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Wednesday 14 December 2016

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Scottish Parliament

Wednesday 14 December 2016

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

Portfolio Question Time

Finance and the Constitution

Regional Policy (Budget)

1. **Richard Lochhead (Moray) (SNP):** To ask the Scottish Government how its budget will take account of promoting regional policy. (S5O-00459)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): Although I am obviously constrained in what I can say today, I can confirm that the draft budget will respond to the challenges that are presented by the European Union referendum and United Kingdom Government austerity, and will deliver the positive steps that are set out in the programme for government to build a nation with a dynamic, sustainable and inclusive economy that supports all Scotland's regions.

Richard Lochhead: I very much look forward to the cabinet secretary's statement. I am sure that he agrees that we need a renewed focus on Scotland's regional policy as Brexit fast approaches, given that many regional funds flow from Europe.

City deals for Aberdeen, Inverness and elsewhere, along with the islands initiative, are big steps forward. Does the cabinet secretary agree that we also need bespoke measures for places such as Moray, which I represent, which are not covered by those initiatives but face similar challenges?

On future budgets, will he support efforts in Moray, in particular to persuade the UK Government—but also to talk to him and his colleagues in the Scottish Government about it—to deliver a Moray city deal, given the enormous revenues that the Speyside Scotch whisky sector especially generates for the UK's coffers?

In promoting regional policy, will the cabinet secretary consider measures including locating civil service jobs, especially new ones, in Moray and elsewhere around the country?

Derek Mackay: That was quite a comprehensive bid for tomorrow's budget. I will take each issue in turn.

We should recalibrate our economic policies in the light of circumstances in order to support every

part of Scotland. I have guaranteed continuity of European Union funds, following the UK Government's guarantees to the Scottish Government.

On a city deal, I am happy to work with Moray Council to consider a specific request. The Cabinet Secretary for the Economy, Jobs and Fair Work deals with city deals and will also be happy to engage.

On civil service deployment, we have about 70 offices around the country—they are not just in the central belt. When we consider deployment of our resources and civil servants, we will ensure that we look at opportunities in every part of the country, with optimising quality of service and best value in mind.

Adam Tomkins (Glasgow) (Con): Just yesterday, the Fraser of Allander institute produced its latest economic commentary, in which it says that

"The scope of a city to invest in productive infrastructure, skills, land redevelopment, and R&D is essential to its ability ... to shape and manage population and economic change."

The institute went on to say that

"The OECD observes a strong correlation between fiscal decentralisation, prosperity and productivity ... There is also mounting evidence that fiscal devolution—or financial empowerment of cities ... creates an incentive framework that ultimately improves the economy, productivity and service standards."

Does the cabinet secretary agree? If so, will he point to the Scottish Government policies that are designed to realise those policy goals?

Derek Mackay: I have a great deal of sympathy with the proposition that metropolitan districts—the cities—are drivers of the economy and regional growth. In response to Mr Tomkins's request for an example, I can point to the Glasgow city deal, to which I was a signatory on behalf of the Scottish Government, when I was Minister for Local Government and Planning. I am happy to talk to local government and the Convention of Scottish Local Authorities about further empowerment and about economic packages that would stimulate growth, along the lines that have been suggested.

The Presiding Officer (Ken Macintosh): Rona Mackay.

Rona Mackay (Strathkelvin and Bearsden) (SNP): Oh, I thought that it was Rachael Hamilton's—

The Presiding Officer: Do you not want to ask a supplementary question?

Rona Mackay: Yes I do. I beg your pardon. Despite the Tories' claims, it appears that theirs is

the only party that is obsessed with independence—

I am sorry, my supplementary is to a different question. That is why I was confused about being called.

The Presiding Officer: Okay. We will move on to question 2.

Scottish Chambers of Commerce (Meetings)

2. Gillian Martin (Aberdeenshire East) (SNP): To ask the Scottish Government what was discussed at the last meeting between the finance secretary and the Scottish Chambers of Commerce. (S5O-00460)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): Ministers regularly meet the Scottish Chambers of Commerce to discuss a wide range of issues as part of our commitment to continue to work with businesses and business organisations to build a fairer and more prosperous Scotland. I last met the Scottish Chambers of Commerce on 1 December, as a guest at its annual event.

The First Minister, who was also in attendance, announced that the Scottish Government will provide up to £400,000 to the Scottish Chambers of Commerce to support new business-led trade missions and forge new trading alliances between chambers here and abroad. That will boost the resource that is already committed by the chambers network, complement the work of Scottish Development International and contribute to our shared efforts to increase exports and internationalisation.

Gillian Martin: In my area of the north-east of Scotland we have energy innovation and technology that have the potential to be exported worldwide. How important is the international grant that the minister mentioned in terms of helping businesses to export, particularly in the light of Brexit?

Derek Mackay: I know that the Scottish Chambers of Commerce certainly appreciated that grant, which will support its work on internationalisation and on building stronger networks, and will help in striking deals that will export our produce and innovation and improve our productivity. That is clearly aligned to our trade and investment strategies to support manufacturing and the low-carbon sector and to encourage companies to export. The partnership between the Scottish Government and the Scottish Chambers of Commerce is a worthwhile one that will complement the work of Scottish Development International.

Jackie Baillie (Dumbarton) (Lab): A more international outlook for exporting is welcome.

Although we have seen an expansion of hubs to encourage exporting, they are in Europe and not the rest of the world. Can the cabinet secretary tell me when the investment in hubs in Europe will be matched by investment in hubs in emerging markets around the world?

Derek Mackay: Jackie Baillie makes a fair point when she suggests that our work in internationalisation must reach beyond Europe. However, Europe is a very important market and our overall strategy on trade and investment in internationalisation can cover every part of the world, including the emerging markets. There will be increased focus on growth opportunities, wherever they exist. However, the Scottish Chambers of Commerce certainly appreciates the support that we have given it, along the lines that I mentioned, to support our international efforts.

Liam Kerr (North East Scotland) (Con): In September, organisations including the Confederation of British Industry Scotland, the Scotch Whisky Association and the Institute of Directors wrote to the finance secretary to ask him to reverse the decision to double the rate of the large business supplement in Scotland, which will affect one out of every eight commercial properties and add a further £6 million to those businesses' rates bills in the current year. Who is right: business groups or the Scottish National Party?

Derek Mackay: I look forward to presenting the Scottish budget tomorrow, and I look forward to on-going engagement with the business community. Following receipt of that letter, I met business organisations and said that I would consider their propositions. I look forward to announcing a package of measures that will support the business community when I outline the budget to Scotland tomorrow.

Ayrshire (Budget)

3. Kenneth Gibson (Cunninghame North) (SNP): To ask the Scottish Government what impact its forthcoming budget will have on Ayrshire. (S5O-00461)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): As I said in an earlier answer, tomorrow I will bring forward my tax and spending proposals. The people of Ayrshire and, indeed, people across Scotland will benefit from our commitments to expand early learning and childcare, raise standards in schools and close the attainment gap, protect the police budget in real terms and increase the health budget.

The draft budget will also progress our ambitious infrastructure investment programme, which we set out in the programme for government, including significant investments in

affordable housing, digital, energy efficiency, transport and health. That programme also includes further progress on the A737 Dalry bypass and continued support for Glasgow Prestwick airport.

Kenneth Gibson: I thank the cabinet secretary for that positive answer. He will be aware how vital the Ayrshire growth deal is to Ayrshire's future prosperity. That deal involves much-needed improvements to our infrastructure and investment of more than £350 million.

Although I am delighted that the Scottish National Party Government has already agreed to work with all parties concerned, does the cabinet secretary agree that the Chancellor of the Exchequer's autumn statement was a missed opportunity to propose a matching commitment from Westminster? As supporting the Ayrshire growth deal will be good not only for Ayrshire, but for the Scottish and United Kingdom economies, will the SNP Government lobby the chancellor to reconsider, to share our vision and to back the Ayrshire growth deal in next year's spring budget?

Derek Mackay: I believe that that was an omission on the part of the UK Government. We will continue to pursue the issue with the UK Government and the Cabinet Secretary for Economy, Jobs and Fair Work will support us in taking those steps to support the Ayrshire growth deal.

John Scott (Ayr) (Con): The cabinet secretary is well aware that the proposed Ayrshire growth deal is dependent on more than one budget, as has been outlined by Kenneth Gibson. Does the cabinet secretary agree that expanding the existing—but now full—enterprise zones in Prestwick and Irvine, and perhaps creating a new one in East Ayrshire, are strategically important to jobs creation and business development across Ayrshire? Will that be a priority in his budget tomorrow or—if not—in his next budget?

Derek Mackay: John Scott has made a valid point about a package of measures that can be involved in any growth deal—a package of levers to support economic growth. With that package of measures on infrastructure support, business rates and other areas, I am sure that Mr Scott will welcome my budget when I present it to Parliament tomorrow.

Colin Smyth (South Scotland) (Lab): The Scottish Government's own figures show that, since 2007, 800 jobs have been axed at East Ayrshire Council, 600 at North Ayrshire Council and 800 at South Ayrshire Council. That is 2,200 job cuts on this Government's watch. The cabinet secretary refuses to use Parliament's powers to stop cuts to local councils, so can he tell Parliament how many more jobs will have to be

axed in Ayrshire as a result of his forthcoming budget? Does he think that those job cuts will be a price worth paying for families in Ayrshire?

Derek Mackay: Colin Smyth's position on the use of powers is not accurate, and I do not support the proposition that is being put. I simply ask the member to reflect on the fact—which is understood by the independent Audit Scotland—that local government has, essentially, had a reduction to its budget that is equivalent to that which the Scottish Government has had. Local government has had fair and reasonable settlements from the Scottish Government.

Chancellor of the Exchequer (Meetings)

4. Ben Macpherson (Edinburgh Northern and Leith) (SNP): To ask the Scottish Government what was discussed at the recent meeting between the finance secretary and the chancellor. (S5O-00462)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): The First Minister and I met the Chancellor of the Exchequer on 1 December and discussed a range of issues, including the economic and fiscal uncertainty resulting from the European Union referendum and the need for the United Kingdom Government to do more to support the oil and gas sector to secure its long-term sustainability. We also discussed the iniquitous treatment of the Scottish Police Authority and the Scottish Fire and Rescue Service with respect to VAT. That is an unacceptable situation that is estimated to cost the bodies about £30 million per annum.

Following the meeting, the chancellor committed to providing further details of his plans to adjust the UK budget and autumn statement timetable. Those details will be of significant interest to the joint working group that has been established to look into the Scottish budget timetable following the passage of the Scotland Act 2016.

Ben Macpherson: Will the cabinet secretary outline what progress was made at that meeting on introducing changes to VAT legislation under the Finance Act 2016 to enable our Scottish emergency services to recover VAT?

Derek Mackay: The chancellor said that he will consider the matter further. I hope that, when he does so, he will realise that the situation is unfair, in that Police Scotland is the only police authority in the UK that cannot recover VAT. I do not know why the Labour Party supports the Tories on the matter, but I welcome the fact that the Tory party, through its chancellor, may well reconsider its position. That would be a welcome and fair move if it ensured that we could reclaim our VAT, which would be right for Scotland.

Murdo Fraser (Mid Scotland and Fife) (Con): Were the finance secretary and his colleagues not well warned, in advance of the creation of a centralised single police force, that VAT would be irrecoverable, but they went ahead nonetheless?

Derek Mackay: The excuse that the UK Government uses is that the money is not coming through local government resources, yet the UK Government has made a range of amendments to its agencies to ensure that they escape VAT. That does not seem to apply to Scotland, however. Why the unfairness? The Tories can fix it in Westminster and ensure that we in Scotland get parity for our valuable emergency services.

Neil Findlay (Lothian) (Lab): When the finance secretary met the chancellor, did he discuss public infrastructure funding? Today *The Guardian* newspaper and *The Ferret* online have exposed how the Scottish Government's failure to interpret EU rules correctly will result in £932 million being lost to public investment. At the same time, private financiers are profiteering from the taxpayer via sky-high interest charges at a time when interest charges across the western world are at a historic low.

Is it not abundantly clear that the non-profit-distributing model is just another financial scam and that the only people who think that it is a good idea are members of the Scottish Futures Trust and people around them, who will make fortunes out of schemes? Will the cabinet secretary join me in calling for a committee of the Parliament to investigate the whole issue of NPD financing of our public services?

Derek Mackay: Members would never know from that question that the Labour Party in office totally supported the public-private partnership model—that started under the Conservatives as the private finance initiative, which was the worst regime possible. Our model is much better at profit capping and we have been able to accelerate capital infrastructure investment to build schools, hospitals and community facilities and undertake other infrastructure projects, which have been welcomed across Scotland. We have been, and will continue to be, perfectly transparent about how those projects are delivered.

I will say more about infrastructure in tomorrow's budget statement. We will make wise decisions on our capital spending and infrastructure projects, but we continue to pay for the legacy of borrowing and profiteering that we inherited from first the Conservatives and then the Labour Party.

Maree Todd (Highlands and Islands) (SNP): Has the cabinet secretary received any communication from the Chancellor of the Exchequer about his three specific asks for the oil and gas industry? Those asks—improved access

to decommissioning tax relief, urgent clarity on the use of loan guarantees and measures to stimulate exploration—were completely ignored in the autumn statement.

Derek Mackay: It is the case that the chancellor ignored those requests. I reinforced those points when I met him, and I will continue to do so, because those issues are important to the wider Scottish economy and to the north-east specifically. Perhaps he will revisit his position in the spring budget.

Constitutional Stability

5. Rachael Hamilton (South Scotland) (Con): To ask the Scottish Government what action it is taking to ensure that there is constitutional stability. (S5O-00463)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): That was asked without a shred of self-awareness.

Membership of the European Union is fundamental to the structure of the devolution settlement in Scotland, so the United Kingdom vote to leave the EU has profound implications for our current constitutional arrangements. That uncertainty is compounded by the UK Government's apparent intention to pursue a hard Brexit and take the UK and Scotland out of the single market.

The Scottish Government is clear that Scotland's future constitutional arrangements must reflect the views and choices of the people of Scotland, who voted clearly to maintain our relationship with the EU. The Scottish Government will therefore shortly publish proposals to achieve that end and enable further devolution to this Parliament to protect the interests of the people of Scotland on the UK leaving the EU.

Rachael Hamilton: The former First Minister Alex Salmond said:

"a constitutional crisis ... might be an extremely good thing for Scotland".

Mr Salmond seems to seek to encourage a constitutional crisis to block Brexit—which, as Alex Neil has pointed out, many Scottish National Party voters, including him, support—and to link Brexit with a second independence referendum as a formality. When will the Scottish Government start listening to Scottish voters and acknowledge that Scottish independence is not wanted?

Derek Mackay: The Tories are obsessed not only with Scottish independence but with the two Alexes. The ball is in the UK Government's court. We will put forward proposals that reflect the democratic interests of the people of Scotland, who voted to remain in the European Union, while respecting and listening to them.

If the UK Government focuses on one thing and nothing else, it should surely be the single market, which the Tories once believed in. We will put forward a proposition, and the ball is in the UK Government's court for it to respond positively. I hope for the sake of a number of matters, including constitutional certainty, that the Tories will take the proposal seriously and help us to provide further stability, which is what is required at this time.

Scottish Futures Trust (Edinburgh Schools)

6. Daniel Johnson (Edinburgh Southern) (Lab): To ask the Scottish Government what discussions it has had with the Scottish Futures Trust regarding school rebuilding in Edinburgh. (S5O-00464)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): Government officials meet the Scottish Futures Trust regularly to manage the delivery of the schools for the future programme, which includes four new school projects in Edinburgh. Through the programme, the Scottish Government is providing significant investment of £62.6 million to the City of Edinburgh Council, which is the programme's third-largest beneficiary.

Daniel Johnson: I hope that conversations continue between the City of Edinburgh Council, the Scottish Futures Trust and the Scottish Government to ensure that the wave 4 schools, such as Liberton high school in my constituency, are rebuilt. However, the revelation in *The Guardian* today that the non-profit-distributing model is to be investigated by auditors will not only be awkward but certainly give parents and teachers no confidence that the money is on its way. What impact will that have on projects such as Liberton high school and others across Scotland?

Derek Mackay: Liberton high school is a sensitive matter and we should all reflect on that. On the more general political point about school building at the hands of the Scottish Government, I note that 651 school building projects have been completed during the past nine years, between 2007-08 and 2015-16. That is almost double the 328 schools that were completed over the preceding eight years. The Government has invested substantially in the school building and refurbishment programme and will continue to do that in dialogue with local government across Scotland.

Economy, Jobs and Fair Work

Employment Barriers (Disabled People)

1. Willie Coffey (Kilmarnock and Irvine Valley) (SNP): To ask the Scottish Government what actions it is taking to remove the barriers to employment for disabled people. (S5O-00469)

The Minister for Employability and Training (Jamie Hepburn): In "A Fairer Scotland for Disabled People—Our Delivery Plan to 2021 for the United Nations Convention on the Rights of Persons with Disabilities", which was published on 2 December, we announced a range of actions to support disabled people into work, including the long-term ambition of setting a target for reducing the employment gap between disabled and non-disabled people in both the private and public sectors, and the use of new powers over employability to support disabled people into employment. Our transitional service from April 2017, through work for Scotland, will allow us to take a fairer approach to that support and help for 3,300 disabled people, and to offer a commitment, effective immediately, for modern apprenticeships to include the highest level of funding for disabled young people up to the age of 30, and to build on the Scottish Council for Voluntary Organisations and Inclusion Scotland's pilot programme to provide disabled people with 120 employment opportunities in the third and public sectors and in politics between 2017 and 2021.

Willie Coffey: Does the minister agree that supporting disabled people into work not only helps them as individuals but benefits the whole economy and the businesses themselves, and that that stands in sharp contrast to the treatment of disabled people by the United Kingdom Government, which has been described by a United Nations committee as systematically violating their rights?

Jamie Hepburn: I absolutely agree with the fundamental point that Willie Coffey makes about us missing out on much talent by not ensuring that more disabled people are involved in the labour market. We are missing out on their ingenuity, creativity and innovation, and clearly greater participation would be good not only for the health and wellbeing of such individuals but for employers and for the economy overall.

On Willie Coffey's latter point about the different approach that we might be able to take here in Scotland, we have set out clearly that the approach that we will take with our devolved employment programme will be different from what we have seen at the hands of the UK Government, and I have already mentioned the range of actions that we are taking to improve the participation of disabled people in the labour market.

Annie Wells (Glasgow) (Con): In Scotland, the statistics on disability and employment vary substantially across the country. In the Shetland Islands, the disability employment rate is nearly 88 per cent, but in Glasgow it is less than 25 per cent. What action will the Scottish Government take to address those vast differences?

Jamie Hepburn: I have already set out a clear direction of travel for our ambitions, which we will continue to pursue. I will tell members what we would not have done, though. It is telling that Annie Wells pointed out the significant proportion of those who are disabled and unemployed in Glasgow, the city that she represents—if we had control of Jobcentre Plus, we would not be shutting down eight jobcentres in that city right now.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): On that specific matter, I met representatives of the Public and Commercial Services Union on Monday, along with MP colleagues. They told me that they are particularly worried about the future for employment and support allowance claimants at jobcentres if eight jobcentres close in Glasgow, including in my constituency of Glasgow Maryhill and Springburn, where the jobcentre in Maryhill Road is threatened with closure. The Department for Work and Pensions told the PCS that forcing vulnerable constituents with mobility issues to travel longer distances would be an incentive into work. That is just crazy. Will the Scottish Government support the calls that have been made to halt that process and to ask for a fundamental rethink by the DWP?

Jamie Hepburn: I know that that is an important issue for Bob Doris, given his constituency interest, and that it is of interest to all Glasgow representatives. I have made contact with Damian Green, the Secretary of State for Work and Pensions, and have been keeping the MPs and MSPs who represent Glasgow up to date about that correspondence.

On Bob Doris's point that the DWP has suggested that the changes will act as an incentive for people to get into work, that tells us more about the DWP's attitude to human beings than it does about anything else. I absolutely agree with Bob Doris about the impact on service users, and I met the PCS earlier today to discuss that.

There is also an issue to do with the Scottish Government's position. The Smith commission spoke about increased joint management between the Governments in relation to Jobcentre Plus but, in this matter, we had no prior notification, no meeting, no letter, no call and no email. Along with Angela Constance, I will meet Damian Green at the joint ministerial working group on welfare in January, when I will certainly raise that matter.

Daniel Johnson (Edinburgh Southern) (Lab): According to the Scottish Commission for Learning Disability, more than 50 per cent of adults with learning disabilities who are known to local authorities are unemployed. Can the minister say what the Scottish Government will do about that, rather than what it will not do, as he said in response to Annie Wells? Does the minister agree that the figure is just too high?

Jamie Hepburn: Yes, I agree that the figure is too high—I certainly concur with that point from Mr Johnson. Indeed, the wider unemployment rate for those with any disability in Scotland is too high, and we need to do rather better in that regard. I have already set out the actions that we propose to take as part of "A Fairer Scotland for Disabled People". Right now, we have the open doors consortium, which provides specialist in-work support for a range of people, working with a range of organisations such as Action on Hearing Loss, the Scottish Association for Mental Health, the Royal National Institute of Blind People and—crucially in respect of those with learning disability—Enable. We are taking action and we will continue to take more. If Mr Johnson or any other member has innovative suggestions, we will always be happy to hear them.

UK Brexit Strategy (Economic Impact)

2. **George Adam (Paisley) (SNP):** To ask the Scottish Government what analysis it has made of the impact on the Scottish economy of the United Kingdom Government's Brexit strategy. (S50-00470)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): The UK Government's Brexit strategy—I use the word "strategy" in its loosest possible sense—has to date increased the chances of a so-called hard Brexit. Scottish Government analysis that was published on 23 August, drawing on a research base from a range of external organisations, suggests that, under a hard Brexit, Scottish gross domestic product could be up to £11.2 billion per year lower by 2030 than it would be if Brexit did not occur. Such an adverse shock to our economic performance would reduce earnings, employment and tax revenues, which would in turn reduce the funding that is available for public services.

George Adam: The cabinet secretary will no doubt agree with me that the Tory Government in Westminster currently has no strategy for Brexit. However, seeing as this is the festive season, there is hope that there could be a Christmas miracle. Would it not be good for the Scottish economy if the Westminster Government provided at least one idea of its strategy?

Keith Brown: Mr Adam makes a good point. We can see the hardening of attitudes among the

other 27 members of the European Union and the effects of the UK Government not putting forward any proposals. The economic evidence is clear that a hard Brexit that takes us outside the single market is the biggest threat to the economic prosperity of Scotland, including Paisley, and all of the UK. Despite repeated calls from the Scottish Government, the UK Government has yet to provide any transparency over its Brexit strategy, which is creating uncertainty for businesses across the country. For our part, the Scottish Government is clear that remaining in the single market is the best option for Scotland and for the UK as a whole. As such, we will shortly present our proposition, which will be focused on keeping us in the single market.

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

What specific actions is the Scottish Government taking to capitalise on the opportunities arising from Brexit? How much money has been provided to Scottish business from the £500 million growth fund that was announced by the Scottish Government over three months ago?

Keith Brown: Dean Lockhart can see from answers to parliamentary questions, if he cares to check them, the progress that we are making towards the establishment of the Scottish growth scheme. He will have seen announcements by the Scottish Government that we are increasing the representation of Scottish Development International in the coming months to ensure that we have a stronger representation throughout the EU, including through hubs in London, Dublin and Berlin. To respond in part to the point that Jackie Baillie made earlier, there have been ministerial visits to Abu Dhabi supporting up to 80 Scottish companies that are interested in oil and gas and other industries, and we have been talking to 100 chief executive officers in India. A substantial amount of work is being done.

Hardly a day goes by without one study or another showing that we expect to have increased costs and poorer employment prospects, investment prospects and confidence. People other than this Government are saying that they think that Brexit is very bad for Scotland and the UK. I wonder how long it can be before the Brexit deniers in the Conservative Party start to realise that they have moved well to the right of Margaret Thatcher and that, after having been toxic for 35 years, they are about to experience the prospect of being toxic for a very long period because of their hard-right attitudes and the economic self-harm that they are doing to Scotland and the UK.

Apprenticeship Accreditation (Employer Information)

3. **Sandra White (Glasgow Kelvin) (SNP):** To ask the Scottish Government what information it

provides to employers regarding apprenticeship accreditation. (S5O-00471)

The Minister for Employability and Training (Jamie Hepburn): All Scottish Government funded modern apprenticeship frameworks must be approved by the modern apprenticeship group before they are made available for delivery. They are developed through strong consultation with employers and reflect sector needs as defined by employers. When frameworks are approved, it is communicated to employers via direct engagement with them, to the training provider network and to other sector bodies that are involved in their development. The information is also published on the Skills Development Scotland website.

Sandra White: The minister will know that certain careers that have two-year apprenticeships, such as tattoo artists, do not have apprenticeship accreditation. Will the Scottish Government look at accrediting such apprenticeships under the apprenticeship scheme?

Jamie Hepburn: We will always be willing to consider such matters. I reiterate that any modern apprenticeship framework must be approved by the modern apprenticeship group. I am aware that many employers deliver their own apprenticeships. If they want those apprenticeships to be approved and be part of our modern apprenticeship offer, they should engage with Skills Development Scotland. If Sandra White wants to pick up the specific point that she raises with me directly, I will be very happy to speak with her.

Liam Kerr (North East Scotland) (Con): A recent Scottish Government consultation on the apprenticeship levy found industry support for using the extra funds to support reaching the target of 30,000 modern apprenticeships. A few weeks ago, I visited Score Group in Peterhead, which has the largest private modern apprenticeship scheme in Scotland, and it reiterated that point. Will the Scottish Government use 100 per cent of the apprenticeship levy funds from the United Kingdom Government to invest in apprenticeship? When will we hear about its proposed policy to ensure that funds are used for approved regional training providers, and not just colleges?

Jamie Hepburn: I am rather surprised that Liam Kerr raised the matter of the apprenticeship levy. I note that he is hiding at the back of the chamber; he must have been even a little ashamed to raise it. It was only a few weeks ago that we heard from the Conservatives that the levy was going to result in £300 million-worth of funding coming to the Scottish Government. We know that that is not the case; where is our additional £79 million? When the £221 million was announced, the UK

Government failed to set out that it was largely replacing existing expenditure. It also failed to point out that it will cost the public sector some £73 million, which will reduce the Scottish Government's spending leeway by some £30 million.

Liam Kerr is quite correct: we engaged in a consultation on how we respond to the introduction of the apprenticeship levy. That is rather more than the UK Government did when it introduced it in the first place. It spoke to no one who has the responsibility for delivering apprenticeship policy, including the Scottish Government, and it spoke to no one who will be paying the levy. When we take something forward, we do things rather differently.

Aberdeen City Region Deal

4. Mairi Evans (Angus North and Mearns) (SNP): To ask the Scottish Government what progress is being made with the Aberdeen city region deal. (S5O-00472)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): The Scottish Government, the United Kingdom Government and regional partners signed the Aberdeen city region deal on 21 November. The signing of the Aberdeen city region deal and the release of funding allow the deal to move on to the delivery stage and make proposals a reality. The Scottish Government has committed to investing up to £125 million over the next 10 years. The city region deal funding will support investment in innovation, internationalisation, digital connectivity and infrastructure across the region.

Mairi Evans: Two major infrastructure projects were named in the Aberdeen city region deal within my constituency of Angus North and Mearns: rail improvements at Usan and Montrose, and the Laurencekirk junction. Will the cabinet secretary provide an update and more detail on the options for rail improvements at Usan, given that it acts as a bottleneck and is restricting capacity in the north-east? Will he also outline and explain the processes to be followed leading up to the construction of the Laurencekirk junction? A number of constituents have contacted me with concerns about the earliest possible construction date being 2021. An explanation of the process would be very helpful.

Keith Brown: I am happy to do so. However, I should say that the projects that Mairi Evans mentioned are not part of the city deal. The Scottish Government wanted them to be part of it, but the UK Government balked at the size of the contribution that it would have to make to additional elements of the city deal. Those projects therefore stand outside the city deal but, as Mairi Evans rightly said, they were mentioned at the

same time. That is a further £254 million in investment from the Scottish Government over and above the £250 million that we will jointly share with the UK Government.

Transport Scotland is taking forward design and development work for improvements to the A90 at Laurencekirk, with a preferred option expected to be identified in 2018, leading to publication of draft orders in 2019. Progress thereafter will of course depend on the level and nature of representations received in response to the published draft orders and, subject to no objections being received, it is estimated that the earliest construction could commence is 2021. I talked to Mairi Evans about this at the Rural Economy and Connectivity Committee this morning; I have undertaken to provide written accounts of what I have just said, and I am happy to do that.

The development of rail infrastructure options is on-going. They include consideration of opportunities to increase capacity on the single-track section between Montrose and Usan. Our focus, however, remains firmly on maximising the benefits for rail passengers in Aberdeen. The timescales for delivery remain in line with the previous commitments, with implementation from the next rail control period starting in 2019.

Liam McArthur (Orkney Islands) (LD): The cabinet secretary has outlined the benefits that will be delivered through that particular city region deal and we have seen similar benefits for Glasgow and Clyde, while Inverness and Highland are pursuing their own agenda. Can the cabinet secretary update members on the progress that is being made on an islands deal so that similar benefits can be reaped by Orkney, Shetland and the Western Isles?

Keith Brown: Discussions have taken place but, in relation to city deals, we have to proceed with the partners that we anticipate will be part of those deals, which would, in this case, be the UK Government and island authorities.

As my colleague the Cabinet Secretary for Finance and the Constitution said earlier, I asked the UK Government through Lord Dunlop, who is the lead on city deals, to ensure that the Ayrshire growth deal was mentioned in the chancellor's autumn statement. I was disappointed when it was not.

Liam McArthur will be aware that there is a timeline and sequence for the deals that have been discussed so far. The Stirling and Clackmannanshire deals were mentioned in the autumn statement, as well as the Edinburgh and Tay cities deals. Further discussions on deals will require all those parties to be involved. The Scottish Government has made it clear that we are

willing to discuss city deals with anybody who has proposals.

These things will be best done by maintaining that partnership with the UK Government and, subject to a sign that it is interested in doing that, we will continue to work with it.

I know that Ayrshire was not the subject of Liam McArthur's question but, because of the sequencing that I mentioned, it impacts on further discussions with the islands. If the UK Government starts to draw back from that, we will see what we can do through working jointly with the Ayrshire authorities.

Public Houses and Bars Sector Jobs

5. Neil Bibby (West Scotland) (Lab): To ask the Scottish Government how many jobs are directly and indirectly linked to the pub sector. (S5O-00473)

The Minister for Business, Innovation and Energy (Paul Wheelhouse): According to the 2015 business register and employment survey, which was published on 28 September 2016, approximately 30,000 people are employed directly in the public houses and bars sector in Scotland, equating to approximately 20,000 full-time equivalent employees. Applying the food and beverage services employment multiplier from the latest published Scottish Government input-output tables, it is estimated that a further 2,400 FTE jobs, across full-time or part-time roles, are supported in the supply chain for the sector, producing an estimated total of 22,400 FTE direct and indirect jobs in the Scottish economy.

Neil Bibby: Reform of the tied pub sector is crucial to protecting jobs in the pub industry. Many in the sector, such as the Campaign for Real Ale and the Scottish Licensed Trade Association, have expressed serious concerns that the recently published Scottish Government study, which was commissioned by the previous minister, is of extremely limited value. They are concerned that the study featured only 25 pubs, only 10 of which were fully tied and none of which were free-of-tie, tenanted pubs.

The minister is aware that I propose to introduce a member's bill on tied pubs. Does he agree that it would be wrong for the Government to rule out legislation in this area before a full and robust consultation has taken place? Will he agree to meet me to discuss the issue of pub sector reform?

Paul Wheelhouse: I recognise the importance of the study and the evidence base to be established in deciding future policy.

The independent study that Neil Bibby refers to by CGA Strategy, into the pub sector, was

published on 6 December this year on the Scottish Government website. We are planning to engage with pub sector interests to discuss the findings of the research and how we can work together to create a more successful sector.

It is worth stressing that we have not yet come to a view on the issue. That is why, following the findings of the research, I intend to meet a wide range of stakeholder interests to take their views. I would be very happy to meet Mr Bibby to hear his points on the research.

I also stress that the Scottish Government is still open to taking empirical research and evidence where that can be provided to help inform the discussions on the issue.

Taxation

The Presiding Officer (Ken Macintosh): The next item is a debate on motion S5M-03063, in the name of Murdo Fraser, on taxation.

14:40

Murdo Fraser (Mid Scotland and Fife) (Con): Tomorrow, the Cabinet Secretary for Finance and the Constitution will deliver an historic budget. It will be historic not just because it will be the first budget to be delivered by the current finance secretary, but because the Scottish Parliament, for the first time, will use substantial new tax powers. It will be able, as never before, to vary the rates and bands of income tax. That is in addition to control over land and buildings transaction tax, over the aggregates levy and over business rates.

In advance of the budget statement, the Scottish Conservatives have a very clear message: we do not believe that families and businesses in Scotland should be taxed more highly than those elsewhere in the United Kingdom. It is time for the Scottish National Party to take its hands out of the pockets of hard-working Scottish taxpayers and to concentrate instead on measures that will grow the economy and therefore grow the tax base. That is how we will create a more successful and prosperous Scotland, and how we will raise the funds that are necessary for our vital public services—not by hiking taxes and making Scotland uncompetitive.

The backdrop to the debate is Scotland's economic underperformance. I hardly need remind members about the extent to which the Scottish economy has lagged behind that of the rest of the United Kingdom. Despite there having been a shallower recession in Scotland, its economic recovery has been weaker than the UK's, and economic growth in real terms has lagged behind that of the UK since the fourth quarter of 2009.

Today's unemployment statistics tell us that unemployment is higher in Scotland than it is in the rest of the UK, and is rising when it is falling elsewhere. Economic activity is lower, productivity is lower and business confidence is lower—now it is at its lowest point since the 2008 recession. Overall, out of 30 economic indicators, the Scottish economy lags behind that of the UK on 25.

The prospects look little better. Last week, the EY ITEM club published its forecast for Scottish economic growth, which suggests that in the year ahead it will lag substantially behind that of rest of the UK. Only yesterday, we had the latest economic commentary from the widely respected Fraser of Allander institute, which states that Scotland's recent growth rate has been just one

third that of the UK, that growth will remain below trend and that unemployment is likely to rise. That is even before we consider the consequences—positive or negative—of Brexit.

The reason why all this matters in the context of the Scottish Government's budget tomorrow is stated clearly in yesterday's Fraser of Allander report. It says:

“With new tax powers coming on-stream in April, it is vital that the gap with the UK is closed.”

That is absolutely right because, from April, the performance of the Scottish economy will determine the overall size of the Scottish Government's budget.

John Mason (Glasgow Shettleston) (SNP): Murdo Fraser talks about gaps. Does he accept that we are talking about two separate things: the economy and taxation? Is he not concerned about the gap between the very rich—who are not taxed enough—and the very poor?

Murdo Fraser: There is a certain irony in that intervention from John Mason. During the independence referendum, Mr Mason and I did perhaps 30 debates around the country with different groups. In that referendum Mr Mason stood by a white paper that proposed only one change in taxation. It was not a change that would tax the rich more; it was a change that would cut the rate of corporation tax by 3 per cent, to give a tax break to large businesses. He seems to have changed his tune entirely since 2014—like most of his party.

Patrick Harvie (Glasgow) (Green): I am grateful to Murdo Fraser for giving way to someone who never endorsed what was in the SNP's white paper.

The UK Government has just made tax changes to the personal allowance and thresholds that will make every higher-rate taxpayer about £15 a month better off. Does Murdo Fraser really need an extra £15 a month in his pocket when other people are—to quote a phrase—just about managing?

Murdo Fraser: Mr Harvie is being ungenerous. He will know well that the measures that are being taken by the UK Government to more than double the threshold for income tax are lifting millions of families and the lowest-paid people in Britain out of taxation altogether. Our record on that is unsurpassed.

Neil Findlay (Lothian) (Lab): Will Mr Fraser take an intervention?

Murdo Fraser: No. I need to make some progress. I will give way later, if I have time.

Let us look ahead to the Scottish Government's budget. Roughly half the total funds that are

available to the finance secretary will come from taxes that are derived in Scotland: the land and buildings transaction tax, the aggregates levy, income tax, an assignation of partial proceeds from VAT and business rates. If the economy does not grow, the tax revenues do not grow, either.

The remainder of the Scottish Government's budget—the other 50 per cent—comes in the form of the block grant from Westminster, which is now determined by the fiscal framework that has been negotiated between the UK and Scottish Governments. In that fiscal framework the performance of the Scottish economy relative to that of the UK as a whole is used to calculate the total sum. Therefore, if the Scottish economy continues to underperform against the UK economy, we in Scotland face a double whammy: we will raise less funds in taxes from within Scotland, and the fiscal framework means that the block grant adjustment will reduce the amount of money coming from Westminster. The consequence of economic underperformance is less tax revenue to fund our vital public services.

Willie Rennie (North East Fife) (LD): Will Murdo Fraser take an intervention?

Murdo Fraser: I have not taken an intervention from the Liberal Democrats yet, so I will give way.

Willie Rennie: Murdo Fraser seems to have ignored the real benefit of boosting skills in Scottish society in order to boost the economy. He seems to think that tax is the only answer for boosting the economy. Does he not recognise the other side of the equation?

Murdo Fraser: I am so disappointed in Willie Rennie's approach to the debate. I remember those heady days when Tavish Scott led the Liberal Democrats and Mike Rumbles went into the budget negotiation with John Swinney clutching a piece of paper demanding a 2 per cent cut in income tax. What a shame that, under Willie Rennie, the Liberal Democrats have lurched to the left and are now demanding an increase in tax instead of a cut, as Mr Rumbles demanded all those years ago.

The SNP's plan seems to be to hit Scotland with a £1 billion surcharge on families and businesses, which will make Scotland the highest-taxed part of the United Kingdom over the next four years. Next year alone, the nationalists' decisions will add an extra £212 million on to the country's tax burden—a figure that will increase in every year until 2020-21.

As I have said, the UK Government is already on track to double the personal allowance for income tax, which will lift millions out of paying income tax altogether, and help the lowest-paid people. However, the SNP wants to see taxpayers in Scotland being hit with higher charges than

exist in the rest of the United Kingdom. Because of the interaction with national insurance, the marginal rate on Scottish workers who earn just above the higher-rate threshold will become 52 per cent of their income, which will create a clear tax differential with the rest of the United Kingdom.

The SNP's approach might have been understandable if the change in personal taxation were to raise hundreds of millions of pounds. However, in the first year of its operation, the likely maximum sum that will be raised is just £130 million. Is it really worth—for that sum of money—sending out the message that Scotland is an expensive place to live, work and do business in? Is it really worth making Scotland the highest-taxed part of the United Kingdom?

We have heard Scottish businesses' concern that they will, in order to compensate for the higher tax rates, have to pay a Scottish supplement to attract the best talent. The same must surely apply in our public services. Already, the national health service in Scotland is in competition with the NHS down south for top consultants, and our universities are in competition with universities down south for top academics. What assessment has the Scottish Government made of the additional cost to the public sector from the tax rises? The reality is that they will raise very little money and are likely to do substantial damage to the economy.

It is not just on personal taxation that the SNP has got it wrong. Its doubling of the large business supplement applies to all properties that have a rateable value above £35,000, which means that many relatively modest retail premises will be affected. It is also having an impact on the economy. In September, 13 Scottish business leaders wrote to the finance secretary calling for the Scottish Government to level the playing field with England. It is no wonder that we have seen retail businesses such as McEwens of Perth and McAree Brothers in Stirling closing their doors, with the tax burden being a key factor.

What is so strange about the SNP's approach to taxation is that it is such a departure from what we have heard from the party in the past. Members who were here in previous sessions will recall the then First Minister, Alex Salmond, lecturing us week after week on the benefits of the Laffer curve and telling us that cutting taxes would lead to higher tax revenues. For more than a decade, the Laffer curve was the central tenet of SNP economic theory, but now the SNP is reduced to the extent that we have a finance secretary who says that he has never even heard of the Laffer curve. Where was Derek Mackay when all the rest of us were sitting here being bored rigid by his former boss? Why was he not paying attention?

For years, the SNP told us that corporation tax should be cut in order to grow the economy and SNP members—including John Mason—stood on manifesto commitments to cut corporation tax. Furthermore, the only substantial tax change that was contained in the 2014 white paper “Scotland’s Future: Your Guide to an Independent Scotland” was a cut to corporation tax. We were told that that was the way to grow the economy and tax revenues. Now, the SNP has done a spectacular U-turn in its approach to taxation.

Bizarrely, the SNP is still committed to a tax cut. It wants to cut air passenger duty—a policy on which we are happy to work with the SNP in order to deliver it. However, the argument for cutting APD—that it will generate economic growth and tax revenues elsewhere in the economy—surely applies to other taxes. Why is the logic of that lost on the finance secretary?

Even the First Minister’s hand-picked chair of the SNP’s new growth commission—our erstwhile colleague in Parliament, Andrew Wilson—gets it. He understands that the way to increase tax revenue is to increase the number of high-earning taxpayers. It was Andrew Wilson who, at the weekend, cited the excellent example of the land and buildings transactions tax. When residential LBTT was introduced, it was supposed to be revenue neutral, but the tax take in the first year was £32 million lower than expected. Why? It was because the then Cabinet Secretary for Finance and Sustainable Growth, John Swinney, was too greedy. He hiked the rates at the upper end too much, which caused a slowdown in the market. As a result, the tax take was less than it should have been. Andrew Wilson, the SNP’s one-time economic spokesman, gets it and Alex Salmond, when he was First Minister, got it. Now, under Nicola Sturgeon, the SNP has lurched to the left and is determined to hike taxes on hard-working Scottish families and businesses. The result will not be higher tax revenues, but an underperforming Scottish economy and a shrinking tax base.

Neil Findlay: Will Murdo Fraser take an intervention?

Murdo Fraser: I have not taken a Labour intervention, so I happily give way to Mr Findlay.

Neil Findlay: If Murdo Fraser genuinely believes what he is saying, a way to spread the wealth would be to have more people with high-paid jobs to pay the higher taxes. What does he say to his colleagues who have two of those jobs?

Murdo Fraser: I am so disappointed in Neil Findlay’s intervention. I have been following the debate at Westminster very closely. Even Jeremy Corbyn, and John McDonnell, the shadow chancellor—heroes of Mr Findlay—support the

increase in the threshold that has been proposed by the chancellor, Philip Hammond. It seems to be the case that Scottish Labour’s criticism of Jeremy Corbyn is that he is too right wing. If he were more left wing, he would fit better into Mr Findlay’s world.

The finance secretary has 24 hours before he delivers his budget. He has 24 hours to think again. If he wants Scotland to succeed, if he wants our economy to grow and to prosper and if he wants to raise the money that we all want to fund our vital public services, we need a Scotland that is competitive within the United Kingdom and we need to be clear that Scottish families and businesses are not taxed more than they would be in the rest of the United Kingdom. That is the point that is made in our motion, which I have pleasure in moving.

I move,

That the Parliament believes that families and businesses in Scotland should not be taxed more than those elsewhere in the UK.

14:54

The Minister for Business, Innovation and Energy (Paul Wheelhouse): As my colleague the finance secretary has made clear previously in this chamber, the Scottish Government will confirm its tax proposals in its draft budget, which will be published tomorrow.

While not wanting to pre-empt the finance secretary’s draft budget, I welcome this opportunity to discuss the important new tax powers and how they may best be used for the benefit of Scotland’s people and our economy. I will also challenge the premise of the Tories’ simplistic argument and damaging narrative, which harms Scotland’s interests—the Tories are failing to sell the strength of Scotland’s offer for individuals, families and businesses.

The introduction of the new income tax powers will be the most significant act of tax devolution to date, but the Scottish Government approaches those powers from its experience of the successful commencement of land and buildings transaction tax and Scottish landfill tax, its operation of non-domestic rates and its reform of local taxes.

In preparation for the devolution of the fully devolved taxes under the Scotland Act 2012, the then Cabinet Secretary for Finance, Employment and Sustainable Growth, John Swinney, set out to Parliament a Scottish approach to taxation. That approach is founded on the four core Adam Smith principles that taxation should be certain, convenient, efficient and proportionate to the ability to pay. Alongside that, we have a commitment to taking a collaborative approach to tax policy development and a robust approach to

tackling tax avoidance, where we have the powers to do so.

Crucially, we have sought to use the new powers on tax to make a difference for Scotland. We pioneered a progressive approach in the UK to the setting of rates and bands for LBTT, whereby the amount that is paid is more closely related to the value of the property or transaction and therefore to the ability of individuals to pay. We have used opportunities to make Scottish landfill tax more effective in tackling the wasteful disposal of resources, thereby supporting our goals for a circular economy.

As set out in the programme for government, we propose to reduce air passenger duty by 50 per cent by the end of the parliamentary session, and to abolish it when the public finances permit, to address a tax that is the most expensive of its kind anywhere in Europe and which continues to act as a barrier to Scotland's ability to secure new, more efficient direct international services, and to maintain existing ones.

Willie Rennie: The minister is rightly parading the new powers that are coming to the Scottish Parliament, but why is his Government increasing the unfair council tax that we have had control of since 1999 and not increasing income tax, the powers over which it has just got? What is the point of parading those powers if his Government does not use them?

Paul Wheelhouse: I will turn to council tax later, and I hope that Willie Rennie will pick up on those points.

Income tax alone will account for the funding of more than a third of the Scottish budget and, as such, those powers must be used responsibly. However, we maintain that using them responsibly might mean being prudent in doing so. I will expand on that.

As we all know, the current fiscal climate is challenging. The UK Government is continuing its counterproductive austerity approach, which is hurting those on low incomes, growing inequality and stifling economic growth, while the European Union referendum result and the subsequent paralysis of a divided UK Government are delivering economic uncertainty and harming the confidence of Scottish and UK businesses.

In the most challenging of times, the Scottish economy has shown resilience. In the first half of 2016, prior to the EU referendum, the Scottish economy continued to grow in the face of on-going external headwinds that were associated with weak global growth and the impacts of lower oil prices on the oil and gas sector and its supply chain. Indeed, in the three months leading up to the EU referendum, Scotland's economy grew by

0.4 per cent, which was the highest rate of quarterly growth since the start of 2015.

However, we aspire to strengthen Scotland's economic performance, and we are not complacent about the task that we face. Therefore, we must ensure that we set income tax rates and bands and the wider package of revenues in such a way that they work to the benefit of the people and the economy of Scotland.

In March and in the Scottish election campaign, we set out our intention to protect all low-income taxpayers, and we have proposed to do that by freezing the basic rate of income tax for the duration of the parliamentary session. Equally, we need to ensure that the delivery of key public services is protected and continues to serve the needs of the people of Scotland. I will turn to that later.

Murdo Fraser: Will the minister give way?

Paul Wheelhouse: I am running short of time, but if the Presiding Officer allows some time for interventions, that will be gratefully received.

Murdo Fraser: I am very grateful to the minister for giving way.

Does the minister agree with the basic proposition that has been set out by the former First Minister, Alex Salmond, and by Andrew Wilson, who chairs the Scottish Government's growth commission, which is that the tax take can be increased by lowering taxes and stimulating the economy? Does he believe that?

Paul Wheelhouse: I am trying to set out our understanding of that very point. By using the package of tax and revenues across the Scottish economy, we can have a more competitive economy. I encourage Murdo Fraser to pick up on the points that I am about to make.

Instead of taking Westminster's path of offering substantial tax cuts for those who least need one, we are proposing to prioritise revenues and the protection of public services.

With regard to our existing powers, we remain committed to competitive business rates. A key part of our package to support enterprise is to give Scotland the most competitive business rates in the UK for our vital small and medium-sized enterprise base. The small business bonus scheme has already saved businesses more than £1 billion cumulatively, and next year it will be expanded to lift 100,000 premises out of business rates altogether. Tomorrow, the cabinet secretary will confirm further proposals for 2017, taking account of the revaluation, while an external review under Ken Barclay is exploring how rates might better reflect economic conditions and

support investment and growth. We will respond swiftly when that review reports in the summer.

Our reforms to council tax, which build on the recommendations of the cross-party and cross-government commission on local tax reform, will protect household incomes, make local taxation fairer and ensure that local authorities continue to be properly funded while becoming more accountable.

Jackie Baillie (Dumbarton) (Lab): Will the minister take an intervention?

Paul Wheelhouse: I am struggling for time now. I ask the member to be brief, please.

Jackie Baillie: I will be very brief. Will the minister reflect on the very first recommendation of the commission that he referred to, which was to abolish the council tax?

Paul Wheelhouse: Our reforms will protect household incomes, make local taxation fairer and ensure that local authorities continue to be properly funded, as I said. After those reforms, and at the present rates of council tax, charges for all properties will still, on average, remain less than the equivalent charges in England. That, too, contributes to making Scotland an attractive place in which to live.

It remains our view that it was disappointing that, when considering the legislation to reform council tax last month, Parliament failed to support steps to ensure that any future reforms are based on the principle of fair and progressive taxation. The Scottish Government will remain committed to that principle. As both the First Minister and the Cabinet Secretary for Finance and the Constitution have made clear, those reforms are the first steps of a journey of reform. Our direction is clear, and we remain open to engaging with others as we work towards delivering fairer and more progressive local taxation for the longer term.

I challenge the premise of the Tories' case on two key counts. First, they imply in the framing of their motion that it is a bad thing to vary individual rates or bands in developing a revenue package that is designed to suit Scotland's needs. Secondly, and crucially, I highlight that, whatever tax rate or revenue stream we refer to—for example council tax or business rates—taxation is, as Willie Rennie pointed out, only one side of the equation.

The Scottish Government delivers and invests in quality public services, including, among other things, free childcare, with our move to deliver 1,140 hours per child; free prescriptions; free undergraduate tuition; and free personal and nursing care for those who need it. We are also investing in the energy efficiency of our housing stock and in our health service, and are

maintaining police officer numbers. When all those factors and more are taken into consideration, Scotland remains an extremely attractive and good-value place in which to live and work.

As Patrick Harvie identified, the Tories' focus on modest differences in the starting point for those paying the upper rate of income tax fails to see the context of a broader contract with families and businesses, where all potentially benefit from the same policies that deliver better services and greater wellbeing for all who live here—for employers, employees, parents, children and, indeed, customers. By delivering on inclusive growth, the evidence tells us that we not only reduce inequality but strengthen the competitiveness of our economy.

Other parties will no doubt take a different view—

Patrick Harvie: Will the minister take an intervention?

Paul Wheelhouse: I am sorry, but I am in the last moments of my speech.

Other parties will no doubt take a different view on how those tax powers can be used. Although we respect that, they have the luxury of not having to live with the consequences of their actions. They do not have to choose what public services to cut, because they are not proposing to raise tax revenues, and they do not have to live with the long-term consequences of undermining Scotland's competitiveness as a place in which to live and work.

We believe that we have the balance right, and those policies will be at the heart of the draft budget tomorrow.

I move amendment S5M-03063.3, to leave out from "families" to end and insert:

"the purpose of the devolution of powers over income tax is to allow Scotland to make its own decisions on tax rates; further believes that powers over personal and business taxation should be used in a fair and progressive way that supports a sustainable economy; notes the proposals from all parties on future tax rates, and acknowledges that taxation as a whole must be considered alongside spending plans to be meaningful".

15:02

Kezia Dugdale (Lothian) (Lab): I welcome the opportunity to talk about tax this afternoon. I thank the Tories for bringing the debate to the chamber. I also thank them for the simplicity of their motion, because it gives us a chance to talk about first principles: what motivates us and what our priorities are. Is it not interesting that the Tories always start with the money?

The motion says:

“That the Parliament believes that families and businesses in Scotland should not be taxed more than those elsewhere in the UK.”

Surely they would never dream of lodging a motion that said that the Parliament believes that public services in Scotland should not be any better than those elsewhere in the United Kingdom. That is really the crux of the matter. If we want to protect our valued public services, we have to talk about how we pay for them and who pays for them.

I am a democratic socialist. I believe in the power of Government to transform people's life chances. I believe that there is nothing inevitable about poverty. I believe that we do not have to accept inequality. My vision for Scotland is one awash with universal high-quality public services that everyone invests in and for which everyone pays their fair share.

I believe in this Parliament. It has been a feature of my whole adult life that came to being in my formative years. I was 15 in 1997, when Labour won the general election; 16 when the referendum that created this place took place; and 17 when the Parliament's doors opened. I have always believed in this place as a means for Scotland to take its own decisions, in the best interests of the people of Scotland; if we do not accept that, we do not believe in devolution at all.

Austerity is hurting Scotland, and the poorest are hurting the most. I see that across the region that I represent. I have seen a mum working three part-time jobs, two of them on zero-hours contracts, with no security about her finances from one week to the next. Her bus and train fares are going up, but her wages have been frozen. I see the council cuts in her community taking away the breakfast clubs that help her to get to her jobs, and I see cuts to colleges that have taken away from her her chance of getting on in life. I see the cuts taking away the care of the tenement stair and diminishing the quality of her local community. The grass is overgrown, and the sense of pride in the community is deflated. I see her worry about the social care that her mum gets at home, with 15-minute visits. I see her local library being closed and that one place that she could take her kids to for free disappearing altogether.

It does not have to be that way. We can choose to do things differently.

Miles Briggs (Lothian) (Con): Will the member take an intervention?

Kezia Dugdale: If the member does not mind, I will make a bit more progress.

We have substantial tax powers to make choices that are different from those of the Tories. As I said, it does not have to be that way.

I know that we will hear from Derek Mackay tomorrow and that he will tell us that Scotland's budget is going down. For years, he has been able to blame somebody else somewhere else for the cuts that his Government has had to make, but tomorrow the responsibility for those cuts will be his. Labour has outlined why it does not have to be that way. There do not have to be any further cuts to public services if we are bold enough to use the Parliament's tax powers.

Patrick Harvie: I want to understand the intention of Labour's amendment. Kezia Dugdale knows that some of us would like to go further than 50p on the additional or top rate of income tax. Is it her intention to signal a direction of travel or an implacable attachment to that one figure? Does she seek to keep with her those who would like to go further?

Kezia Dugdale: It is very much my intention to work with the Greens as closely as we possibly can on progressive taxes. We named 50p in our amendment, as that was the platform that we put to the electorate in May, and the Labour Party intends to stick to that. When we and Patrick Harvie talk about progressive taxes, we talk about asking those with the broadest shoulders to pay more tax and not tinkering around the edges, which the SNP Government has done.

Derek Mackay can choose not to follow our plan, but that is his choice. Every single cut that comes tomorrow and trickles down to towns and communities throughout Scotland will be an SNP cut. That is the responsibility that Derek Mackay bears.

Miles Briggs: I have listened to what the member has said. How does she square that with the fact that she supported council tax changes that mean that the city that we represent will have over £38 million to help to fund schools that we both want to be refurbished and rebuilt taken away from it by 2021?

Kezia Dugdale: If members look at the detail of our local government taxation proposals, they will see that people who live in band A to band D properties will save money because of the platform that we have put forward. We advocate helping those in the poorest communities. The Tories would learn quite substantially from that.

In the two minutes that I have left, I want to make another wider principle point about the Tories' attitude to taxation. The suggestion that higher taxes are inherently anti-business is in-built to the motion. I refer Murdo Fraser to a tweet that Stephen Boyd has just put out. He has published a table of income tax rates in countries around the world that shows substantially higher income tax rates in countries with economies that are very prosperous and which are booming far more than

the Scottish economy, or indeed the UK economy, is. I would take that on board in principle and in practice.

I spend a lot of time travelling the country, talking to businesses and business leaders, and listening to their concerns. It is fair to say that their priority concern is always instability. They worry about Brexit and even more about a second independence referendum, but after we get past those constitutional questions, they tell me that they worry about skills. They want skills and a skilled workforce for the future. The reality is that, in the city of Edinburgh, many jobs that people in poor communities do will go overseas or will be automated. There is no future for Scotland in low-paid and low-skilled work. We have to invest in our people, and the means by which to do that is to invest in education.

Our amendment advocates a 50p top rate of tax. Quite frankly, I do not know where the SNP sits on that. I have heard Nicola Sturgeon say that she supports that in principle and also that, rather than its being radical, it is reckless and that, rather than its being daring, it is daft.

Dean Lockhart (Mid Scotland and Fife) (Con): Will the member take an intervention?

The Deputy Presiding Officer (Linda Fabiani): Kezia Dugdale has no time to do so.

Kezia Dugdale: I have no time left.

Nicola Sturgeon cannot avoid the fact that the Scottish Trades Union Congress remarked on how hugely disappointing it was to see a party that parades as a party of the left abandoning a serious opportunity to advocate progressive taxes that would make a difference.

To conclude with simplicity, this is ultimately about fairness. I pay less as a percentage of my income in tax than I did when the Tories came to power in 2010. I pay less tax now, and I come to the chamber to seek to represent people in the poorest communities who are suffering from the cuts that Murdo Fraser's Government and party are making. The way to do that is to vote for a 50p top rate of tax.

I move amendment S5M-03063.1, to leave out from "believes" to end and insert:

"agrees that the Scottish Government should set a 50p top rate of tax for those earning over £150,000 a year so that the richest 1% pay their fair share to help stop the cuts and invest in public services."

The Deputy Presiding Officer: I remind people that we are so tight for time that, if anyone goes over time, the amount that they go over will come off the speaking time of other speakers from their party. Time is very tight.

Patrick Harvie, you have no more than 7 minutes to speak to and move amendment S5M-03063.4.

15:10

Patrick Harvie (Glasgow) (Green): Thank you very much, Presiding Officer. I most sincerely welcome this debate and thank the Conservatives for bringing it to the chamber. I am laying that on thick, because it might be the only nice thing that I have to say about the Conservatives for the rest of the afternoon. In the context of a constrained budget process—we have less time in which to scrutinise the budget in depth this year than we should have, as we all are aware—it is welcome that we have this additional debate the day before the budget is published.

However, the Conservatives' motion appears to me to assert a point of principle that people in Scotland should not pay more tax than in the rest of the United Kingdom. It seems to me that, if that is being put forward as a point of principle, it is absolute absurdity. If that principle applies, an equally strong principle must apply south of the border that people in England should not pay any more tax than people in Scotland, Wales or Northern Ireland. In essence, they are arguing against the devolution of tax powers that they themselves voted for.

The current framework is far from perfect, but it does allow the Scottish Government, the Welsh Assembly, the Northern Irish Assembly and the UK Government to make tax decisions for Scotland, Wales, Northern Ireland and England, respectively. The Tories were involved in designing that system, so they cannot now credibly demand that the different jurisdictions not be allowed to use the powers that they have been given.

I wonder whether the Tories have reverted to their pre-1997 position, when they argued for a no-no vote—no not just to a Scottish Parliament but to any form of tax powers. I thought that the Conservatives had acknowledged since then that they got that one wrong.

Murdo Fraser: With all respect, I think that Mr Harvie is being a little bit silly in this debate. Surely the point is that we now have a choice. We can make different choices. The choice that we on this side of the chamber think that we should make is not to have taxes higher in Scotland than elsewhere in the UK. It is open to other parties to put forward their choices. Surely that is a healthy thing.

Patrick Harvie: I absolutely welcome the fact that we are finally able to have this debate, but if we take the logic that the Conservatives have to offer, through the laughable Laffer curve and all

the arguments that we have heard from Murdo Fraser about it, no jurisdiction within the UK would think it permissible or advisable to have a higher tax rate than any other part of the UK. The logic of what Murdo Fraser is arguing for is in essence a locked-in race to the bottom. The Conservatives will not support any additional revenue generation, which means that they will support every single penny of the cuts that the chancellor has in store from now till the end of this Parliament. To hear Murdo Fraser lauding the wisdom and judgment of Alex Salmond—something that, I have to say, I would never do in the way that we just heard a few minutes ago—simply underlines the absurdity of his position.

The SNP's plans involve a very modest increase in revenues. It now appears that, in light of the increases in inflation that everybody is predicting, that increase in revenues might be eroded. It might be even less than the SNP has been predicting. If the SNP is unwilling to shift from that manifesto position, which was written many months ago, it too will bear responsibility for the bulk of the cuts that are to come, in particular those at local government level. I remind Mr Wheelhouse that it is not only the party in Government in this chamber that has to live with the consequences of decisions that are made here. Everybody in Scotland will be living with the consequences. Local councillors—our colleagues in every political party across Scotland—will be living with the consequences, if we hand on the kind of cuts to local government budgets that are being predicted under SNP plans to date.

The other three political parties in this Parliament have all proposed ways of raising additional revenue, beyond the approach that the SNP has put forward. The proposals have varying degrees of fairness and would result in varying degrees of redistribution.

That brings me to my next point. Beyond tax principles and the tax revenues to come, there is a need for progressive taxation. The UK Government's budget has had a deeply regressive effect. It takes a significant amount of income away from the poorest third of society. I remind Mr Fraser that those are the people whose pockets are being picked by the UK Government; they will be significantly worse off as a result of not just tax but benefit changes. The very minor adjustments in the autumn budget statement will not reverse that impact.

Meanwhile, the UK Government will give the richest third in society a significant increase in income. Everyone who earns above the higher rate threshold will be £178 a year better off, due partly to the change in personal allowance and partly to the change in the higher rate. It means 15 quid a month in the pockets of people on salaries

like ours—people like MSPs and cabinet secretaries, for whom the extra money will make no difference at all to the quality of our lives. That extra money—even that modest sum—could make a massive difference to many people who are struggling to get by.

The Scottish Government could change course. It has the ability to recoup some of the money and ensure that higher-rate taxpayers do not get the benefit of the changes to not just the higher-rate threshold but the personal allowance. If it uses the higher rate, it can recoup money from wealthy people and generate revenues that are needed for the public services on which people—in particular, the poorest people in our society—depend.

There is worse to come in the years ahead for the poorest people in our society, unless we act. It would be scandalous, particularly at a time when those of us on high salaries are all preparing for our cosy Christmases at home while other people are struggling to get by and facing the festive season with nothing, if we did not take action with the powers that we now have to redress the injustice that has been done to date.

I look forward to hearing the case that is made for the other amendments—I do not have time to address them. I say again, if we do not see some compromise from the Scottish Government, I regret that we will have failed to seize the historic opportunity that is before us.

I move amendment S5M-03063.4, to leave out from “not” to end and insert:

“have access to high-quality public services; notes that the SNP's manifesto proposals on tax make no significant changes to current income tax rates and thresholds; supports a tax system that will challenge inequalities in wealth and income; agrees that people earning below the median should pay less, while high earners should pay more than at present, and supports a long-term tax shift from income to wealth, where inequalities are greater.”

15:17

Willie Rennie (North East Fife) (LD): I like Murdo Fraser. [*Interruption.*] I do. He knows that I do not agree with him on an awful lot, but I think that he can be an effective spokesperson for the Conservatives on finance.

Paul Wheelhouse: He is blushing.

Willie Rennie: He is blushing, isn't he? I have got him.

I believe that Murdo Fraser is just as good as Philip Hammond, if not better, so I cannot understand why he is saying that Philip Hammond should set Scottish income tax policy. Such low self-esteem in a man who is not normally short of confidence is a great surprise. Murdo Fraser should have more confidence in his own ability.

I am in favour of a United Kingdom in which power is shared, to enable us to reflect the varied nation in which we live. I believe in a federal United Kingdom. That is why I reject the Conservative position in the motion, which is that nothing should be different in Scotland and nothing should be decided here—everything should be determined by the Conservative chancellor in the House of Commons. Patrick Harvie was right to say that the motion is a throwback to the 1990s position, when the Conservatives were anti-devolution.

The Conservatives are saying that everything must be the same across the United Kingdom; worse than that, they say that the Conservative chancellor should set Scottish income tax policy, when he will have absolutely no responsibility for the consequences of that decision. He will set the policy, and we will blindly follow it—and we will feel the pain if it all goes wrong. That is an abdication of responsibility, which is why I reject the Conservative motion.

The second flaw in the Conservative argument is the apparent belief that all tax increases are negative and have no benefit for the economy. People who listened to the Conservatives would think that the only way to boost the economy is to cut tax.

I favour cutting taxes. I note that Murdo Fraser took credit for the increase in the tax thresholds, which only the Liberal Democrats had in their manifesto in 2010. He took credit for that because it is right to cut taxes for those on low and middle incomes, or to take them out of tax. That was the right thing to do, but we did it on the basis of making the system fair rather than because of a right-wing agenda to reduce the size of the state.

I do not believe that all tax is bad. Taxes pay for the public services that we all value and for the services that help to boost the economy. Liberal Democrats believe that income tax should be raised by a modest 1p, so that we can invest £500 million in nursery schools and colleges. That small increase for a big return has a clear purpose.

Patrick Harvie: Will the member give way?

Willie Rennie: Not just now.

Jackson Carlaw (Eastwood) (Con): Will the member give way?

Willie Rennie: No.

In the past two weeks, we have seen the catastrophic consequences of the failure to direct Scottish education in the right way. We used to have one of the best education systems in the world but, according to the programme for international student assessment—PISA—it is clear that we are now just average. Now is the time to do something about that.

We have new powers coming down the track, but it seems that we will fail to use them. I think that that would be a failure of our responsibility. It is wrong simply to say that we must match the rest of the United Kingdom on income tax and forget about the other side of the equation—the boost to education that we require and which will move us from having an average education system to having a top-quality education system, and from having an average economy to having a top-quality economy. I want that change to happen.

Murdo Fraser: Will the member give way?

Willie Rennie: I will give way to my favourite politician.

Murdo Fraser: I will try to avoid blushing further.

Mr Rennie makes an interesting case with regard to education. However, would he care to reflect on the fact that, in England, education per pupil is far less well funded than it is in Scotland, yet results in England are surpassing those in Scotland? Is there perhaps a broader issue than resources that must be addressed?

Willie Rennie: Of course a wider package of measures is required. Clearly, however, the challenges in Scotland are greater, and that is why I believe that we must have the investment to match. It is quite clear that Scottish education authorities are struggling with their finances and that there have been drastic cuts to schools. We need to make a difference in order to close the attainment gap. To deny that is to deny reality.

My final argument concerns the fact that the Conservatives present themselves as a low-tax party, but they forget about all the stealth taxes that they propose to introduce. To be fair, they want lower income taxes, but they support a number of more regressive stealth taxes. For example, the council tax in England is rising by up to 6 per cent over the next two years. Perhaps employers would have something to say about the increase in national insurance contributions from those who earn £45,000 a year and just below that level, which represents a big increase of roughly £200 for someone on that wage. That is a proposal from the Conservatives but it is not something that they boast about. The apprenticeship levy is not additional funding for training; it is a replacement of the funding that we already have. Dare I mention the prescription charges and tuition fees that the Conservatives are desperate to introduce in Scotland? All those things represent stealth taxation rather than taxation that is up front, transparent and progressive, which is what income tax is.

My proposal is that we should reject the Conservatives' throwback to the 1990s. Ruth Davidson's political hero is John Major. He was

famously, or infamously, in favour of 22 Tory tax rises—those who were around in that era will remember those stealth taxes—and was booted out of office immediately after he proposed them. However, we have also heard today that the Conservatives want us just to blithely follow what the Chancellor of the Exchequer in London wants to do—an anti-devolution stance—and that they reject the proposal that we should invest in our economy through investing in education. Truly, we are looking at a Conservative Party that has gone back to the 1990s and is not the moderate Conservative Party that it likes to present itself as.

I move amendment S5M-03063.2, to leave out from “families” to end and insert:

“investing in skills is the best way to strengthen the economy, and calls for a modest penny on income tax for this purpose, raising £500 million to transform Scottish education.”

The Deputy Presiding Officer: We now come to the open speeches. We are very tight for time, so speeches should be no more than six minutes.

15:24

Liam Kerr (North East Scotland) (Con): Einstein said:

“The hardest thing in the world to understand is the income tax.”

Harder to understand is the logic of making Scotland the highest-taxed part of the UK. Put bluntly—because, in among all the stats, facts and caveats, these are real people, real businesses and real families—more money will come out of the pockets of hard-working people, families and businesses north of the border than south.

I know that the SNP needs money: those PISA figures—for the programme for international student assessment—are not going to fix themselves. We know that the SNP Government has wasted nearly £1 billion on department and project overspends, but can it tax us to prosperity?

There are two ways to see that the answer to that is no. First, when George Osborne reduced the 50p tax rate to 45p, it raised £8 billion extra for the Exchequer. The top 1 per cent of earners now pay 28 per cent of all income tax. However, Nicola Sturgeon said that it “would be reckless” to go to a 50p tax rate; and Derek Mackay agreed in a response to the autumn statement—he said that it would lose money.

Secondly, Andrew Wilson, the economist who chairs the SNP’s growth commission, says that the best way to “sustainably” double revenue from the top bracket is to double the number of taxpayers in Scotland who are wealthy enough to pay it—increase the tax base and that increases the tax take.

John Mason: Will the member give way?

Liam Kerr: No—not with the time constraint.

The decision by the UK Government to raise the 40p threshold to £50,000 was taken because, at present, it unfairly targets senior teachers, policemen, nurses and entrepreneurs: the very people we need to attract to Scotland. The chancellor was right when he said that internal migrants

“paying significantly higher taxes in Scotland ... will be a factor in their decisions about whether they want to come and make their careers in Scotland.”

A survey by the Confederation of British Industry shows that two thirds of Scottish businesses expect to struggle to fill high-skilled vacancies. In NHS Grampian, there are 36 consultant vacancies and 445 nursing and midwifery vacancies. There are 1,000 fewer teachers in Scotland today than there were in 2010, and there are 16 fewer general practitioners in the Grampian area than there were in 2010.

The Courier reported this morning that Brechin has the most vacant shops in Scotland, with a quarter of them now lying empty. When an innovator, an entrepreneur or an investor has an idea for a business, will she locate it in Brechin, Bervie or Banff, where the Government will punish her for success, or will she locate it in Newcastle, Norwich or Nottingham?

When a mid-senior nurse considers where it would be best to base himself for a successful career, will he choose Stonehaven, where he can expect the Government to take 40p out of every pound that he earns, or Sunderland, where he will not have to worry about that until earning at least £50,000? Simply put, there is no reason why someone doing the exact same job in Scotland as in England should pay more. It is not fair.

I have talked about the north-east.

John Mason: Will the member give way?

Liam Kerr: No.

We need people in the north-east. On virtually every visit I go on, businesspeople say, “I cannot get people to move here because the cost of living is too high.” Why? Because the north-east of Scotland is being targeted for a council tax raid, with half of all residents in towns such as Inverurie, Ellon and Westhill in modest family properties facing an increase to pay for services in the central belt—and that is before their household water and sewerage charges rise by 1.6 per cent; because of a large business supplement that, according to Liz Cameron of the Scottish Chambers of Commerce today, puts Scottish businesses at a competitive disadvantage compared with their counterparts in England and

prices local people out of their own high street; because of an increase in land and buildings transaction tax, which, as we have heard, has slowed the local market; and because of a £15 million per annum new water charge for businesses. Now, those same individuals are about to see their colleagues in England and Wales benefit from a tax cut, as the UK Government raises the tax threshold. They might as well put up a sign on the A90 saying “North-East—closed for business.”

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): Oh, that’s a great message!

Members: It is your message.

Liam Kerr: Just yesterday at the Economy, Jobs and Fair Work Committee, Di Alexander, chair of the Scottish rural fuel poverty task force, said that if people save money on bills, it is “back in their pockets” and they can spend it in the local economy. He is right: increase consumer spending and that increases VAT receipts. A 5 per cent growth in VAT, above that in the UK, would give an extra £250 million for Scottish public services.

There is no practical reason to make Scotland the highest-taxed part of the UK. If the Government does that, people will spend less, prices will go up, people will leave, jobs will remain unfilled, services will suffer, tax take will go down and, ultimately, we will all lose.

Families and businesses in Scotland should not be taxed more than those elsewhere. We do not raise money by endlessly taxing people more heavily. We do not make the wealthy shoulder more of the burden by punishing them; we should encourage them to generate more and to live and work in Scotland. It is unacceptable to demand that middle-income earners should shoulder ever more of the burden of running the state simply to pursue an ideological obsession.

If this Government really backs progressive taxation and really wants to promote aspiration and Scotland as a place in which to invest, to do business and to live, it would be backing the UK Government’s plan to increase the 40p tax threshold, but it is not, which tells us all we need to know about the Scottish Government and its attitude to the hard-working people of Scotland.

15:30

Kate Forbes (Skye, Lochaber and Badenoch) (SNP): Before I begin, I should say that I am the parliamentary liaison officer to the Cabinet Secretary for Finance and the Constitution.

Having six minutes to speak on taxation is a much nicer proposition than sitting hours of tax exams; I speak from experience. As waves of

political regimes have come and gone, altering and changing tax to suit and advance their political agendas, layers on layers of tax legislation have built up into the exam subject of every poor trainee accountant’s nightmare. Perhaps, however, that is not as much of a nightmare as getting basic arithmetic embarrassingly wrong on the first pages of a public report—such as the one that the Tories released this week, which told me less about Mackay’s millions and more about how the Conservatives cannot count. That might be why they have not counted how much, according to the Resolution Foundation, a dual-earning couple with three children are set to lose under this UK Government—it is more than £3,000.

I ask members to indulge me as I simplify tax for my own sake and for the Tories. For all the debate, a Government’s tax policy is a window into the engine room of an administration—I would argue that it shows where a Government wants to go, how it wants to get there and why it is going in the first place. We should stop and think about who has actually moved on tax—it is not us, but the Tories. They have increased the thresholds to reduce the tax burden on the highest earners, and we will certainly not be following them where they have gone.

Patrick Harvie: I am interested in that point. The Conservatives at UK Government level are certainly proposing to increase the higher-rate threshold more, but the Scottish Government proposes to increase it somewhat. What is the rationale for doing that when it still represents a tax cut for high earners?

Kate Forbes: The basic answer is inflation. We are not moving the threshold except for in line with inflation, which makes perfect economic sense to me.

The majority of Scottish voters are not following the Tories where they have gone, as those voters delivered a resounding verdict on the Tories’ tax plans in the elections by returning a third SNP Government.

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

Kate Forbes: My time is really limited—sorry.

That there should be tax differences between Scotland and the rest of the UK should hardly come as a surprise. The Conservatives have had time to adjust to the notion of devolution of tax powers since November 2014, when the Smith commission recommended that this Parliament should have the power to set taxes. In fact, the Conservatives have had even longer—since 2010—to adjust to the idea that their Westminster colleagues believe that fairness comes in the form of inheritance tax cuts for millionaires and those in higher tax brackets who are living comfortably.

Since 2010, the only income tax rate that the Conservatives have cut is the additional rate, from 50p to 45p. As I said, tax is a window into political priorities.

The Resolution Foundation estimates that the Tory policies that have been announced since the 2015 election mean that the poorest 10 per cent of households will lose on average around £400 a year, while those in the richest 10 per cent of households will gain around £200 a year by 2020-21.

There is a subtle hypocrisy in the Tories' outrage and accusations. First, they are, as Willie Rennie pointed out, the party of hidden taxes: they tax the sick with prescription charges; the emergency services with different VAT arrangements; and learning with university fees. If they want to talk about economic growth, that is absolutely fine—so do I, but with one additional word, which is “sustainable”. We want sustainable economic growth, not growth that widens the gap and entrenches poverty or growth in the bank balances of a handful.

Helen Barnard of the Joseph Rowntree Foundation said:

“The UK economy is not working for low-income families. The economy has been growing since 2010 but during this time high rents, low wages and cuts to working-age benefits mean that many families, including working households, have actually seen their risk of poverty grow.”

There are two types of growth.

The second hypocrisy is in the UK Government's claims that it supports businesses. Is that all business or just big, global business? It cannot even provide certainty around the single market right now. For all its talk about lower income tax and corporation tax, the Westminster Government goes nowhere near supporting businesses as the Scottish Government does, particularly small and medium-sized businesses, which are the backbone of Scottish society. We have promised to expand the small business bonus scheme and lift 100,000 properties out of rates altogether.

If I learned anything in those painful tax exams, it was that tax is only ever one side of the balance sheet. We can choose what goes on the other side. There is no other side to the Conservatives' motion; as Kezia Dugdale said, it is concerned only with money. However, this nation now has the powers to turn the tide on the Tories' regime in Westminster, and that is precisely what we intend to do.

15:36

Jackie Baillie (Dumbarton) (Lab): At the heart of this debate is the very essence of the devolution settlement. This Parliament was created to reflect

the views of the people of Scotland and to bring decision making closer to home, as a democratic Parliament with a voice to shape Scotland and a voice for the future. It is now a Parliament with more power than we have ever had before, and nowhere is that more evident than in our new financial arrangements. Now is the time for real, grown-up politics. We are no longer just spending the money that somebody else gives us; we have responsibility for raising much of that money too. Balancing our budget just got much more complicated, but the choices are ours to make; there is no one else to blame. Politics, after all, is all about choices.

Tomorrow, the SNP Government will set out its choices. Its budget is likely to be an austerity budget, passing on Tory cuts instead of using its new powers to invest in the future of our country. Although I am not holding my breath, I live in hope that I am wrong.

Derek Mackay: You might be.

Jackie Baillie: I look forward to hearing the cabinet secretary's budget speech and I will hold him to account on it.

When we voted to establish the Parliament, we voted for it to have tax-varying powers. I know that the Tories campaigned against devolution—it might be uncomfortable to remind them of that—but devolution was about doing things differently if we chose to do so. Scottish solutions for Scottish problems was the mantra of the day, but the premise of the Tory motion before us is that everything must stay the same. We need to choke on their austerity plans and not do anything to help the poorest in our society or the JAMs—the just about managing. We have not to have better public services. We have not to aspire to do more.

I remember that the Tories set two fiscal rules under their former chancellor. They failed to meet either of them, so what does the new chancellor do? He simply replaces them with easier targets. It is disappointing but hardly surprising.

Murdo Fraser: As Jackie Baillie knows, Jeremy Corbyn supports the Tory chancellor's increase in the threshold for the 40 per cent rate. Does she think that Jeremy Corbyn is too right wing, too?

Jackie Baillie: That is certainly not what I think, but I say to Mr Fraser that Jeremy Corbyn would respect devolution, and it is about time that the Tories did too.

The bare-faced cheek of the Tories is quite astonishing, given that the Scottish budget for this year shows a 3.5 per cent real-terms decrease and that there is expected to be a cut in the order of more than £1 billion over the course of this session of Parliament. The Tories may be content to pursue austerity policies, hurting working people

and families across the country, but it really is audacious to suggest a cut in air passenger duty—a tax cut for frequent flyers. In that, they join the SNP in a new taxpayers' alliance—it wants to do the same thing. They need to tell us what they will cut due to the loss of revenue.

I turn to the Scottish Government. I am disappointed that the SNP talks about being progressive but does not act in that way. We have an opportunity to end austerity, stop the cuts and make different ideological choices from those the Tories make.

John Mason: Will the member give way?

Jackie Baillie: No—I do not have time.

I am an eternal optimist and I hope that Derek Mackay steps out of John Swinney's shadow and refuses to be a conveyor belt for Tory cuts. I hope that we see boldness and leadership rather than the SNP meekly following the path set out for them by the Tories.

If the SNP was growing the economy and the tax base, I might have more sympathy, but the truth is that the economy is stagnating. Virtually all forecasters have downgraded their forecasts for economic growth. The rate of growth in Scotland is less than that in the rest of the UK, and the same is true across a range of economic indicators. We have missed our productivity target and we are likely to miss our export target. Today, we find that economic inactivity is rising yet again. A key determinant of future revenues is, of course, wages, so it must be very worrying for the cabinet secretary that wage growth has slowed and is less than it is in the rest of the UK.

The greatest investment that we can make in growing the economy is to invest in people. The better skilled and better educated the workforce is, the higher paid it is. That is why we want to have a 50p top rate of tax for those who are lucky enough to earn over £150,000, with every penny raised being invested in education, so that we can start to build the economy of the future.

The SNP will unveil its budget tomorrow. It is Derek Mackay's first budget as finance secretary. Will his approach be to nurture and grow the economy and public services, or will he follow in the footsteps of John Swinney and slash and burn? I remind members that the finance secretary has form. When he was leader of Renfrewshire Council for four years, he cut, cut and cut again. There were over £5 million in education cuts, to teachers, classroom assistants, pre-five education and school transport, and there was a similar range of cuts in social care. In fact, I have six pages describing cuts by Derek Mackay when he was leader of Renfrewshire Council.

It is not too late. Derek Mackay does not need to be Scrooge at Christmas; he has a choice—he can bring forward an anti-austerity and progressive budget that helps all of Scotland. Make no mistake, though, if he presents a budget of cuts, those will not be Tory cuts; they will be SNP cuts. Tomorrow will, indeed, be interesting.

15:42

Ivan McKee (Glasgow Provan) (SNP): I remind Parliament of my role as parliamentary liaison officer for the Cabinet Secretary for Economy, Jobs and Fair Work.

I am delighted to take part in this Conservative Party debate, which is headlined as being about taxation but is, in reality, about something else. In the coming weeks, we will have the opportunity to debate Scotland's budget, and the various parties in this place will repeat oft-used lines, manifesto commitments and policies. Many members will also do that today, but I want to focus on the issue that lies at the root of the Tory motion.

The motion does not seek a debate on taxation and it does not challenge taxation decisions that the Scottish Government has made. It does not attempt to comment on the programme for government or the manifesto on which the SNP was elected. It does not propose alternative tax policies and argue for their adoption. It simply states that Scottish taxation should be no higher than taxation elsewhere in the UK. In doing so, the motion advances the propositions that Scottish taxation policy should be tied to the taxation priorities and policies of the UK Government, and that whatever we decide to do in Scotland should be constrained by Tory policies in Westminster.

The motion seeks to remove from our Scottish Parliament the flexibility to raise more when that makes sense and to incentivise where that is needed. It seeks to undermine the concept of a distinctly Scottish approach to taxation—to constrain the ability of the Scottish Parliament to decide on and implement taxation policies in Scotland that are distinct from those in Westminster. That is because the Tories, in their hearts, have no interest in a distinctly Scottish approach to taxation.

However, Scotland, through the ballot box, has made clear its views: it has given the Government the mandate to forge a different Scottish path. In Scotland, 100,000 small businesses benefit from the small business bonus, which is part of a distinctly Scottish approach to taxation. Council tax bills in Scotland are lower than those in the rest of the UK, and higher-value properties now carry more of the burden than they would in the south, which is also part of a distinctly Scottish approach to taxation.

Neil Findlay: Ivan McKee mentioned the small business bonus scheme. Is he aware of any analysis of its benefit that he could share with Parliament?

Ivan McKee: I have spoken to many small businesses in my constituency that are very grateful for the small business bonus scheme. Mr Findlay is advocating that it is not a benefit to those businesses.

We have a commitment to raise the threshold at which taxation starts above that which is planned by Westminster. That will pull more lower-paid earners out of the taxation system in Scotland than will be the case in the rest of the UK. We have a shift in the thresholds for higher-rate taxpayers, which will generate an extra £1.2 billion for public spending in Scotland over this parliamentary session. We have a different approach to property transaction taxes, which is giving support to first-time buyers and shifting the burden to the top 7 per cent of transactions. All those and more are parts of the move towards a distinctly Scottish system of taxation.

The whole point of a distinctly Scottish system is that it is not constrained by being tied to the tax policies of another Parliament in another place. The current devolution settlement limits our fiscal policy in so many ways. It denies us the ability, for example, to decide on corporation tax rates for Scottish businesses, which prevents us from raising funds for investment when that is appropriate, and from providing focused support to businesses when that is needed. The devolution settlement prevents us from designing taxation policies to support our industries—whether it is the oil and gas sector or an emerging industry such as renewables—and it denies us the opportunity to vary rates of national insurance, for employees and employers alike, either to incentivise job creation or to support extra investment in public services.

The current devolution settlement even denies us the power to define “income”, which prevents us from legislating for tax on savings and constrains our ability to co-ordinate income tax with dividend tax, thereby severely restricting our ability to shift the tax burden to top earners. In short, the tax powers that we enjoy are limited, partial and far from what is necessary to enable us to drive forward our economy in the best interests of the people and businesses of Scotland.

Even those limited taxation powers are too much for the Tories. The Tories, through their motion, show their true colours. Laid bare is their desire to constrain the powers of the Scottish Parliament. The motion says, “Never mind developing taxation policies specific for your needs and priorities, Scotland. Just go back to eating your cereal and leave the hard sums to

someone else.” That is why the Conservative Party will never occupy the seats of the governing party here. The people of Scotland understand that the Tories’ commitment to devolution—their commitment to standing up for Scotland—is only skin deep: they are the Conservative and Unionist Party.

I know that it will be difficult, but I ask members to imagine Ruth Davidson and Murdo Fraser drafting a Scottish budget. The hotline to number 11 Downing Street would be ringing off the hook. North British Tories—less autonomous than even the Labour branch office—would have to seek permission for every dot and comma. Every policy would be run through the Treasury and be subject to veto by their Westminster masters.

We should not be surprised. The motion comes from the party that has opposed devolution from the outset. It is the party that has stood against additional powers every step of the way. It is the party that drew lines in the sand and stood firm, like King Canute, against giving more responsibility to the people of Scotland, until the waves of Scottish public opinion washed the lines away.

Now we see the Tories exposed—unwilling to trust the people of Scotland to make fiscal decisions for themselves. The people of Scotland in return are unwilling to trust the Tories to have their best interests at heart. Members should vote for the amendment in the name of Derek Mackay and reject the Tory motion.

15:48

Alison Harris (Central Scotland) (Con): I was a chartered accountant in my life before I entered Parliament, so I know very well the consequences of increased costs on business and the effect that they have on businesses’ ability to create jobs and prosperity. As a working mother, I am well aware of the stresses of increased demands on family budgets. The SNP Government is taking decisions that are damaging to business and families, and my fear is that unless it drops its anti-business agenda the situation will only get worse. Business must be competitive and must be able to compete on a level playing field.

When compared to the economy in other parts of the UK, how does Scotland’s economy fare under the SNP? Growth in gross domestic product is barely half of that in the rest of the UK. Business confidence is lower than it is in other parts of the UK. Inward investment fell by almost 10 per cent in 2015-16, while in the rest of the UK it rose by more than 11 per cent. What about financial services? Speaking to the Finance and Constitution Committee, the director of the Institute for Public Policy Research Scotland said:

"In the financial services sector, we have seen the withdrawal of high-skilled jobs from Scotland to elsewhere in the UK"—[*Official Report, Finance and Constitution Committee*, 16 November 2016; c 24.]

Retail sales are falling, which has earned the comment from the director of the Scottish Retail Consortium that the SNP needs to keep

"a firm grip on personal tax rates".

Only last weekend, a major Scottish newspaper reported:

"Scottish businesses are in limbo and putting investment plans on hold as they nervously await possible tax hikes in 2017".

Those tax hikes will not come from Westminster, but will be home-grown tax hikes that are conceived and hatched here in Scotland by the SNP. New provisional levels of business rates will do nothing for the competitiveness of Scottish companies.

Derek Mackay: Will Alison Harris take an intervention?

Alison Harris: I am too short of time.

Property consultancy JLL has warned that the changes will extend the competitive disadvantages of businesses in Scotland compared with those in the rest of the UK. David Burke, director of rating at JLL has said that

"If Scotland wants to restore a competitive position it must at least match England and Wales by cutting the poundage".

Will the Government listen to that expert advice? The cabinet secretary has walked out of the chamber, but we shall know next month. I, for one, will not be holding my breath.

The First Minister recently visited Dublin, where, I hope, she heard how low tax rates have helped to transform the Irish economy. The current worldwide trend to reduce corporation tax underlines the importance that Governments of all persuasions see in stimulating businesses and driving economies through low tax.

James Kelly (Glasgow) (Lab): Will Alison Harris take an intervention?

Alison Harris: I am sorry. I am too short of time.

Scotland cannot ignore those trends and become ever more uncompetitive for business, but in many respects that is exactly the message that the SNP is sending out. Business is listening with alarm. Is it any wonder that the number of business start-ups in Scotland lags well behind that of other areas of the UK, or that companies that would, at one time, have registered in Scotland and been proud to contribute to the Scottish economy are now registering in England? After all, for many, England is the major market

and differing tax rates are a huge concern to businesses—especially in today's global marketplace.

As an accountant, I know that differences between tax regimes in Scotland and England will inevitably create complexity and additional costs for business. That is good for accountants, but bad for creation of jobs and prosperity, both of which come from successful businesses.

On personal taxation, the Scottish Government's policy to freeze the higher-rate tax threshold will leave more than 350,000 Scots with less take-home pay than their peers who are doing the same jobs in England. That means £130 million being taken out of the pockets of hard-working families by the SNP. What message does that send to the skilled workers that our economy needs—to the dedicated senior teachers, nurses, doctors, and police officers, and to people in medical research who are doing fantastic work to find drugs to eliminate the scourge of cancer? Those people have such expertise and skills that other countries are determined to attract them. Many people will perceive that Scotland does not value such people, because they are dismissed by the SNP as "the better off" and are undeserving of the same incentives that are being given by the UK Government.

Willie Rennie: Will Alison Harris give way?

Alison Harris: I am sorry. I need to keep going.

Kenneth McEwen, who is a tax director at Henderson Loggie chartered accountants, wrote recently in *The Scotsman* about the risk of many of Scotland's top earners moving south due to being hit by higher personal taxes, and because of higher household taxes and the increased costs through the land and buildings transaction tax that are hitting many residential properties, particularly in places like Edinburgh. Increases in council tax are hitting families in larger properties and those who occupy homes in bands E and F. So much for a Scotland that welcomes and nurtures the best and the brightest. So much for keeping Scotland competitive.

Will the Government listen to SNP economist Andrew Wilson on the need to incentivise people? He reminded us that changes in tax can lead to less revenue, as has been the case with the LBTT. Will his be a lone voice?

I am glad to say that the message that my party is sending out is very clear: Scottish people should not be penalised by the actions of the SNP and should not pay more taxes than people elsewhere in the UK pay. I fully support the motion.

15:54

John Mason (Glasgow Shettleston) (SNP): I am delighted to speak in this debate on taxation and to follow a fellow CA. I believe that we are the only two in the chamber.

I have to say, however, that my views will be very different to hers because I believe that taxation is a very good thing. Taxation is what makes our society civilised and contrasts us with the jungle, where the strong get stronger and the weak are abandoned. Because of taxation, we have a national health service, free school education, roads, railways, a police service, an ambulance service, a fire service, an army, a navy, an air force, a courts system, social work services, and local services including parks and refuse collection. The list could go on. I hope that I have said enough to show that I am very enthusiastic about taxation.

On a personal level, when a person is thinking about buying a house, they start by thinking about how big it needs to be and where it should be. People should not start by thinking about how they can outdo their mates and show off how their house is better than their mates' houses.

Similarly at national level, when we talk about taxation our starting point should be the services that we want and need, and therefore the level of taxation that we need. Our starting point should not be comparison with our neighbours—although I accept that such a comparison can be a relevant factor.

As our society has grown and developed, we have wanted and needed more public services. Care for the elderly and care for children are now seen as shared societal responsibilities, and not just as duties on individual families. It therefore seems to me to be logical that as our needs and demands increase, so our level of taxation needs to increase to pay for them.

To be fair to the Conservatives, I say that they raise a valid point: we have to think how our taxation level compares to those of neighbours. If our taxation is higher and our public services better, richer people may leave because they need fewer public services and may not be willing to pay more tax. I accept that we cannot ignore taxation levels in England, the Netherlands, the United States, Australia and other countries that might attract our people. However, having been on the Finance Committee previously, I know that there is fairly widespread agreement among experts that a couple of percentage points difference between the tax rates of Scotland and England is unlikely to mean that many people will moving the location of their homes.

Why do people choose to stay in Scotland, to come to Scotland and to live in Scotland? There

are many factors. It may be that they have family close by, or it may be the friendliness of the people, that their jobs are here, or that there are good public services—schools, universities and the health service. Taxation can definitely be one factor, but it is seldom the main one.

The case for businesses is similar. They locate close to customers, or to where there is an educated workforce and good transport links. Again, taxation will be a factor, but it will be only one among many. I can hardly imagine that Tesco or Debenhams will close down all their stores in Scotland because their profits after taxation are a few pounds lower.

Adam Tomkins (Glasgow) (Con): It is very sad that John Mason is no longer a member of the Finance Committee. He will perhaps not be aware that only last week the tax adviser to the Finance Committee gave evidence saying that when Catalonia put up taxes, 5,000 businesses moved from Barcelona to Madrid.

John Mason: Adam Tomkins missed being on the previous Finance Committee, which heard that the Swiss cantons, which are very close together, have quite different rates of taxation, but people do not move very much.

As I suggested at the beginning of my speech, being fixated on one's neighbours is not a healthy state of mind. Of course we want to be aware of what the competition is doing; we are interested in how the folk next door are decorating their house or what they are growing in their garden. "Keeping up with the Joneses", however, is not a good mindset, in my opinion. It is a somewhat sad lifestyle choice to think that the quality of one's life is based on comparison with others. Surely it is better when we choose to live in our own way—in the way that we want and which we are comfortable with.

Are we actually very different in taxation from the rest of the UK? No, we are not. We introduced LBTT and landfill tax, which are somewhat better than, but not dramatically different from, the rest of the UK. Business rates are slightly different and income tax has so far been much the same.

So first, let us not pretend that we are hugely different from England. The Tories risk damaging Scotland by overemphasising the differences—but then again, maybe the Conservatives do not mind if they damage Scotland, as long as they keep their beloved UK together.

My opinion is that I would go further in raising tax for better public services and for a more equal society in the medium term. I accept that we can go only so far in the short term, and that the public has not shown a great appetite for tax increases. We live in a democracy, so what the public says must go.

Kezia Dugdale: Is John Mason aware that the most popular policy during the general election campaign was Labour's policy for a 50p top rate of tax?

John Mason: For better or worse, Labour did not do very well in the election. I am going to run out of time.

I would like three things: combined income tax and national insurance, a much simpler overall system and the whole system being made more progressive. At the moment, people start on 32 per cent—20 per cent income tax and 12 per cent national insurance. The top rate is, in effect, 47 per cent, which is 45 per cent income tax and 2 per cent national insurance. I do not think that that is nearly progressive enough.

In closing, I return to my main point. We face many challenges for the health of many citizens, we have an ageing population and we want to improve our young people's start in life. Dealing with all those issues costs money and will continue to cost money. If we are serious about improving lives in Scotland, we must be prepared to pay for that. The fairest way of doing that is through taxation.

16:00

Richard Leonard (Central Scotland) (Lab): This is a Conservative Party-initiated debate, and it was Ruth Davidson who said on 24 February 2015, on the formation of her independent commission for competitive and fair taxation:

"We need to start thinking big ... As the new tax powers come to the Parliament, we need to send out a big, bold message through our political choices".

Is this one-line motion the result? Is this it—this denial of devolution? This negation of the right to be different, to dare to be different, to stand up to austerity and to properly invest in public services and the economy? This is not bold and big; this is small minded and timorous.

Dean Lockhart: I make it clear that our motion says that

"families ... in Scotland should not be taxed more than those elsewhere in the UK."

We are very happy for tax to be lower in Scotland than in the rest of the UK.

Richard Leonard: There we have it.

It is part of an ideology that we should be familiar with. Once again, the only industrial policy and economic programme of the Conservative Party is a tax cut. This is not a serious policy for jobs and growth. It is a recipe for inequality and division; it is a recipe for unemployment and disinvestment. Under the Tories, we—I do not mean Scotland; I mean the working people of this

shared island—are part of an experiment. It is an experiment in which we are wrenched out of the European Union and plunged deeper into an ocean of austerity, in which the currents are engineered to hit hardest and to drag under the most vulnerable in our society—the ones who are least able to bear it.

Not only does this fiscal imperative corrode the very threads of the social fabric that bind us together. Worse, it is a dismal economics that sets out to redistribute the nation's wealth not from each according to their means to each according to their needs, but from each according to their poverty to each according to their wealth. It is an ideology that demands that the rich get richer and the poor get poorer, modelled on a failed, trickle-down economics that is built on quicksand foundations of self-interest and selfism, not strong foundations of social cohesion and solidarity.

That is why the Labour Party is prepared to act. It is no good talking about the politics of anti-austerity or the construction of an anti-austerity alliance only while in opposition; in government, we must stand by those principles, too, and not simply pass austerity on. We did not campaign all those years, in the Labour and trade union movement and in wider civic Scotland, through the Scottish constitutional convention, to create a Scottish Parliament that would simply be a conveyor belt for Tory policies and Tory austerity. Quite the opposite—we campaigned for a Scottish Parliament to be a bulwark against Tory policies and a bulwark against Tory austerity, in order to find, as Jackie Baillie said, Scottish solutions to Scottish problems.

The SNP has said that it wants to forge its taxation policies according to the principles of Adam Smith. However, as the Poverty Alliance pointed out in its briefing for the debate,

"it is surprising that the principles suggested for Scottish taxation do not mention fairness".

Well, I agree with the Poverty Alliance. I ask the cabinet secretary: what about the principles of equity and the principle of equality of sacrifice?

Derek Mackay: On that point, will the member not reflect that one of the principles is around tax being proportionate to the ability to pay, which is absolutely what we have followed on the new devolved taxes?

Richard Leonard: I support the principle that the proportion of income taken in tax should rise with the level of income, not simply be directly proportionate.

Those are sound principles of fairness, and the Labour position is distinctive. We need a higher top rate for those who are earning over £150,000

a year. This week, we are not starting to consider a shadow budget based on normative principles—

Graham Simpson (Central Scotland) (Con): Will the member take an intervention?

Richard Leonard: I do not have time, I am afraid.

We are deciding on a real budget, in which we can make positive choices. To members of this Parliament—from all parties—I say that we cannot turn our back on the homeless, or on our old-age pensioners, half of whom are living in fuel poverty this winter. We cannot turn our back on people desperately looking for work with unemployment climbing again. We cannot turn our back on the funding crisis in our national health service, the closure of services and the hard-working staff who deliver the service in the NHS, because everyone should receive the best possible medical treatment free at the point of need. We cannot turn our back on investment in our schools and colleges, and in our people, because every young person deserves an education to fulfil their potential.

This is a battle of ideas. It is a battle in which we are certainly on the opposite side to the Tories; I fear that we may be on a different side from the SNP, too. We will make our speeches and members may vote down our amendment, but we will keep making these arguments because they are the right arguments, and one day this minority in favour of them will become a majority.

Equality; justice; real change. That is what the Labour Party is arguing for this afternoon. We call on all good people of conscience—inside and outside this Parliament—to join with us.

16:06

Stuart McMillan (Greenock and Inverclyde) (SNP): With new powers on the way, there has never been a better time to think about the type of Scotland that we want to live in and how we achieve that. It was noticeable that Murdo Fraser did not mention the small business bonus scheme, which has been hugely beneficial to more than 100,000 small businesses.

For the SNP Government, getting the Scotland that we want means tackling poverty and inequality. A fairer taxation system is part of that. Our income tax proposals for 2017-18 and beyond will not only protect low-income taxpayers, but generate extra revenue to help businesses and invest in key public services. Tourism revenue is growing, and it is certainly becoming an increasingly important part of the local economy in my constituency.

The control of APD is coming to the Scottish Parliament in 2018. The Tories have called for the tax to be abolished for all flights longer than 2,000

miles, to incentivise airlines to provide new direct links from Scotland to the rest the world. The Tories have also called for an immediate freeze in APD on short-haul flights to the UK and to Europe. However, that flies directly in the face of what the Tories claimed earlier this year during the Scottish Parliament election campaign. In their manifesto, the Tories called for varying levels of APD to increase in price with longer-distance flights. Why the sudden change of heart? Have they suddenly come to their senses or is it another case of flip-flopping, as we have seen with Brexit?

James Kelly: Mr McMillan started by speaking about tackling poverty. Richard Leonard has just told us that half of pensioners are suffering pure poverty. How will cutting APD tackle that?

Stuart McMillan: If Mr Kelly listens to the rest of my speech, I will come on to a few points that address that issue.

Tourism expenditure could be between £56 million and £68 million a year, resulting in between 1,200 and 1,500 additional jobs and between £47 million and £58 million in gross value added to the Scottish economy.

In the past six months since the European Union referendum, there have been clever arguments to make about how we can try to mitigate the worst of the looming damage that Brexit will inflict and help to stimulate the economy. Meanwhile, the rest of the world looks on at the Tories' pantomime politics on Brexit with bemused perplexity and irritation.

As the Tory broken promises pile up, the economic plan for the rest of this decade has been laid out by the chancellor, Philip Hammond, and it equals austerity light—but for even longer. During the chancellor's autumn statement, we learned that stagnant wages and falling living standards will become the reality.

Despite that, the Tories have earmarked substantial funding for their white elephant projects. The total lifetime cost of the planned Hinkley point C nuclear power plant could be as high as £37 billion, according to an assessment published by the UK Government. We have also heard that the overall cost of the high-speed 2 project has increased from £50 billion to £56 billion.

The renovation of the Houses of Parliament is set to cost anywhere between £3.5 billion and £7 billion. Let us not forget, either, the attempt to cut Scotland's budget by more than £7 billion that the UK Treasury made earlier this year in the fiscal framework negotiations. If it were not for the First Minister and John Swinney having direct discussions with the then Chancellor of the Exchequer, George Osborne, our budget would

have been cut by a further £7 billion by the Tory Government.

In the post-Brexit referendum debates, it has been suggested by some Tories that the royal yacht Britannia should be recommissioned to encourage trade, and we should not forget that the taxpayer is divvying up the tab for the refurbishment of Buckingham Palace and the abhorrent replacement of Trident nuclear weapons. The waters of anxiety are rising throughout Europe and the Tories' response is, "We're going to need a bigger boat." That bigger boat will be needed to carry the record £1.79 trillion of national debt and the rising level of destitution.

Our approach to how to grow the economy could not be more different from that of the UK Government. A hard Tory Brexit will cut trade, cost jobs and lower living standards, yet for week after week in the Parliament the Tories have voted against continuing membership of the European single market. The Scottish Government, on the other hand, set out in its programme for government strong ambitions for the NHS, early years, closing the attainment gap and supporting businesses. The Tories want to roll back the gains of devolution that have helped so many families. The one-nation mantra of the Tories lives on, despite the comments that were made earlier. I remind the Tories of a comment that was made by the Prime Minister in June this year in her pitch to become leader of her party:

"This programme—true to my party's proud philosophical tradition of one nation—will include big change to the way we think about our economy, our society and our democracy".

In stark contrast to the inaction of the UK Government, the SNP Government has taken action in the wake of Brexit to support the economy by bringing forward an additional £100 million of capital expenditure. The Scottish Government's proposed reforms to council tax will generate £500 million over the parliamentary session, whereas the plans for council tax reform that the Tories produced in the run-up to the Scottish election in May would have reduced tax revenues and affected the ability of councils to deliver vital public services.

The Tories' staggering hypocrisy is at the heart of the arguments that Ruth Davidson's party is making. The Tories continually seek to criticise the Scottish Government while turning a blind eye to what their party colleagues are doing south of the border and failing to get their own house in order.

16:12

Ross Thomson (North East Scotland) (Con): When I heard that Derek Mackay had left his

change at the parliamentary coffee counter when purchasing his morning pick-me-up, it occurred to me that that might be how he approaches his responsibility for the public finances. Perhaps he starts off his day by entering his ministerial office and realising that he has lost £14 million in common agricultural policy payments through a hole in his pocket. Maybe he goes through his day, leaves St Andrew's house, heads home, gets back, sits down, puts on the telly—maybe it's "The X Factor"—and suddenly realises that he has lost £290 million in land and buildings transaction tax. "Don't worry," the cabinet secretary thinks to himself, "with these fantastic new powers in the Parliament, I can always just stick up taxes on hard-working Scots and levy more taxes on north-east businesses."

I almost find it amusing that the cabinet secretary appears to have little respect for sound finances. It was even slightly humorous when, in committee, he did not seem to understand fundamental economic concepts such as the Laffer curve, which is a key economic principle that shows that, as tax rates go up, revenue goes down, but now that we can see the SNP's tax proposals, I can assure members that no one is "lauffing" now.

It is becoming increasingly apparent that the SNP Government intends to ignore the vast majority of expert economic advice, including that of its own growth commission, by going ahead with an increase in the top rate of income tax. That will force higher-rate taxpayers to pay up to £800 more per year by 2020. The cabinet secretary's budget will make Scotland the highest-taxed part of the UK, which is fundamentally unfair on hard-working, skilled workers in Scotland.

In the north-east, we have huge issues finding skilled workers to fill our teacher vacancies and plug shortages in the NHS, and in attracting the skills and expertise from across the world to continue the renaissance in our oil and gas industry. The SNP's plans to hit skilled workers will make life harder for our local authorities, our wider public services and our businesses. When it comes to the north-east of Scotland, whether we are talking about business taxes, council taxes or income taxes, the SNP is all about take, take, take and always giving very little in return.

Patrick Harvie: Will the member take an intervention?

Ross Thomson: No, thank you. I will not.

This year alone, north-east businesses have been hit hard by a council tax grab of over £7 million by the SNP. Despite that, the north-east will still contribute £18.3 million net by 2021. To rub salt into the wounds, the millions raised through that major tax grab from the north-east will be

spent, almost exclusively, in the central belt. There will be very little benefit for thousands of households in the north-east, who will have whacked-up higher tax bills. That is absolutely outrageous.

The SNP's tax proposals will not kick-start Scotland's sluggish economy, nor will they—

Derek Mackay: Will Mr Thomson do what no other Conservative member has been able to do so far, and tell us what the Conservatives' proposals in the budget tomorrow could be and what public expenditure they would cut to pay for tax cuts in Scotland? [*Interruption.*]

Ross Thomson: The cabinet secretary should listen to my colleagues, and I am sure that, tomorrow, Murdo Fraser will be able to tell Mr Mackay exactly what a financially prudent budget is all about—one that will create growth and jobs and that will be good for Scotland. We will hear Mr Fraser tomorrow.

The SNP's tax proposals will not attract more high earners or top-rate taxpayers to Scotland. Increasing the top rate of income tax will serve only as a disincentive for the best and brightest to come to Scotland. Higher taxes will diminish our overall tax base and put additional strain on our public services; higher taxes will cause a drain of talent to other parts of the UK; and higher taxes will siphon creative talent from our own vital industries.

A report from the chartered accountancy firm, Johnston Carmichael, to the Finance Committee found that Scottish companies will have to offer tax equalisation packages to attract and retain the talent that they need in order to thrive. It is clear that if the SNP's tax regime penalises businesses and skilled labour, companies will simply relocate to other parts of the UK.

It is important that Scotland is financially attractive for skilled workers and potential investors. The SNP's tax policy will attract neither. It is clear that, on the issue of taxation, as on all issues affecting Scotland today, the SNP Government has shown itself, time and time again, to be politically out of touch and economically out of its depth.

By increasing taxes, the SNP will effectively erect a sign at the Scottish border saying, "Closed for business." It would be the worst possible thing for this country, for our people and for our businesses. It would send out exactly the wrong message to the rest of the UK, and the world: the message that Scotland taxes skill, hard work and innovation. I therefore urge members to support the amendment in the name of Murdo Fraser.

The Deputy Presiding Officer (Christine Grahame): I call Richard Lyle, the last speaker in

the open debate, and then we will move to closing speeches.

16:18

Richard Lyle (Uddingston and Bellshill) (SNP): I begin my remarks by reflecting on the motion before the chamber this afternoon. The motion says:

"That the Parliament believes that families and businesses in Scotland should not be taxed more than those elsewhere in the UK."

As in any debate in the chamber, for me the focus should not be on those in this place but those outwith it. That is, it should be on the people of Scotland—or, as the only accurate part of today's motion says, Scottish families and businesses.

It is on the people of Scotland that I want to concentrate first of all. The irony will not be lost on anyone on the SNP benches that we have heard from the Tories about how they wish to stand up for Scottish families and businesses. Those are the same Tories who, unlike this SNP Scottish Government, looked to cut, rather than protect, public services—all done through their colleague and friend, the UK Government's chancellor.

We watch a Tory Government, for which Scotland did not vote, impose a decade of real-terms reductions on Scottish budgets. That is simply a fact. The UK Tory Government's cuts do not deliver for Scottish families and businesses. It is important to linger for just a moment longer on my point that this is a Tory Government for which Scotland did not vote, because that is ultimately what today's motion serves to address.

In May, which was just a few months ago, the people of Scotland returned the SNP Government for an historic third term in office. SNP members believe in developing tax policy that delivers for the people of Scotland and for a sustainable economy. Unlike the Conservatives, we have a mandate that we will discharge as we continue to deliver for Scottish families and businesses.

It is a bit rich to hear from Conservative members today. Since 2010, the only income tax rate that the Conservatives have cut is the additional rate, from 50p to 45p. That gives a clear insight into their priorities. Indeed, the Resolution Foundation has estimated that policies that have been announced since the 2015 election of a Conservative Government mean that, by 2020-21, the poorest 10 per cent of households will lose around £400 a year on average, whereas those in the richest 10 per cent of households will gain around £200 a year.

One thing that is certain is that the SNP does not need to take any lessons from the Tories on taxes. The Tory tax and benefit changes are

hurting the most vulnerable more than the rich. They are hurting Scottish families and businesses.

On the other side of the coin, the Scottish Government is taking positive actions to deliver for Scotland's people. Our income tax proposals for 2017-18 and beyond will protect lower-income taxpayers, but they will also generate extra revenue of around £1.2 billion by 2021-22 to invest in key public services. We are protecting low-income taxpayers by committing to not increasing the basic rate of income tax and to ensuring that the personal allowance will reach £12,750 by 2021-22. That means that, given their current levels of income, 99 per cent of adults will pay no more tax than they did in 2016-17. Our plans have protected low-income and middle-income taxpayers, but in every year of the rest of the parliamentary session, we will generate extra revenue, which we will invest in key public services, by asking higher-rate taxpayers to forego a tax cut.

It is, of course, important to recognise that tax is only one side of the balance sheet and that those on higher incomes are being asked to pay a little bit more. Those people benefit from free higher education, free personal care, free prescriptions and other vital public services in Scotland. I believe that the people of Scotland will agree that those who are able to afford to pay a little bit more to help to build the type of society that we want and to protect our vital public services will be happy with the Government's plans.

In my remaining time, I will reflect on business in Scotland and the Government's record in delivering for business. The Government introduced the small business bonus because it recognised the extreme importance of small businesses as a core component of creating the sustainable and growing economy that Scotland wants. We continue to want that scheme to evolve. I am sure that that is why the Government has committed to expanding it from 2017 to lift 100,000 properties out of rates altogether. It has been estimated that the small business bonus scheme will benefit 102,394—or two in every five—properties in 2016-17 and that it will remove rates altogether for around 80,000 properties. When we listen to the Tories, it is important that we note that our scheme is significantly more generous than the current equivalent relief in England.

We have taken action to support business through our rates relief, our proposals on APD—a priority that is even more pressing as a result of the EU referendum—and, of course, our small business bonus. We are committed to a fair system of taxation. It is clear to SNP members that the SNP Government has a vision for Scotland

and a real commitment to protecting Scottish families and, indeed, Scottish business.

The Deputy Presiding Officer: I want to say something before we move to the closing speeches. Three members who have taken part in the debate are not present in the chamber. They are John Mason, Ivan McKee and Dean Lockhart, who is, I understand, closing for the Conservatives. I expect reasons to be given for their not being present, as that is a discourtesy to members and the Presiding Officer.

16:24

Willie Rennie: One of the benefits of the new ruling by the Presiding Officers that we are allowed to tweet in the chamber is we are able to read some of the tweets that others are posting about us. Following my opening speech, Christina McKelvie, who is actually not here this afternoon, recommended that Murdo Fraser and I do a duet of The Carpenters' "Close to You". She must not have listened to the speech that I made, as I clearly set out the differences between me and Murdo Fraser and my desire for him to stand up for his own competence and abilities and endorse the powers of this Parliament, rather than simply handing them over to the chancellor in Westminster.

Liam Kerr made an interesting initial contribution. He criticised the SNP for being ideologically driven, which is quite ironic in the circumstances, as Dean Lockhart later set out that today's Conservative motion is not about just matching Westminster but about going even further—about cutting taxes below what we are proposing to do in the Scottish Parliament. "Ideologically driven" seems to be in the nature of today's Conservative Party—its members cannot make that claim about other parties. I think that they should be a bit more careful before they bandy those insults about.

I thought that John Mason made a useful contribution. [*Laughter.*] I know—it is difficult to believe, but he did. He spoke about balancing the need to tax and the need to spend. He put greater emphasis on the spending side and on that being the first priority, but he balanced that by saying that we need to be mindful of the impact in terms of behaviour, taxation and other effects.

I think that it is a balance. It is not just about cutting tax and it is not just about increasing spending on public services. We need to judge the mood, the right time, the need for public services and the load that the taxpayer can take. That is the approach that we have taken.

I thought that Murdo Fraser very cruelly criticised me, despite the fact that I praised him, by saying that we were previously in favour of tax

cuts, back in Tavish Scott's reign. That is true: in those happy days when Tavish was in charge, that was the judgment at the time, and it was the right judgment at the time. We have subsequently made the judgment that, at this time, we should increase taxes modestly to invest in education, because the need is so great.

Patrick Harvie: Will the member take an intervention?

Willie Rennie: Not just now.

The investment is required now because the Scottish education has gone from being one of the best systems in the world to being just average. Now that we have the powers in our hands, we should seize the moment and make that decision.

When we were in power with the Conservatives at Westminster, we cut taxes for those on low and middle incomes, so we are not ideological about the issue: we make the judgment that fits the time and the economy.

John Scott (Ayr) (Con): Will the member take an intervention?

Willie Rennie: Not just now.

Making sure that we make the right judgment is, I think, the underlying principle today. It is not about cutting taxes no matter what the consequences; it is about making the judgment that is right for the country. *[Interruption.]* Adam Tomkins, who has just been heckling me from a sedentary position, but not particularly effectively—

John Scott: Will the member take an intervention?

Willie Rennie: Not just now. I am about to make a point.

Adam Tomkins had the cheek to lecture everybody else about businesses moving abroad. That is from a member of a party that is now advocating a hard Brexit for this country, which will drive more businesses out of the country than any other single act that anybody can take. His fears about income tax are nothing in comparison with that.

John Scott: Will the member take an intervention?

Willie Rennie: Okay, then—go on.

The Deputy Presiding Officer: Persistence has paid off.

John Scott: Mr Rennie has outlined a variety of positions that he has favoured, historically and currently. Which would be his favoured position, given free reign?

Willie Rennie: I thank Mr Scott for the opportunity to state my favoured position for now. In case he has not been paying attention, let me say that we are in favour of a modest penny on income tax, to pay for a transformational investment in education, so that we can drive Scottish education back up to its position as the best in the world. If the Conservatives do not want Scottish education to be the best in the world again, that is up to them, but I think that we should make the decision to invest in Scottish education, using the tax powers that we have.

Kate Forbes made an excellent speech, because she picked up on exactly that point. It is about looking at both sides of the balance sheet—what we tax and what we spend—and making the right, balanced choice for the future of the country.

I suspect that tomorrow we might disagree with parts of the budget. However, we will overwhelmingly agree that we should not be making tax cuts, whatever the consequences and the impact on public services. That is the road to ruin.

16:30

Andy Wightman (Lothian) (Green): I thank Murdo Fraser for bringing this interesting debate to the Parliament. I see that the Conservatives are out in full force, including Mr Ross, who is in the top row. It is good to see him in his seat.

Like Willie Rennie, I like Mr Fraser, but I do not like his motion. I think that it is misplaced. One might equally ask why people in Scotland do not pay more tax than people in Canada, Estonia, Japan, Mali or—to take a local example—Perth, in Mr Fraser's constituency.

I think that I have related this tale in the Parliament before, although I did not give details about the politician concerned: during the work of the commission on local tax reform, a Conservative councillor told me that at the next local election she wanted to go to the electorate with an offer of what the Conservatives would do in her council area, how they would pay for it and how they would raise the money. That is basically what most politicians want to do at all elections, at local and at national level, and it means having discretion and freedom over things such as tax. It is a choice. If people in Perth, in Mr Fraser's constituency, want to pay a little more tax to pay for a new swimming pool, that should be their choice. It is not a hard-and-fast rule that everyone in a whole country such as Scotland should always—or never—pay more than their neighbours.

Research has shown that countries in which taxes are higher as a share of gross domestic product are wealthier. Such countries are better off

and more productive, and they have high levels of investment and low levels of inequality.

Alison Harris mentioned Nicola Sturgeon's visit to Ireland. I think that the last major politician to visit Ireland before Nicola Sturgeon might have been the previous chancellor, George Osborne. When he went to Dublin, in 2006, he said:

"Ireland stands as a shining example of the art of the possible in long-term economic policy making".

Look how that turned out.

Liam Kerr made an interesting speech. He quoted Einstein's comment about income tax being the hardest thing in the world to understand. I think that if Einstein had listened to Mr Kerr's speech he might have thought that the most difficult thing to understand was Mr Kerr's argument. Einstein also said:

"The difference between genius and stupidity is that genius has its limits."

With new powers, this Parliament has the opportunity to think differently. This debate is about not simply tax rates but how we design the tax system. Tax design is vital, and there is a lot of history in that regard. Mr Wheelhouse talked about Adam Smith's four maxims of taxation, the fourth being that people should pay tax in proportion to their ability to pay. As the finance secretary said in response to Richard Leonard, that principle is often thought of in relation to income. The problem is, of course, that Adam Smith wrote "The Wealth of Nations" in 1776, and income tax was not introduced to the UK until 1799, when it was introduced by Pitt the younger, who needed revenues for the Napoleonic wars. Smith was not referring to income. He went on to make it clear that by "proportionate" he meant that people would contribute

"in proportion to the revenue which they respectively enjoy under the protection of the state."

In other words, Adam Smith was talking about land rents. Yet if we think about land rents today in the context of domestic property, we find that council tax is the most regressive tax in the UK. The poorest 10 per cent—the lowest-income families—pay between 6 and 8 per cent of their income in council tax, and the top 10 per cent pay a mere 2 to 3 per cent of their income. As the Green amendment suggests, we want there to be a

"tax shift from income to wealth".

There is a very good example of where the Tories are hypocritical in all of this. In Dunfermline—I note that Willie Rennie is not paying attention—

Willie Rennie: I am.

Andy Wightman: Indeed.

Amazon has a distribution warehouse in Dunfermline, and it has another dozen or so across the United Kingdom. The non-domestic rateable value of the Dunfermline premises is £3.776 million, which generates about £1.8 million a year in rates for Fife Council. Across the UK, Amazon's premises generate more in rates than the value of the entire corporation tax that is paid by the company, yet the Tories want to cut corporation tax. That demonstrates the importance of having a tax shift from income and profits to wealth and land.

The recent Mirrlees review produced a very good document on tax redesign, which I commend to members. It talked about scrapping the land and buildings transaction tax, a move that the Greens support, and, indeed, scrapping council tax. More recently, Naomi Eisenstadt recommended that we scrap council tax and focus on the tax that is paid by the lowest 40 per cent of earners.

We have stressed the importance of raising tax at the top rate, and we share Labour's aspiration to do that, although we might differ on the rate itself. We took that position from the point of view not so much of raising revenue but of tackling inequality, because curbing excessive pay demands is a vital ingredient in curbing and reducing inequality. Indeed, in the proposals that the Greens put to the electorate—I commend them to members—we quoted the impact that that would have on the Gini coefficient.

Finally, I want to stress that tax is not just about income. The statistics published by the Office for National Statistics on the total direct and indirect taxes that are paid showed that, in 2015, the bottom 20 per cent of earners paid 40.7 per cent of their total income in tax and that the top 20 per cent paid just 37.8 per cent of their total income in tax. That is because indirect taxes are extremely regressive.

The Deputy Presiding Officer: You must stop there, Mr Wightman. You are cutting into other people's time.

Andy Wightman: I commend our amendment to the chamber.

16:37

James Kelly (Glasgow) (Lab): It gives me pleasure to speak in favour of the Labour amendment. I thank the Conservatives for securing the debate, because it has allowed us to have a substantive debate on the budget priorities ahead of Mr Mackay's announcement tomorrow—as Patrick Harvie pointed out, that is something that we have otherwise been denied because of the curtailed nature of the budget scrutiny.

Three themes have run through this debate: the impact of the current and impending cuts on the Scottish budget; the taxation options that are open to us; and the ways in which we can generate economic growth.

We have seen the dire warnings from the Fraser of Allander institute about the potential for £700 million-worth of cuts between now and the end of the parliamentary session, and Unison has told us that it reckons that, in the course of this year, there have been 7,000 job losses in local councils, with cumulative cuts of £184 million. However, as Kezia Dugdale pointed out, the issue is not just about the numbers; it is also about the impact that the cuts will have on people's lives. If you are in a community with a library that is under threat of closure, if you are in a school where the number of classroom assistants might be cut or if you are staying in a house that needs repair, you will be really worried about the budget settlement that Mr Mackay is going to announce and whether there is the potential for further cuts in local authority services.

However, you will not have heard anything about those practical examples from those on the Tory benches. If a word cloud was produced from the speeches of the Tory members today, the words that would come out would be "wealth" and "money". That is what it is all about for the Tories. We did not hear anything about inequalities, about the fact that, in the economy currently, women are suffering more than men and there is a decline in job numbers for women, or about the issues that many of us are hearing about in our constituencies and regions.

I will give way to Mr Mason.

John Mason: Is James Kelly suggesting that we could cover all the Tory tax cuts since 2010 with tax increases this year?

James Kelly: I certainly suggest that SNP members could go forward by supporting the Labour amendment tonight and increasing the top rate to 50p. Not only would that give a strong signal that you support progressive taxation; it would give some assistance to the people who are suffering in communities throughout Scotland.

Jamie Greene (West Scotland) (Con): Will the member take an intervention on that point?

James Kelly: No, not at this time.

Paul Wheelhouse spoke about protecting public services. We might consider the impact of the SNP record on education: an 8 per cent cut in funding per pupil and 3,500 fewer teachers than we had in 2007. Look at the outcome from yesterday's statistics: nearly a quarter of young kids leaving primary schools are unable to read, write or count to the required standard. That is a

scandal. It is a consequence of the cumulative cuts of the SNP Government.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): On educational funding in South Lanarkshire, the area where Mr Kelly is based, will he comment on why the Labour-controlled South Lanarkshire Council says that the financial settlement will be good enough to allow it to freeze council tax next year?

James Kelly: The best thing that MSPs like you and your colleagues could do to support South Lanarkshire Council would be to support a funding settlement to deal with the cumulative effect of the millions of pounds of cuts that that council has had to deal with.

Bob Doris: *rose—*

James Kelly: No, thank you, Mr Doris. You have had your say.

The Deputy Presiding Officer: Please sit down, Mr Doris.

James Kelly: On taxation, Labour supports a top rate of 50p to protect public services and to expand the tax base. Jackie Baillie ridiculed the Tories for wanting to abolish APD. The fact is that a third of Scottish families cannot even afford to get a holiday, yet the Tories want to abolish APD and the SNP wants to cut it. Some families cannot get a trip to the seaside, and the Tories, supported by the SNP, are more interested in supporting families on their way to the duty free shops.

Murdo Fraser argued against higher taxation, referring to the impact that that would have on growth. We know that, if you stay in poor housing, your chances of educational advancement are undermined. Surely if we invest in public services, we have better-quality houses and we give people the chance to advance in education and then we address skills gaps and promote the economy, that must be one of the advantages of progressive taxation. Support the Labour amendment at 5 o'clock.

The Deputy Presiding Officer: I remind members not to use the term "you" in the chamber, because the official report does not know who you are speaking about.

16:43

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): I have found this a very helpful debate in advance of the budget that I will set out tomorrow. It has been helpful on tax policy. It is our position that tax policy should be developed in a responsible manner. Mr Wheelhouse, the Minister for Business, Innovation and Energy, covered the key principles around certainty, convenience, efficiency and

proportionality to the ability to pay. In addition, the Government has taken a collaborative approach to tax policy, and we have outlined a tough approach to tackling tax avoidance.

We aspire to protect low and middle-income taxpayers. Given the choice between raising revenues and handing out large tax cuts to the richest in Scotland, we choose public services. Taxes are part of the social contract, and it is through raising revenue that we can provide a quality NHS, free education, delivery of the living wage, free prescriptions and free personal care. Those choices are right for Scotland, but they are now under threat from the Conservatives.

Murdo Fraser *rose*—

Derek Mackay: Would the Conservatives like to make a suggestion? Which of those policy choices for the people of Scotland do they believe should be abandoned?

Murdo Fraser: Given that the cabinet secretary has had time to do some reading, does he now understand the Laffer curve?

Derek Mackay: I just asked a very serious question about the public services that are provided for the people of Scotland, and in return I get a childish remark from the Conservative Party's finance spokesperson.

Murdo Fraser: I asked a sensible question.

Derek Mackay: I have here a more informed remark from Murdo Fraser on exactly which of the commitments that I have just outlined the Tories want to abandon. The Tories say that those policy commitments—concessionary travel, the council tax freeze, free prescriptions and free tuition—are choices the Scottish Government is making and they are increasingly looking like the wrong choices. It seems from the shock on the faces of Murdo Fraser's colleagues that they do not know that the Tories have abandoned some of those policy choices.

I have to agree with other members of the Opposition that this debate has moved away from tax and focused on an even bigger ideological topic: devolution itself. The Tories have shown their true colours today not on tax but on devolution. That is what we have learned from the debate. They have reverted to type—do as Westminster does. The only tax rate that has changed under the Conservatives is the top rate of tax for the richest in the United Kingdom, which has been reduced—a decision that was totally wrong when it comes to funding our public services.

When we look at what the Conservatives have done on the thresholds for inheritance tax, it is clear that the UK Conservatives care more for the dead rich of this country than the living poor. It is a

travesty for those people that this UK Government—

Brian Whittle (South Scotland) (Con): Will the cabinet secretary give way?

Derek Mackay: No, I want to finish my point.

The Tory tendency is to centralise to Westminster, which has said—*[Interruption.]* Oh, I think that I have hit a raw nerve. Yes, we know what the Tories' day job is—it is to do as their London bosses tell them.

If the Conservatives' position is simply to undercut taxes in Scotland, there is a duty on them to tell us what spending commitments they propose to undo.

Patrick Harvie: Will the cabinet secretary give way?

Derek Mackay: The Conservatives have totally failed—they make spending commitment after spending commitment, but it is not feasible to reduce taxes while demanding more public expenditure.

Patrick Harvie: Will the cabinet secretary give way?

The Deputy Presiding Officer: Please sit down, Mr Harvie—the cabinet secretary is not taking an intervention.

Derek Mackay: We are investing more in schools and hospitals while the Tories focus on refurbishing palaces and on nuclear weapons.

Devolution is about the ability to do things differently, and we want to chart a different course—one that is fairer and more progressive—while the Tories propose tax cuts for the richest and for big business. The Scottish Tories are no different, not even on the single market. We have heard from Brexit deniers, but we are now hearing from Brexit gymnasts, given the Tories' somersaults on the single market. People want to live, work and invest in Scotland, despite the Tories talking Scotland down.

I will give members some of the positives about Scotland's economy. Scotland's GDP per head is now 2.1 per cent above its pre-recession peak, whereas the figure for the UK is only 1.2 per cent above its pre-recession level. Even excluding North Sea oil and gas, Scotland's output per head is higher than the UK average excluding London. Productivity in Scotland—its output per hour—has grown by 4.4 per cent since 2007 in comparison with no growth in the UK. Since 1999—the period of devolution—real full-time weekly pay in Scotland has risen by 17 per cent in comparison with 12 per cent in the UK. Investment in research and development is up in Scotland too.

That is a strong economic message—it is part of the package with which we can promote Scotland while the Tories talk down our country and undermine our economic message. We should use our powers for a purpose, rather than pulling every economic lever just to see what happens. We will take a balanced and progressive approach that is based on fairness and is pro-enterprise, pro-entrepreneur and pro-growth but which also tackles inequality.

We can chart a different course. The Tories have reverted to type—London controlled, making tax cuts for the rich, abandoning universal services and talking Scotland down. If divergence on tax is coming, it is coming because we want a different way in Scotland, and I will be proud to propose that budget tomorrow.

16:50

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

We called for this debate on taxation because tomorrow's budget will set the future direction of tax and fiscal policy in Scotland. Let me remind members who today call us devolution deniers that those powers were delivered to this Parliament by a Conservative Government. Under the new tax and fiscal powers that are coming to the Parliament, levels of public spending will, for the first time, depend in large part on the performance of Scotland's economy relative to that of the rest of the UK. That new fiscal landscape has far-reaching implications for policy.

There is cross-party consensus that we need to increase levels of public spending and improve public services in vital areas. To do that, the policy that is being taken by the SNP and other parties is to increase tax. They have all made it clear today that they want Scotland to be the highest-taxed part of the UK. We take a different approach. We think that families and businesses in Scotland should not be taxed at a higher rate than those elsewhere in the UK. Our policy approach is to increase levels of public spending and to improve public services by expanding the economy and expanding the tax base in Scotland. Let me make it simple. A faster-expanding economy will allow the Government to spend more.

During the debate, my colleagues have made two things very clear. First, stronger economic growth should be an absolute priority for the Government. Any steps to increase tax in Scotland would damage future growth. Secondly, higher levels of tax would shrink the tax base in Scotland. For those who are not convinced by the principles of the Laffer curve, as clearly explained by my colleague Murdo Fraser, I draw members' attention to what President John F Kennedy called the "paradoxical truth", when he said that

"the soundest way to raise the revenues in the long run is to cut the rates now."

We agree with that.

Let me first address the fundamental priority of economic growth. The Fraser of Allander institute report that was published yesterday highlights the need for Scotland to close the growth gap with the rest of the UK, in order to avoid further reductions in public spending. That report reflects the concerns that we have raised many times in the chamber about the underperformance of the Scottish economy. That underperformance, as highlighted by Jackie Baillie, will now have a real impact on the level of public spending in Scotland. If we look at the Scottish Government's own principal economic targets—the four i's—and compare our performance relative to that of the rest of the UK, we can see that inclusive growth is down, innovation and productivity are down, internationalisation and exports are down, and Scotland's share of inward investment and jobs is down.

Let me make it clear to Mr Mackay that that economic underperformance was happening long before Brexit. In fact, in eight of the 10 years in which the SNP has been in government, the economy in Scotland has underperformed that of the rest of the UK, and that is set to continue. Growth in Scotland for 2017 is forecast to be less than half of UK growth.

The Fraser of Allander report also highlights a number of structural problems facing the economy in Scotland—low growth, low productivity and declining exports, with only 50 companies in Scotland accounting for 50 per cent of our exports. It also notes that we have the lowest employment growth rates in the UK and the highest rates of economic inactivity. Given that economic background, making Scotland the highest-taxed part of the UK is precisely the wrong policy response.

Patrick Harvie: The member returns to the central argument that we have heard from many Conservative speakers during the debate, which is that higher taxes in Scotland are just wrong in principle. Even if I believed everything else that the Conservative Party has been advocating, I cannot see how, if it is wrong to take more income tax from wealthy people, it can possibly be right for the UK Government to be taking more income away from poorer people. The two things simply cannot add up.

Dean Lockhart: Those are independent points. We are saying that, if people are taxed too highly, they will leave the country. That is what the Royal Society of Edinburgh has said—it has said that there is a danger that, if the higher tax rate in Scotland is set too high, we will lose more tax than

we gain. To increase Government tax revenues and spending in Scotland, we need to expand our business base, attract entrepreneurial individuals, increase our exports, help existing businesses to expand and attract business from the rest of the UK. Making Scotland the highest-taxed part of the UK is not the answer.

We also need to use tax policy to expand the tax base in Scotland, encourage increased participation in the economy and stimulate business activity. I see that Mr Swinney has joined us. When he was finance secretary, he recognised the need to use tax policy to stimulate business when, in 2012, he acknowledged that business rates play a part in attracting and retaining businesses and when he committed to setting the poundage rate no higher than that set in England.

Unfortunately, things have changed. For example, the large business supplement now makes the poundage rate in Scotland double that in England. In addition, under the SNP Government, business rates have gone up, land and buildings transaction tax is up, the effective tax on empty business properties is up, the effective rate of income tax for higher earners is going up, sporting rates are up and council tax is up and is being taken away from the local authorities.

It is not just the SNP that wants to make Scotland the highest-taxed part of the UK. As we have heard today, all the other parties in the Parliament want to increase the tax burden in Scotland for high-income individuals. However well intended those policies of higher taxation might be, there is compelling evidence to show that they are ultimately doomed in their objective of increasing the levels of Government income available for public spending.

I mentioned the Royal Society of Edinburgh. It has given advice that, in setting tax policy, the Scottish Government should exercise a high level of caution so that it does not shrink its tax base.

Willie Rennie: The member has proclaimed several times that he wants to cut tax. Can he explain why the chancellor has increased national insurance contributions for those on £45,000 or more by up to £200 if he is so much in favour of cutting tax?

Dean Lockhart: If we look at the totality of the Government's fiscal policy, we find that the direction of travel is to reduce taxes overall.

When Mr Mackay meets with the head of the SNP growth commission, Andrew Wilson, he will perhaps want to discuss Mr Wilson's approach to how to increase revenue from taxpayers in Scotland. Mr Wilson's policy is that it is better to expand the tax base than to increase tax rates, which we agree with.

I will conclude by considering the position of individuals and businesses that are looking to set up in a higher-taxed Scotland. Businesses need to factor in the additional costs of higher tax through the large business supplement and higher tax on empty properties. When businesses are looking for skilled employees, they will have to pay a supplement to top up people's wages so that they get the same take-home pay as those in the rest of the UK. Business owners and employees will have to pay higher rates of tax for residential purchases and businesses will have to pay higher amounts on commercial premises with a rateable value above £35,000. Given all that, it is no surprise that the economy in Scotland is lagging behind that in the rest of the UK.

With tomorrow's budget, Mr Mackay has the opportunity to make amends and to reverse the direction of travel of SNP policy. He can make Scotland more competitive and ensure that families and businesses in Scotland are not taxed more than those elsewhere in the UK. Mr Mackay asked for some ideas for his budget tomorrow. I suggest that, as a start, perhaps his Government could stop wasting close to £1 billion on cost overruns and the incompetent management of projects.

Derek Mackay: Dean Lockhart has just made a pretty feeble attempt to explain how the Tories would cut taxes. Is he not aware that spending commitments of the past cannot pay for tax cuts in the future? Does he not even understand basic arithmetic?

Dean Lockhart: Mr Mackay often refers to the manifesto on which the SNP was elected in May. It contains two things: a commitment to independence and a bunch of spending commitments that are based on the Barnett formula. Which does the SNP want: independence or the spending commitments that are underwritten by the Barnett formula?

I support the motion in Murdo Fraser's name.

Ross Thomson: On a point of order, Presiding Officer. Can you advise whether the Cabinet Secretary for Economy, Jobs and Fair Work should correct the *Official Report*? In a parliamentary question, I asked him whether the building of the Aberdeen western peripheral route was delayed. On 22 September, he answered that there was no delay. On 24 November at the Public Audit and Post-legislative Scrutiny Committee, I asked the question of Transport Scotland and was again told that there was no delay.

Yesterday, it was revealed that Transport Scotland became aware of delays to the project on 9 November, which was two weeks before it directly told me otherwise. Do you agree that the cabinet secretary responsible for Transport

Scotland should make a statement or appear before a committee to clarify when Transport Scotland knew of the delay, when the cabinet secretary knew of the delay and why a committee of this Parliament was not given the facts?

The Presiding Officer (Ken Macintosh): I thank Ross Thomson for advance notice of his point of order. I understand that he wishes to pursue the matter further. I note from his comments that the matter was raised and a reply was received at a meeting of a committee of the Parliament, rather than in the chamber, so I suggest that it is not a point of order for me in the chair and that he should raise it with the convener of the committee, who in turn should raise it with the cabinet secretary.

Business Motion

17:01

The Presiding Officer (Ken Macintosh): The next item of business is consideration of business motion S5M-03104, 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 20 December 2016

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Motion of Condolence

followed by Topical Questions (if selected)

followed by Scottish Government Debate: Improving the Care Experience for Looked After Children

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 21 December 2016

2.00 pm Parliamentary Bureau Motions

2.00 pm Member's Oath/Affirmation

followed by Portfolio Questions
Environment, Climate Change and Land Reform;
Rural Economy and Connectivity

followed by Members' Business

followed by Members' Business

followed by Ministerial Statement: Protecting Scotland's Livestock

followed by Business Motions

followed by Parliamentary Bureau Motions

4.45 pm Decision Time

Thursday 22 December 2016

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

Tuesday 10 January 2017

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 11 January 2017
 2.00 pm Parliamentary Bureau Motions
 2.00 pm Portfolio Questions
 Justice and the Law Officers;
 Culture, Tourism and External Affairs
followed by Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business
 Thursday 12 January 2017
 11.40 am Parliamentary Bureau Motions
 11.40 am General Questions
 12.00 pm First Minister's Questions
 12.45 pm Members' Business
 2.30 pm Parliamentary Bureau Motions
 2.30 pm Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time—[*Joe FitzPatrick.*]

Motion agreed to.

Parliamentary Bureau Motions

17:01

The Presiding Officer (Ken Macintosh): The next item of business is consideration of two Parliamentary Bureau motions.

Motions moved,

That the Parliament agrees that the Arbitration (Scotland) Act 2010 (Transitional Provisions) Order 2016 [draft] be approved.

That the Parliament agrees that the Justice Committee be designated as the lead committee in consideration of the Railway Policing (Scotland) Bill at stage 1.—[*Joe FitzPatrick.*]

Decision Time

17:02

The Presiding Officer (Ken Macintosh): There are seven questions to be put today. I remind members that if the amendment in the name of Derek Mackay is agreed to, the amendments in the names of Patrick Harvie and Willie Rennie will fall.

The first question is, that amendment S5M-03063.3, in the name of Derek Mackay, which seeks to amend motion S5M-03063, in the name of Murdo Fraser, on taxation, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

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

(SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Todd, Maree (Highlands and Islands) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Yousaf, Humza (Glasgow Pollok) (SNP)

Against

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

Smith, Liz (Mid Scotland and Fife) (Con)
 Smyth, Colin (South Scotland) (Lab)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Stewart, David (Highlands and Islands) (Lab)
 Thomson, Ross (North East Scotland) (Con)
 Tomkins, Adam (Glasgow) (Con)
 Wells, Annie (Glasgow) (Con)
 Whittle, Brian (South Scotland) (Con)
 Wightman, Andy (Lothian) (Green)

The Presiding Officer: The result of the division is: For 60, Against 61, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: Before I call the next division, I inform the chamber that if the amendment in the name of Kezia Dugdale is agreed to, the amendments in the names of Patrick Harvie and Willie Rennie will fall.

The next question is, that motion S5M-03063.1, in the name of Kezia Dugdale, which seeks to amend the motion in the name of Murdo Fraser, 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)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (Green)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Greer, Ross (West Scotland) (Green)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Glasgow) (Lab)
 Lamont, Johann (Glasgow) (Lab)
 Lennon, Monica (Central Scotland) (Lab)
 Leonard, Richard (Central Scotland) (Lab)
 Macdonald, Lewis (North East Scotland) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 McNeill, Pauline (Glasgow) (Lab)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Sarwar, Anas (Glasgow) (Lab)
 Smith, Elaine (Central Scotland) (Lab)
 Smyth, Colin (South Scotland) (Lab)
 Stewart, David (Highlands and Islands) (Lab)
 Wightman, Andy (Lothian) (Green)

Against

Adam, George (Paisley) (SNP)
 Adamson, Clare (Motherwell and Wishaw) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Arthur, Tom (Renfrewshire South) (SNP)
 Balfour, Jeremy (Lothian) (Con)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Briggs, Miles (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burnett, Alexander (Aberdeenshire West) (Con)
 Cameron, Donald (Highlands and Islands) (Con)

Campbell, Aileen (Clydesdale) (SNP)
 Carlaw, Jackson (Eastwood) (Con)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Chapman, Peter (North East Scotland) (Con)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Cole-Hamilton, Alex (Edinburgh Western) (LD)
 Constance, Angela (Almond Valley) (SNP)
 Corry, Maurice (West Scotland) (Con)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Davidson, Ruth (Edinburgh Central) (Con)
 Denham, Ash (Edinburgh Eastern) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Evans, Mairi (Angus North and Mearns) (SNP)
 Ewing, Annabelle (Cowdenbeath) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Golden, Maurice (West Scotland) (Con)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Greene, Jamie (West Scotland) (Con)
 Hamilton, Rachael (South Scotland) (Con)
 Harper, Emma (South Scotland) (SNP)
 Harris, Alison (Central Scotland) (Con)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Kerr, Liam (North East Scotland) (Con)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lindhurst, Gordon (Lothian) (Con)
 Lochhead, Richard (Moray) (SNP)
 Lockhart, Dean (Mid Scotland and Fife) (Con)
 Lyle, Richard (Uddingston and Bellshill) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)
 Maguire, Ruth (Cunninghame South) (SNP)
 Martin, Gillian (Aberdeenshire East) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (Aberdeen Donside) (SNP)
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 Mountain, Edward (Highlands and Islands) (Con)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (North East Fife) (LD)
 Robison, Shona (Dundee City East) (SNP)
 Ross, Douglas (Highlands and Islands) (Con)
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Scott, John (Ayr) (Con)
 Simpson, Graham (Central Scotland) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)

Stewart, Alexander (Mid Scotland and Fife) (Con)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Ross (North East Scotland) (Con)
 Todd, Maree (Highlands and Islands) (SNP)
 Tomkins, Adam (Glasgow) (Con)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wells, Annie (Glasgow) (Con)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Whittle, Brian (South Scotland) (Con)
 Yousaf, Humza (Glasgow Pollok) (SNP)

The Presiding Officer: The result of the division is: For 29, Against 91, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S5M-03063.4, in the name of Patrick Harvie, which seeks to amend motion S5M-03063, in the name of Murdo Fraser, on taxation, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

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

Against

Adam, George (Paisley) (SNP)
 Adamson, Clare (Motherwell and Wishaw) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Arthur, Tom (Renfrewshire South) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Balfour, Jeremy (Lothian) (Con)
 Beamish, Claudia (South Scotland) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Briggs, Miles (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burnett, Alexander (Aberdeenshire West) (Con)
 Cameron, Donald (Highlands and Islands) (Con)
 Campbell, Aileen (Clydesdale) (SNP)
 Carlaw, Jackson (Eastwood) (Con)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Chapman, Peter (North East Scotland) (Con)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Cole-Hamilton, Alex (Edinburgh Western) (LD)
 Constance, Angela (Almond Valley) (SNP)
 Corry, Maurice (West Scotland) (Con)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Davidson, Ruth (Edinburgh Central) (Con)
 Denham, Ash (Edinburgh Eastern) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dugdale, Kezia (Lothian) (Lab)
 Evans, Mairi (Angus North and Mearns) (SNP)
 Ewing, Annabelle (Cowdenbeath) (SNP)

Fabiani, Linda (East Kilbride) (SNP)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Golden, Maurice (West Scotland) (Con)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Greene, Jamie (West Scotland) (Con)
 Griffin, Mark (Central Scotland) (Lab)
 Hamilton, Rachael (South Scotland) (Con)
 Harper, Emma (South Scotland) (SNP)
 Harris, Alison (Central Scotland) (Con)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Kelly, James (Glasgow) (Lab)
 Kerr, Liam (North East Scotland) (Con)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, Johann (Glasgow) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lennon, Monica (Central Scotland) (Lab)
 Leonard, Richard (Central Scotland) (Lab)
 Lindhurst, Gordon (Lothian) (Con)
 Lochhead, Richard (Moray) (SNP)
 Lockhart, Dean (Mid Scotland and Fife) (Con)
 Lyle, Richard (Uddingston and Bellshill) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macdonald, Lewis (North East Scotland) (Lab)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)
 Maguire, Ruth (Cunninghame South) (SNP)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Gillian (Aberdeenshire East) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (Aberdeen Donside) (SNP)
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 McNeill, Pauline (Glasgow) (Lab)
 Mitchell, Margaret (Central Scotland) (Con)
 Mountain, Edward (Highlands and Islands) (Con)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (North East Fife) (LD)
 Robison, Shona (Dundee City East) (SNP)
 Ross, Douglas (Highlands and Islands) (Con)
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Russell, Michael (Argyll and Bute) (SNP)
 Sarwar, Anas (Glasgow) (Lab)
 Scott, John (Ayr) (Con)
 Simpson, Graham (Central Scotland) (Con)
 Smith, Elaine (Central Scotland) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Smyth, Colin (South Scotland) (Lab)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)

Stewart, Alexander (Mid Scotland and Fife) (Con)
 Stewart, David (Highlands and Islands) (Lab)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Ross (North East Scotland) (Con)
 Todd, Maree (Highlands and Islands) (SNP)
 Tomkins, Adam (Glasgow) (Con)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wells, Annie (Glasgow) (Con)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Whittle, Brian (South Scotland) (Con)
 Yousaf, Humza (Glasgow Pollok) (SNP)

The Presiding Officer: The result of the division is: For 6, Against 115, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S5M-03063.2, in the name of Willie Rennie, which seeks to amend motion S5M-03063, in the name of Murdo Fraser, on taxation, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adamson, Clare (Motherwell and Wishaw) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Cole-Hamilton, Alex (Edinburgh Western) (LD)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Kelly, James (Glasgow) (Lab)
 Lamont, Johann (Glasgow) (Lab)
 Lennon, Monica (Central Scotland) (Lab)
 Leonard, Richard (Central Scotland) (Lab)
 Macdonald, Lewis (North East Scotland) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McNeill, Pauline (Glasgow) (Lab)
 Rennie, Willie (North East Fife) (LD)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Sarwar, Anas (Glasgow) (Lab)
 Smith, Elaine (Central Scotland) (Lab)
 Smyth, Colin (South Scotland) (Lab)
 Stewart, David (Highlands and Islands) (Lab)

Against

Adam, George (Paisley) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Arthur, Tom (Renfrewshire South) (SNP)
 Balfour, Jeremy (Lothian) (Con)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Briggs, Miles (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burnett, Alexander (Aberdeenshire West) (Con)
 Cameron, Donald (Highlands and Islands) (Con)
 Campbell, Aileen (Clydesdale) (SNP)
 Carlaw, Jackson (Eastwood) (Con)

Carson, Finlay (Galloway and West Dumfries) (Con)
 Chapman, Peter (North East Scotland) (Con)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Corry, Maurice (West Scotland) (Con)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Davidson, Ruth (Edinburgh Central) (Con)
 Denham, Ash (Edinburgh Eastern) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Evans, Mairi (Angus North and Mearns) (SNP)
 Ewing, Annabelle (Cowdenbeath) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Golden, Maurice (West Scotland) (Con)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Greene, Jamie (West Scotland) (Con)
 Hamilton, Rachael (South Scotland) (Con)
 Harper, Emma (South Scotland) (SNP)
 Harris, Alison (Central Scotland) (Con)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Kerr, Liam (North East Scotland) (Con)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lindhurst, Gordon (Lothian) (Con)
 Lochhead, Richard (Moray) (SNP)
 Lockhart, Dean (Mid Scotland and Fife) (Con)
 Lyle, Richard (Uddingston and Bellshill) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)
 Maguire, Ruth (Cunninghame South) (SNP)
 Martin, Gillian (Aberdeenshire East) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McDonald, Mark (Aberdeen Donside) (SNP)
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 Mitchell, Margaret (Central Scotland) (Con)
 Mountain, Edward (Highlands and Islands) (Con)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Ross, Douglas (Highlands and Islands) (Con)
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Scott, John (Ayr) (Con)
 Simpson, Graham (Central Scotland) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Ross (North East Scotland) (Con)

Todd, Maree (Highlands and Islands) (SNP)
 Tomkins, Adam (Glasgow) (Con)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wells, Annie (Glasgow) (Con)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Whittle, Brian (South Scotland) (Con)
 Yousaf, Humza (Glasgow Pollok) (SNP)

Abstentions

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

The Presiding Officer: The result of the division is: For 27, Against 88, Abstentions 6.

Amendment disagreed to.

The Presiding Officer: The next question is, that motion S5M-03063, in the name of Murdo Fraser, on taxation, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Balfour, Jeremy (Lothian) (Con)
 Briggs, Miles (Lothian) (Con)
 Burnett, Alexander (Aberdeenshire West) (Con)
 Cameron, Donald (Highlands and Islands) (Con)
 Carlaw, Jackson (Eastwood) (Con)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Chapman, Peter (North East Scotland) (Con)
 Corry, Maurice (West Scotland) (Con)
 Davidson, Ruth (Edinburgh Central) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Golden, Maurice (West Scotland) (Con)
 Greene, Jamie (West Scotland) (Con)
 Hamilton, Rachael (South Scotland) (Con)
 Harris, Alison (Central Scotland) (Con)
 Kerr, Liam (North East Scotland) (Con)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lindhurst, Gordon (Lothian) (Con)
 Lockhart, Dean (Mid Scotland and Fife) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Mountain, Edward (Highlands and Islands) (Con)
 Ross, Douglas (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Simpson, Graham (Central Scotland) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Thomson, Ross (North East Scotland) (Con)
 Tomkins, Adam (Glasgow) (Con)
 Wells, Annie (Glasgow) (Con)
 Whittle, Brian (South Scotland) (Con)

Against

Adam, George (Paisley) (SNP)
 Adamson, Clare (Motherwell and Wishaw) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Arthur, Tom (Renfrewshire South) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Bibby, Neil (West Scotland) (Lab)

Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Cole-Hamilton, Alex (Edinburgh Western) (LD)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Denham, Ash (Edinburgh Eastern) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dugdale, Kezia (Lothian) (Lab)
 Evans, Mairi (Angus North and Mearns) (SNP)
 Ewing, Annabelle (Cowdenbeath) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (Green)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Greer, Ross (West Scotland) (Green)
 Griffin, Mark (Central Scotland) (Lab)
 Harper, Emma (South Scotland) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Glasgow) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, Johann (Glasgow) (Lab)
 Lennon, Monica (Central Scotland) (Lab)
 Leonard, Richard (Central Scotland) (Lab)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Uddingston and Bellshill) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macdonald, Lewis (North East Scotland) (Lab)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)
 Maguire, Ruth (Cunninghame South) (SNP)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Gillian (Aberdeenshire East) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (Aberdeen Donside) (SNP)
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 McNeill, Pauline (Glasgow) (Lab)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (North East Fife) (LD)
 Robison, Shona (Dundee City East) (SNP)
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Russell, Michael (Argyll and Bute) (SNP)

Sarwar, Anas (Glasgow) (Lab)
 Smith, Elaine (Central Scotland) (Lab)
 Smyth, Colin (South Scotland) (Lab)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, David (Highlands and Islands) (Lab)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Todd, Maree (Highlands and Islands) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wightman, Andy (Lothian) (Green)
 Yousaf, Humza (Glasgow Pollok) (SNP)

The Presiding Officer: The result of the division is: For 29, Against 92, Abstentions 0.

Motion disagreed to.

The Presiding Officer: The next question is, that motion S5M-02956, in the name of Joe FitzPatrick, on approval of a Scottish statutory instrument, be agreed to.

Motion agreed to,

That the Parliament agrees that the Arbitration (Scotland) Act 2010 (Transitional Provisions) Order 2016 [draft] be approved.

The Presiding Officer: The final question is, that motion S5M-03105, in the name of Joe FitzPatrick, on designation of a lead committee, be agreed to.

Motion agreed to,

That the Parliament agrees that the Justice Committee be designated as the lead committee in consideration of the Railway Policing (Scotland) Bill at stage 1.

Climate Targets

The Deputy Presiding Officer (Linda Fabiani): The final item of business is a members' business debate on motion S5M-02049, in the name of Maree Todd, on Scotland's climate targets. The debate will be concluded without any question being put.

Motion debated,

That the Parliament recognises what it sees as the contribution made by the recently-published report, *The Energy of Scotland: Heating, moving and powering our lives from now to 2030*, to the debate about the future of Scotland's energy; understands that the report, which was prepared by WWF Scotland, Friends of the Earth Scotland and RSPB Scotland, is based on technical analysis by the leading global technical consultancy, Ricardo Energy and Environment; notes its findings suggesting that producing 50% of all of Scotland's energy across heat, transport and electricity from renewables by 2030 is achievable and necessary; recognises what it sees as the progress to date in deploying renewables across the electricity sector; understands that these generate the equivalent of more than half of the country's demand and have brought economic benefits, especially in the Highlands and Islands, and notes the views regarding the work that now needs to be done to support renewables in the heat and transport sectors, which, it understands, together account for more than three-quarters of Scotland's total energy consumption.

17:09

Maree Todd (Highlands and Islands) (SNP): This is the first time that I have had the opportunity to lead a members' business debate since being elected in May.

Climate change is one of the defining issues of our age. Although there may still be some doubters, the vast majority agree with the science. Just this morning, one of my staff texted me to say that it is the middle of December and it is 12 degrees in Shetland. I rest my case on climate change.

This subject is a priority for me and is vital to communities across the region that I represent. There are few nations that could claim to have embraced renewable energy with as much enthusiasm and success as Scotland. The Highlands and Islands, the area that I represent, is a rich source of renewable energy potential.

Our seas contain half of the United Kingdom's tidal resource and a quarter of the tidal resource in Europe. They also contain about 10 per cent of Europe's total wave resource. We have it all. We have plenty of wind all year round, onshore and off, and long days of sunlight on those few days when the wind might not be blowing.

Renewables are a major source of industrial work in the Highlands and help to sustain economic growth and employment. Scotland has the potential to be a world leader in this industry,

and, because of the ambition and commitment of the Scottish Government, we are well on the way to being one. In the last decade alone, the total output of renewable electricity has more than doubled, and more than half of Scotland's electricity needs now come from renewables.

The Highlands and Islands are home to a number of leading projects in renewable energy. In Orkney, the world's largest tidal turbine—I always find that tricky to say—began trials in August, and in Shetland power was exported to the grid for the first time from a pair of tidal devices. The world's largest tidal stream array project—MeyGen—is in the Pentland Firth. The Burradale wind farm in Shetland holds the world record for the highest capacity of a wind farm.

Making full use of our abundant natural resources will boost the region, but good stewardship will also be vital. We live in a stunningly beautiful part of the country with abundant wildlife, so we need to be careful to assess the impact of harnessing those assets. With care and good science, we can do that.

We all agree that a step change in our ability to generate low-carbon electricity is required, and large-scale projects like the Beatrice wind farm in the Moray Firth will generate jobs at Nigg and boost the economy, as well as contributing to that step change.

Make no mistake, the greatest threat to our wildlife is climate change. It is climate change that threatens our wildlife, not renewables projects, which is why the charities that commissioned the report "The Energy of Scotland: Heating, moving and powering our lives from now to 2030" are so supportive of renewable energy development.

Moving beyond renewable electricity, the Highlands and Islands have some exciting projects in heat generation and in energy storage. In Shetland, Star Renewable Energy is investing in renewable heat energy with loan funding from the Scottish Government. It is developing plans to add a large-scale, sea-water source heat pump which will help to expand an existing district heating network.

Thurso is home to the UK's largest lithium-ion cell manufacturing plant—AGM Batteries. With other Scottish partners, it is creating the next generation of battery technologies for electric and hybrid vehicles.

In Orkney, a hydrogen project is using tidal and wind power to produce fuel for the local ferry fleet. In the first phase, a harbour-based fuel cell will provide overnight power to the inter-island ferries, replacing diesel generation.

Of course, fuel poverty is a significant issue in the Highlands and Islands. We have many

organisations working on energy efficiency, including the Kyle of Sutherland Development Trust, which has been working with Scottish Gas, advising people on energy efficiency. Improving energy efficiency and decarbonising energy is particularly challenging in rural areas. Given the scale of the problem of fuel poverty in my region, it is essential that no Government policy does anything to worsen the situation.

Scottish Renewables businesses are exporting their innovations globally, working in more than 40 countries around the world, in every continent except Antarctica, which is something that we all can be really proud of. An example of that, again from my own area, is the European Marine Energy Centre, based in Orkney. It has been called upon for development of a wave and tidal energy industry in Nagasaki in Japan. There is growing concern in the industry, however, that without enough support we will start to fall behind other world leaders. I recently spoke to Gareth Davies, the managing director of Aquatera, an Orkney-based company that has been involved in the creation of marine energy projects in the United States, Chile, Japan, Columbia, Peru and Indonesia. I quote him directly:

"Having seen the UK 'give away' its leadership and ownership of wind technology we said we would not repeat the same mistake again. Yet the UK is setting itself on a pathway to do just the same with marine energy. The UK has learned so much, achieved so much and benefited so much—yet Canada, France, South East Asia, Japan and China are set to reap the longer term benefits.

They say to make a mistake once is forgivable, to do the same again is stupidity!

Orkney companies have travelled to over 20 countries around the world in the last 9 months seeking out work and opportunities to keep their staff in Orkney employed into the future. This is a direct impact of the UK government's failure to set a fair and reasonable CfD framework for marine energy and island wind."

We cannot afford to give away our position of leadership in the marine energy industry.

I welcome the report, which is a really valuable contribution to the debate. I know that the Scottish Government is carrying out its own detailed research to assess how best to achieve carbon reduction targets at the lowest cost to the economy, and I look forward to the publication of the draft energy strategy and climate change plan in January. The Scottish Government's record speaks for itself and I know that, under the First Minister's leadership, ambition remains high. That is why we are already committed to introducing a new climate change bill with higher targets. Ambitious targets have helped to drive innovation in the past, and I want to see ambitious targets drive it into the future.

17:16

Maurice Golden (West Scotland) (Con): I congratulate Maree Todd on securing the debate. Climate change is the great challenge of our times. It is a threat that affects us all, and it is a fight that requires a global response. I am proud that Scotland is playing her part: as ever, we are punching above our weight and we are seeing some progress for our efforts.

Emissions have reduced and are down by almost half since 1990, which has allowed Scotland's annual target to be met for the first time, with significant progress having been made in the electricity and waste sectors. Alongside that reduction has been the Scottish renewables revolution: in 2014, low-carbon renewables accounted for almost 40 per cent of Scotland's electricity, which was the highest percentage anywhere in the UK, and Scotland led the rest of Britain by producing almost a third of the UK's renewable energy. Last year, the figures continued to improve, with more than half the electricity that Scotland consumed coming from renewables. That is to be welcomed.

Those successes should be recognised, but much more remains to be done. With 2020 fast approaching, it is only right that we lift our gaze towards 2030. Looking towards the next decade, there is much for Scotland to contend with in moving towards a low-carbon economy.

Transport emissions account for more than a quarter of all Scotland's emissions, and the dial has barely moved since 1990 in reducing them. The good news is that the tools are there for us to use: urban consolidation hubs, electric vehicles, better public transport and cycle superhighways. We must get serious on transport emissions if we are to continue to meet our targets, to effect positive change and to see emissions fall further.

How we heat our homes is another issue that is hovering on the horizon. Heating consumed more than half of Scotland's energy output in 2014, yet barely more than 5 per cent of heating consumption was met by renewables last year. It is not more warm words from all of us that we need to heat our homes, but efficient low-carbon heating networks. In that context, I acknowledge the pioneering work of Star Renewable Energy, which is based in Thornliebank in West Scotland, the region that I represent. Underpinning much of what must be done is the need to be more energy efficient. Simply put, the most environmentally friendly energy is the energy that is not used at all.

Our struggle against climate change will be made much easier by investment in upgrading our homes to at least an energy performance certificate C rating. That will also help the poorest people in our society to get out of fuel poverty.

Progress has been made, but the task is far from finished. We must continue to make the case to protect our environment, create opportunities for businesses and allow Scotland the chance to lead the rest of the United Kingdom. Let us make that case, let us look to 2030 and let us put our words into action.

17:20

Claudia Beamish (South Scotland) (Lab): I thank Maree Todd for bringing the debate to Parliament. I also thank Ricardo Energy & Environment, WWF Scotland, Friends of the Earth Scotland and RSPB Scotland for their collaborative work on the report "The Energy of Scotland: heating, moving and powering our lives from now to 2030". The report echoes Scottish Labour's 2016 manifesto promise, which was

"to aspire to generate 50% of ... electricity, heat and transport demand from renewables by 2030."

If we meet that target, we will be contributing robustly to meeting future climate change targets, and the report gives guidance on how to do so in a just and cost-optimal way.

Our trajectory suggests that there will be missed targets in the distant future—the policies are simply too timid and progress too slow in some sectors, including the heat sector.

I am passionate about democratic ownership as an energy model. I will focus on two examples from my region, after which I will look to Europe and then ask the minister a question at the end—if I get that far in the four minutes that I have. In the South Scotland region that the minister and I represent, Gala Water and Mill Lades Society Ltd in the Scottish Borders is in the early stages of restoring sites in the Victorian Galashiels water lades to generate electricity through low-head hydro technology. The project will deliver a wealth of benefits to the town, including opportunities for community shares, connecting the community with energy generation and reinvigorating a part of the town's history. It could be a great trailblazer for investing in other lades using hydro power.

Another positive story from the community and renewable energy scheme can be found in Eskdalemuir. The Upper Eskdale Development Group Ltd is a community organisation that is working on regenerating the village primary school by installing high-quality insulation, air-source heat pumps and a solar photovoltaic installation kit. The CO₂ emissions savings over 15 years will be significant and the group will earn £2,500 a year. It is a win-win situation.

Last week, I attended a conference in Brussels focusing on a just transition to the low-carbon economy. Development of transferable skills and the pay and conditions of workers in the

burgeoning renewables sector are part of that fair way forward. Another aspect of a just transition is fairness for communities. The Scottish Government and councils, including the City of Edinburgh Council, have supported community and co-operative ownership and involvement in sustainable energy through funding and advice. On the European mainland, that is sometimes termed “energy democracy.”

There are many different models of community involvement, some of which are more participatory than others. In Helsinki, the municipality has Finland’s largest solar power plant hosted on the roof of a ski hall—whatever that is. Local residents can

“order their own designated panels so that they can benefit from solar energy without having to make large investments.”

The Mayor of Pamplona City Council states:

“I believe that people and communities should have the right to control their energy future”

and argues for

“more social justice, and empowering people to be more than just passive consumers.”

Will the minister say in his closing remarks what research-gathering capacity the Scottish Government has to collect and analyse information from Europe and beyond as we develop our vision for an energy strategy that is as inclusive as possible?

17:24

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Presiding Officer, I wish you a happy birthday—it is always as well to get credit with the Presiding Officers; it is one of the rules in this place—and I thank Maree Todd for securing the debate.

I found myself agreeing with every word that Maurice Golden said in what was a very worthwhile contribution. In the light of that agreement, I gently encourage him and his Conservative colleagues to consider signing a motion from time to time, even if there is an SNP name on it. However, that is a political point that I do not want to stress.

The key point to make is that the report that is the subject of this evening’s debate makes many points that are critical to our economy, to renewable energy and—fundamentally—to climate change. Members will know of my personal engagement as the Minister for Transport, Infrastructure and Climate Change who took the Climate Change (Scotland) Bill through in 2009, which was a very challenging bill.

It is fair to acknowledge that an area that has already been the subject of debate—renewable heat—is one of the areas in which the challenge is greatest. Renewable heat is proving to be fundamentally more difficult to develop than we imagined in 2009 it would be. That does not mean that we should ignore it: on the contrary, it is the difficult things to which we must now turn our attention, but we will do so having had successes in other areas.

I accept that transport emissions remain a difficult area. I will tell members a little story about that. When I was minister, I went to a meeting of eco-congregations, which took place in a rural area and was attended by people from all over Scotland who were enthusiastic about making faith groups more ecologically friendly. I found ready ears for what I had to say, until I made the mistake of saying that, in transport, one of the things that people like me who live in rural areas might think about is co-ordinating with neighbours our visits to local towns to do our shopping. I can describe what happened only by saying that all Hades—I use the word carefully—broke loose, because it turned out that even among the most enthusiastic climate change adopters, that was for everyone else to do—not them. The big challenge lies with the people and in our persuading them to adopt new ways of working.

The UK has been doing reasonably well in the rankings, although it is going a bit backwards at the moment. Scotland accounts for one seven-hundredth of the world’s emissions and is widely recognised as being one of the leaders in tackling climate change—albeit that there are other areas of the world that are in certain respects doing better than we are. The leadership that we have displayed is being challenged by some of the UK Government’s policies on renewable energy.

However, I am hopeful, because there is economic benefit to be gained from addressing climate change. We create new jobs and reduce our long-term costs, because the raw material for renewable energy is, after all, all but free once we have made the capital investment. Those are areas that we can consider and in which we can, I hope, make progress. Scotland has engineering skills that we can leverage across from our oil and gas industry, in particular into new offshore renewable energy installations. First-mover advantage is still there for us to grasp.

I hope that the debate makes a useful contribution, just as the report that we are discussing and the work of WWF, Friends of the Earth Scotland and RSPB Scotland have made excellent contributions on climate change. I look forward to listening to my colleagues’ speeches.

I wish you a happy birthday, once again, Presiding Officer.

17:28

Mark Ruskell (Mid Scotland and Fife) (Green): I associate myself with Stewart Stevenson's celebratory remarks, although I am not going to sing "Happy Birthday" to the Presiding Officer in the chamber. Perhaps I will do it later. I declare an interest as a councillor on Stirling Council.

This is the second time in two weeks that we have debated the future direction of our energy policy and the importance of having an all-energy target that encompasses heat, transport and electricity. There is a lot to unpack in the debate ahead of the launch of the energy strategy and the revised climate programme early next year, so I thank Maree Todd for giving us some welcome extra space in which to do that.

I very much welcome the "Energy of Scotland" report that has been produced by the environmental non-governmental organisations. It reinforces separate work that was conducted by Scottish Renewables earlier this year, which also concluded that an all-energy target of 50 per cent by 2030 is a desirable yet achievable stretch target. Such a target would provide confidence and certainty, as our early targets on renewable electricity did for industry. Of course, targets on their own are not enough. I accept the point that was raised by the minister in last week's debate that research surrounding implementation of such a target is required. I hope that, with the final touches being made to the energy strategy, we are nearing the end of that process, rather than stuck at the beginning. There is an element of chicken and egg to that. If a target is set, innovation, research and development will flow—provided that there are the right regulatory, planning and fiscal regimes to underpin it. If a target is not set, the direction of travel is too uncertain for investment.

We have a fantastic research base in Scotland. I pay tribute to SMRU Consulting in St Andrews, which has developed over many years a strong reputation globally for high-quality marine-mammal research. The work of organisations such as SMRU can unlock barriers to progress and allow ambitious targets to take off, especially within the marine sector, in which—as Maree Todd has already pointed out—it is vital that we do not lose the lead.

We should also recognise that innovation and research can take place at community level. Claudia Beamish mentioned excellent examples from South Scotland. There are great examples of innovative projects and approaches being developed over the past decade. I pay tribute to Fintry Development Trust in my region. Its trailblazing work on one of the first joint ventures between a wind farm developer and a community

was a long and at times painful journey, but its success has inspired many other community renewables groups around Scotland.

Fintry has grown into a local energy system laboratory over the years, and has used the profits that are earned from the wind on the hill to reinvest in energy efficiency advice and renewable installations in the home. In fact, if members look at the weekly planning schedules for Stirling Council—as I do most weeks—there are fresh applications for air-source heat pumps and biomass boilers every week. Roll-out of those embedded renewables in homes and businesses has been phenomenal. It has now gone a lot further: it has piloted an electric car club, brought a biomass-fuelled district heating scheme to a residential caravan park, and developed one of the first schemes in the UK that will take electricity that has been produced by anaerobic digestion—at a small dairy farm—and sell it directly to consumers under a local tariff.

Grid constraints, financial constraints, fuel poverty and the need to build social capital in our communities can all be strong drivers towards the local energy systems of the future. I hope that the forthcoming energy strategy will recognise the potentially huge role of social enterprises in delivering much more than just heat and light to consumers. That point was raised by Claudia Beamish: we need energy democracy—*energiewende*, as they say in Germany.

How the utilities and Ofgem can learn from non-traditional business models will be important as we move towards a more decentralised and embedded energy system. We also need to consider how de-risking the development process for communities and allowing them greater access to assets including land can help them to get a foothold in the energy marketplace.

Ofgem has already visited Fintry on a number of occasions, so I conclude by inviting the minister to join me on a visit, when time allows it, to see the multiple joined-up approaches and benefits. There is also a community-owned pub.

17:33

Ruth Maguire (Cunninghame South) (SNP): I begin by congratulating my colleague Maree Todd on bringing to the chamber her first members' business debate, on the very important subject of Scotland's climate change targets. Like colleagues, I welcome the report by WWF Scotland, Friends of the Earth Scotland and RSPB Scotland, and its motivating findings about the potential of our renewable energy resources.

As we all know, Scotland has been blessed with fantastic renewable energy potential. For example, it is home to around a quarter of Europe's offshore

wind resource. Not only that, we have made tremendous strides in harnessing it, establishing our nation as an international example—indeed an inspiration—when it comes to renewable energy. This year, for the first time ever on a single day, wind turbines in Scotland generated more electricity than we used in the whole of the nation. On the whole, Scotland now generates over half of its total electricity use from renewables—a 14 per cent increase on 2014—representing 26 per cent of the total UK renewable energy that was generated in 2015.

Neither is Scotland's prowess in renewables limited to these shores; recent research has set out how our renewable energy expertise is in demand around the world, with Scottish businesses working in more than 40 countries and in every continent bar Antarctica. Windhoist, which is a crane company that is based in Irvine, in my constituency, has installed more than 4,800 wind turbines across the globe, from South Africa and Morocco to Australia and Belgium. We lead by example at home and share expertise abroad, and our renewable riches allow us to contribute to tackling climate change on a global scale.

In addition, our renewables industry provides a valuable source of economic strength and employment. We have heard that figures from the Office for National Statistics show that low-carbon industries and their supply chains in Scotland generated a turnover of almost £11 billion and supported 43,500 jobs in 2014.

My Cunninghame South constituency is home to the renewable energy specialist Prontoport, which supplies consultancy, engineering support and maintenance to wind farms across the UK. It consistently achieves turnover in excess of £2 million and employs 45 full-time staff. It also runs a world-class training academy in Irvine, which I recently had the pleasure of visiting. I saw first hand there its expert training provision in practice.

It is clear that great strides have been made, but our approach to capitalising on Scotland's renewable energy must continue to be ambitious. The target to meet 100 per cent of our electricity needs from renewables by 2020 fits that bill, as does our shared resolve across most of the chamber to focus efforts on finding ways to convert our heat and transport energy supply to renewables energy over the years ahead.

The report's suggestion that Scotland has the capacity to produce 50 per cent of all energy from renewables by 2030 is aspirational. We should always set our sights high, but ambition must be matched by due diligence—by careful consideration of any unintended drawbacks for our plans and ambitions in other areas, particularly in ensuring access to affordable energy and tackling the blight of fuel poverty. We recently debated that

issue in the Parliament, and its severity was recognised across the chamber.

I support the comments by the Minister for Business, Innovation and Energy about the Government not setting any new targets until it has carried out the necessary research that will underpin them and considered the potential consequences that our climate change targets will have for other important areas. I welcome his indication that close consideration of the report will inform the development of future targets and look forward to reading the draft strategy early in the new year.

17:37

Liam McArthur (Orkney Islands) (LD): I echo Mark Ruskell's approach in adopting the same celebratory, if slightly obsequious, tone that Stewart Stevenson adopted in wishing you a happy birthday, Presiding Officer.

I congratulate Maree Todd on securing her inaugural members' business debate and choosing the subject of Scotland's climate targets for it. As she said, the subject is very much at the heart of what the Highlands and Islands region is all about. I also congratulate WWF and the other NGOs that were involved in the preparation of the report, which, as Mark Ruskell said, echoes some of the findings of the Scottish Renewables report earlier in the year.

The target of 50 per cent of energy from renewables by 2030 is achievable. I understand why the Scottish Government feels the need to go through the due diligence, but we are approaching the point at which it will need to show its hand, and I urge it to be ambitious in the area.

In the renewables debate last week, I was cut off in my prime, and an expectant public were denied the benefit of my peroration. I was also chastised in social media for not necessarily emphasising the job opportunities that arise from a commitment to renewables, particularly in relation to manufacturing and the export benefits that arise from that. I whole-heartedly accept that point.

I think that everyone accepts that there are job-creating opportunities from a more sustainable use of our resources. The Scottish Renewables report ahead of this debate points to those export opportunities, to the European Marine Energy Centre and its involvement in projects in Japan, and to Scottish Renewables's ambassador, Gareth Davies, his team at Aquatera, and their involvement all over the world. In a sense, that is a reflection of the loss of activity and confidence that has arisen in recent times as a result of decisions that have been taken at the UK level. I certainly encourage the Scottish Government to step into the space and encourage innovation.

Stewart Stevenson was right to urge us to turn our attention to the difficult things, notably in heat and transport, where less progress has been made. The warm homes bill provides an opportunity for us to up our game on district heating and make good deficiencies in the private rented sector. However, as with not just the warm homes bill but the fuel poverty strategy and possibly even the climate change legislation, I reiterate my plea for a degree of flexibility in allowing local circumstances to be built into the solutions that are used to drive the achievement of the objectives that we set.

On transport, I note in passing, and again make a last-minute plea to the minister to roll back from, the commitment to reduce air passenger duty.

I will use the time left to make a specific plea in relation to electric vehicles. Orkney can lay claim to having the highest number of electric vehicles per head of population of anywhere in the country. The ownership of EVs is going up, largely because costs are coming down as a result of technological advances and wider uptake. A burgeoning second-hand market is also bringing down capital costs. The infrastructure is indeed more extensive than it was, although I think that more can be done. I give credit to the Orkney Renewable Energy Forum for what it has done to advise local authorities on the optimal siting of charge points.

However, it is to the issue of repair and maintenance that we have to urgently turn our attention. The infrastructure is in place, but it is of no use if it does not work. Too often we are finding that people turn up to the charge points only to find them out of order, sometimes for days and often for weeks. The problem is that councils, manufacturers and the operator, Charge Your Car, are all pointing the finger of blame at one another. Perhaps there is a cost-recovery mechanism that would allow the charge points to be kept more reliably in working condition. We would not accept it were a petrol station to be out of order for days or weeks, and we cannot afford that happening to electric vehicle charge points.

In conclusion, I think that we have done excellent work in the field of electricity. That is widely acknowledged, although we can do more. It is the areas of heat and transport that we need to focus our attention on. The Parliament's role is to keep the Government's feet to the fire on what I think is a shared ambition.

17:42

Ivan McKee (Glasgow Provan) (SNP): Before I start, I remind the Parliament of my role as parliamentary liaison officer for the Cabinet Secretary for the Economy, Jobs and Fair Work. I

also thank Maree Todd for bringing this important debate to the Parliament.

As we have already recognised, Scotland has made tremendous progress in greening our energy supply over recent years. In 1996, only 8 per cent of our electricity supply came from renewables, whereas last year a total of 22GW hours, or 57 per cent, of that supply came from renewables. Scotland currently supplies 26 per cent of the UK's renewable energy, which makes a significant contribution to the UK's overall climate change targets. As has been identified, the renewables industry supports 43,500 jobs in Scotland and companies in the sector generate almost £11 billion in turnover.

Scotland makes good use of its significant natural renewable resources—onshore wind, offshore wind and pumped hydro—and is working to develop new technologies in wave and tidal power. We have a total installed capacity of 8GW, but there is the potential to deliver several times that number.

As a consequence, Scotland has exceeded its climate change commitments. We have reduced greenhouse gas emissions from the 1990 baseline levels of 77 million tonnes of CO₂ equivalent to current levels of 46 million tonnes. Scotland's performance has been recognised and applauded internationally.

The challenge to achieve 50 per cent of electricity from renewables has been exceeded. The next task—to reach 100 per cent of electricity from renewables—is within our sights. With a significant quantity of onshore and offshore wind generation consented and 1GW of pumped hydro capacity ready to go and waiting only on the UK Government to provide a route to market, we are well on our way to the next milestone.

Beyond that, the challenges to green the rest of our energy mix, in transport and in heat, are more difficult. Together those account for three quarters of our total energy demand. The report "Renewable energy in Scotland in 2030", a joint effort from WWF Scotland, RSPB Scotland, Friends of the Earth Scotland and Ricardo Energy & Environment, gives us confidence in the paths to follow to meet that challenge.

The challenges ahead will require a number of technological, economic, cultural and political barriers to be overcome. The report makes a significant contribution to the debate around how best to proceed. It portrays a vision of what Scotland's energy supply could look like by 2030. The growth in electricity generation from renewables will continue. By 2030, 140 per cent of Scotland's electricity supply might come from renewables, enabling us to export that resource. Installing an additional 8GW of renewables

capacity would support an extra 14,000 jobs. The cost of renewables generation continues to fall, as a result of economies of scale and technological advances.

Low-emission vehicles will become the norm, with the proliferation of electric vehicles for public and private transport. The drop in the use of petrol and diesel will deliver significant health benefits.

Heat provides the most challenging targets and the biggest prize. More than half the energy consumption in Scotland is generated by heat. The use of heat pump technology, such as the technology that has been developed, manufactured and exported by Star Renewable Energy, which Maurice Golden mentioned, will become the norm.

The heating of homes and businesses will be aided by an on-going programme of energy efficiency measures, which will drive a reduction in demand of 20 per cent. It is anticipated that 40 per cent of energy for heat could come from renewable sources by 2030.

All those aspects of energy policy will feed into the Scottish Government's energy strategy, which will be closely aligned with the Government's forthcoming climate change strategy and will point the way forward for renewable energy use and the boost to our economy that will come from Scotland becoming a leader in the design, manufacture and export of many renewable technologies.

The Deputy Presiding Officer: We are all keen to hear from Mr Carson and the minister, but we are running out of time in the debate. I am minded to accept a motion without notice to extend the debate by up to 30 minutes—I point out that Mr Carson and the minister are not required to use the whole 30 minutes.

Motion moved,

That, under Rule 8.14.3, the debate be extended by up to 30 minutes.—[*Maree Todd*]

Motion agreed to.

17:46

Finlay Carson (Galloway and West Dumfries) (Con): I wish you many happy returns, Presiding Officer.

I congratulate Maree Todd on securing this afternoon's debate, and I thank WWF Scotland, Friends of the Earth Scotland and the RSPB for their report, to which the motion refers.

Back in June 2009, this Parliament passed the Climate Change (Scotland) Act 2009 with support from across the Parliament. The legislation was hailed as world leading and demonstrated the Scottish Parliament's willingness to step up to the

plate and show leadership by signing up to ambitious targets.

Stewart Stevenson: Will the member take an intervention?

The Deputy Presiding Officer: I knew that I should not have allowed for such a long extension to the debate.

Stewart Stevenson: In light of Mr Carson's remarks, I thought that it would be appropriate to recognise the leading role that our late friend Alex Johnstone played, from the Conservative benches, in the Climate Change (Scotland) Bill. [*Applause.*]

The Deputy Presiding Officer: Well said, Mr Stevenson.

Finlay Carson: I appreciate that intervention and thank the member for it.

As we look forward, as the report that we are considering does, we see that there is still a lot more work to be done. As people said when the bill was going through the Parliament, the challenge would be not in passing the bill but in implementing it.

An area that the report focuses on is heat. The authors are right when they say:

"The renewal of Scotland's heat infrastructure helps tackle fuel poverty by bringing down heating costs."

Fuel poverty is a major issue, the effects of which are profound. At the moment, being in fuel poverty is defined as having to spend more than 10 per cent of one's household income on fuel.

The Scottish Government aimed to eradicate fuel poverty by November 2016—last month. I commend the Government's ambition, but it is likely that the target will not be met, just as targets were not met in 2015. Although there has been a welcome decline of 4 per cent, more than 30 per cent of households are still fuel poor and more than 8 per cent are living in extreme fuel poverty. Those figures should startle us all.

Although the causes of fuel poverty are varied and are not always under our control, we are not powerless to act. At the election back in May, the Scottish Conservatives pledged to introduce a clear target to achieve a transformative change in energy efficiency throughout Scotland, with all properties achieving an EPC rating of C or above by the end of the next decade, at the latest.

In Scotland today, a warm home should not be a luxury. People need help with making their homes warmer and advice on whether they can benefit from help with insulation and other efficiency measures. They can get such advice from the home energy Scotland hotline.

The report also focused on transport, which I will mention briefly. The authors say:

“Scotland’s low-carbon transport sector needs to move up a gear to hit future climate targets”.

According to the Scottish Government publication, “Scottish Greenhouse Gas Emissions 2014”, domestic transport accounted for 22.8 per cent of all emissions in that year.

The Committee on Climate Change suggests that there has been little progress in reducing emissions from transport, and I accept that much of that is due to improvements in vehicle efficiency being offset by increased demand for travel as the economy has grown and fuel prices have fallen. Once again, more needs to be done to correct that lack of progress.

There is much more to discuss when it comes to climate change, and I look forward to participating in other debates on this topic.

The Scottish Parliament passed world-leading legislation in 2009 and we all have a duty to do our bit to make sure that we meet the targets that it set out. As Liam McArthur said, research and development and innovation will play a large part in those efforts. The mix of energy sources—wind, hydro or whatever—will play a big part, too. I welcome the fact that Kite Power Systems at West Freugh in the south-west has secured an additional £5 million-worth of funding from Eon, Schlumberger and Shell Technology Ventures to develop its test and research facilities. It has already secured planning consent to develop a 500kW power station, and the additional funding will lead to multiple 500kW systems in the next three or four years, with a 3MW onshore system as well as an offshore system in the future.

As the WWF report states, there is no room for complacency on this subject. In order to achieve our targets, we will require bold policies, strong leadership and concerted action, and I look forward to being part of that.

17:51

The Minister for Business, Innovation and Energy (Paul Wheelhouse): Happy birthday, Presiding Officer. I know that you have a strong interest in this subject area, so it is appropriate that you are here today.

As others have done, I congratulate Maree Todd on bringing forward an excellent and topical subject for her first members’ business debate. If her first speech opening a members’ business debate is anything to go by, we can look forward to her bringing good-quality debates to the chamber in future.

I am glad that we have heard so many valuable, thoughtful and positive contributions from across

the chamber today. As Stewart Stevenson and others have said, such positive contributions from the Conservatives, too, are welcome. We have a real alliance in the chamber on renewables, which is positive.

As Mark Ruskell pointed out, we debated energy policy only last week, and it is good to have the subject in our minds as we move towards the production of draft energy strategy in the new year. Like others, I welcome the work of WWF, Friends of the Earth, the RSPB and Ricardo Energy & Environment, which makes a strong and valuable contribution to the debate around Scotland’s energy future. Our manifesto suggested that we would give the 50 per cent target careful consideration, and I promise that we are doing so. Members might not be surprised to learn that there is still a good bit of work to go on developing the draft strategy. I am sure that, given his previous role, Stewart Stevenson will understand that, in producing such a strategy, the last few weeks are often the most intensive, and we are working very hard on the delivery of the draft strategy.

I am grateful for the support of members across the chamber last week for our continued commitment to the renewable energy sector. Members have raised some valid points today, and I will touch on a few of them.

Claudia Beamish talked about energy democracy. That was an interesting contribution to the debate. She asked, reasonably, what we are doing to gather information from around the world. We have access to ClimateXChange, which is a consortium of Scottish universities that provides us with research support. It is monitoring the development of local and community energy projects around the world with regard to their social and economic benefits, and can draw on experience from outside the UK in doing so. We are also funding Friends of the Earth Scotland to link with people across Europe and promote experiences of community shared ownership. We are not blind to the fact that we can learn from good practice in the rest of the world and take it forward in our approach in Scotland.

Maurice Golden and Finlay Carson very reasonably talked about heat, which I will touch on later. It is an important area, because 54 per cent of our energy consumption is in the form of heat. They are right to highlight the importance of progress in that area, as well as in the area of transport. We accept that more needs to be done if we are to achieve our climate change targets beyond 2020.

I want to pay tribute to Stewart Stevenson—I do not have many opportunities to do so, but I want to do so today—as he was the minister who took the climate change legislation through Parliament. As

his successor, I have been incredibly proud to be able to speak about the fact that that legislation was universally supported across the chamber. That is quite an achievement with regard to this important global challenge, and is unusual in a global context.

Mark Ruskell invited me to visit Fintry, and I would be more than happy to do so. I am very much aware of the good work that has been done by the Fintry Development Trust, and I am keen to see for myself exactly the impact that it is having. I was interested to hear about the embedded renewables technology that can be seen in the planning documents that are going through Stirling Council. That is useful to know.

Ruth Maguire spoke about important local businesses such as Windhoist and the work that it is doing across the globe to install turbines. I am keen to learn more about that business, as the more I learn about important local businesses that are involved in renewables in places such as Irvine, the better I can push the message to developers who are looking to invest in Scotland or indeed further afield.

Liam McArthur raised an important point about the condition of the technology that we have invested in with reference to implementation and strategy on EV roll-out. We will seek to find out more information about the condition of the equipment in Orkney and to see whether anything can be done.

Liam McArthur: To be clear, the infrastructure in Orkney tends to be reasonably well maintained. The problem often concerns routes such as the A9, which are used by people who are travelling long distances, who depend on there being a functioning rapid charger at the point where they need it.

Paul Wheelhouse: I thank Liam McArthur for that clarification, which will be very helpful for fine-tuning the approach that I take. I highlight for the benefit of members our current review of “Switched on Scotland: A Road Map to the Widespread Adoption of Plug-in Vehicles”, which was developed jointly with industry. We can examine maintenance in the context of that review, so the timing is helpful in that respect.

As has been well documented, Scotland's renewable energy industry is a UK success story and an area where Scotland has always shown great leadership. I welcome Maurice Golden's acknowledgement of that. As members have said, Scotland met 57 per cent of its electricity needs from renewables in 2015. Ruth Maguire highlighted that, in 2014, the low-carbon and renewable energy economy supported 43,500 jobs in Scotland, accounting for 9.7 per cent of total UK

employment in the sector. That is higher than our population share, but not high enough.

We need to tie in the focus on jobs with our emerging industrial policy and the manufacturing action plan to ensure that we capitalise on opportunities such as the roll-out of all the phases of the MeyGen project, which I and, I am sure, other members, wish to see. I would like us to work with Atlantis Resources to see whether there are opportunities for the manufacture of turbines in Scotland; indeed, there may be opportunities from other developments as they happen here, too.

As members have pointed out, £10.7 billion in turnover is a very significant contribution to our economy.

Last year saw the largest increase in renewable heat output since measurement began. I acknowledge the scale of the challenge for us in delivering on our targets, but we should welcome the progress that we have made in recent years. The level has gone up from 3.8 per cent in 2014 to 5.6 per cent in 2015, which is quite a large jump in the context of the challenge that we face.

As Ivan McKee stated, total Scottish renewable generation currently makes up approximately 26 per cent of total UK renewables. Renewable electricity projects are estimated to have displaced more than 13 million tonnes of carbon dioxide across the UK in 2015. It is clear that what was perhaps once regarded as a niche industry is now very much mainstream, and is providing highly valued jobs across the UK. Specifically in Scotland, we are keen for more to be done.

The Scottish Government's targets, to which members have referred, are consistently supportive of renewable energy. Both our approaches—setting ambitious targets and providing consistent support—have been important factors in the success of the renewables industry in Scotland. We have made a clear statement of political will—not least in the chamber last week—in showing our support for the technology to which members have referred today.

WWF Scotland, Scottish Renewables and all the organisations that are calling for an increased level of ambition for renewables have recognised and welcomed the leadership and ambition that this Parliament—I acknowledge the Parliament's role—and the Scottish Government have shown. That leadership will continue, along with the strongly collaborative approach to developing policies that will enable us to achieve our shared objective of making the most of Scotland's renewables.

As we prepare our draft energy strategy, we seek to work closely with the RSPB, WWF, Friends of the Earth and specialists such as Ricardo, because there is much that we can agree

on. We are making energy efficiency a very strong priority in our strategy document, as members will see in due course. We are putting a lot of weight behind Scotland's energy efficiency programme, which is a co-ordinated programme to improve the energy efficiency of homes and buildings, not just in the domestic sector but in non-domestic stock.

I agree with Maurice Golden on the issue of low-carbon heat. I am conscious of time, so I will keep this brief. We have seen a large increase in the number of accreditations. As of the end of October 2016, there have been 10,703 renewable heat incentive accreditations in Scotland. That is a 21 per cent share of the UK-wide uptake, which is well above our pro-rata share and is very encouraging.

I will come to an end, as everyone is desperate to get away—they probably have Christmas parties to go to, as I know my colleagues do. I am currently leading the Government's work on the draft energy strategy and I look forward to working with all members in the chamber who bring positivity to that challenge. I once more welcome the debate and thank Maree Todd for bringing it to the chamber. I thank all members for their very positive remarks, because together we can achieve great things for our renewables sector in Scotland.

Meeting closed at 18:00.

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