasis by local government across Scotland on investing in early years. All those types of project are in danger of being cut, and that impacts on real people's lives.

I said that I welcomed the fact that Joan McAlpine, in her speech, talked about the living wage. I, for one, have campaigned for and said that we need to introduce a living wage across the care sector. It cannot be right—it is not right—that the majority of care workers in the private sector get no more than the minimum wage. We can agree on that, but when we talk about ill-considered, ill-thought-out proposals, I have to say that, if the third sector is expected to pay 25 per cent of the living wage, I am not sure that it will work.

Indeed, it was Mr Swinney himself, a few years ago, who paid the local authorities to increase the national rate in the private sector, so again I am not sure that that will work. However, we will of course support the principle of introducing the living wage across the care sector as we move forward.

Another criticism that I have of the budget is that I have to ask: where is the strategic focus on a joined-up strategy for moving Scotland and its future forward? I am concerned about the economy of Scotland right now. How many task forces do we have up and running in Scotland? Some 65,000 jobs have gone in oil and gas, and we rightly have a task force trying to address that.

We set up a task force for the coal sector when the opencast jobs went. In Fife, I sit on a task force, along with Mr Swinney, because of the job losses there. We have a task force for steel and we have a task force in Glenrothes for the electronics and semiconductor industry. Indeed, if we look right across Scotland, there is not much left of the electronics industry.

Faced with those stark realities as regards where our economy in Scotland is right now, I ask myself: where in the budget is there any indication that we are moving towards an investment strategy and a development strategy to put Scotland's economy back on track? I certainly cannot see anything within the budget as it stands.

Mr Swinney talked about the reform of public services. I welcomed the Christie report, which said that we needed prevention. However, the Government will not be able to create the investment in prevention if it is cutting public services. That is a backward step. It is not looking to the future of Scotland; it is looking backward.

Let me also be clear: in this chamber early last week, the First Minister quite wrongly said that Labour was pushing for a deal on the fiscal framework at any cost. We are absolutely clear that it must be fair to Scotland and it must be consistent with the principles of the Smith agreement, but the people of Scotland will never forgive us if we fail to get an agreement. That is why we must work night and day to ensure that we get an agreement for Scotland.

I think that my time is up, but I want to say that none of us in this chamber should take our eye off the fact that we are talking about real people; we are talking about real jobs; and we are talking about real communities. Let us work together to ensure that we invest in Scotland's future and support Labour's amendment.

16:49

John Swinney: I will begin with Alex Rowley's remarks on the fiscal framework. I have heard a lot of criticisms from the Labour Party for supposedly not putting body and soul into trying to resolve the fiscal framework agreement. I specifically refer to the stream of comments from Ian Murray, the shadow Secretary of State for Scotland, that have in essence doubted the energy that I have put in to trying to resolve the issue.

The reason why we do not have a fiscal framework agreement is that there is no basis to have one that is consistent with the Smith commission, and I will not sign up to any document that is not consistent with the Smith commission report. No games are being played here. I take deadly seriously my responsibilities as the finance secretary of this country, and if

anybody believes that I would do anything other than try to get an agreement that is consistent with Smith, is good for Scotland and enables us to exercise the powers that we are supposed to be able exercise under what will be the Scotland Act 2016, they doubt the purpose of my adult political life.

Neil Findlay: Will the Deputy First Minister give way?

John Swinney: I am sure that this will be helpful.

Neil Findlay: I always try to be helpful to Mr Swinney. Given what he said, why does he expect council leaders to sign up to a deal that makes them considerably worse off?

John Swinney: I will come on to that in a second. *[Interruption.]* Well, I will. I have plenty of time for it. However, I will conclude my point on the fiscal framework first, because members must understand the seriousness of the situation. There are no party politics in play. The issue is about the national interests of Scotland, and I encourage all parties to think that through as we go into a difficult couple of weeks in which we will try to resolve the issues.

Willie Rennie talked about how Murdo Fraser did not have any explanations of or suggestions for how his long list of spending commitments would be paid for. I have sympathy with Mr Rennie. Mr Fraser put out a press release on 31 January that contained all the things that are wrong with the budget and all the extra spending that the Conservatives would make. He said that I was being sent a letter that would explain how that would be paid for. It is now Wednesday and I have yet to receive the letter. If I could receive the letter, it would be helpful. *[Interruption.]* We will have it at the end of the afternoon. I thank Mr Fraser—I will look at the letter in great detail, so that I can address those points.

Murdo Fraser and Gavin Brown talked about the increase to the large business supplement. Its impact will be an increase in 2016-17 of 3.4 per cent on the business rates for companies that pay the large business supplement. In 2011-12, the comparative number was 4.6 per cent and in 2012-13—in much more difficult economic conditions than we are in today—it was 5.8 per cent. I put the large business supplement in the context of that explanation, which demonstrates why it is appropriate and sustainable at this time.

Patrick Harvie raised issues around climate change, with which we will of course engage as we go through the budget process. The principal difference between last year's budget and this year's budget on issues connected to climate change is the removal of ring-fenced funds from the UK Government that were specifically targeted

at climate change measures. I have been unable to replace those funds because of spending cuts from the UK Government.

Patrick Harvie: Is the dramatic increase in the road-building budget also the result of the UK Government's decisions, or is it a question of the Deputy First Minister's own priorities?

John Swinney: The decisions on capital projects are of course decisions that we take to improve the infrastructure of the country. As Patrick Harvie will know, a range of projects are enhancing the country's rail infrastructure. Indeed, just last week we announced additional funding to improve connectivity and journey times between the north-east of Scotland and the central belt, as part of the Aberdeen city deal that the UK Government and the Scottish Government brought forward.

Willie Rennie set out his arguments on tax. He has rather changed his political argument and agenda on that. For five years, Mr Rennie made absolutely no attempt in the Parliament to disassociate himself from the swingeing reductions in public expenditure that were delivered by the United Kingdom Government, the consequences of which we had to wrestle with. Therefore, I do not take at all seriously the Liberal Democrats' sudden renewed connection with and interest in increasing public spending, after the damage with which they associated themselves as part of the Conservative Government over the past five years.

I have a number of points to make on the issue of the local government budget, which was raised by Mr Findlay and other members. The first is that the resource budget in grant in aid is proposed to reduce by £350 million. Secondly, £150 million of capital funding will be removed from local authority budgets for 2016-17, but it will be put into those budgets later in the spending review period. We had that arrangement in the previous session of Parliament, when local government got a lower capital budget at the start of the period and a larger capital budget at the end. All of the commitments that I gave to local government were honoured. In addition, as a consequence of the agreement that I have put to local government, it will get 26 per cent of the capital departmental expenditure limit budget that is available to the Scottish Government for not just the next three years but the next four years.

Willie Rennie: I cannot understand Mr Swinney's position on the issue. If the deal for local government is so great, why has he had to impose the triple lock or triple whammy on councils, with fines of £408 million? How can that make sense if the deal is so appealing?

John Swinney: I am applying that approach simply because I want to make sure that the three things that matter happen. Those are the integration of health and social care, including the payment of the living wage to care workers; the protection of teacher numbers; and the delivery of the council tax freeze. I just want to make sure that those things happen, because I think that they are very important.

Although the local government resource budget is falling by £350 million, we are injecting £250 million into the integration of health and social care, in which local authorities are key participants. That £250 million will be able to pay for more care packages that currently cannot be provided. Therefore, that directly addresses the financial pressures on local government. Also, as I explained in my letter to the president of COSLA, which was issued to all local authority leaders, that money enables local authorities to find the financial support to pay the living wage for social care workers, which we have talked about, and to address pressures in the delivery of existing social care services.

The reduction of £350 million in the local authority budget is tempered by the injection of £250 million. The difference between those is less than 1 per cent of the total expenditure of local government. Therefore, some of the rhetoric that we have heard about a catastrophic fall in local authority expenditure is utterly misplaced. We have invested heavily to afford our priorities on behalf of the people of Scotland.

Malcolm Chisholm: Will the cabinet secretary give way?

John Swinney: I am sorry, but I am going to close on the issues in relation to income tax. *[Interruption.]* I do not think that the Labour Party can moan about the number of times that I give way to Labour members in these debates.

I agree with Mr Rowley that the debate is all about people's lives. We have decided not to increase tax on low-income households in Scotland—that is the choice that we have made. The Labour Party says that it has a rebate mechanism, but we have had two hours and 20 minutes of debate this afternoon and not one single piece of detail has been offered as to how the rebate could be paid to members of the public.

If Labour members had wanted some clues about the difficulty of the issue, they need only have gone to the *Official Report* of the Finance Committee meeting of 13 January 2016. I can share with Parliament that, on that occasion, Jackie Baillie was present for the Finance Committee debate—she was there and she was an active participant in the discussion. I set out the reasons why increasing tax for low-income

households but tempering that with a rebate or some mechanism targeted at those individuals cannot be delivered within the powers of the Parliament.

Those arguments were set out clearly—in the *Official Report* and in a damn sight more detail than the arguments that we have had from the Labour Party on why a rebate can be done—to inform Parliament about why I came to the conclusion that I came to. That conclusion is that the right thing to do at this time is to protect the incomes of low-income households, to invest in the integration of health and social care and to freeze the council tax, and I hope that Parliament will support that at 5 o'clock.

The Presiding Officer: That concludes the debate—*[Interruption.]* Order. Mr Findlay, I am speaking. That concludes the debate on the Budget (Scotland) (No 5) Bill.

Business Motions

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-15565, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a revision to the business programme for Thursday 4 February.

Motion moved,

That the Parliament agrees—

(a) to the following revision to the programme of business for

Thursday 4 February 2016—

delete

5.30 pm Decision Time

and insert

6.15 pm Decision Time

(b) that Rule 2.2.5(a) of Standing Orders be suspended for the purpose of allowing the Parliament to meet beyond 5.30 pm on Thursday 4 February 2016.—[*Joe FitzPatrick.*]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-15543, 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 9 February 2016

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Topical Questions (if selected)

followed by Stage 1 Debate: Transplantation (Authorisation of Removal of Organs etc.) (Scotland) Bill

followed by Public Audit Committee Debate: Overview of Scotland's Colleges 2015; 2012-13 Audit of North Glasgow College and 2013-14 Audit of Coatbridge College

followed by Business Motions

followed by Parliamentary Bureau Motions

5.30 pm Decision Time

followed by Members' Business

Wednesday 10 February 2016

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions
Finance, Constitution and Economy

followed by Scottish Labour Party Business

followed by

Business Motions

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by

Members' Business

Thursday 11 February 2016

11.40 am

Parliamentary Bureau Motions

11.40 am

General Questions

12.00 pm

First Minister's Questions

12.30 pm

Members' Business

2.00 pm

Parliamentary Bureau Motions

2.00 pm

Stage 3 Proceedings: Community Justice (Scotland) Bill

followed by

Stage 1 Debate: Burial and Cremation (Scotland) Bill

followed by

Scottish Government Debate: Scottish Rate Resolution

followed by

Business Motions

followed by

Parliamentary Bureau Motions

5.30 pm

Decision Time

Tuesday 23 February 2016

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 24 February 2016

2.00 pm

Parliamentary Bureau Motions

2.00 pm

Portfolio Questions
Rural Affairs, Food and Environment;
Justice and the Law Officers

followed by

Stage 3 Proceedings: Budget (Scotland) (No.5) Bill

followed by

Business Motions

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by

Members' Business

Thursday 25 February 2016

11.40 am

Parliamentary Bureau Motions

11.40 am

General Questions

12.00 pm

First Minister's Questions

12.30 pm

Members' Business

2.30 pm

Parliamentary Bureau Motions

2.30 pm

Stage 3 Proceedings: Scottish Elections (Dates) Bill

followed by

Business Motions

followed by Parliamentary Bureau Motions
5.00 pm Decision Time—[Joe FitzPatrick.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-15542, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a stage 2 timetable for the Private Housing (Tenancies) (Scotland) Bill.

Motion moved,

That the Parliament agrees that consideration of the Private Housing (Tenancies) (Scotland) Bill at stage 2 be completed by 26 February 2016.—[Joe FitzPatrick.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-15546, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, on the timetable of the stage 1 debate of the Land and Buildings Transaction Tax (Amendment) (Scotland) Bill.

Motion moved,

That the Parliament agrees, for the purposes of its consideration of the Land and Buildings Transaction Tax (Amendment) (Scotland) Bill, under Rule 9.6.3A of the Standing Orders, that the Parliament shall consider the general principles of the Bill on the second sitting day after publication of the lead committee report.—[Joe FitzPatrick.]

Motion agreed to.

Parliamentary Bureau Motions

17:02

The Presiding Officer (Tricia Marwick): The next item of business is consideration of six Parliamentary Bureau motions.

I ask Joe FitzPatrick to move motions S4M-15547 to S4M-15549, on approval of a Scottish statutory instrument, en bloc, and motions S4M-15550, S4M-15544 and S4M-15545, on the suspension of various standing orders and the designation of a lead committee, en bloc.

Motions moved,

That the Parliament agrees that the Police Act 1997 and the Protection of Vulnerable Groups (Scotland) Act 2007 Remedial (No. 2) Order 2015 be approved.

That the Parliament agrees that the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Amendment Order 2016 [draft] be approved.

That the Parliament agrees that the Water Environment (Amendment of Part IIA of the Environmental Protection Act 1990: Contaminated Land) (Scotland) Regulations 2016 [draft] be approved.

That the Parliament agrees that, subject to its agreement to the general principles of the Land and Buildings Transaction Tax (Amendment) (Scotland) Bill, for the purposes of further consideration of the Bill—

(a) Rules 9.5.3A and 9.5.3B of Standing Orders be suspended;

(b) the following be substituted for Rule 9.10.2A of Standing Orders:

“Subject to paragraph 6, where a member intends to move an amendment to the Land and Buildings Transaction Tax (Amendment) (Scotland) Bill at stage 3, that member shall give notice of the amendment by lodging it with the Clerk no later than 12:00 on Friday 4 March 2016.”

(c) in Rule 9.7.8A of Standing Orders, the word “second” be substituted for the word “fourth”;

(d) in each of Rules 9.7.8B and 9.7.10 of Standing Orders, the words “third sitting day before the day” be substituted for the words “end of the second week before the week”.

That the Parliament agrees that, subject to its agreement to the general principles of the Budget (Scotland) (No.5) Bill, for the purposes of further consideration of the Bill, in Rule 9.10.2A of Standing Orders, the word “third” be substituted for the word “fourth” in both places where it occurs.

That the Parliament agrees that the Finance Committee be designated as the lead committee in consideration of the Land and Buildings Transaction Tax (Amendment) (Scotland) Bill at stage 1.—[Joe FitzPatrick.]

The Presiding Officer: The questions on the motions will be put at decision time, to which we now come.

Decision Time

17:03

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

The first question is, that amendment S4M-15522.1, in the name of Jackie Baillie, which seeks to amend motion S4M-15522, in the name of John Swinney, on the Budget (Scotland) (No 5) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baxter, Jayne (Mid Scotland and Fife) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brennan, Lesley (North East Scotland) (Lab)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hilton, Cara (Dunfermline) (Lab)
 Hume, Jim (South Scotland) (LD)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Rowley, Alex (Cowdenbeath) (Lab)
 Scott, Tavish (Shetland Islands) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stewart, David (Highlands and Islands) (Lab)

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)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)

Brodie, Chic (South Scotland) (SNP)
 Brown, Gavin (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Buchanan, Cameron (Lothian) (Con)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Carlaw, Jackson (West Scotland) (Con)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Davidson, Ruth (Glasgow) (Con)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Finnie, John (Highlands and Islands) (Ind)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Goldie, Annabel (West Scotland) (Con)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 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)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (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)

The Presiding Officer: The result of the division is: For 43, Against 81, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that motion S4M-15522, in the name of John Swinney, on the Budget (Scotland) (No 5) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Allard, Christian (North East Scotland) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (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)
 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)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (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, Claire (Mid Scotland and Fife) (Lab)
 Baxter, Jayne (Mid Scotland and Fife) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brennan, Lesley (North East Scotland) (Lab)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (Ind)
 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)
 Hilton, Cara (Dunfermline) (Lab)
 Hume, Jim (South Scotland) (LD)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McInnes, Alison (North East Scotland) (LD)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Rowley, Alex (Cowdenbeath) (Lab)
 Scott, Tavish (Shetland Islands) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stewart, David (Highlands and Islands) (Lab)

Abstentions

Brown, Gavin (Lothian) (Con)
 Buchanan, Cameron (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Davidson, Ruth (Glasgow) (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)
 Scott, John (Ayr) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)

The Presiding Officer: The result of the division is: For 63, Against 46, Abstentions 15.

Motion agreed to,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.5) Bill.

The Presiding Officer: The next question is, that motions S4M-15547, S4M-15548 and S4M-15549, in the name of Joe FitzPatrick, on approval of Scottish statutory instruments, be agreed to.

Motions agreed to,

That the Parliament agrees that the Police Act 1997 and the Protection of Vulnerable Groups (Scotland) Act 2007 Remedial (No. 2) Order 2015 be approved.

That the Parliament agrees that the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Amendment Order 2016 [draft] be approved.

That the Parliament agrees that the Water Environment (Amendment of Part IIA of the Environmental Protection Act 1990: Contaminated Land) (Scotland) Regulations 2016 [draft] be approved.

The Presiding Officer: The next question is, that motions S4M-15550, S4M-15544 and S4M-15545, in the name of Joe FitzPatrick, on the suspension and variation of standing orders and the designation of a lead committee, be agreed to.

Motions agreed to,

That the Parliament agrees that, subject to its agreement to the general principles of the Land and Buildings Transaction Tax (Amendment) (Scotland) Bill, for the purposes of further consideration of the Bill—

(a) Rules 9.5.3A and 9.5.3B of Standing Orders be suspended;

(b) the following be substituted for Rule 9.10.2A of Standing Orders:

“Subject to paragraph 6, where a member intends to move an amendment to the Land and Buildings Transaction Tax (Amendment) (Scotland) Bill at stage 3, that member shall give notice of the amendment by lodging it with the Clerk no later than 12:00 on Friday 4 March 2016.”

(c) in Rule 9.7.8A of Standing Orders, the word “second” be substituted for the word “fourth”;

(d) in each of Rules 9.7.8B and 9.7.10 of Standing Orders, the words “third sitting day before the day” be substituted for the words “end of the second week before the week”.

That the Parliament agrees that, subject to its agreement to the general principles of the Budget (Scotland) (No.5) Bill, for the purposes of further consideration of the Bill, in

Rule 9.10.2A of Standing Orders, the word “third” be substituted for the word “fourth” in both places where it occurs.

That the Parliament agrees that the Water Environment (Amendment of Part IIA of the Environmental Protection Act 1990: Contaminated Land) (Scotland) Regulations 2016 [draft] be approved.

Edinburgh South Suburban Railway

The Deputy Presiding Officer (John Scott):

The final item of business is a members' business debate on motion S4M-14678, in the name of Jim Eadie, on the reinstatement of the Edinburgh south suburban railway. The debate will be concluded without any question being put.

Motion moved,

That the Parliament recognises the ongoing campaign that is being led by the Capital Rail Action Group to reinstate the Edinburgh South Suburban Railway (ESSR) for passenger use; notes that the previous passenger service ran from Waverley station via Haymarket, Gorgie, Craiglockhart, Morningside, Blackford, Newington, Craigmillar and Portobello stations; acknowledges the development of new and innovative methods of transport in other parts of Europe, such as the hybrid tram-train that has been used in parts of Germany since the 1990s, and which, it understands, is soon to be piloted in Sheffield; believes that, given current capacity issues, using existing transport infrastructure through innovative methods of transport might represent the best means of reopening the line; considers ambitious the proposals in the Edinburgh and South East Scotland city deal, which, it understands, outline the need to upgrade existing transport infrastructure to enhance the network of integrated and sustainable transport links across the Lothian region; believes that the reinstatement of the ESSR could bring significant economic and social benefits to the people of Edinburgh, and notes the calls for the City of Edinburgh Council and Transport Scotland to work with all interested stakeholders, including the South East Scotland Transport Partnership, to explore the viability of reopening the line for passenger use to serve the area's transport needs and enhance journey times in what it sees as Scotland's increasingly congested capital city.

17:08

Jim Eadie (Edinburgh Southern) (SNP): We move from the controversy of the budget debate to what I hope will be the consensus of this debate. I am grateful for the opportunity to bring the debate before Parliament this evening and I thank members from across the chamber for supporting the motion in my name.

I pay tribute to all those people who have been involved in the campaign to reinstate the Edinburgh south suburban railway over many years. I particularly thank Lawrence Marshall of the capital rail action group, or CRAG. He has been a constant and consistent advocate for the reinstatement of the south sub along with Paul Tetlaw and Colin Howden of Transform Scotland. Their commitment and dedication has kept the issue alive.

The south sub route has endless possibilities and potential. Reinstating the south sub could act as a catalyst for an integrated transport plan for Edinburgh that is truly fit for the 21st century. Our capital needs and deserves it. The station at

Gorgie could serve Heart of Midlothian Football Club, Craiglockhart could serve Edinburgh Napier University, and Blackford and Newington could serve the University of Edinburgh. A new link to the Edinburgh royal infirmary that stems from the current south sub station at Cameron Toll would vastly improve the transport options for patients and national health service staff, and it would serve the ever-expanding Edinburgh BioQuarter.

Politicians calling for the reinstatement of the south sub have come and gone. I am reminded of the train journey on the south sub line that was organised by Lawrence Marshall in 2000. It included former members of the Scottish Parliament, Margo MacDonald, David McLetchie and Robin Harper. I cannot be alone in thinking what a fantastic journey that must have been, in the company of three of the best politicians that the Parliament has produced. Who knows whether their journey that day was on track or whether it went off the rails? I am pleased that the cross-party consensus that was alive that day has continued to the present day.

I have always been convinced that there has been a good case for reopening the line. After meeting leading officials from Sheffield City Council and the South Yorkshire Passenger Transport Executive last week to learn about the United Kingdom's first tram-train development, I believe that there has never been a better time to look again at the issue.

Edinburgh is set to experience an exponential growth in its population over the next 20 years, with studies showing that it will increase by almost 30 per cent if current trends continue. Those figures clearly show that we cannot continue with the current transport infrastructure in place and that new plans need to be brought forward. I am reminded of the words of Enrique Peñalosa, former mayor of Bogotá, who has stated:

"A developed country is not a place where the poor have cars. It is where the rich use public transport."

That is where the south sub can play its part.

The existing infrastructure is already there and is currently used to carry freight through the city. Previous studies have shown that if passenger trains were to be reinstated, the railway could attract more than 10,000 passengers every day. Consistently and without fail, our roads are congested during peak times and the south sub option could help to drastically cut congestion and travel time. Taking more people off the road would undoubtedly help with meeting our carbon emissions targets, too.

Of course, a business case needs to be made before we can start thinking about a functioning south sub. For the proposal to be successful, I believe that it has to be put into the wider context

of consideration of what is best for the people, the environment and the economy of our capital city. We know from previous studies that the business case does exist. According to Traveline Scotland, the journey from Haymarket to Cameron Toll takes between 25 and 32 minutes. The south sub could do it in 15 minutes. The Atkins feasibility study of 2004 concluded that the south sub had the potential to have a benefit cost ratio of well over 1; to be precise, 1.64.

I have met a number of key stakeholders, all of whom have expressed an interest in the project. Now is the time to revisit a feasibility study to find out whether the south sub is still viable, as I and countless others firmly believe it to be. I was pleased to have a positive meeting with the leader of the City of Edinburgh Council, Andrew Burns, just before Christmas last year, and I hope that the minister will agree to meet me and the leaders of the council to discuss the potential for a new feasibility study.

Before we get too far ahead of ourselves, it is necessary to address the logistical and other practical hurdles that would need to be overcome before the railway can become a reality. Reinstating the line using traditional heavy rail may be difficult, given that Waverley is almost at full capacity, as the minister has confirmed in correspondence to me, but using a tram-train, which would use rail lines and the tram network, may—I stress the word “may”—be the best way forward. Tram-trains would be technically feasible; the technology is not new and has a proven track record in Europe, and it will be trialled for the first time in the UK in Sheffield from 2017.

However, there are issues with that solution. As we know, trains use high platforms and trams use low platforms. If the south sub was to run on rail and tram lines, the tram-train would need to be able to lower itself so that vehicles were accessible for disabled people.

Voltage is another issue. Just yesterday, I was emailed by a constituent to remind me of that point. I will not get too technical, but suffice it to say that heavy and light rail run on two different types of voltage—25kV AC and 750V DC—but the tram-trains that are being built for the Sheffield programme are dual voltage and can change at the flick of a switch.

I am also aware of issues surrounding the existing infrastructure, which include signalling capacity, electrification and the need for refurbishment of existing stations for passenger use, in particular to accommodate the needs of disabled passengers. One of those challenges—that of electrification—is set to be addressed, as the south sub line will be future proofed as part of Network Rail’s control period 5 plan, which is currently under way. The other issues are not

impossible to resolve, but resolving them would have a cost attached to it. Nevertheless, the fact remains that Germany has used such a model with some success, which shows that a mix of heavy and light rail can utilise a city’s infrastructure in order to make new public transport links available.

What would a reinstated south sub look like? With capacity stretched at Haymarket and Waverley, the south sub could be reinstated fully, serving all the old stations between our two main hubs without having to enter them. We could incorporate the current tram network into the existing south sub and also offer innovative expansion plans for the tram network to enable the two links to meet and create a loop.

A different, phased approach is also possible, with the introduction of a rail link between Waverley and Morningside via Portobello, then moving to tram-trains with the introduction of a new light rail link to the Edinburgh royal infirmary stemming from the opening of the south sub.

After that we could see the south sub take on a number of different forms over the coming decades, utilising the existing tram network or integrating with future tram network extensions. The possibilities are endless if we think creatively.

We have a massive opportunity over the coming months with talks on-going about a city deal for Edinburgh and the wider city region. It is envisaged that the UK and Scottish Governments could commit one billion pounds of investment, unlocking the potential for new and sustainable transport links.

That could be the answer to how to extend the transport network without having to raid the funds needed for other vital services, while ensuring that, as the economic opportunities expand at the Edinburgh BioQuarter and Kings Buildings, there is the light rail infrastructure to match.

In conclusion, in reinstating the south sub we have the opportunity to think big for Edinburgh and for Scotland. Given the challenges facing Edinburgh over the next 20 years, I firmly believe that this is an idea whose time has finally come.

17:16

Sarah Boyack (Lothian) (Lab): I intimate to colleagues that I have given notice to the Presiding Officer that I will leave the debate early, but I promise to look at the *Official Report* afterwards, particularly the comments of the minister.

I welcome Jim Eadie’s debate and congratulate him on securing it. I also want to join him in thanking the Capital Rail Action Group for their lobbying, their research, and for keeping alive the

flame of the south suburban route. It is potentially a transformative piece of infrastructure.

It is a huge shame that Edinburgh's suburban railway was closed to passengers in the 1960s. My school driveway used to be part of the south sub, and the fantastic north Edinburgh cycle route was part of our suburban railway network. If we think about the congestion and air-quality problems that we have in the city, and compare ours with other cities, it is a huge missed opportunity.

The lack of access to rail transport is something that we need to think about. As Jim Eadie said, there are issues of adding capacity and connectivity, and the loop that he described to link the university, Hearts football ground in Gorgie and the hospital.

I would like to add the issue of urban regeneration, particularly for Craigmillar, an area that successive Governments have been looking to invest in. There is a real social justice and economic opportunity that would come from adding a new railway station in Craigmillar.

Jim Eadie was right to point to the work that has been done in Germany and Sheffield—the idea of tram-trains. I add the idea of train-bus that Chris Harvie, a former colleague in the Parliament, used to talk about. Opportunities are being looked at: it happens in Germany and it is being looked at in other cities in the UK, but this is a project that needs a champion—or rather, it needs a variety of champions in different organisations and across the parties.

The south sub has never been the top priority; it has never been straightforward, as Jim Eadie outlined. I believe that it could be a game changer if we have a partnership with SEStran, look at the city deal options, bring the rail partners into play and look at the connections between tram, bus, rail and active travel.

It needs all those things to fit together and for us to have that vision, but it needs more than cross-party support. I was the transport minister in 2000, but I did not know about that historic trip on the south sub. All of us need to work together and, crucially, we need the minister. I will miss his comments tonight, but I hope that he will be looking at bringing people together and that the Scottish Government will play a part.

It needs us all to make this happen, and the benefits would be for the citizens of Edinburgh. In my view, what is good for the citizens of Edinburgh is good for Edinburgh's economy, the Lothian economy and the Scottish economy. For all those reasons, and for green transport, this is a project whose time has come. It will not be easy and therefore we need everybody's support—crucially, that of the minister.

17:19

Cameron Buchanan (Lothian) (Con): It is certainly welcome that we have the chance to discuss a motion that was lodged by my friend Jim Eadie on reinstatement of the Edinburgh south suburban railway. An upgraded transport infrastructure in the region that I represent would be most welcome. The service could bring many benefits not just to south Edinburgh, but across the Lothian region and even further afield. Furthermore, the reinstatement could come at a cost that is eminently affordable compared with the costs of other transport alternatives.

That said, it is important that we do more than just talk about the Edinburgh south suburban railway. If we are to establish the facts and make genuine progress, we need to aim towards concrete measures that represent a step forward. With that in mind, we should focus our effort on securing funding for a much-needed feasibility study for the railway.

The reinstatement of the railway could bring a whole range of economic, social and environmental benefits; fellow MSPs have already touched on them. They could include a boost to employment, reduced journey times when people are travelling across the city and, of course, environmental benefits from decreased car use—not to mention the welcome implications of reduced traffic levels in our city and less dependence on expensive city-centre parking spaces.

I want to touch on a possible benefit of which my Conservative colleague Miles Briggs has been raising awareness; there is the potential for an Edinburgh south suburban railway to serve as a university line. As we have already heard, a fast link between the University of Edinburgh, Edinburgh Napier University and Queen Margaret University would be a great boost for our city's students, staff, businesses and the wider higher education sector. To date, that has not been mentioned in cost-benefit debates around the ESSR, so we should certainly continue to raise awareness of that positive aspect in partnership with the relevant stakeholders. As we have heard, that is a rather new line to take.

The most recent study suggested that reinstatement of passenger services could cost in the region of £18 million to £30 million. That is a large amount of money in itself, but we must remember to consider it in the context of the wide range of direct and indirect benefits that the railway would bring, and with an understanding of the scale of budgets for recent transport projects. Given the scale of the reinstatement, I reiterate my point that we must be crystal clear on the facts of the situation, which means that we need a new and comprehensive feasibility study.

It is useful to debate the ESSR in Parliament, but we have talked about it for long enough: we must make real cross-party progress on funding for a new feasibility study. If only the Scottish ministers would allocate funding for a study, we would gain a fuller understanding of the services that could be gained, who would benefit, how they would benefit, and how much it would all cost.

It is welcome that we have cross-party agreement—for the moment, anyway—on the railway's potential, but let us take our agreement and use it to make genuine progress. If the Scottish Government could commit to funding a study, that would be a genuine step forward towards reinstatement of the railway. I sincerely hope that the minister will step up to the plate.

17:22

Alison Johnstone (Lothian) (Green): I, too, congratulate Jim Eadie on securing the debate, and I thank the capital rail action group and Transform Scotland. Colleagues have been right to point out the tremendous contribution that Lawrence Marshall, in particular, has made, as well as the contributions of Colin Howden and Paul Tetlaw. I sincerely hope that they are involved as we progress the important issue of the Edinburgh south suburban railway.

The subject is very close to my heart, and the reinstatement has been the policy of Edinburgh Greens for as long as I can remember. I have looked back at the archives. If members have a quiet moment, they can look at the Edinburgh Greens website. On 11 April 2007, we announced “Re-opening South Suburban Line Priority for Local Greens”. However, it is not just a priority for local Greens. The project attracted massive input from business, and its support. Back in 2007, almost half the then £15 million expected cost was pledged from local businesses, including the University of Edinburgh. There is real support for the proposal, and I do not think that it would be difficult at all to garner it again because, as we have heard, reopening the south sub would have multiple benefits for local people, local businesses and the environment. It would help us to tackle congestion, and it is a convenient alternative to cars and taking buses.

The route of the south sub included Waverley, Haymarket, Gorgie, Craiglockhart, Morningside, Blackford Hill, Cameron Toll, Craigmillar, Niddrie and Portobello. Currently, we take buses into the centre of Edinburgh and then out again, in many instances.

Reopening the south sub would add another dimension to Edinburgh's transport offering—a really important dimension, as Jim Eadie highlighted, given the locations in question and the

impact that reopening the line would have on people travelling to see Hearts and on students at Edinburgh Napier University. I am therefore not terribly surprised that the Atkins feasibility study pointed to a 1:6 cost benefit ratio.

The scheme is an idea whose time has come; it is well worth another look. If the city continues to grow at its current pace, the scheme will become essential. I am Edinburgh born and bred—I have spent my life in the city—and there is no doubt in my mind that it is becoming increasingly gridlocked, so we must look at opportunities and alternatives. We must also consider issues including climate change, which affects us daily.

There are other benefits in considering the scheme. The line already exists, so we would not begin from a standing start. As we have heard, Robin Harper, Margo MacDonald and David McLetchie all used the train not that long ago. I have visited the Morningside station myself in the not-too-distant past. The reason for my visit was somewhat sad. People had been using land beside what would have been the platform as an allotment. They had been doing so for some months and were producing quite a lot of food, but Network Rail was concerned about the health and safety implications, so that scheme came to a halt. However, it is important to suggest that that would be a far better use if the station was to reopen.

Jim Eadie, who represents Edinburgh Southern, will be only too aware of what the traffic is like on Morningside Road. We are talking about nose-to-tail vehicles crawling along, with people trying to reach various destinations from that neck of the woods.

Jim Eadie also spoke about the developments in Sheffield. Technology is moving on all the time, and it is fair to suggest that, in the 21st century, it is not beyond the wit of any progressive nation to make the most of such an opportunity and to reopen the south sub. I will be very pleased to work with anyone who is looking into the issue in the weeks, months and years ahead.

17:27

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I draw members' attention to the fact that I am the honorary president of the Scottish Association for Public Transport and honorary vice-president of Railfuture UK. In the light of that, it will be no surprise to members that I would always wish to engage in efforts to increase the availability and use of public transport.

Like other members, I congratulate Jim Eadie on giving us the opportunity to debate this important subject for Edinburgh. When I was Minister for Transport, Infrastructure and Climate Change, I responded to Gavin Brown's members'

business debate on the subject on 3 December 2008. At that time, I encouraged the City of Edinburgh Council to meet me as minister to discuss the issues around what were—and are—largely freight lines that were used less for passenger traffic. I do not recall that meeting happening, so I very much welcome hearing from Jim Eadie that the council is engaged on the issue.

Jim Eadie referred, properly, to capacity and technical issues at our major stations. In particular, we ought to think about the issues for those stations that would result from our connecting them to a high-speed rail network, which may have different technical standards and will certainly present issues with platform length and capacity. We need to work hand in glove so that, if we do something on the suburban railway, we do not compromise our ability to connect to high-speed rail in the future.

Would the south suburban railway line be of value? Yes, of course it would. Can it be done easily? No, it cannot, for many of the reasons to which Jim Eadie referred. The platforms issue is perhaps not as great as has been suggested; in most cases, it would simply be a question of putting in a low platform at the end of the heavy-rail high platform, which is a solution that has been adopted elsewhere. However, that depends on there being land available at the stations concerned.

The motion states that we should

“explore the viability of reopening the line for passenger use”,

and I absolutely agree. There has always been a need in Edinburgh for an inner—or perhaps a middle—circle round Edinburgh so that, precisely as Alison Johnson mentioned, people do not have to come into the middle of the city and then get on another bus to go back to the outside. That has always been the missing link, and in many ways it is why we were uncomfortable, as a political party, with the trams proposal that was ultimately implemented. It was not because trams are a bad idea. They are a very good idea, but the route was perhaps not the one that was most urgently needed. Perhaps the route of the south suburban railway is the one that we need most urgently.

We know that, when we put rails down and run trains on them, people come and use them. There has not been a single development in the past couple of decades in which passenger usage has not significantly exceeded the estimates. Of course, that is in part because the Great Britain network model for estimating passenger usage is not a good one. We need to deal with that issue.

In my time as minister, I was delighted to be photographed down in the Borders with Madge

Elliot, who saw both the last train that ran when the line was previously in operation and the recent reopening of the Borders railway.

I cannot talk about railways in Edinburgh without making the point that none of the communities in my constituency is anything less than a 1.5 hour bus ride from a railhead. My support for the proposal is entirely conditional on our also thinking about the Buchan rail link.

My enthusiasm for railways is substantial. My wife's Christmas present to me this year was David Spaven's "The Railway Atlas of Scotland: Two Hundred Years of History in Maps", which I commend to members. It shows what railways used to be like. Let us try to get some of the way back to where we were. Not all of the old railways are worth restoring, but many of them are, including the Edinburgh south suburban railway and, even more important, the Buchan rail link.

The Deputy Presiding Officer: Wonderful. I call David Stewart.

17:31

David Stewart (Highlands and Islands) (Lab):

As other members have done, I congratulate Jim Eadie on his initiative in securing the debate and thank the capital rail action group and Transform Scotland for their on-going campaign to reinstate the Edinburgh south suburban railway, which I strongly support. In thinking about this debate, it seemed to me that what we have here is really a Beeching cut in reverse, and some members have hinted that it was Beeching who was responsible for closing the line.

Last week, I had the opportunity to speak at the first of Transform Scotland's hustings, and I talked about the importance of reinstating previous lines. I flagged up the obvious example of the Borders railway, which has been a great initiative.

The timing of the debate is apt given the publication two weeks ago of the "National Transport Strategy". It revealed that use of public transport in Scotland has gone down by 6 per cent since 2006 while traffic on our roads has increased by 2 per cent, although I note that use of rail has increased by 29 per cent, which is positive. I will be speaking to some of the rail operators about that tonight.

In Edinburgh, the capital rail action group cites data from the TomTom traffic index, which is a new index to me. It measures the impact of congestion in a city on travel times by road, and it shows Edinburgh to be the world's fifth most congested small city—the index defines small cities as those with populations under 800,000. When we take into account cities of all sizes, Edinburgh is the third most congested in the UK—

only London and Belfast have worse levels of congestion—and the 12th most congested city in Europe.

Edinburgh must be one of the only capital cities in Europe that does not have the model of suburban rail system that we are talking about. It is clear that such a system would have a big effect on congestion. I do not have time to talk about low-emission zones, but I can see how they are a related issue, given that the proceeds can go to local authorities to help them to look at sustainable transport.

The most recent feasibility study of reinstating a passenger service on the ESSR suggested that, if trains were to run every 15 minutes—the infrastructure remains and allows for up to 60 freight trains per day—the line could attract up to 13,500 people a day. I strongly agree with Jim Eadie's estimation that a reinstated south sub would dramatically cut congestion and travel times in Edinburgh while helping us to meet our carbon emission ambitions.

Transport Scotland has stated that it must wait for an official business case and structured proposal before it can take the project forward. However, I do not think that it can deny the success of the hybrid tram-train models in other European countries, and most members have mentioned the great practice across the world on those models.

I have touched on the reopening of the Borders railway. It has already reached the target of 650,000 annual passengers, which is fantastic. We must praise that success. Stewart Stevenson talked about looking at the methodology for predicting passenger numbers. We must look at that matter in the longer term.

Germany has some of the best examples of tram-train operations. There has been a tremendous increase in patronage. Before the tram-train, there were about 2,000 daily trips; now 18,000 trips are being monitored along the same corridor.

Best practice is available. The Edinburgh south suburban railway is a great initiative, which I whole-heartedly support in order to relieve congestion in Edinburgh and to tackle our climate change issues that we must address.

17:35

The Minister for Transport and Islands (Derek Mackay): I, too, congratulate Jim Eadie on securing the debate. It raises issues that are important to communities in and around Edinburgh.

Jim Eadie's fundamental ask, apart from the total reinstatement of the Edinburgh south

suburban rail connections, was for a meeting. I am happily minded to agree to that request and to put a date in my diary to progress the issue by way of a discussion, but I stress that it would be important to bring the council leader to the meeting, as it is important to have that local engagement.

I detect in the chamber cross-party consensus that the idea is worth progressing but, frankly, there must be clear evidence and support locally, as well as a willingness to see where it would go next. It would not be worth while to have a feasibility study for its own sake, but—

Jim Eadie: Will the minister take an intervention?

Derek Mackay: Of course.

Jim Eadie: I understand that the Scottish Government must operate within feasibility and affordability constraints, but it has been ambitious with other transport infrastructure projects. All that the Lothians MSPs are asking is for the Government to keep an open mind on the issue, to think outside the box and to be prepared to look at innovative ideas that will contribute to the success of not only Edinburgh but Scotland.

Derek Mackay: In agreeing to have a meeting, I am showing that I am open-minded. Although we have no plans to fund the project—I will return to that point—it is certainly worth considering the information that is there. In order to progress the matter, if there is, indeed, any willingness from the transport partnership and the council, I will need to hear that from those organisations.

Jim Eadie is passionate about the project—it is probably the number 1 issue that he raises with me regularly. He has explained that it is about the opportunity from the economic and environmental connections that could be made. In fairness, he also identified some of the challenges and how people might be able to think creatively about how those could be overcome.

Sarah Boyack is not here to hear that I have agreed to a meeting, although she said that she would check the *Official Report*. She said that the initiative has the potential to be transformative and that it would require a variety of champions. She said that the matter would then be over to me as the minister. I like the plurality of the position—indeed, it will need a number of people to support it if it is to go any further.

Cameron Buchanan talked about the affordable nature of the project, but the cost that he has identified is different to the figures that I have. That immediately raises questions, hence, I suppose, the request for a feasibility study.

Alison Johnstone spoke about the Edinburgh Greens website. That is not a website that I am on regularly, but I am happy to have a look to

understand more about the local support for an issue that has been expressed by members from across the political spectrum. I agree that there are issues around land use and localism. I do not want to be prejudiced against the initiative, but even if it were not to be progressed with any speed, at least there is protection for the land and the halts to ensure that the option is there for the future.

Stewart Stevenson spoke about his ministerial experience and the importance of council engagement—or, in a way, the lack of it, because the local authority did not deem the initiative to be its number 1 priority. All that I can say is that, in the discussions that have been had around transport strategies and, potentially, a city deal or a deal for this part of the country, the initiative has not been raised as a priority for the local authority. If it is a priority, it will certainly have to say so, and perhaps the meeting will be of assistance in that regard.

Many members touched on the popularity of rail, not least Stewart Stevenson, as well as David Stewart, who spoke about the success story that is rail right now. That is accurate; patronage has increased and Borders rail is one of many investment success stories. Curiously, this is the first time that David Stewart has not mentioned the Highland main line when it comes to investment in rail, which just goes to show that everyone has their own interests and can put them to one side—apart from Stewart Stevenson, who of course managed to get in a mention of the Buchan rail connection.

I know that there are demands from across the country to invest in rail. That is because of its popularity, because it is more sustainable and because it delivers the modal shift that we all want, which can indeed be affordable. It comes at a cost and there are huge subsidies to rail, but work is on-going to look at the potential for electrification—a form of transport that we absolutely support and have invested in to the tune of £5 billion, with more to come—on the route, although at the moment it is potentially for freight only. Jim Eadie's interest in freight is well established through his committee work, and we are aware of freight use on the line.

All members have spoken highly of rail, and I agree with that as the Minister for Transport and Islands. There are other investments that will benefit Edinburgh, such as the Edinburgh to Glasgow improvement project, which is a substantial investment that will enhance rail provision for the city and for the central belt.

Stewart Stevenson: The minister may recall the ingenious engineering solution that was associated with electrification on the Paisley Canal railway line, where the price was brought down to

about a third of the original budget by putting in a dead section that was unpowered. Does he agree that there is a lot of great engineering out there waiting to be applied to getting the price of some of our infrastructure developments down to affordable levels, although it is not in and of itself a magic wand?

Derek Mackay: Stewart Stevenson is absolutely right, although, in the 42 seconds that I have left, I do not think that I can cover that and do it justice.

The Deputy Presiding Officer: Take as long as you want, minister.

Derek Mackay: Thank you for that, Presiding Officer, but I do not think that you really want me to go on at great length.

What I will say is that there are on-going reviews of the operation of Network Rail, how it does its business, engineering costs and potential further devolution of rail to Scotland. In all of that, including the costs of Network Rail and the alliance that we have in Scotland, there is certainly much more that I would like us to do to challenge costs and to roll out the good work that was established in the Paisley Canal connection, as we roll out further investment in rail infrastructure in Scotland.

I return to rolling stock. When we have the new Hitachi electric trains in Scotland and further use of high-speed rail in Scotland on routes that are already established, we will have more trains in Scotland than ever before. That is a great investment, and the biggest ever investment in new rolling stock is being delivered at the same time, so there is massive investment in rail and it is a success story.

There is also on-going work at the moment on cross-boundary transport studies of current and projected future travel demand in the south-east of Scotland, including Edinburgh, and that could help to inform some of the work. It will require the local authority and the transport partnership to reflect on the consensus that I have heard in the chamber today. They have to see it as a priority for them if there is to be any realistic prospect of moving on beyond a feasibility study for its own sake, but I have committed to discussing that in detail with partners in the spirit in which the issue has been raised in the chamber.

We are actively looking at our investment options for rail beyond 2019 and this control period. I have talked in the Parliament about the planning process and the electrification options that we are considering for the country's rail infrastructure, and the location in question is a potential one for electrification, although currently the route is for freight use.

We can have further discussions about passenger use. Although we have no immediate plans in that regard, there is scope to have a more detailed conversation on the matter in view of the variety of transport conversations and dialogues that are going on—whether those are about city deal aspirations, the wider transport study that has been proposed, or the next control period.

I want to be as constructive as I can be. I am happy to meet and to take the issue further, but I give a strong message that I want to see clear evidence from the south east of Scotland transport partnership and City of Edinburgh Council that the issue is a priority for them, so that it can be taken seriously, rather than being regarded just as a nice thing to do that is on people's wish list.

From what Jim Eadie said, my sense is that the matter is a priority for him and his constituents, and that other parties have joined in, so I will give the matter further attention, within the limitations on which all members fairly reflected in the debate.

The Deputy Presiding Officer: Thank you all for taking part in this important debate.

Meeting closed at 17:45.

Corrections

Margaret Burgess has identified an error in her contribution and provided the following correction.

The Minister for Housing and Welfare (Margaret Burgess):

At col 7, paragraph 7—

Original text—

“For 2015-16, we have allocated £160 million to help up to 5,000 people buy a home;”

Corrected text—

“For 2016-17, we have allocated £160 million to help up to 5,000 people buy a home;”

Annabelle Ewing has identified an error in her contribution and provided the following correction.

The Minister for Youth and Women's Employment (Annabelle Ewing):

At col 10, paragraph 6—

Original text—

“Following that second letter, it has been agreed that there will be a meeting between the minister and representatives from the Convention of Scottish Local Authorities and the Society of Local Authority Chief Executives and Senior Managers, which will take place on 12 February.”

Corrected text—

“Following that second letter, it has been agreed that there will be a meeting between Scottish Government officials and representatives from the Convention of Scottish Local Authorities and the Society of Local Authority Chief Executives and Senior Managers, which will take place on 12 February.”

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

Published in Edinburgh by the Scottish Parliamentary Corporate Body

All documents are available on
the Scottish Parliament website at:

www.scottish.parliament.uk

Information on non-endorsed print suppliers
Is available here:

www.scottish.parliament.uk/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@scottish.parliament.uk
