



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Meeting of the Parliament

**Wednesday 20 September 2017**

**Session 5**



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Pàrlamaid na h-Alba

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# Scottish Parliament

Wednesday 20 September 2017

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

## Portfolio Question Time

### Justice and the Law Officers

#### Community Sentences (Funding)

1. **Finlay Carson (Galloway and West Dumfries) (Con):** To ask the Scottish Government what plans it has to review the funding for community sentences. (S5O-01255)

**The Cabinet Secretary for Justice (Michael Matheson):** The Scottish Government recognises the importance of ensuring that criminal justice services have the resources that they need, and funding for community justice services across Scotland remains at record levels. We have allocated funding of around £100 million to local authorities, which work with a range of organisations and partners to help deliver community sentences, support the rehabilitation of people with convictions and reduce re-offending. That funding includes an extra £4 million investment in community sentences—it was introduced in 2016-17 and continued in 2017-18—to support local authorities to deliver robust community sentences.

The Government is committed to supporting local authorities to deliver robust community sentences. The new funding distribution model for allocating criminal justice social work funding that was introduced in 2017-18 allows each local authority, working in partnership with statutory partners and the third sector, the flexibility to target resources to better meet local priorities and needs, including in relation to community sentences. We will continue to work with partners to ensure that robust community sentences continue to be delivered.

**Finlay Carson:** Research by the Scottish Conservatives has revealed that, under hundreds of community payback orders, it has taken months after sentencing for work to begin; in some cases, it has taken more than a year. Delays have progressively worsened over the past three years. Will the cabinet secretary commit to ending those delays, and will he tell the chamber how he intends to do that?

**Michael Matheson:** The details that Finlay Carson refers to do not put the issue of community sentencing into any context. The reality is that, in 2015-16, about 19,500 community sentences were

issued and there were delays in taking forward about 6 per cent of them within the required timescale. Local authorities are responsible for ensuring that they comply with the timeframes that are set for community sentences and for the way in which they are delivered. We are reviewing the existing guidance on breaches of community sentences to make sure that it is robust and that it is clear about what sanctions should be put in place when community sentences are breached. As I set out in my previous answer, the record funding that we are providing to local authorities helps to support them to deliver robust, effective community sentences right across local authorities in Scotland.

**Rona Mackay (Strathkelvin and Bearsden) (SNP):** Will the cabinet secretary confirm that the funding for criminal justice social work services, which includes the delivery of community sentences, will continue to be ring fenced?

**Michael Matheson:** We recognise the importance of criminal justice social work funding in ensuring that we have effective delivery of community sentencing options and programmes. That is why we have ring fenced that particular funding to local authorities; we have no intention of changing the existing arrangements.

**Mary Fee (West Scotland) (Lab):** Last week, the cabinet secretary told me in the chamber that

“the funding formula for the allocation of resources has already been published.”—[*Official Report*, 14 September 2017; c 45.]

Will he explain to the chamber when and where that formula was published? The information that I have is that, although the formula has been shared with the sector, it has not been placed in the public domain. I ask him to ensure that the formula is published and deposited with the Scottish Parliament information centre.

**Michael Matheson:** If it will help the member, I am more than happy to send a copy of the formula directly to her following question time.

I want to reassure the member. Her question appeared to imply that this is a formula that is being imposed by Government, but nothing could be further from the truth. The formula that has been introduced has been agreed by the Convention of Scottish Local Authorities and has been approved by the COSLA leadership group. It is not something that has been forced on local authorities by the Scottish Government; it is part of making sure that there is a process for distributing the funding to criminal justice social work teams in a way that reflects the demands facing their services. That is exactly why we have taken it forward on a co-production basis, working with local authorities to achieve that.

I reassure the member and other members that the distribution model was not imposed by the Government but was taken forward in partnership with local authorities and was supported by COSLA and its leadership group. I will ensure that a copy of the formula is sent to her for her information.

**Liam McArthur (Orkney Islands) (LD):** The cabinet secretary will recall from our exchanges last week that the welcome extension of the presumption against short prison sentences relies on proper funding of the community-based measures to which he has alluded. Does he accept that the delivery of such measures in rural areas, and particularly in island areas, is of necessity going to be more costly? Will he assure members that the funding distribution model to which he referred will take proper account of that and of the need to adequately fund small and proportionate island-based services on a year-on-year, ring-fenced basis so that those services can be maintained?

**Michael Matheson:** As I mentioned earlier, we are providing record levels of funding for the community sentencing programme, and we have increased funding over the past couple of years to support local authorities in developing new programmes. We are considering how we can continue to support them in that area in the years ahead. The funding model has a rurality weighting within it, in order to recognise some of the specific challenges that our more rural communities and rural local authorities face in delivering the programmes. Some of the redistribution that is taking place around that resource is there to help support those specific local authorities.

I assure the member that we have taken forward the redistribution model in a way that develops a partnership with local authorities. Alongside that, over a five-year period, we have capped any changes, in terms of a reduction in funding for any local authority, to ensure that no local authority is at a disadvantage as a result of the redistribution. Again, I assure the member that the new distribution model has a rurality weighting within it in order to recognise some of the specific challenges that our rural local authorities face.

### **Community Policing (Support)**

**2. Colin Beattie (Midlothian North and Musselburgh) (SNP):** To ask the Scottish Government whether it will provide an update on its plans to support community policing during the current parliamentary session. (S5O-01256)

**The Cabinet Secretary for Justice (Michael Matheson):** The Government is committed to supporting our police service, which is why we are protecting the police resource budget in real terms in every year of the current session of Parliament

and have committed £61 million of reform funding in this financial year to support transformation of the service. The Scottish Government's strategic policing priorities, which were laid before the Parliament last October, seek to strengthen further the focus on community policing and inclusion. They underline our expectation that local community needs are understood and reflected in the planning and delivery of policing and that our police service is accessible to all people in Scotland and responsive to their needs. That focus is reflected in the policing 2026 strategy, which is the 10-year strategy from Police Scotland and the Scottish Police Authority and which seeks to develop local approaches to policing in partnership with communities across the country.

**Colin Beattie:** Does the cabinet secretary agree that the Tories' outrageous rules that leave Police Scotland the only territorial police service in the United Kingdom that has to pay millions of pounds in VAT, which cannot be reclaimed, need to end, just as the Tories managed to end such rules for Highways England and academy schools? We need that to happen to ensure that Police Scotland can provide the best service possible.

**Michael Matheson:** I completely agree with the member. Police Scotland is the only territorial police force in the UK that is not able to reclaim VAT; that is also the case for the Scottish Fire and Rescue Service. When it has suited the Conservative Government at Westminster to do so, it has changed the VAT rules for particular organisations. For example, the Tories changed the rules to suit Highways England when it was turned into a national organisation. When it has suited the UK Treasury to change the VAT rules, it has sought to do that in order to allow particular non-departmental public bodies to reclaim VAT. The UK Government is disadvantaging our fire service and police service in Scotland through the discriminatory way in which it goes about continuing to prevent them from being able to reclaim VAT. That could cost the Scottish public purse some £280 million by the end of this session of Parliament alone: £200 million for our police service and £80 million for our fire service. It is about time that the Scottish Conservatives started standing up for our police officers and firefighters in Scotland. That money should be going into our police service and our fire service; it should not be going into the Treasury's pockets.

**Liam Kerr (North East Scotland) (Con):** In the light of a news report this week that had the headline "IT system ... 'threatens safety' of Police Scotland staff", what support is the Scottish Government giving Police Scotland to improve its information technology system and to ensure that there is an integrated network that allows the safe delivery of community policing?

**Michael Matheson:** The short answer is that Liam Kerr should not believe everything that he reads in *The Scottish Daily Mail*.

As Liam Kerr will be aware, the taking forward of the Police Scotland IT system is a matter for Police Scotland and the Scottish Police Authority. We are providing Police Scotland with an additional £61 million of reform funding this year to support it in making an investment in key areas that can support the service.

I hope that Liam Kerr will stand up for Police Scotland and allow it to reclaim VAT, so that it can use that money to invest in front-line policing services, including the information and communications technology system.

**Claire Baker (Mid Scotland and Fife) (Lab):** For a number of years, I have been raising the illegal use of quad bikes and off-road bikes in public parks and on public paths in Fife, and I recognise the proactive response that we have had from community police in tackling that problem. That response has been supported by the excellent work of the Kingdom Off Road Motorcycle Club, which helps to achieve behavioural change in the area. What assurances can the cabinet secretary give that such collaborative working can be delivered with community police throughout Scotland?

**Michael Matheson:** Claire Baker raises a very good example of the collaborative way in which Police Scotland works, particularly at a local level, with a range of partners to tackle such unacceptable behaviour. That was one of the key areas that we set out in the new strategic policing priorities; we did so to make sure that there was a greater focus on inclusive and proactive local work in the police service.

At national level, that work has largely been taken forward by Deputy Chief Constable Fitzpatrick, who has made it very clear that working in partnership with a range of agents at a local level to tackle such issues is key to preventing them. It is about not only taking a law enforcement approach to dealing with those issues, but looking at how to work with partners in the local community in a way that can support the young people who are engaging in unacceptable behaviour get into a productive way of participating in the activity that they want to do without causing disruption or risk to the rest of the local community.

That is exactly the type of work that Police Scotland takes forward day in, day out. The level and standard of policing that we receive in Scotland is very high. I reassure Claire Baker that that is the approach that Police Scotland is determined to make sure that it continues to take around the country as and when appropriate.

## Mosquito Devices

3. **Sandra White (Glasgow Kelvin) (SNP):** To ask the Scottish Government what its position is on the use of Mosquito devices to deter the gathering of young people. (S5O-01257)

**The Minister for Community Safety and Legal Affairs (Annabelle Ewing):** The Scottish Government is opposed to the use of Mosquito antiloitering devices. Their use is not consistent with our approach to tackling antisocial behaviour, and we note that the United Nations Committee on the Rights of the Child has expressed concerns over their use and children's right to freedom of movement and peaceful assembly.

**Sandra White:** The Scottish Government will be aware of the conclusions of the UN Committee on the Rights of the Child about prohibiting

"the use in public spaces of acoustic devices used to disperse gatherings of young people. (so-called 'Mosquito devices')"

What measures is the Scottish Government taking in the light of those conclusions?

**Annabelle Ewing:** I have taken a number of actions in that regard. I have written to all local authorities and to other public bodies including Transport Scotland, Police Scotland and the Convention of Scottish Local Authorities to emphasise the Government's opposition to the use of Mosquito devices. I have asked for information on their policies on Mosquito devices and I await their replies.

I am not unsympathetic to those who take the view that we should consider an outright ban on Mosquito devices, but at present, there are no reliable figures on how widespread use of the devices is in Scotland. To proceed successfully down a legislative route, we would need to show that legislation was justified as a proportionate response. We will continue to work on that and to ingather all the available information.

## Community Payback and Direct Reparation

4. **Clare Adamson (Motherwell and Wishaw) (SNP):** To ask the Scottish Government, in the light of the recent comments by the Lord Advocate, what role community payback and direct reparation with victims of crime will play in its future plans for the justice system. (S5O-01258)

**The Cabinet Secretary for Justice (Michael Matheson):** Paying back to the community is at the heart of our approach. Community payback orders deliver real benefits for their communities. More than 1.8 million hours of unpaid work were imposed on offenders as part of their CPOs in 2015-16.

In addition, prosecutors have the option of imposing direct measures, such as financial penalties including compensation to victims and unpaid work. That approach is in line with our national strategy for community justice, which sets out our commitment to shifting criminal justice interventions upstream, using the least intrusive intervention at the earliest point.

“Justice in Scotland: Vision and Priorities” laid out the Government’s intention to adopt a more progressive and evidence-based approach that is designed to reduce and prevent further offending, which underpins our determination to ensure that we live in safe, cohesive and resilient communities.

**Clare Adamson:** I attended the recent Apex Scotland lecture by the Lord Advocate, and witnessed the positive reaction in the room to the presumption against custodial sentences of up to 12 months. Does the cabinet secretary agree with the Lord Advocate when he says that prosecutors and courts look for decisions that are appropriate and proportionate, and that that is not the same as a soft touch?

**Michael Matheson:** I recognise that since we announced our decision to seek Parliament’s agreement to increase the presumption against short sentences of up to 12 months, there has been a wide range of support from across the criminal justice sector. Our approach is founded on making sure that we do not get caught up in the false dichotomy of what is tough justice and what is soft justice, but instead take an approach that is informed by smart justice and that is based on evidence, which we know is much more effective in addressing offending, offenders’ behaviour and the underlying causes that can drive that behaviour. On that note, I agree with the Lord Advocate that a proportionate approach that is appropriate in the circumstances will deal with those issues effectively.

The issue of sentencing remains the same and, although it has changed, the presumption is precisely that—a presumption. The option for the court to impose other measures, including custodial sentences, will remain in the hands of the sentencers, who will continue to have the discretion to pass what they see as being the most appropriate sentences.

I assure Clare Adamson that we are determined to make sure that we use an approach that is informed by evidence, and which can help to deliver safer communities by reducing the risk of individuals committing offences again in the future. That is the approach that we are taking to the presumption against short sentences.

### **Antisocial Behaviour (Helensburgh Central Railway Station)**

**5. Jackie Baillie (Dumbarton) (Lab):** To ask the Scottish Government what action is being taken by the police to deal with antisocial behaviour at Helensburgh central train station. (S5O-01259)

**The Minister for Community Safety and Legal Affairs (Annabelle Ewing):** Police Scotland has been involved in a number of multi-agency meetings with partners, including the British Transport Police, children and families social work departments and the rail unions, to deal with the antisocial behaviour at Helensburgh central train station.

Police Scotland has applied a combination of prevention, education and enforcement measures, including instigating additional high-visibility officer patrols of all train stations in the area, and deploying trained youth engagement officers in an effort to engage with the young people involved and to positively influence their behaviour. When acts of disorder or antisocial behaviour have amounted to contraventions of criminal law, Police Scotland has taken appropriate enforcement actions against the persons involved.

**Jackie Baillie:** I am sure that the minister will want to join me in thanking all the agencies that are involved in tackling the antisocial behaviour, and in condemning the abuse of the railway staff who have been verbally and physically assaulted, as have passengers.

Will the minister commit to reviewing the Emergency Workers (Scotland) Act 2005 to ensure that transport workers are covered by that legislation?

**Annabelle Ewing:** I join Jackie Baillie in thanking all the agencies. Everyone has clearly put in a tremendous effort and I commend all their actions. I also condemn any abuse of rail workers or anyone else.

On extending the Emergency Workers (Scotland) Act 2005, I am aware that the member has written to the Minister for Transport and the Islands, Mr Humza Yousaf, about the matter. I understand that Mr Yousaf is in the process of replying to the member to the effect that he has asked his officials in Transport Scotland to review the practicalities of including rail workers in the legislation.

I also understand that Mr Yousaf will meet representatives from the National Union of Rail, Maritime and Transport Workers shortly, and that he hopes to meet Jackie Baillie to discuss these important matters further.



### Corrosive Chemicals (Controls and Sentencing)

6. **Iain Gray (East Lothian) (Lab):** To ask the Scottish Government what action it will take on sentencing and stronger controls on the sale of corrosive chemicals, to tackle the use of acid as a weapon. (S5O-01260)

**The Minister for Community Safety and Legal Affairs (Annabelle Ewing):** Our criminal laws are clear in that anyone using corrosive substances to attack another person can be convicted of assault and can receive up to life imprisonment. Sentencing in any given case is, of course, a matter for the court.

Scottish Government officials have discussed with United Kingdom Government officials the steps that are being proposed in the area following the UK Government's announcement in July of an action plan to tackle the use of acid or other corrosives in violent attacks. That dialogue will continue and will include an assessment of the steps that are being considered in respect of retailers and how corrosive substances are sold, including the issue of age limits on the sale of such substances.

**Iain Gray:** The minister will be aware of the case of my constituent, Molly Young, who was attacked with acid in school by a fellow pupil. That crime was carried out using drain cleaner that was bought freely online. The product was, in essence, a powerful concentration of sulfuric acid. The sale of some corrosive substances is regulated, but not that one. Does the minister agree that that cannot be right? What will she do to correct the situation, beyond the discussions that she has outlined?

**The Presiding Officer (Ken Macintosh):** I am not sure whether this case is sub judice. Minister—you should be slightly careful.

**Annabelle Ewing:** I am aware of the case that Iain Gray has raised: indeed, he has raised it in correspondence with me. I say, in general terms, that the fact that we are engaged in dialogue with the UK Government on the matter is important because, in relation to certain of these areas, there might be questions about the legislative competence of this Parliament. Further, even if that were not the case, it might also be considered better—particularly in relation to online sales—to adopt a consistent approach across the nations of the UK so that we can ensure that we avoid potential loopholes being taken advantage of.

### Culture, Tourism and External Affairs

#### Palace of Holyroodhouse (Financial Arrangements)

1. **Andy Wightman (Lothian) (Green):** To ask the Scottish Government what its position is on whether the financial arrangements governing the management and maintenance of the Palace of Holyroodhouse are fair and equitable in terms of public funding. (S5O-01265)

**The Cabinet Secretary for Culture, Tourism and External Affairs (Fiona Hyslop):** As the member is aware from answers to written questions, there is a long-standing memorandum of understanding, dating from 2000, that governs the management and maintenance of the palace and is now due for review. The financial arrangements will be considered during that review by all parties to the memorandum.

**Andy Wightman:** Last year, Historic Environment Scotland incurred £890,000 in staffing costs partly to reimburse the royal household for staff who are employed by the royal household. Will the cabinet secretary explain why funds that are voted by this Parliament are used to pay for members of staff who are employed by the royal household?

Last year, the Royal Collection Trust received all of the £4.2 million in income from visitor charges. Given that that income was historically apportioned between the Secretary of State for Scotland on the one hand and the royal household on the other, will the cabinet secretary explain why her department is now spending public funds on the palace while receiving none of the visitor income that it received historically to offset that expenditure? Why is that not covered in the memorandum of understanding?

**Fiona Hyslop:** It is appropriate for the memorandum to be reviewed now that Historic Environment Scotland, which is a new non-departmental public body, is responsible for the matter.

On the route of financing, the responsibility for providing and maintaining the official residence of the sovereign lies with ministers, and HES carries that out on our behalf.

As has been the case for many years, the income that is generated by the palace is surplus to the income from the Crown estate. It is sent to the United Kingdom Treasury, and reimbursement for the costs is sent back to Scotland via the Scottish block grant. That might not be as transparent a process as Andy Wightman or I would like, but that is the current situation and it has been the situation for a number of years.

On staffing, the staff concerned are primarily industrial staff such as stonemasons, joiners, plumbers and electricians, and there might be issues in relation to security—I am sure that Mr Wightman will understand that I might not want to go into that in detail.

I am sure that the chief executive of Historic Environment Scotland can discuss all those issues with the member; I understand that a meeting has been arranged for 25 September.

**Neil Findlay (Lothian) (Lab):** On Holyrood palace and other issues that relate to the royal family, why has the Scottish Government gone way beyond what the Scottish Information Commissioner has suggested is appropriate in relation to how freedom of information requests are handled and information is provided to the public?

**The Presiding Officer:** That is not really a supplementary to a question about the Palace of Holyroodhouse.

**Neil Findlay:** On a point of order, Presiding Officer. The question is important because it relates to issues around the Palace of Holyroodhouse, other palaces and the royal family.

**The Presiding Officer:** I do not doubt that the question is important, and the comments that you made are on the record. However, it is not a supplementary question.

### Repatriation of Bodies

2. **Bob Doris (Glasgow Maryhill and Springburn) (SNP):** To ask the Scottish Government how it can support people to repatriate the bodies of family members who have died abroad. (S5O-01266)

**The Minister for International Development and Europe (Dr Alasdair Allan):** As consular assistance, including advice to bereaved families who wish to repatriate their loved ones from abroad, is reserved to the United Kingdom Government, the Scottish Government ordinarily refers individuals to the Foreign and Commonwealth Office so that they can be put in touch with the consular affairs department. That department then advises on matters of repatriation. The Scottish Government cannot offer any repatriation services above and beyond those that are offered through the consular affairs team, as repatriation is a reserved policy area and consular assistance is provided at a UK level through local embassies and consulates.

Following repatriation, several organisations in Scotland are equipped to provide bereavement support for individuals, in addition to the work of community support groups.

**Bob Doris:** My constituent Julie Love and I recently met Colin Bell, who, following the tragic death of his son, established the Kevin Bell Repatriation Trust in Ireland. Through using a global network of fundraising groups, the trust pays the repatriation costs for all those from Ireland who die overseas.

Will the minister meet me and Julie Love, whose son tragically died overseas, to discuss how a similar initiative could be supported in Scotland? I am delighted to say that Colin Bell has agreed to attend any such meeting, if it is secured.

**Dr Allan:** I am, of course, willing to meet the member and his constituent about this very sad matter. As I mentioned, the Foreign and Commonwealth Office provides notification of the death and outlines the opportunities for bereaved individuals to have access to support. I am also aware that charities such as Death Abroad—You're Not Alone provide valuable support to those who have lost loved ones abroad. I am aware of charities elsewhere, including those in Ireland, such as the Kevin Bell Repatriation Trust, which, in addition to the work just mentioned, also support repatriation costs.

If such an organisation were to establish itself in Scotland, I am sure that it would be welcome in communities across the country. I reiterate that I am willing to meet the member and his constituent.

**Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** What has the Scottish Government done to co-operate with the Foreign and Commonwealth Office to ensure the safety of Scots who have been caught up in hurricanes Irma and Maria?

**The Presiding Officer:** The original question was about repatriating the bodies of family members. That is not entirely a supplementary question.

### Winter Tourism

3. **Alexander Burnett (Aberdeenshire West) (Con):** To ask the Scottish Government what efforts it is making to support the winter tourism industry. (S5O-01267)

**The Cabinet Secretary for Culture, Tourism and External Affairs (Fiona Hyslop):** The Scottish Government is committed to supporting the winter tourism industry in Scotland. In the past five years, the Scottish Government has allocated nearly £11.5 million to the development of winter tourism.

In addition to the Scottish Government's financial support, our enterprise agencies, Highlands and Islands Enterprise and Scottish Enterprise, provide business advice to and

account manage a number of enterprises that operate in the winter tourism sector. VisitScotland has been working with the winter tourism sector to extend the tourism season and encourage visitors to travel to Scotland during the winter months.

**Alexander Burnett:** In the news this week, we have seen reports that the longest-lasting patch of snow in Scotland, which is known as the sphinx, is about to melt away from a Highland hillside for the first time in more than a decade. That is beyond the Scottish Government's control, but will the Government bring in specific measures to support the winter tourism industry when snowfall levels are poor?

**The Presiding Officer:** I note that the member has notified the chamber of his registered interest in relation to the question.

**Fiona Hyslop:** I, too, saw the news report, which is concerning, as climate change impacts can have effects on a number of areas. Snow levels have varied over recent years, so looking at diversification is important, and that is part of our engagement. This year, for the first time, VisitScotland has worked with North American travel agencies in particular to bring forward visits and encourage people to come to Scotland at different times of the year.

Addressing variations and what can be done with artificial snow is a matter for the industry, but I am enthusiastic that we can continue our winter sports. Unfortunately, snow and weather are reserved—I cannot take account of that. However, there has to be active responsibility for what we do on diversification. VisitScotland is working to encourage North American visitors in particular to come not just in the summer months but in the winter months.

**Lewis Macdonald (North East Scotland) (Lab):** Despite the cabinet secretary's view that the weather is reserved, will she accept that there are opportunities for diversification by promoting alternative outdoor activities in areas that have a strong existing offer in winter sports and by promoting city breaks?

The cabinet secretary may have seen that both Edinburgh and Aberdeen featured among the top 10 city break destinations identified by LateRooms.com in a survey that was published today. Will she tell us what more can be done in the years ahead to promote city breaks in Scotland during the winter months?

**Fiona Hyslop:** City breaks are a great opportunity for Scotland. That is why support for the winter festivals in particular has embraced not just Edinburgh but other cities. That is about extending the season and looking at what we can do from St Andrew's day through to Burns night.

On what we can do in relation to active sports that are not necessarily snow related, I have visited the 7stanes centre down in the south of Scotland to look at some of the mountain biking opportunities.

As for Scotland's attractions, we have just been voted the most beautiful country in the world by Rough Guide readers, and our country is beautiful not just in the summer but all year round. The sheer drama of some of our locations, particularly during the winter period, can be promoted, particularly to the many visitors who come because we do not have all-year sun and they are trying to get away from what can be oppressive weather in their countries.

#### **Arts for Young People (Funding) (South Lanarkshire)**

4. **James Kelly (Glasgow) (Lab):** To ask the Scottish Government what funding it provides to encourage access to art, drama and music by young people in South Lanarkshire. (S5O-01268)

**The Cabinet Secretary for Culture, Tourism and External Affairs (Fiona Hyslop):** We are providing opportunities for young people in that area through the Scottish Government's youth music initiative and our cashback for creativity programme.

There has been more than £400,000 of funding from the youth music initiative in 2017-18, which is supporting seven high-quality music-making projects and ensuring that every primary school pupil in South Lanarkshire will be offered a year of free music tuition. That engagement has reached 6,800 young people in South Lanarkshire so far.

Gael Music, which is based in South Lanarkshire, is a specific example of how we can fund projects that are developed locally. With £24,000 of support, Gael Music has developed new regional folk music academies and ensembles that are dedicated to the collecting, learning and sharing of traditional music.

**James Kelly:** Art, drama and music are important public services. Does the cabinet secretary support the use of increased taxation to provide greater support to public services?

**Fiona Hyslop:** Debates are about to commence on those issues; there will be a process of engagement and dialogue. They are the responsibility of the Cabinet Secretary for Finance and the Constitution, in particular. However, I can say that we are using the funds that we have available to help to protect public services—in particular, culture.

Despite the fact that culture is not a statutory responsibility of local government, over recent years the spend on culture has been protected by

local government. A lot of the responsibility that James Kelly talks about is local government's. We can try to fund and support that, as we do for our various agencies. I am particularly pleased that in South Lanarkshire young people are benefiting from the current funds that we have available. However, there is time for the debates that the member wants to have.

**Brian Whittle (South Scotland) (Con):** Does the cabinet secretary agree that access to art, drama and music—I will throw in sport as well—allows opportunities for participation, integration and activity, all of which the Scottish Association for Mental Health suggests will help to tackle poor mental health? Will she therefore commit to collaborating with the Cabinet Secretary for Health and Sport on the preventative health agenda to ensure that her portfolio spend and the health spend reflect that approach?

**Fiona Hyslop:** Brian Whittle is absolutely right—the sense of health and wellbeing that can be achieved through all those areas is something that I feel very strongly about. He will be pleased to know that that precise point was a key part of our discussions in Paisley yesterday afternoon as part of our consultation on the culture strategy for Scotland, which is about embedding and having relationships with health, justice and education through the medium of culture.

I already work with the Cabinet Secretary for Health and Sport but, as the member knows, we can all do more to ensure that culture is embedded, because a sense of health and wellbeing can be seriously reinforced through the medium of art, music, drama and indeed sport, and can cause real transformation in people's lives.

### Tourism (Sport)

5. **Gordon Lindhurst (Lothian) (Con):** To ask the Scottish Government what role sport has in attracting tourism to Scotland. (S5O-01269)

**The Cabinet Secretary for Culture, Tourism and External Affairs (Fiona Hyslop):** It has a very important role. Scotland has a strong reputation as the perfect stage for major events, and we are proud to have hosted a number of high-profile events. The 2014 Commonwealth games welcomed visitors from across the world, with an estimated 600,000 ticket buyers from outside Scotland. The world gymnastics championships were a great success in 2015, and just last month 17,000 spectators enjoyed the world badminton championships in Glasgow. More than 200,000 tickets for next year's European championships are on sale, and the event has a potential television audience of more than 1 billion people, who will see what Scotland has to offer from the streets of Glasgow. There will also be

three days of road races, the stunning Loch Lomond will be used for the open-water swimming and the renowned Gleneagles will be used for golf. As Scotland is the home of golf, golf tourism is worth £268 million annually, and the Scottish Government supports events such as the Scottish open, the ladies' Scottish open and the open championship.

**Gordon Lindhurst:** I thank the cabinet secretary for that answer and I would like to focus on one aspect of it. The Barclay review of business rates has called for rates relief to be removed from some of Scotland's golf courses that currently receive it, including ones that attract tourists to Scotland. The Cabinet Secretary for Finance and the Constitution is currently considering that option. Is the Cabinet Secretary for Culture, Tourism and External Affairs concerned about the potential effects on tourism to Scotland if business rates are dramatically increased for some of those courses, which could lead to higher green fees and even the closure of golf courses altogether?

**Fiona Hyslop:** The Cabinet Secretary for Finance and the Constitution is sitting next to me. He has responded in part to the Barclay review and will be considering other aspects in relation to golf. People come here for the quality of our golf. High-net-worth travellers come to participate in golf tourism, which, as I said, provides a net value of £268 million. Barclay has clearly assessed that, and Gordon Lindhurst can make representations himself, but we must drive forward our agenda for tourism based on what we have on offer. Gordon Lindhurst must reflect on what the equitable response is when Scotland has challenges on business rates, and on what is fair and appropriate.

**Richard Lyle (Uddingston and Bellshill) (SNP):** Will the cabinet secretary outline what value the Scottish Government places on Scotland's hosting of major sporting events? What impact has that hosting had on the tourism industry and what other events do we have to look forward to in the coming years?

**Fiona Hyslop:** I have reflected on the economic impact. Looking forward, we have the European championships in 2018, as I mentioned, as well as the world junior curling championships, and in 2019 we will host the Solheim cup and the European indoor athletics championships. A lot of hard work goes into the bids to secure those events, and that work has an impact on tourism.

### Tourism (Glasgow)

6. **Johann Lamont (Glasgow) (Lab):** To ask the Scottish Government how the national tourism strategy will increase the number of visitors to Glasgow and attract investment. (S5O-01270)

**The Cabinet Secretary for Culture, Tourism and External Affairs (Fiona Hyslop):** Tourism Scotland 2020, which is the industry-led national tourism strategy, and Glasgow Life's Glasgow tourism and visitor plan to 2023 are wholly aligned. They share ambitions for sustainable growth and for showcasing Scotland and Glasgow. Delivering sustainable growth in the tourism sector will be supported by all the different Government agencies that are involved, and of course by Glasgow Life. I have already had discussions with Glasgow Life and I hope that I will continue to do so on aspects of tourism.

**Johann Lamont:** I am sure that the cabinet secretary will want to join me in congratulating Glasgow City Council and local voluntary sector organisations and businesses, which have had the vision and ambition over many years to establish Glasgow as a highly popular tourism destination. I am sure that she also recognises the significant achievements in establishing Glasgow as a business conference venue and—even more successfully, as she has acknowledged—as a global competitor for international sporting events, most recently the world badminton championships. What will the Scottish Government do to ensure that Glasgow is sufficiently resourced to continue with such ambition and vision? Will she recognise the particular role of Glasgow in delivering such a massive change, and ensure that the city is properly resourced, given the impact of such tourism on the economy of Glasgow and of Scotland as a whole?

**Fiona Hyslop:** I join Johann Lamont in congratulating all those who have been involved in transforming Glasgow's tourism offer. We referred to city breaks earlier. Glasgow's offer is very strong, particularly around events and business conferences. Glasgow is a gateway to the rest of Scotland, which allows strategic work to be done that is not just to the benefit of hotels in Glasgow.

Some support and investment will come from the Scottish Government, but encouraging private investment, particularly in the hotel infrastructure in Glasgow, will be important in reaping the rewards that I know that Glasgow will have in the years ahead.

## Finance (Income Tax)

**The Presiding Officer (Ken Macintosh):** The next item of business is a debate on motion S5M-07750, in the name of Alex Rowley, on finance.

14:40

**Alex Rowley (Mid Scotland and Fife) (Lab):** When Nicola Sturgeon delivered her speech on the programme for government two weeks ago, she said:

“The time is ... right to open a discussion about how responsible and progressive use of our tax powers could help to build the kind of country that we want to be”.— [Official Report, 5 September 2017; c 24-25.]

I welcomed that statement and Labour in this Parliament and in our country will work to engage actively in a discussion on the issue.

In her speech, the First Minister said:

“The quality of our schools and hospitals, the safety of our streets and communities, the supply of skills, and good housing and infrastructure are just as important as rates of tax in growing our economy and attracting investment to Scotland.”— [Official Report, 5 September 2017; c 18.]

I do not disagree with any of that, but the levels of funding available need to be sufficient to ensure that we can achieve those high-quality services and facilities. That is the issue at the core of this debate. In all those public services, after 10 years of Scottish National Party Government, we have major problems and issues that must be tackled.

The Government cannot simply ignore that, nor can it legislate its way out of the challenges, when many—although not all—of the solutions require more resources to be made available.

**Murdo Fraser (Mid Scotland and Fife) (Con):** Mr Rowley's party's position on tax is very different from my party's position on tax, but at least his party sets out its view. Does he not think that it is a bit rich for the Scottish Government to ask the Opposition parties to set out their stance on taxation when it will not tell us what its stance on taxation is?

**Alex Rowley:** I will come to that point about the Scottish Government.

I said that the Scottish Government cannot legislate its way out of the challenges when it comes to resources. For example, it can bring in new legislation to set targets to eradicate child poverty, but unless it takes direct action, those targets will be meaningless and the goal of eradicating child poverty will be nothing more than wishful thinking.

On education, it can legislate and restructure, and create more bureaucracy in the process, but

unless it addresses the cuts to the school budgets, it will not tackle the core issues.

There are 4,000 fewer teachers today than there were when the SNP came to power. There are 1,000 fewer support staff than there were when the SNP came to power. Class sizes are bigger today than they were when the SNP came to power. Spending per pupil across all ages is down. If pupil spend had remained the same as it was in 2010-11, primary schools would be £726 million better off and secondary schools would be £308 million better off. There are wider issues to address in education, but at the core of the schools problem are the cuts.

When we discuss tax, the question of how much we raise matters. There is the further question of how Governments spend taxpayers' money and the choices that Governments make.

On that note, I read with interest the paper published earlier this week by Professor Jim Gallagher: "Public Spending in Scotland: Relativities and priorities", which reached the following conclusions. Scottish health spending has not

"kept pace with overall devolved spending",

and if it had,

"it would by now be around £1bn a year higher".

Professor Gallagher went on to say:

"increasing spending on health has been a lower priority than in England, and in consequence English health spending has caught up closer to Scottish levels"

per person.

Spending on Scottish schools has slipped over the past decade, with English spending catching up, despite devolved spending on public services being around 25 per cent higher per person.

When we talk about tax, we cannot do so in isolation from the spending choices that the Scottish National Party Government has made over these past 10 years.

**Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** Does Alex Rowley welcome our amendment, which calls for lifting the 1 per cent pay cap and bringing an end to austerity?

**Alex Rowley:** We would suggest that part of the national discussion that we want to have on tax includes a discussion about the priorities for Scotland in these difficult times. The priority on the pay cap is welcome; it has to be paid for.

On Friday last week, *The Herald* carried an article stating that the finance secretary was asking other parties to send him their latest income tax plans in order to open up discussion on preparations for the draft budget.

As I have already pointed out, we need to consider spending alongside taxing. It is also important to consider income tax in the context of other taxes, and we must consider what other policies the Government has that can increase the tax take across Scotland.

Our view is that the finance secretary must drop the proposal to cut air departure tax by 50 per cent—a tax cut that will cost the public purse nearly £190 million. That is a £190 million tax break that Scotland cannot afford while our public services buckle due to a lack of finance.

The Parliament must unite around the demand to the United Kingdom Government to exempt our police and fire services from paying VAT. Police Scotland pays between £23 million and £25 million in VAT annually. The Scottish Fire and Rescue Service pays approximately £10 million in VAT annually. I know that the SNP was repeatedly warned about what would happen on VAT—that is a fact—but nevertheless we are where we are, it is not right and we must stop that unfairness.

The Treasury's principal argument is that, because we have moved to a national service, VAT must be paid. However, the Police Service of Northern Ireland and the Northern Ireland Fire & Rescue Service are national services, and they do not pay VAT. Since Police Scotland came into being in 2013, several national agencies that operate in England have been given VAT exemptions. We need that VAT exemption for Scotland, and I hope that all parties in the Parliament will unite around a call on the UK Government to sort the matter and sort it now.

Returning to the First Minister's speech on the programme for government, Nicola Sturgeon also said:

"Our new planning bill will also help to secure the housing development that the country needs."—[*Official Report*, 5 September 2017; c 22.]

I do not think that it will help, unless the Government gets to grips with the problems that are stalling development right now. It is not just the planning system that is at fault; it is the lack of up-front money to deliver the infrastructure that will enable development such as roads, schools and health centres. We need to work with the industry and local authorities to find a way to overcome the barriers, including the very real barrier of the front-loading of infrastructure costs.

We need a national house-building strategy, local delivery plans and a skills strategy for Scotland. We also need the investment to make all those things happen. The more people we enable to get skills and the more jobs we create, the larger the tax take will be. It is about increasing not just tax but the number of taxpayers and the total tax take for Scotland.

I was pleased to hear that the First Minister has committed to publish a paper on tax before the budget, to influence the discussions with other parties. Labour has said that we should use the powers of this Parliament, and we published our tax proposals for last year's budget. We said that we would put a penny on the basic and higher rates of taxation and introduce an additional rate of 50p for those earning over £150,000 a year, in order to invest in public services. We set out what that would mean for people, and let me set it out again.

**Gillian Martin (Aberdeenshire East) (SNP):** Will the member take an intervention?

**Alex Rowley:** I am sorry, but I have to make progress.

People earning below £21,000 would not pay a penny more in income tax than they paid last year. People earning £28,000 would pay just over £1 more a week in income tax, or £65 a year. Someone earning £41,000 would be paying an extra £3.90 a week in income tax, which is just over £200 a year. Anyone earning £61,000 a year—as a member of the Scottish Parliament does—would be paying an extra £10 a week under our proposals, which would be £526 a year. A Government minister earning £90,000 a year would be paying £17 more a week—around £900 more a year. At a time when we desperately need investment in our public services and in driving Scotland's economy, it is right to consider using the tax powers of our Parliament in a progressive way to ensure that those who are able to pay a bit more do so.

The SNP has voted against introducing a 50p top rate of income tax for the highest earners eight times since 2015. Analysis confirmed by the Scottish Parliament information centre shows that Labour's amendments to the two previous budgets, for 2016-17 and 2017-18, would have raised just over £1 billion in additional tax revenue, compared with the tax plans that were passed by the SNP. Using data provided by Her Majesty's Revenue and Customs, it is evident not only that the total income of wealthier people in Scotland—those earning over £150,000—increased by 68 per cent between 2010-11 and 2014-15 but that the number of wealthier people almost doubled between 2010-11 and 2017-18. I am not opposed to wealth, but those who have a bit more must surely be asked to make a bigger contribution towards a better Scotland on the grounds that they can afford to do so and that it benefits all of us if we live in a fairer and more equal society.

We say that it is no longer acceptable that the SNP Government protects the richest while cutting services for the poorest. A millionaire has paid less than £2 a week extra in income tax directly because of SNP policies. We are happy to present

our tax policies to the Government and to enter into a discussion, but on one thing we are clear: it needs to change its policies.

Exactly 15 years ago, when the national health service faced enormous problems, it was our Labour Government that stepped in and doubled the budget. Today, many of our public services face enormous problems and there is a desperate need for investment in services, people and infrastructure. It is time, once again, to make the case for a tax rise—for those who can pay a bit more to do so through a progressive tax system—and to build a fairer, more just and better Scotland.

I move,

That the Parliament believes that income tax should be increased to allow greater investment in public services.

14:54

**The Cabinet Secretary for Finance and the Constitution (Derek Mackay):** I am pleased to have the opportunity this afternoon to debate income tax policy. Discussions on income tax will form an important part of our wider engagement as we work to present our draft budget to Parliament later in the year.

As we know, this is a Parliament of minorities. For consensus to emerge, there must be compromise. For compromise to be found, there needs to be recognition of the responsibilities that we all share. The Government, like all parties, enters the tax discussions with a set of manifesto commitments, but we recognise that we will have stalemate if every party simply votes for its own position on tax. This Parliament of minorities needs responsible government and responsible opposition.

As announced on 5 September in the programme for government, we intend to publish a discussion paper on income tax. We hope that that will facilitate an open and constructive debate about how we ensure the sustainability of our public services while giving certainty to taxpayers.

**Willie Rennie (North East Fife) (LD):** The cabinet secretary's amendment mentions the Government's discussion paper. I am interested in the timing. Could we have tax increases in the coming budget or is it his intention that the paper will not be concluded until the following budget? Will we have to wait until 2019-20 before we see any real change?

**Derek Mackay:** My intention is that the discussion paper will enable debate for this coming budget. I encourage all political parties, including the Liberal Democrats, to engage positively in the debate and on the paper, and then we can make progress—

**Murdo Fraser:** Will the member give way?

**Derek Mackay:** I ask Murdo Fraser to allow me to make progress. I have spoken for only two minutes and I have reached only page two of my speech.

We look forward to publishing the discussion paper and we encourage all political parties to engage with it. To facilitate that discussion, at decision time tonight, this Government will not—with the exception of opposing the Tories' attempts to impose further austerity by reversing the tax decisions that we have taken—take a position on the motion and amendments from Labour, the Lib Dems and the Greens. I want an open and constructive debate, so my colleagues and I will not prejudge the outcome of the discussion.

As well as political discussions such as the one that we are having this afternoon, we are planning engagements with business, trade unions and third sector organisations. We commit to using this national discussion so that our tax policy continues to help Scotland to be the best place in which to live, work and do business.

We are living in a time of austerity. Despite the transfer of further responsibilities, over the next two financial years, Scotland's total departmental expenditure limit block grant allocation will be reduced by 1.4 per cent—by £411 million—in real terms. Between 2010-11 and 2019-20, the Scottish Government's discretionary budget will have been cut by £2.9 billion in real terms.

The UK Government's approach to austerity has been neither fair nor progressive. Although the Prime Minister lectures the country on the need for austerity, she has found an extra £1 billion to buy the Democratic Unionist Party's support to keep herself in power. At the same time as the Tories have cut budgets, capped welfare payments and introduced policies such as the bedroom tax and the rape clause, they have cut corporation, capital gains and inheritance tax and increased the threshold at which those at the top end of income pay the higher rate.

**James Kelly (Glasgow) (Lab):** Will the member give way?

**Derek Mackay:** Not at this point.

We have always been clear that we do not and will not support the UK Government's toxic approach of tax breaks for the rich paid for by cuts to vital services. We have similarly been clear that we will not simply pass the burden of austerity on to society's poorest members. Consequently, although we will not prejudge the discussion on taxation, we cannot support the Tories' amendment, because it seeks to reverse last year's tax decisions and to render useless this Parliament's tax powers.

**Johann Lamont (Glasgow) (Lab):** *rose—*

**Daniel Johnson (Edinburgh Southern) (Lab):** *rose—*

**Murdo Fraser:** *rose—*

**Derek Mackay:** As we begin preparations for the 2018-19 draft budget process, which will set the rates and bands for Scottish income tax, this Parliament has an opportunity to debate the future of Scotland's public services. However, that will not happen in isolation. Although it is true that an increasing part of our budget will be decided here in this Parliament, we cannot and should not ignore the impact of the UK Government's budget on our funding. The Labour Party seems to ignore what has happened at Westminster, but our amendment makes it clear that we demand of the Chancellor of the Exchequer an end to austerity, a lifting of the 1 per cent pay cap and a fair deal for the nations and regions of the UK, rather than the grubby deal for the DUP.

When we debate income tax, we must not lose sight of what that tax is for.

**Neil Findlay (Lothian) (Lab):** On a point of order, Presiding Officer. It is my understanding that this is a debating chamber. Is it not clear that Mr Mackay has adopted the Ruth Davidson rape-clause approach whereby, when a member is on a hiding to nothing, they just keep their head down and keep reading a pre-prepared speech like a speak-your-weight machine?

**The Presiding Officer:** It is entirely up to the cabinet secretary to decide whether to take an intervention. Indeed, he has already taken one.

**Derek Mackay:** What an appalling contribution that was on such an important matter as the tax that is raised in this country and how we fund Scotland's public services. If a member of Labour's front-bench team wants to intervene, I will take an intervention.

**James Kelly:** I thank Mr Mackay for doing so. Is it not time that he came off the fence and supported an increase in taxation in order to alleviate the situation of the hundreds of thousands of people in Scotland who rely on the public sector?

**Derek Mackay:** I think it is time for Opposition politicians to behave responsibly and come to an informed decision about what is right to deliver stability, stimulus and sustainability for the public services of Scotland. That is exactly the approach that we will take by engaging with politicians and wider Scotland.

I say to the country that all taxpayers in Scotland benefit from access to more free-at-the-point-of-use public services than are available in the rest of the UK. The excellent quality of life that



Scotland can deliver will help us to attract the best workers. It is because of our desire to protect our public services that we have announced a lifting of the 1 per cent pay cap. We will ensure that future policy will take account of the cost of living and protect workers in our public services.

As the First Minister set out in her statement on the programme for government, we know that, in the face of continued Westminster austerity, the consequences of Brexit and demographic change, there will be increasing pressure on our public services. That is why now is the time to enter into a debate about how we can use our income tax powers to help to protect our public services and ensure that they remain sustainable in the future.

As with all our tax powers, I am committed to developing an income tax policy that is progressive. We are committed to keeping progressivity at the heart of our income tax policy because we believe it is right that those who can afford to contribute the most continue to do so.

In conclusion, I return to the need for members of this Parliament to engage in meaningful discussion, offer their suggestions and play their part in the debate. This Government's approach to tax is the responsible one to take, and I ask members of the Opposition to do likewise in order that we may find common ground.

I move amendment S5M-07750.4, to leave out from "believes" to end and insert:

"rejects the current approach to taxation and public spending of the UK Government and, in advance of the Autumn budget, calls on the Chancellor of the Exchequer to end austerity, lift the 1% pay cap and ensure appropriate funding in line with the Barnett formula to the nations and regions of the UK following the £1 billion Democratic Unionist Party deal; agrees that an informed debate is required on income tax to ensure that the Scottish Parliament can play a full role in setting a tax policy that meets the needs of the country, and notes that all parties' plans will be considered ahead of the Scottish Budget as part of a discussion paper in order to enable a consensus to be reached on a progressive tax policy that provides certainty for tax payers, public services and the economy."

15:03

**Murdo Fraser (Mid Scotland and Fife) (Con):** I welcome the Labour Party allocating its debating time to a discussion on tax. Those of us of a certain vintage will remember all the discussions in previous years about whether the Scottish Parliament should have tax-raising powers as well as the ability to spend money. The devolution of additional tax powers to this Parliament by a Conservative Government, whereby the Parliament is responsible for raising a sizeable proportion of the money that it spends and has to consider the consequences of the tax decisions that it takes, allows us to have such fully-rounded political debates.

This debate is welcome and timely, not least in the context of what the First Minister said when she launched the programme for government two weeks ago. She wants a debate with other parties about income tax, and just last week, the finance secretary said that he was writing to Opposition parties, asking us to set out our views on tax to help inform the debate.

We in this party have always been quite up front with our views; our position on tax was set out clearly in our manifestos for the elections to this place in 2016 and to Westminster in June, and it has not changed. The Scottish Government seems remarkably keen on asking other parties for their views on tax, but it is remarkably coy when it comes to revealing its own ideas. I listened with great interest to what the finance secretary had to say to try to get an inkling of what exactly the SNP is saying in this debate on tax, but I have to say that I am none the wiser.

**Gillian Martin:** Will the member give way?

**Murdo Fraser:** In a second. The Scottish Government expects us to tell it our tax plans, but it will not tell us what it is proposing. It is a case of, "You show me yours, but I won't show you mine." That is not the way to have a proper debate on these issues.

I will give way to Gillian Martin if she will tell me what the tax plans are.

**Gillian Martin:** One of the things that I hear when I speak to the public—I am sure that we all hear the same thing—is that they are fed up with politicians having entrenched positions. [Laughter.] I wonder whether I can finish my intervention. They are fed up with politicians of all parties having entrenched positions on things. Surely we should all welcome the cabinet secretary saying that we should have a dialogue about something so important.

**Murdo Fraser:** I thank Gillian Martin for that intervention, as it makes my point for me. We are telling the SNP where we stand on tax—all we are asking is that the SNP does us the courtesy of telling us the same in response. Why has there been nothing from the cabinet secretary about the SNP's position on tax? We—and to be fair, the Labour Party—are quite happy to say where we stand on these issues.

**Mike Rumbles (North East Scotland) (LD):** So are we.

**Murdo Fraser:** And, to be fair, the Liberal Democrats are, too—and probably the Greens. [Laughter.] Have I covered everybody? Incidentally, I have to say that although I might fundamentally disagree with the Labour Party, it is at least open.

**Alex Rowley:** Does the member accept that we should not be looking at income tax in isolation from other taxes and, indeed, spend? Will he and his party get behind the call being made by all the other parties in the chamber for the UK Government to remove VAT from fire and police services?

**Murdo Fraser:** I know that that discussion is ongoing. However, I simply point out that, as Mr Rowley will know, the Scottish Government was well warned in advance of the mergers of the police and fire services that VAT would be charged in those circumstances. It is therefore a bit rich for it to come along and lecture us on those issues when it knew the consequences of its actions.

We have heard the narrative from the Labour Party and, indeed, the SNP about Tory austerity. I have made this point in the chamber many times before, but I need to make it again: as the Fraser of Allander institute analysis makes clear, the Scottish budget is, in overall terms, not lower today than it was at its previous high point in 2010. The Scottish Government's discretionary spend might be down on its previous high point in 2010, but compared with 2007, the year the SNP came to power, there has been no cut in the Scottish Government's discretionary spending power in real terms. The cabinet secretary knows that that is the case.

Let us remember that 10 years ago we were 10 years into a Labour Government at Westminster that had Gordon Brown as chancellor and which was not shy of increasing public spending. The idea that 10 years ago public spending was running short is not reflected in the facts. All the shrieking about austerity does not reflect the fact that in real terms we are in the same position that we were in in 2007. Nor should we forget that, as the figures in "Government Expenditure and Revenue Scotland 2017" make clear, the level of public spending in Scotland is per head of population in excess of £1,400 higher than the UK average.

Alex Rowley referred to the comments made on Monday by Professor Jim Gallagher from Nuffield college, who made the very clear point that in some cases spending on public services in Scotland is 25 per cent higher than it is south of the border. The problem is that not enough of the money is reaching the front line. We should be spending money better before we talk about raising more.

**Derek Mackay:** I look forward to Murdo Fraser's explanation of how these tax cuts will be funded. Which area of Scottish Government expenditure will the Tories choose to balance the books?

**Murdo Fraser:** Derek Mackay has not been listening. If he had looked at the analysis in the GERS figures—which I understand the Scottish Government supports by all the howls from its back benchers about how discredited they are—and at what Professor Gallagher said in the report that came out on Monday, he would have seen that the point that Professor Gallagher was making was that far more money is going into Scottish public services than is the case elsewhere in the United Kingdom and, in too many cases, the outcomes are poorer. Therefore, the answer is public sector reform, not putting hands into the pockets of hard-working taxpayers across the country. That is what the cabinet secretary is doing. I suggest that he takes a leaf from the book of his colleague the Cabinet Secretary for Education and Skills, who is adopting lots of excellent Conservative ideas on education reform and on pushing money down to headteachers and giving them control of budgets. That is the sort of reform that we need and that is how we will deliver a bigger bang for our buck.

**Derek Mackay:** Will the member take an intervention?

**The Deputy Presiding Officer (Christine Grahame):** I will give you extra time for interventions, Mr Fraser.

**Murdo Fraser:** I have already taken three interventions.

**The Deputy Presiding Officer:** It is a matter for you, of course.

**Murdo Fraser:** If I am given extra time, of course I will give way.

**Derek Mackay:** Will Murdo Fraser reflect on the point that we increased spending on education directly through the attainment fund, in the fashion that he has suggested, and the Tories voted against that as well?

**Murdo Fraser:** I do not recall our voting against the attainment fund per se. We voted against the cabinet secretary's budget because he put his hand into the pockets of hard-working Scottish families. The point is that the cabinet secretary has plenty of money, but he chooses not to be wise in how he spends it. Before he starts to raise more money from hard-working Scottish families, he should start to use the money that he has better.

We should not be raising taxes any more. We have already seen an income tax differential. In response to the programme for government, business organisations such as the Scottish Chambers of Commerce and the Scottish Retail Consortium expressed concern about the impact that further tax changes would have on business

and the economy. The Scottish Retail Consortium said:

“Any notions about increasing income tax rates ... should be firmly knocked on the head as it could cast a pall over consumer spending—a mainstay of Scotland’s economy.”

The irony of the SNP’s rhetoric is that it is all over the place when it comes to tax. It talks about a debate about increasing personal taxes but, when the Cabinet Secretary for Finance and the Constitution stood in the Parliament just last week talking about business rates and announced a whole range of new exemptions to them—which, of course, we welcome—he explicitly accepted the argument that business rate exemptions would help business and therefore help to grow the economy.

The SNP is arguing for cuts in air departure tax, of course. That is a very sensible policy, because it will grow the economy. Even John Mason, who is not usually shy in making the case for increased taxes, lodged a motion in Parliament last week that supported the case for a reduction in air departure tax.

**The Deputy Presiding Officer:** Will you please conclude now? I have given you extra time.

**Murdo Fraser:** One week the SNP is arguing for tax cuts and the next week, it is arguing for tax rises. It needs to make up its mind.

I have pleasure in moving my amendment S5M-07750.1, to leave out from “income tax” to end and insert:

“there is no case for raising income tax rates in Scotland above those payable elsewhere in the UK and that, to provide clarity and reassurance for the lowest paid, a rise in the basic rate of income tax should be immediately ruled out.”

15:13

**Patrick Harvie (Glasgow) (Green):** It is, of course, always a pleasure to follow Murdo Fraser in a debate. He is a member of the political party that entered office delighted and tickled pink to have a note that said that there was no money left. He now says that the cabinet secretary has plenty of money, that we are, apparently, awash with it, and that we just need to spend it differently. I really do not think that that stacks up.

I acknowledge that Derek Mackay and the First Minister have opened a debate and discussion about taxation, but I wish, of course, that we had been here two or more years ago. We should have begun the open discussion when the Smith commission agreed that income tax rates and bands would be devolved, and we should have taken a more creative approach immediately—as soon as those powers were available. However, we are where we are.

Derek Mackay was correct when he said in his speech that we will get nowhere if all the parties just dig their heels in and stick to their manifestos. I made that point to him in the letter that I sent to him on Friday in response to the call for submissions. I said that it would

“clearly be impossible for a coherent tax policy to emerge if all political parties stick doggedly to 2016 manifesto positions”.

That is clearly the case. If we want to make progress, all political parties that seek a more progressive tax system will have to be able to enter the conversation in a constructive spirit and, to be fair, to expect the same from the Scottish Government.

I remind people of the Green Party manifesto position, not in the sense of digging my heels in but to offer it as our starting point. We began with some central objectives. The first is to raise adequate revenue—we believe that there is a need to raise more revenue in Scotland than is currently being raised in order to achieve the quality of public services that people expect and demand. Secondly, the purpose of taxation policy must also be to close the inequality gap. Those two central objectives are ones that all parties that seek a more progressive tax policy should be able to support.

**Kezia Dugdale (Lothian) (Lab):** In light of the Green Party position, does Patrick Harvie accept that introducing a new top rate of tax would not raise enough revenue to tackle the austerity that he has talked about, and, therefore, if the Government is serious about protecting public services, it will have to do something with the basic rate?

**Patrick Harvie:** Indeed, and, to run through the changes that we have suggested to the basic and other rates, we first of all do not accept the premise that, in order to raise more revenue and close the inequality gap, we have to raise tax on all low earners.

Our first acknowledgement was that the personal allowance is reserved; we cannot change that—not that we would wish to do that or that we buy into the rhetoric that ever-increasing personal allowances are progressive. They are not; the bulk of the benefit from an increased personal allowance goes to people who are higher than average earners.

On the basic rate, we should not constrain ourselves and say that it must remain a single basic rate for all time. Our proposal was to split it into two and reduce the first rate from 20 per cent to 18 and increase the second rate from 20 per cent to 22. That split would ensure that we put the tipping point at which people start to pay a bit more income tax at the level of approximately the

average full-time salary in Scotland. We based our figures on those that were available in the run-up to the 2016 Scottish election, and if they require to be revisited, we are obviously open to that.

We suggested an increase to the higher rate from 40 per cent to 43, and to the additional rate from 45 per cent to 60. I acknowledge that there is an on-going debate and discussion about whether those additional-rate taxpayers would, in fact, pay more tax, and about whether we would increase revenue or increase tax avoidance behaviour—the kind of behaviour that I hope most members would deprecate and want to prevent but which we have relatively few measures to prevent in Scotland. I have seen no evidence that that tax avoidance concern is in any way relevant to the higher rate. There is some mixed evidence that it may be relevant to the additional rate, but that is not a reason to refuse to increase the higher rate.

In addition, because of the second policy objective that we have in our tax policies, which is to reduce inequality, even if the increases that we propose at the additional rate have the effect only of suppressing excessive pay demands by the super rich, that is a good thing for society in its own right.

The effect was that those people who earned below the personal allowance would continue to pay no income tax. Those who earned £14,200 a year would pay £54 less per year in income tax. Those who earned £27,710 would pay £24 more a year, near the tipping point of roughly a full-time average salary. Those who earned £40,000 a year would pay £270 more per year. Those, like ourselves, on MSP salaries, would pay more than £1,200 more a year, and I refuse to accept that anyone on our very generous salaries cannot afford to make that contribution. I am sorry that I did not calculate what the cabinet secretary on his salary would be paying, but the highest paid public post at the time was the chief executive of Scottish Water, who was paid in the order of £250,000; he would pay nearly £14,000 more in taxation and, on quarter of a million pounds of income, I refuse to accept that such a person could not afford to make that extra contribution.

Since that time, we have seen increased inequality, increased pressure on public services and the need to urgently end the public sector pay cap. Like Alex Rowley, I recognise that that must not just be done but be paid for if it is not to result in more job losses in public services. However, if we pay for it by increasing taxation on lower-than-average earners, how much progress will we really have made? How much better off will they really be if their pay goes up a bit but their tax goes up a bit as well to pay for it?

I have no objection at all to the first half of the SNP's amendment, but the second half seems

altogether too neutral. It also pre-empts our amendment, so we will vote against it. The Conservative amendment seems to be based on the principle that there is never a case for increased tax rates in one jurisdiction but not in another. If it works one way, it works the other way, and the Conservative position amounts to opposition to the principle of tax devolution. I await with interest the Liberal Democrat position, but I hope that it is not still predicated on increasing tax by a penny for all earners, including those who earn below the average salary. I still see no reason why people on below-average incomes should be asked to pay more tax.

I move amendment S5M-07750.3, to leave out "should be increased" and insert:

"rates should be decreased for low earners and increased for high earners, generating additional revenue".

**The Deputy Presiding Officer:** I call Willie Rennie to speak to and move amendment S5M-07750.2. You have seven minutes, Mr Rennie.

15:20

**Willie Rennie (North East Fife) (LD):** This is another great opportunity to discuss tax, and I am grateful to Patrick Harvie for reading out the Green Party's tax code this afternoon, because we are all much better informed as a result of that.

We should be focusing on the principles behind the decisions that we need to take. We will engage constructively with the finance secretary on the budget this year, just as we did last year and have done in every year since I became leader and before that, too. It is important in a Parliament of minority parties that we seek to work together wherever we can. We will not just agree to anything, though. We must have significant concessions from the Scottish Government to reflect the fact that it does not have a majority in this Parliament. That is why we will be putting forward our proposals. We have set out our proposals very clearly in election campaigns and I will set them out again this afternoon.

It is quite instructive to learn about the other parties' proposals, however. The Conservatives still seem to adopt a small-state approach that wants to cut tax at every possible opportunity, irrespective of the consequences. The Labour Party seems to be in favour of increasing tax, sometimes at every opportunity, no matter the consequences. I am not quite sure what the SNP's position is, but I have to admire its rhetoric, which is fantastic. The SNP condemns the Conservatives for cutting expenditure but then follows the Conservative budgets, almost to the penny, in our own budgets up here, despite the fact that we now have many more powers in this Parliament. That is something that my party was at

the forefront of arguing for and which we were able to deliver in that great coalition Government between 2010 and 2015. On that point, I will hand over to Murdo Fraser.

**The Deputy Presiding Officer:** On cue, Mr Fraser.

**Murdo Fraser:** Does Mr Rennie agree that the discussion that we are having around tax, in which all the Opposition parties are setting out their tax plans, would be considerably enhanced and enabled if the Scottish National Party was to tell us what its tax plans are?

**Willie Rennie:** I slightly disagree with Murdo Fraser, because I think that the fact that the SNP is prepared to have this discussion is an indication that it is prepared to move away from its manifesto commitment. That is a significant point that the chamber has not identified so far and it is something that we on the Liberal Democrat benches would welcome—I hope that it does indicate that.

I was pleased that, in response to my intervention earlier, the finance secretary indicated that it was possible that a change could happen this coming financial year and that, in fact, we could have a change as early as spring 2018. I had concluded that what the finance secretary was up to was to publish a discussion paper to trash everybody else's tax policies in advance of the budget proposals. However, I do not think that he is as cynical as that and I do not believe that that would ever have been in his mind at all.

However, there is an opportunity for us to push the finance secretary a bit further so that he is prepared to move away from the manifesto commitment that he made only last year, which would be an encouraging step. Despite the tough rhetoric during all its years in government, the SNP has tended to follow almost exactly to the penny the budgets of the Conservative Party. Perhaps we might get a change in the coming year, which would be welcome, because we might be able to get the investment that we are looking for.

The Liberal Democrats are not in favour of automatically increasing or cutting tax at every opportunity. We recognise that it is about a balance between public and personal expenditure, and about the ability of people to afford to live their daily life and the ability of the Government to afford to provide the services that we all need and depend on.

Our proposal on tax is a limited one, not an indication of more to come nor a proposal to increase taxes right across the board, as some others might prefer to do. It is a limited and modest proposal of a penny on income tax that is worth £500 million, which we would invest in

education. We would call it a hypothecated tax that we would invest in colleges, schools and nurseries, because we have a fundamental problem in our education system. It used to be one of the best in the world and now it is just average, which needs to change.

We have concluded, sadly, that we need to raise more tax to put investment into colleges, schools and nurseries. One hundred and fifty thousand places have been cut from our colleges and the Government has abandoned the whole principle of lifelong learning. We need to invest more in women and mature students. We advocated for years for a pupil premium and we eventually got the Scottish Government to embrace the policy after condemning it for all that time. However, we now need to catch up and to invest more in the pupil equity fund, as the SNP prefers to describe it.

One of the biggest revolutionary steps that we can take and the best educational investment that we can make is to provide 30 hours of nursery care for two, three and four-year-olds. We need to invest in buildings and in the training of staff to be able to fill those nurseries. Those are big expenditure items, but they will have a transformational effect on education that will benefit the economy for the long term by providing the skilled workforce that we need to drive forward standards in our society.

That is our proposal. The reason why we are proposing a penny on income tax across the board, including on the basic rate, is that that great Conservative-Liberal Democrat Government managed to increase the tax threshold to £12,500. I have not heard many people congratulating us on doing that but, as a result, someone would have to earn something like £20,000 before they would pay a penny more in tax from one year to the next under our proposal. Somebody on £100,000 would pay 30 times more than somebody on £21,000, which is quite progressive. That is why we can afford to do it and to protect those on low incomes. Those who ignore that are denying the facts.

I would like a bit more information from the finance secretary on his discussion paper. We have had an indication of when that will be published, which will possibly be in time for this year's budget, but I want to know who will write it. Will the special advisers have a role? Will it have conclusions and a narrative, or will it be an evidence-based paper with facts and figures? Will the SNP special advisers put a spin on it? I would like the basic facts to be presented, so that we can all draw our own conclusions, which will inform the debate. I am deeply worried that the SNP will use it as an opportunity to shape the other parties' proposals and to promote its own proposals

instead. I would like some reassurances from the finance secretary on that.

I move,

As an amendment to motion S5M-07750 in the name of Alex Rowley (Finance), leave out from “to allow” to end and insert “by a penny to deliver a transformational investment in education.”

**The Deputy Presiding Officer:** I have only three minutes in hand for interventions. I want to give members the opportunity to have extra time for interventions but, once the three minutes has run out, if members take an intervention, that will have to be within their five minutes.

15:28

**Jackie Baillie (Dumbarton) (Lab):** With only five minutes to speak, I will dispense with the niceties and cut to the chase.

If we want decent public services, we need to pay for them. If we want the best possible education system—good schools, top-quality teachers and well-resourced classrooms—we need to pay for them. If we want the best possible healthcare—a well-resourced NHS in which staff are valued and patients are at the heart of all that is done—we need to pay for that, too. If we want to end austerity, which the SNP has chosen not to do, and if we want to stop being a conveyor belt for Tory cuts, we need to make different choices about what we value.

It is not rocket science. Had Labour’s proposals on taxation been accepted, this Parliament would have raised an extra £1 billion over the past two years, which would have ended austerity and been invested in the public services that we all value.

**Kate Forbes:** Does Jackie Baillie think that somebody who is on £12,000 a year should pay to end Tory austerity?

**Jackie Baillie:** Somebody who was on £12,000 a year would not have had to pay to end Tory austerity. The SNP could have made choices in government that would have ended Tory austerity, but it deliberately did not do so, and Scotland should not forgive the SNP for that.

I well remember that Nicola Sturgeon rejected Labour’s proposal and said that it

“would not be radical. It would be reckless. It would not be daring. It would be daft.”—[*Official Report*, 23 March 2016; c 47.]

A mere 18 months later, the First Minister has changed her tune about tax. Is that because there is a yawning gap in the budget? After all, the Government starts with having to find at least £190 million just to stand still. Derek Mackay’s sleight of hand last year was to bundle together underspend, which had yet to be reported, with

financial transaction money and changes to the budget exchange mechanism. All of that was for one year only.

Then there are the SNP’s spending commitments for the years ahead. It will increase health spending by £500 million, maintain funding in real terms for the Scottish Police Authority and double childcare provision.

Then there are the commitments to higher and further education, reducing the attainment gap, concessionary travel—although I think that the Government might be moving away from that—and greater welfare spending. What is the price tag for all those things?

In 2016-17, a real-terms budget cut of 3 to 4 per cent was projected by 2020-21. I heard the cabinet secretary use a different figure, and it would be useful to have clarity on Scottish Government forecasts for the next few years to inform discussion about the level of taxation that might be required to close that gap. I have heard rumours emanating from the cabinet secretary’s office that he is looking for an extra £600 million. That is the scale of the cuts that we would face. I notice that he does not like that suggestion, but neither does he deny it.

Covering that cut in the budget and new spending commitments could mean that some unprotected areas of the budget—

**Derek Mackay:** Will Jackie Baillie take an intervention?

**Jackie Baillie:** No—the cabinet secretary was not fast enough. Please listen.

Some unprotected areas of the budget could face cuts of 10 to 17 per cent, which is staggering. No wonder the SNP now wants to talk about tax.

Then there is the ending of the public sector pay cap—Labour campaigned for and strongly believes in ending that and I am pleased that the Scottish Government has finally come round to agreeing. A 1.5 per cent pay rise across the Scottish Government’s areas of responsibility—the civil service, the NHS and police and fire services—could cost an extra £150 million each year, and there are already requests for much higher rates of pay. That figure does not include local government.

I am disappointed that, despite the additional revenue-raising powers, the SNP amendment focuses on the UK Government. I hope that the SNP is not suggesting that a pay rise in Scotland is conditional on what the UK Government does. That would be letting workers in Scotland down very badly.

**Derek Mackay:** Will the member take an intervention on that point?

**Jackie Baillie:** I will indeed.

**The Deputy Presiding Officer:** You will have to be brief, cabinet secretary. The member is coming into her final minute.

**Derek Mackay:** Unlike the Labour Party in Wales, this Government will lead by example and we will not wait to see what the UK Government does on lifting the pay cap.

**Jackie Baillie:** I welcome that Government action. It follows years upon years of the cabinet secretary and his predecessors writing to the pay bodies to say that the cap is to remain at 1 per cent. We will wait to see what the Government does.

The SNP Government needs to tell us the size of the cuts for the coming year, share with Parliament the scale of the spending pressures and set out its taxation proposals. It is interesting that the only party that has yet to set out its proposals for taxation is the SNP, which is simply not good enough.

The SNP amendment is weak, wholly inadequate and truly pathetic, but it is consistent. The SNP blames someone else and asks others for their ideas so that the Government can copy them. When all else fails, it dissembles and hides behind assertion rather than taking action.

15:34

**Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** I thank the Labour Party for being so quick and willing to work with the Scottish Government on tax matters. It has been less than a week since Derek Mackay announced the Government's intention to hold a big discussion on taxation, and the Labour Party—uncharacteristically quick to collaborate—has used its first debate slot to do exactly that.

Perhaps we will be able to help the Labour Party to think through its position on tax. It talks about wanting to increase tax. Is that in line with the Scottish manifesto, the UK manifesto or something in between?

The Conservatives have—characteristically—been less welcoming and have condemned us for not prejudging the outcome of the discussion.

I will touch on two issues: the limits of income tax as a single tool to transform the Scottish economy, and the importance of growth.

This new discussion on taxation is only one side of the balance sheet—generally, we spend more time in the chamber debating the other side, which is the kind of country that we want to be. That is what our amendment highlights. It speaks of ending austerity, becoming the only Government in the UK to lift the 1 per cent pay cap and

providing certainty for taxpayers, public services and the economy. I can only presume that Labour will welcome that whole-heartedly, despite the Labour Government in Wales not lifting the 1 per cent pay cap.

Whatever we agree or disagree this afternoon, I know from the debates that the Tories and the Labour Party have held in their own time in the chamber that we all believe that it is important to invest in the future. For example, this time last week, the Conservatives called for more investment in housing. They have done the same on health and education and have asked portfolio questions about funding for other areas. They are perfectly entitled to do so and are to be commended for doing so on their constituents' behalf. However, I would like to know how they expect to pay for those proposals, because cutting taxes will not help.

**Murdo Fraser:** Has Kate Forbes read the analysis of the Scottish budget by Professor Jim Gallagher of Nuffield college, which was published on Monday? In it, he makes the point that headline spending on Scottish public services is far higher than that which is payable south of the border, yet the outcomes are substantially poorer. Does that suggest that there is scope for spending money more wisely than we do currently?

**Kate Forbes:** That makes an important point about the fact that the Scottish Government's priority is to ensure that money is spent on health and education. Murdo Fraser is right to comment that public spending is higher in Scotland, particularly on the NHS, because it is a devolved matter. However, we need to continue to discuss how we spend the money. We can start with a bit of collaboration on tax, and I hope that we can continue that collaboration in relation to other areas of the economy.

Cutting corporation tax, capital gains tax and inheritance tax and increasing the threshold for those at the top end of income will not pay for the increased, cutting-edge public investment that we want.

**Neil Findlay:** Will the member take an intervention?

**Kate Forbes:** No, thank you.

Our discussion is pretty narrow and essentially revolves around one tax, and we only have half the powers in relation to that tax. Income tax is just one tool in the toolbox, and we have powers only over rates and thresholds.

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

**Kate Forbes:** I am sorry—I will keep going.

We do not have powers over the personal allowance, gift aid or other allowances, and we do not have powers over savings or dividends. Among the full tools of taxation, we do not have powers over capital gains tax, corporation tax or inheritance tax.

Only a fraction of our budget comes from devolved taxes. I will not dwell on the fact that, as Murdo Fraser admitted, our overall budget continues to be reduced as a result of austerity; instead, I will use the Tories' argument and call for economic growth. However, we cannot grow by cutting. The UK Government's approach to our economy has been weak and unstable, and that has huge consequences for every nation in the UK.

**Johann Lamont:** Will the member take an intervention?

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

**Kate Forbes:** The current condition of the UK economy is a poor advert for austerity. After years of politically motivated austerity, we have slow growth, rising inflation and low wages. In June, the UK economy fell to the bottom of the European Union growth league, with first quarter figures of 0.2 per cent gross domestic product growth, which is lower even than that of Greece, where growth was 0.4 per cent. However, against that challenging backdrop, productivity growth in Scotland is outperforming that of the UK as a whole. We have secured more foreign direct investment projects than any other part of the UK outside London and the unemployment rate is close to a record low.

We will continue to grow the economy, we will have a frank discussion about taxation and we will continue to invest in the future of our country by calling for an end to austerity.

Before I close, I point out that I am the parliamentary liaison officer to the cabinet secretary.

**The Deputy Presiding Officer:** There is now no time in hand, so interventions will have to be absorbed within the five minutes that members are allocated.

15:39

**Bill Bowman (North East Scotland) (Con):** I recognise that the parties in the Parliament have a common purpose, even if we disagree on how best to do things. We all want a fair tax system that allows us to support world-class public services. The Conservatives do not believe that the way to achieve that is by saddling hard-working Scots with ever-more taxation. We should be working to boost the economy and grow the tax

base in order to generate bigger tax receipts for longer. I welcome the earlier comments on that approach from SNP members.

For example, we might debate the detail, but I welcome efforts by the SNP to cut the air passenger duty in order to boost tourism and Scotland's participation in the global economy. So, too, would I have welcomed SNP efforts to avoid raising income tax.

Last year, just before the Scottish Parliament election, the SNP promised to freeze the basic rate during this parliamentary session and to increase the higher-rate threshold in line with inflation. Nicola Sturgeon even called suggestions of increasing the additional rate "daft".

**Tom Arthur (Renfrewshire South) (SNP):** Will the member take an intervention?

**Bill Bowman:** Let me make some progress, please.

Fast forward to now and the SNP has refused to rule out a basic-rate increase, has said that it is considering increasing the additional rate and has sold off its higher-rate commitment to buy Green support for its budget. Sadly, that is the sort of opportunistic approach to policy that we have come to expect from the SNP, which is more concerned with boosting votes than the economy.

The economy certainly needs a boost after a decade of SNP economic failure and the constant threat of constitutional uncertainty. In comparison with the UK as a whole, Scotland's growth has been sluggish and businesses face enormous rates increases. We narrowly dodged a recession earlier this year. To make matters worse, the SNP has given Scotland the dubious honour of being the most heavily taxed part of the UK.

**Derek Mackay:** Bill Bowman has spent two minutes talking about the SNP's position. Will he explain the Conservative Party's position on income tax specifically?

**Bill Bowman:** I think that I have covered that.

In contrast, 2.5 million Scots can keep more of their money thanks to income tax cuts from the UK Conservative Government, and our commitment is that Scotland should not have a higher tax burden than the rest of the UK.

The Institute for Fiscal Studies and the Scottish Chambers of Commerce have warned against the SNP's higher tax agenda, and we believe that such warnings should be heeded to ensure that Scotland is not put at a disadvantage.

I am sure that there is no shortage of ideas on how to use Scotland's tax powers to boost our economy, and I know that the cabinet secretary has been asking for such ideas in *The Herald*. Given the hints that he might soon raise taxes, it



would be a welcome development if he were serious about engaging with different opinions, because every time taxation is raised, the Parliament loses one of its great strengths—its diversity of ideas.

That diversity is all too often replaced by a two-party system—the Scottish Conservatives and the left-wing consensus. We see that playing out already. In addition to having increased taxes last year, the SNP is threatening another assault on workers' pay packets, with Labour and the Lib Dems cheering the SNP on, while the Greens' tax plan seems designed to wage war on any and all disposable income that we have.

Time and again, we hear those parties together whistling the same sour tune: tax and spend. It is a tune that Scots do not want to listen to.

**John Mason (Glasgow Shettleston) (SNP):** Will the member take an intervention?

**Bill Bowman:** I think that I am short on time.

A recent poll found that only 13 per cent support an increase in the basic rate, and 44 per cent—fewer than half—thought that the higher rate should be increased. Even raising the additional rate did not go down well, with just a third of respondents thinking that doing so would boost the economy.

Members of the left-wing consensus sell Scotland short because they have already decided on the answer before asking the question. They ask not whether we should raise taxes but by how much. They ask not how we get best value for taxpayers but how much more we can spend. Where is their outrage at the £178 million that has been spent on the SNP's shambolic common agricultural policy information technology system, which is now 75 per cent over budget; at the £5 million in court fines written off; or at the hundreds of millions in land and buildings transaction tax revenues that were not generated as expected? Such money could have gone into critical public services, and it shows why we need these debates to move beyond simply assuming tax rises.

We believe in working with others where there is common ground, but we also believe that Scotland is ill served when common ground turns to ideological dogma. Scotland's workers cannot afford a Parliament that is seeking to pick their pockets. Increasingly, people recognise that it is only the Scottish Conservatives who offer a genuine alternative to the high-tax agenda that other parties put forward. We are already delivering for Scottish taxpayers at Westminster and we want to see a fair deal for them here at Holyrood, too.

**The Deputy Presiding Officer:** Now you must conclude.

**Bill Bowman:** I support the amendment in the name of my colleague—

**The Deputy Presiding Officer:** No, you must conclude—

**Bill Bowman:** Murdo Fraser.

**The Deputy Presiding Officer:** We are moving on. I call John Mason.

15:45

**John Mason (Glasgow Shettleston) (SNP):** Clearly, tax can be too low, so that we cannot afford decent services, or it can be too high, so that people move out of the country or go to great lengths to avoid or evade it. Among all the heat and the rhetoric, we are trying to find the right balance—today and over the coming weeks—between the level of tax and the level of expenditure.

I have certainly heard some people say that they are prepared to pay a bit more tax in order to protect valued public services, but constituents are also heard to say that it is unfair to raise taxes when costs are going up and wages have been largely static.

The SNP has been reluctant to increase income tax, especially for low earners and especially for very low earners, who face a marginal rate of 32 per cent when income tax and national insurance are combined. That is especially unfair when additional rate taxpayers on 45 per cent are paying only 2 per cent in national insurance contributions, giving a total of 47 per cent. We certainly do not have a very progressive system at the moment when the lowest rate is 32 per cent and the top rate is 47 per cent.

My first point is that if we were to design a truly progressive income tax system, we would need control of both national insurance and income tax, so that we could treat those two income taxes as one. However, that is not where we are at the moment and we must consider what we should do with our current powers.

As a Parliament, we will all have to compromise a bit if we are to get a budget through this year. No one party has a majority and, as we have already heard, no one will get everything that they put in their manifestos. However, I think that there are some clear majorities in this Parliament. In fact, Bill Bowman just spelled them out. The Conservatives are a minority in this Parliament; the Conservatives are a minority in this country; and the Conservatives have support from a minority of the public, so it is probably the rest of the parties that will have to get together and use some common sense to reach an agreement that will be acceptable to the majority of people in Scotland.

When we are having these debates, it is good to remember to look back at the past. In Saturday's *Herald*, I read a review of a book called "Bread for All: The Origins of the Welfare State", by Chris Renwick. I have not read the book, just the review, but it reminded us of Beveridge arguing for a welfare state in 1943 and how the top rate of income tax reached 90 per cent after the war and was still 83 per cent in the 1980s; it only fell to 40 per cent under Margaret Thatcher.

I do not think that even our most left-wing colleagues are advocating either an 83 per cent or a 90 per cent top rate of income tax, but that shows that, in the past, the UK has been prepared to be radical for the sake of good public services.

There is at least one big difference between UK rates in the past and the situation in Scotland today, however: we have to be more concerned about behaviour change and the things that might happen, such as taxpayers at the top end leaving Scotland or engaging in evasion or avoidance, for example through incorporation and paying themselves through dividends. The reality is that we do not know how taxpayers will react to change. Some people will be prepared to pay higher taxes in order to help the community and to have better education and health, universal benefits and more investment in infrastructure, but there are others, we accept, who would seek to arrange their tax affairs in order to pay less tax.

**Patrick Harvie:** As I said in my opening remarks, I am aware of some work that the Scottish Government has done that suggests that there is some evidence that such behaviour might happen at the additional rate. Is the member saying that there is any evidence at all that that would happen at the higher rate?

**John Mason:** When Professor Bell was giving evidence to the Finance Committee in the previous parliamentary session, he reckoned that a difference of 1p or 2p would not lead to behaviour change, so my suggestion is that we consider small steps. Patrick Harvie mentioned an increase from 40 per cent to 43 per cent in his speech. That is the kind of area that we should start with—we should think about an increase to 41, 42 or 43 per cent and then see what happens.

I would like to mention Switzerland, where I understand the cantons have different levels of income tax, varying roughly from 17 per cent to 30 per cent, with federal tax on top of that. That suggests that even a small country such as Switzerland can cope with quite wide variances in income tax between geographical areas that are not that far apart. I accept that they have more control over taxes such as capital gains tax and gift tax, which Kate Forbes mentioned, and that therefore the challenges are slightly different.

In conclusion, the Government has said that it is listening, and I have no reason to think that that is not the case. Last year, the Greens obtained a relatively small concession in purely monetary terms, but perhaps it was more significant, because for the first time we have a different income tax regime in Scotland than in the rest of the UK. I would love to rewrite the whole system from scratch, but that will not be happening this year and I hope that we can have a discussion, negotiate and get a solution that will be acceptable to this Parliament, because I believe that that is what the Scottish public want.

15:50

**Neil Findlay (Lothian) (Lab):** Taxation is the price that we pay for a civilised society. The collective payment of taxes to fund the public provision of services is a system that Labour is totally committed to. It is one that allows us to provide universal health care, universal education, roads and street lighting, fresh water and sanitation. It should allow us to provide good care for the elderly and dignity for those who need our help due to illness or a disability. It therefore makes me very angry indeed when we see the debate over taxation reduced to the cynical banality of phrases such as "tax grab", "tax raid" or "tax bombshell" that play to the lowest common denominator and seek to make political capital by promoting self-interest over the common good.

The post-war era saw rates of wartime taxation maintained in peacetime to rebuild the country, and in the 1970s we saw genuine and radical redistribution from the rich to the poor. However, with every action comes a reaction. It was then that we saw the emerging dogma of neo-liberalism rolled out—tested in Pinochet's Chile, then enthusiastically endorsed and implemented by Thatcher and Reagan.

It is a pernicious dogma that goes against everything that I have ever believed in and if we look at some of the major events over the past few decades we will see its grubby influence all over them—the global banking crisis, the scandal of the Panama papers, the rise in child poverty, the return of diseases such as rickets, the austerity-driven cuts to services and even the rise in loneliness and isolation. It is an ideology that demands a small state; that sees citizens become consumers; where services are bought, sold or bid for in a competition; where privatisation—or outsourcing, as it has now been rebranded—turns services into a tradeable commodity; and where cuts are now called efficiencies or savings.

It is a dogma that says that if people do not have a job it is their own fault, not the fault of a broken system; that someone is rich because of their hard work, not the advantages that they have

in their life; and that if someone is poor, that is their fault as well. There are tax cuts for the rich, benefit cuts for the poor, deregulation and liberalised free markets, and the law is used against trade unions. Of course, all of that is driven and reinforced by institutions such as the International Monetary Fund, the World Trade Organization and the EU.

That brings me to the nub of the taxation issue. If people see taxation as a burden and rises in it not as a method of paying for good things such as education, health, social care and a safe and cohesive society, they buy into that neo-liberal mindset. We have heard time and again the Government demanding powers, but it is what a Government does once it has those powers that is important. What was the Scottish Government's big idea for Scotland's new powers? Changes to redistribute wealth from the many to the few? Not at all, but a bill to cut taxes on air travel to benefit the wealthiest most. On what level is that a progressive and redistributive policy? I would be happy to give way to the cabinet secretary if he can tell us how that is progressive, but I do not see him moving, and I think that that tells us all that we need to know.

Nicola Sturgeon said that increasing taxes from 45p to 50p would be "daft" and "reckless". Derek Mackay said that it would be too easy for Scots to move their wealth around. We were told by a series of cabinet ministers that Labour's tax plans would mean that people were paying for Tory austerity twice. I am never happier than when attacking the Tory party, but I can tell the chamber what is definitely paying for austerity twice; it is when tens of thousands of council, college, police and fire jobs were cut due to Swinney's cuts in local government, which at times were even greater than those of the odious Osborne, and the workers who lost their jobs then found that the very services that had supported them in their communities had gone too. That is paying twice for Tory and SNP austerity.

I reject outright the neo-liberal notion, which the Government has endorsed, that paying tax is a bad thing. I think that public services are a good thing; I believe that they are the essential, civilising services that create a good society.

I remind the cabinet secretary of a timeless phrase:

"From each according to their ability to each according to their need."

That is the approach that we should take on taxation. Perhaps the cabinet secretary needs to do a bit of reading.

15:55

**Gillian Martin (Aberdeenshire East) (SNP):** I initially wrote in my speaking notes, "I am hopeful that our tax policy for Scotland will be constructive." I scored that out and wrote, "I was hopeful"—I think that that was during Murdo Fraser's speech. However, I will carry on regardless. I hope that everyone taking part in the debate will ensure that it has Scotland's economy, the health and prosperity of all Scotland's people and equality and fairness at its heart, because that will be my personal barometer as the debate goes on.

We should all look to how we can make our system fair. We should ensure that whatever changes we make to the current system enhance the Scottish economy and ensure that more money is made available to public services. People will not look kindly on any of us who, on the one hand, stand up in this chamber and demand that the Government gives more money to public services; and, on the other hand, demand tax cuts for the richest in our society. That said, the Scottish public will not look kindly on any of us who do not address the issue that I am a bit wary of—the potential for tax avoidance.

The fiscal settlement that this Government has been given is rife with the danger that tax avoidance will be enabled. If we get the tax mix wrong, we might find ourselves in a situation in which those who are able to pay more tax find pretty glaringly obvious loopholes and change their behaviour and status, which would mean that taxes that should be raised in Scotland and should go to our public services end up going elsewhere, or that we end up not raising significant revenue.

As things stand, many individuals legally avoid paying income tax by incorporating themselves and paying themselves dividends instead of a salary from which income tax could be taken. I do not think that it is helpful to have a discussion on the moral rights and wrongs of that because it is not illegal and people will do it. However, one solution would be for corporation tax to be devolved, as was planned for the devolved Government of Northern Ireland before the current political stalemate. If that devolved nation can get corporation tax powers, why can we not get them?

**Neil Findlay:** Will the member take an intervention?

**Gillian Martin:** I have only five minutes, so I will not take any interventions.

The next issue is our labour market strategy and how missing fiscal powers affect it. We have significant levers to improve our labour market, which should mean that we can create more income for public services as a result of increased economic activity. Increased wages could mean

that our high streets and businesses get stimulated as more people have money to spend but, without control of VAT, the extra VAT raised from such economic stimulus would not necessarily come back to the Scottish Government, which put the labour market strategy in place, so we would lose out there. We cannot control the rate of VAT in a way that might make buying Scottish more attractive to consumers and to international trade; and we cannot do anything about national insurance, because it is still reserved, so although we can stimulate the labour market—getting more people into work through Scottish Government policies—we gain nothing for our efforts through that particular tax.

I will give my favourite example, which is current and illustrates some of the points that I have made. The Scottish Government will be spending money on increasing free childcare—Jackie Baillie mentioned what that might cost. The economic effects of the policy are potentially numerous and some will be immediate. Both parents will be able to access the labour market without financial penalty, so they will have more family income. They will be able to afford to spend more, increasing consumer spending in Scottish businesses. One economically inactive parent will become an income tax payer or will be able to increase their working hours, so the Government will get more revenue. That will more than pay for the cost of the free childcare policy. In fact, the revenue generated will allow the Government to afford new labour market stimulus measures.

Two weeks ago, I spoke to the convener of the labour market committee of the Swedish Parliament. We talked about those very arguments and he said that our tax situation must be very frustrating. It is. I cannot for the life of me understand why only two parties in this Parliament in the Smith Commission negotiations asked for control of national insurance, VAT and corporation tax. Without those, we make our finance, labour market and economic strategies a tricky and frustrating maze, changes to which can have unintended effects.

We will have four years without another election—touch wood—so let us do the public a favour and stop trying to grab cheap headlines with talk of people coming after our pay packet. Let us talk about making our tax system work. If, at the end of the debate, it looks like we really ought to have control over corporation tax, VAT and national insurance—or whatever else—let us be united in asking for it, for the good of the Scottish economy. Then we can all play with a full deck of cards.

16:00

**Tom Mason (North East Scotland) (Con):** I am pleased to speak in favour of the amendment that was lodged by my colleague Murdo Fraser. I remind colleagues that I am still a councillor on Aberdeen City Council.

The motion that has been lodged by the Labour Party is an interesting one. The issue of personal taxation is of real concern for the people whom we represent. Unfortunately, there is one clear and simple conclusion that can be drawn from the motion: it is that the Labour Party fundamentally believes in increasing the taxes of some of the lowest-earning families in Scotland. Labour members have all too quickly embraced the error that their party and others have made in the past: they see income from taxation as an inexhaustible supply of free money. They forget, or choose to ignore, the real impact of their proposals.

In our areas, we see hard-working families in difficult circumstances. We see prices rising faster than wages. Scots already have £800 less to spend than people in the rest of the United Kingdom. The Labour Party's answer is to look those families in the eye and raise their taxes. To take from those who need the money the most is an abdication of its responsibilities.

We must address the motion's implication that spending on public services is insufficient. We know, thanks to the research that was published this week by Professor Gallagher of the University of Oxford, that that is incorrect; we know that Scots benefit from public spending that is about £1,400 higher per head than it is in England. We know, even accounting for higher delivery costs in some areas, that that spending is not providing a service that meets expectations.

Scotland is already the highest-taxed area of the UK. Instead of discussing further taxes, we should be focusing on how to spend what we have more competently. Our NHS could have had an extra £1 billion of funding if the Scottish Government had kept pace with overall devolved spending. The SNP bangs the drum for whatever progressive policy is popular in any week and neglects to use the levers that are at its disposal to make a difference to people's lives.

That is why we need real reform in how our public services work, by putting delivery ahead of process and spending responsibly. Under our new fiscal arrangements, soon more than 50 per cent of the money that we spend will be raised in Scotland. That requires us to approach public spending and taxation in a more co-ordinated and sustainable fashion.

Students of economics among us will be mindful of optimal tax policies. Perhaps members have heard of the Laffer curve, to give an academic

example, which shows us the tangible way in which an ineffective and dangerously high tax regime can depress an economy and reduce the tax take. The land and buildings transaction tax is a classic example of such a system—we have had a total reduction in income. By setting our rates too high, we discourage from the workplace some people who conclude that they are better off without working, or they decide to go elsewhere. In addition, businesses will choose to relocate. That is the worst possible result for Scotland.

Reports of our notional deficit percentage—at more than 8 per cent, it is almost four times that of the United Kingdom—should be extremely concerning to all colleagues. That does not indicate sustainable economic policy. Regardless of whether it is notional or tangible, the deficit has a very real effect on our ability to deliver public services, so we must not ignore it. With our present fiscal responsibilities, the debt burden is carried by the UK Government. Should the debt catch up with us—I think that it probably will—I for one do not want to leave my children and my children's children with an unsustainable debt burden.

**Andy Wightman (Lothian) (Green):** Will the member take an intervention?

**Tom Mason:** No.

If we, as a Parliament, focus our energy on delivering public services in an efficient and responsible manner, and if we increase the number of jobs and raise wages, we will create opportunities to grow our tax base without taking from those who need it most.

The Scottish Conservatives will continue to advocate real reform in how we deliver public services and growing our economy in a way that benefits our constituents. We will continue to stand up for workers and businesses across Scotland.

I am pleased to support Murdo Fraser's amendment.

16:05

**Tom Arthur (Renfrewshire South) (SNP):** I am grateful for the opportunity to speak in the debate. I apologise if my voice goes—I am still getting over quite a heavy cold. It is probably appropriate that, in a conversation about taxes, I sound like death.

I will talk first about the political context. I welcome the tenor of the cabinet secretary's offer to engage with all the political parties. My colleague Kate Forbes also spoke about the process being collaborative, and Gillian Martin made an important point—although it engendered laughter in response—about the need to get out of our entrenched positions and work together collaboratively. As the cabinet secretary said, this

is a Parliament of minorities, so there will be a need to compromise.

**Johann Lamont:** Will the member take an intervention?

**Tom Arthur:** I have only just begun. Please let me develop my point.

There will be a need for both the Government and the Opposition to take responsibility. Equally, it will be important not to prejudice the process. This is just the beginning of it, and I welcome the cabinet secretary's reiteration that the discussion paper will be published ahead of the budget.

We must take cognisance of the economic context in which we are operating. Inflation in the UK is up to 2.9 per cent—the joint highest level in the past five years and ahead of wage growth. That is important because when we talk about behavioural impacts we are talking not just about potential tax relocation, but about consumer spending and the knock-on effect that it has.

Bill Bowman, who is no longer in the chamber, spoke about constitutional uncertainty. For once, I agree with him. The agents' summary of the decision maker panel of the Bank of England comments on the growth in the number of businesses for which Brexit is among their top two concerns, the Federation of Small Businesses has reported that small business confidence is falling, and the Fraser of Allander institute has observed that the immediate concern is that the exit negotiations will go awry. The greatest cloud on the immediate horizon remains the Brexit negotiations, and the issue lands squarely at the feet of the Conservative Party.

This a challenging environment in which to talk about tax because of the economic climate and the uncertainty that we are facing. The situation has been compounded by the approach of the Foreign Secretary, who is apparently threatening to resign. He says that the Cabinet is

“a nest of singing birds”.

He seems to be the cuckoo in the nest.

If we take cognisance of the situation, we can move forward in a way that is considered, with proposals based on some fundamental principles. Among the points that have been made in the debate is the need to consider tax and spending.

**James Kelly:** Does the member accept the principle of increasing income tax in order to support greater investment in public services?

**Tom Arthur:** I will address the Labour motion specifically. It says that

“income tax should be increased to allow greater investment in public services.”

That begs a question.

**Johann Lamont:** Seriously?

**Tom Arthur:** It does. *Prima facie*, that seems to suggest that simply putting up income tax is going to lead to greater revenues, but that is not the case. We know that from the additional rate; the implications of adjusting any of the other rates can be reflected in consumer spending. I am not prejudicing the process, but there must be a rational, cool and level-headed conversation. [*Interruption.*] The matter must be detached from ideology and considered in the context of public spending.

**The Deputy Presiding Officer (Linda Fabiani):** Could members stop shouting from the sidelines, please?

**Tom Arthur:** We have to work on the principles.

I appreciate where the Labour Party is at: it is easy for the Opposition to ask the Government to put all the tax bands up, but that would have consequences: there would be behavioural consequences and, in the case of additional-rate taxpayers, there would be the potential danger of taxpayers relocating.

**Johann Lamont:** Will the member take an intervention?

**Tom Arthur:** I am sorry, but I am in my last 20 seconds and there is no time in hand.

Also, as my colleagues have said, not having power over dividends and corporation tax could lead to a net loss in revenue.

There is much more that I would like to discuss but, unfortunately, time is against me.

16:09

**Iain Gray (East Lothian) (Lab):** Three years ago, I gave 10 years of my life to the metaphorically smoke-filled room that was the Smith commission, and we agreed significant tax powers for this Parliament. Three years on—Patrick Harvie is right—it is past time that we had a Government with the gumption to use those powers for the benefit of this country, but it is evidently true that we do not. In the past two budgets, the SNP has voted down amendments to use Parliament's tax powers to end austerity and, since 2015, it has voted no fewer than eight times against increasing tax on those who earn the most. In doing that, it made common cause with and depended on the support of the Tories.

When it comes to tax, we know what the Tories stand for—they will always prioritise tax cuts for the better off over investment in services for the betterment of all. In contrast, the SNP loves to talk tough on UK taxes, whether it is noising off on the green benches at Westminster, or noising off as

the cabinet secretary did in his opening remarks and, indeed, through his motion.

However, when it comes to doing something progressive with Scottish taxation, the SNP is like a rabbit in the headlights. In the motion, Derek Mackay boldly demands that we all supply him with our tax plans, so that he can staple them together into a discussion document. What a weapon he is forging against inequity and inequality; what a warrior for justice he will be with his consultation on a constructive discussion paper for a tax framework in a devolved Scotland.

he truth is that we know the tax policy of every party in this chamber except his party. Mr Rowley set out our policy in detail, but Mr Mackay's only tax policy is to cut air passenger duty and hand over £200 million to airlines and airport operators. The truth is that there is no consensus here on tax. The Scottish Government can support the Tories on tax cuts and austerity, or it can support the rest of us on progressive taxation. The question is this: whose side is the cabinet secretary on?

Of course, the cabinet secretary is not looking for consensus, but for a cop-out. He is not seeking common ground on which to stand, but a place to hide. The timidity, inaction and downright hypocrisy on tax have had consequences. Under the protection of this SNP Government, the income of Scots who earn more than £150,000 has soared by 68 per cent and the number of Scottish taxpayers in that category has almost doubled, yet in the past year 40,000 more Scottish children found themselves living in poverty.

**Derek Mackay:** As Iain Gray has mentioned, he was involved in the talks about new powers coming to Scotland. What weighting should we attach to the block grant adjustment when arriving at our final tax position?

**Iain Gray:** Yet again, the cabinet secretary offers up another place to hide from the hard decisions of Government. It is all too complicated for the rest of us to understand. This is a debate about the principle of whether he is prepared to use progressive taxation to fund public services—and it is clear that he is not.

If we look at our schools, we see that we spend £491 less per pupil in real terms than we did in 2007. Ten years ago, our teachers were among the best paid in the developed world; now they are paid less and are worked harder than their counterparts almost anywhere else. When ministers consulted on school reforms, parents, teachers, educationists, councillors and SNP councils queued up to say the same thing: the problems that our schools have are lack of capacity and the cuts.

Last week, our colleges told the Public Audit and Post-legislative Scrutiny Committee that their finances are not sustainable, and in universities, Scottish Government funding for teaching has been cut by 7.5 per cent since 2014.

Of course, ministers protest that they are spending millions of pounds on the pupil equity fund to cut the attainment gap, but they have slashed millions more from the core council budgets that support our schools. That is why our proposal for fair start funding was directly linked to the 50p tax rate—we were asking the richest to pay a little more in order to invest in helping the people who need it most. That was real additional investment; it was not a case of robbing Peter to pay Paul and then looking for a pat on the back.

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

**Iain Gray:** We must tax and invest, because the only way to face the challenges that this country faces is to invest in the skills and education of our next generation, and the only way to do that is to have the guts to use those tax powers now.

16:15

**Joan McAlpine (South Scotland) (SNP):** Alex Rowley knows that I respect him as a politician of integrity and no friend of the Tories, but he is letting the Tories off the hook if he tries to pin the Parliament down to plugging the black hole of austerity in advance of the budget in November. Despite the changes that were made in the Scotland Act 2016, a substantial portion of Scotland's income comes back to us in the shape of the block grant. Progressive parties in the Parliament should all be working as hard as we can to put pressure on the chancellor to abandon austerity and give us the settlement that we require in the budget to fund our public services—*[Interruption.]*

**The Deputy Presiding Officer:** Ms Lamont, could you please stop shouting from my left-hand side? It is distracting for the speaker, for me and for those who are trying to listen.

**Joan McAlpine:** Thank you, Presiding Officer.

We worked together on the fiscal framework, when the Tories tried to slash Scotland's budget by £6 billion, so I hope that we can work together to put pressure on them in the forthcoming budget in November.

As has been said, the Scottish Government's figures show that, under the Tories, Scotland will experience a real-terms cut of 9.2 per cent between 2010 and 2020. Last year, the Fraser of Allander institute predicted that Scotland would experience a cut of £1.6 billion between now and 2021, which amounts to a real-terms cut of 6 per

cent. That is why we are having today's debate, and it is why the First Minister has invited all parties to contribute their ideas to the discussion paper on tax. A number of constructive suggestions have been made, notably by Patrick Harvie, who put forward a number of elements of the Green Party's manifesto. Such ideas will need to be modelled, so that we can work out how much revenue they are likely to raise and what effect they are likely to have on behaviour.

As the discussion pans out, we must not lose sight of the fact that these decisions and this discussion have been forced on us.

**Neil Findlay:** Will the member take an intervention?

**Joan McAlpine:** No, thank you.

Indeed, there is a significant body of opinion that believes that it was always the Tories' intention to cut the Parliament's budget to force us into raising income tax, which they would condemn—in other words, it was a trap. Back in 2015, David Cameron was completely transparent about his intentions when he spoke to the House of Commons about the income tax powers in the Scotland Bill. He said:

"I want the Scottish National party, here and in Holyrood, to have to start making decisions—which taxes are you going to raise, what are you going to do with benefits?"—*[Official Report, House of Commons, 10 February 2016; Vol 605, c 1571.]*

Although the Tories here repeatedly bleat against proposed tax rises, one cannot help suspecting that cutting Holyrood's budget is all part of their grand design to undermine confidence in the Parliament and in devolution itself.

**Johann Lamont:** Will the member take an intervention?

**Joan McAlpine:** No, thank you.

That is what happens when the ability to raise taxes is limited to a very small number of taxes, of which income tax is the most substantial. It means that the finance secretary has very little room to manoeuvre. I remind members that the eminent economist Andrew Hughes Hallett said in committee that it is necessary to have a basket of taxes in order to manage the economy with maximum efficiency. Professor Gallagher, who was quoted earlier and who, as I recall, was the secretary to the Calman commission, set himself against that and was always very much opposed to it.

Make no mistake: what we are doing is looking at preserving better public services in Scotland and the better outcomes that we have experienced here as a result of the different choices that we have made. NHS spending per head is, at £1,470, higher in Scotland than it is in England, where the

figure is £1,266. Under the SNP, we now have 12,000 more staff in Scotland; we have more staff per head, with 25.9 per 1,000 population in Scotland compared with 19 per 1,000 population in England.

Of course, students in England face tuition fees of £9,000-plus a year, and the education maintenance allowance for low-income pupils has been abolished in England, whereas it has been retained and expanded in Scotland. Moreover, England has seen a cut in police officers of 19,000, while in Scotland, we have appointed 1,000 more. I could go on and talk about the no-compulsory-redundancy policy that the SNP Government put in place at an early stage, and the £400 million that we have spent on mitigating welfare cuts and introducing aspects of the social wage such as free prescriptions.

That is why Scotland is a country worth living in—it puts fairness first. If we want to preserve such advances, we need to have this debate—

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

**Joan McAlpine:** —and we need to model different tax ideas to see how much revenue they raise after behaviour is taken into account.

In conclusion—

**The Deputy Presiding Officer:** A quick conclusion, please.

**Joan McAlpine:** The Tories are saying that they want us to mimic their Westminster counterparts on both tax and cuts, but we will not be doing that. That is why I welcome the discussion.

16:21

**Alison Harris (Central Scotland) (Con):** By coming to the chamber today and telling us that it wants to increase the tax burden on 2.5 million hard-working Scots and their families, the Labour Party has clearly set out its stall: a return to high tax and high spending. That approach has clearly been rejected by Scottish voters, from John Swinney's 1999 proposal to increase income tax by 1p, which voters roundly rejected, to Labour's promise of tax rises in its 2016 Scottish manifesto, which contributed to its worst-ever Holyrood result.

By 2016, however, even Mr Swinney was highlighting what we on this side of the chamber knew already. Referring to the Labour proposal, he said:

“this is a tax change that would have a detrimental effect on the incomes of low-income households.”—[*Official Report*, 10 February 2016; c 13.]

**Andy Wightman:** Will the member give way?

**Alison Harris:** I am sorry, but I want to make some progress.

Although we whole-heartedly agree with the Deputy First Minister's words, we are concerned that, only a few short weeks ago, the First Minister refused in the chamber to affirm her party's manifesto commitment to freezing the basic rate of tax. We might well be seeing the start of yet another competition among the other parties in the chamber to take more and more tax from the pockets of Scottish workers, and I am proud that that is a race that the Scottish Conservatives will not be entering. Instead, we will continue to stand on the side of Scottish families and Scottish business.

The SNP and the Greens have already made Scotland the highest-taxed part of the UK.

**Derek Mackay:** Is Alison Harris saying that the Fraser of Allander institute got it wrong when, on 10 April 2017, it confirmed that Scotland is not the highest-taxed part of the UK when we look at all taxes in the round?

**Alison Harris:** Today we are talking about income tax. As far as that is concerned, we actually are the highest-taxed part of the UK.

**The Minister for Parliamentary Business (Joe FitzPatrick):** We are not.

**Alison Harris:** We are. The SNP and the Greens have already made Scotland the highest-taxed part of the UK, and any further attempt to make Scots pay more than people in the rest of the country will still be as unpopular ever.

The concern over higher taxes goes well beyond individuals. Scottish Chambers of Commerce has said—[*Interruption.*]

**The Deputy Presiding Officer:** Mr Arthur, would you stop muttering in your seat, please? Carry on, Ms Harris.

**Alison Harris:** Thank you. The concern over higher taxes goes well beyond individuals. Scottish Chambers of Commerce has said that higher taxes north of the border would set a dangerous precedent and that

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

Less money in people's pockets will clearly come at a price in terms of jobs and growth. The Institute of Directors has said that raising income tax would “send the wrong message”, and David Lonsdale, director of the Scottish Retail Consortium, has said:

“The Scottish Government should keep income tax rates down, boosting customer confidence and keeping consumer spending buoyant to support the economy as well as government”



spending. I support the need for working families to keep more of their own money.

I will say more about Scotland's small business sector. Almost 70 per cent of the country's 350,000 private sector businesses are unincorporated and pay personal taxes. Many of the people in those businesses work long and hard to develop their businesses, and many of those small enterprises are in sectors that range from agriculture to tourism. They are struggling, and the last thing that small businesses want is the added burden of an increase in personal taxes. That is a disincentive to work long hours to provide the services and create the wealth that generates further employment. One of my constituents said:

"I can understand the need to tax things that are bad for you such as alcohol and cigarettes but why do some politicians want to constantly increase the tax on work?"

It is interesting that, in the small business survey that was carried out on behalf of the Scottish Government earlier this year, the top three obstacles to the success of a business that small and medium-sized enterprises gave were competition in the market, red tape and regulations, and taxation. Growing the economy is key to our economic success, and keeping taxes low is a major component of achieving growth.

**Kate Forbes:** Will the member give way?

**Alison Harris:** No. I am sorry, but I have no time to do so.

**The Deputy Presiding Officer:** There is no time.

**Alison Harris:** I am delighted that, in our amendment, the Scottish Conservatives are yet again signalling that we are on the side of those who would be hit by the tax proposals that other parties have put forward. The Scottish Conservatives are with those who are struggling to grow a business. We will never cease sending out the message that increased taxes disincentivise work and therefore growth. That can be seen with LBTT; that example shows us that increased taxes can actually reduce the anticipated tax take.

I am delighted to support the Conservative amendment.

**The Deputy Presiding Officer:** We move to the closing speeches. It is disappointing to note that not everyone who has contributed to the debate is back in their seat.

16:26

**Willie Rennie:** I was intrigued by what Derek Mackay said not in his opening speech, which was okay, but in his intervention on Iain Gray. He talked about whether our tax proposals should

reflect the consequences of the block grant adjustment. It is clear that he has reached some kind of conclusion on some kind of flexible—

**Derek Mackay:** Here we go—a new conspiracy.

**Willie Rennie:** If it comes to conspiracies, we need only listen to Joan McAlpine, who believes that all the unionist parties set up the Parliament so that we could do down Scotland. I will not take anything about conspiracy theories.

What was said was interesting—this is a serious point. In summing up, Derek Mackay should elaborate on what he said. It is obvious that he has reached some kind of conclusion.

**Derek Mackay:** Will the member give way?

**Willie Rennie:** I will take an intervention if Derek Mackay will elaborate now, which would be fantastic.

**Derek Mackay:** To assist Willie Rennie and other members, I point out that the fiscal framework has a block grant adjustment that relates to how much tax we accrue in Scotland and is relative to the tax decisions in the United Kingdom. It is important that members understand that when they set out their tax positions.

**Willie Rennie:** That is great, because it is more than we got in Derek Mackay's opening speech. That was a generality about partnership, and it is important for him to set out some of the substance. He has the support of all his officials behind him to help him to work his way through the fiscal framework. Let us see what conclusions he has reached already—if he had not reached them, he would not have made the intervention that he made on Iain Gray. I am intrigued by the little remark that Derek Mackay made. The fact that he is protesting so much probably proves that I have hit the mark.

This is a healthy debate. For many years, we debated in the Parliament how to spend our extra money or less money from Westminster, but we now also have the responsibility to consider the impact on taxpayers. That has made the Parliament much more rounded. It considers the impact on people's spending as well as Government spending, and that has improved the debates. However, that was not assisted by Tom Mason, who talked about the level of debt. We are not talking about increasing borrowing; we are talking about potentially increasing taxation—and living within our means—in order to be able to spend on public services. I did not quite understand why Tom Mason made the remark that he made, and I did not really appreciate Bill Bowman's description of tax as pickpocketing.

I do not regard saving people's lives in hospitals as pickpocketing. I do not regard educating children in our schools as pickpocketing. Taxation

can be a force for good to change people's lives; to describe it in the emotive way that was used does not help the debate. Bill Bowman also described us as being part of the left-wing consensus—I do not remember him describing us like that when we were in the coalition with the Conservatives, but let us forget that fact, too.

I was interested in John Mason's speech, which was a good contribution about more radical proposals. I would like to see exactly what he means in terms of the detail. Tom Arthur spoke of both sides of the balance sheet being considered, which is a point that I just referred to.

Iain Gray made a great contribution in speaking about the time that he spent in the Smith commission. From 2007, the SNP Government was able to some degree to complain about the impact on public spending in Scotland of decisions by UK Governments and about the lack of flexibility to do something else. However, Smith has given that flexibility since 2015-16, and we now have the ability to do things differently.

**Patrick Harvie:** Will the member take an intervention?

**Willie Rennie:** Not just now.

It is disappointing that the first income tax decision that the Parliament made was to do exactly the same as we had done before, irrespective of the powers that we now have. That is regrettable but, on the up side, it is positive that Derek Mackay is now embracing the potential—only the potential—for something different for Scotland.

There is now an opportunity to look forward, so I was disappointed that Kate Forbes and Gillian Martin harked back to the old debate that I thought we had put behind us, for a little while, on the argument about what powers we should have in this place, rather than using the powers that we have now. The argument on corporation tax was interesting, because the members took opposing positions: one said that we could never cut it and the other said that we possibly could. Both seemed to contradict Alex Salmond, who wanted to slash it right down to Irish levels, so we have a multitude of positions on that.

**Kate Forbes:** Will the member take an intervention?

**Willie Rennie:** Not just now.

An interesting point was made on power over the personal allowance, which Kate Forbes in particular wants to come to Scotland. We have the ability to create a zero band and raise the personal allowance above the threshold that it now has. The only purpose for wanting control of the personal allowance would be to lower it and take it down—

**Kate Forbes** *rose*—

**Tom Arthur** *rose*—

**Willie Rennie:** I am finishing my point.

**The Deputy Presiding Officer:** There is no time for interventions.

**Willie Rennie:** The only purpose would be to increase tax on the lowest earners; I worked really hard to change that and to take such people out of tax altogether. It is astonishing that that is one of the proposals that the SNP wants to bring back to this Parliament, because it could only mean higher taxes for the poor.

I have one final point. A rumour is going around that the Government is going to abstain on the Labour motion. That would be— *[Interruption.]*

**The Deputy Presiding Officer:** Please close, Mr Rennie.

**Willie Rennie:** We need clarity on exactly what the Government proposes to do today. It should embrace the opportunity to do something— *[Interruption.]*

**The Deputy Presiding Officer:** Please stop the sedentary interventions.

**Willie Rennie:** —different in this Parliament.

16:33

**Patrick Harvie:** We have managed to avoid reaching the level of stairhead rammy—we have not been quite that bad—but, over the coming months, if the Government is remotely serious about having a discussion about shifting its position, I suspect that it will be those who positively set out a constructive case for change, rather than those who just insult their opponents' track record, who might see some progress made.

I was pleased that Willie Rennie, who I would never flatter by calling "part of the left-wing consensus", was so grateful for the reminder of Green policy in my opening position. Anyone who heard a note of sarcasm in his voice must have been mistaken, given that he went on to criticise the lack of detail from other parties. As he is not a fan of interventions, I have still not had the opportunity to find out from the Liberal Democrats whether they are open to the idea of splitting the basic rate, so that we do not have to increase taxes on lower-than-average earners. The idea of a zero rate may be simply one more way of spreading the tax cut to everybody right up to the additional rate. That is not a socially just way to reduce the tax burden.

I am a bit surprised by the Conservative position, because there ought to be common ground between us and the Conservatives, given that the Green Party has advanced the only

taxation proposals so far that would cut the tax bill for the majority of households in Scotland. If we take our income tax, local council tax and non-domestic rates proposals in the round, we would cut the tax burden on not the wealthiest, as the UK Government has done, but the lowest-income part of our society, and the majority of households would pay less tax. However, the Conservative position seems to be based on magical thinking and cutting every tax going: it involves cutting ADT, income tax and taxes on business and still spending more across the board. If there is anybody who believes in the magic money tree, it is the Conservative Party.

Towards the end of his speech, Murdo Fraser seemed to say that we are essentially in the same position as we were in during 2007. Whatever point he was trying to make about the public finances, people are not in the same position as they were in during 2007. A huge number of people in the public and private sectors have seen the real-terms value of their wages go down and down. The impact of taxation on them is deeply regressive. If we look at the combination of income tax and indirect taxation, we see that it is the poorest fifth of our population who pay the highest tax burden—the highest share of their income in overall taxation—at 38 per cent, which is higher than the burden for any other section of the population. We therefore have a deeply regressive approach to tax.

I have one point of common ground on which I agree with the Conservatives, which is about the fact that there is not yet clarity from the SNP on its position. I do not expect a fully developed proposition from the SNP at this point in what is supposed to be an open discussion. After all, I want Opposition parties to have the chance to push the SNP beyond its comfort zone in the right direction, and digging heels in is not the right way to start.

However, the SNP should have begun the discussion by setting out clear principles: first, that increased demands on public services require increased overall revenue; and, secondly, that that must be achieved in a way that reduces inequality in our society. If we had begun the conversation with agreement across most of the political parties at least on those key principles, we would have had a much stronger basis for moving forward. As far as the Greens are concerned, that must mean restoring the lost value in public sector pay. I note that Unison's view, which was published last week, is that a 5 per cent increase for inflation is justified. We need an above-inflation increase for public sector workers to begin to restore some of the lost real-terms value in their pay.

If the SNP, even today, was able to agree to the two key principles that we should have had at the

start of this conversation, I would welcome that. That would never lead us, for example, to Gillian Martin's demands for the freedom to cut corporation tax even more deeply than the UK has done, at a time when many corporates are still using tax havens or other tax dodges.

**Gillian Martin:** With all due respect to Mr Harvie, I never said anything about what I would and would not cut. I merely said that, if we had powers over all taxes, we would have a full deck of cards to play with.

**Patrick Harvie:** The SNP's position in the past has been to devolve corporation tax in order to cut it, and that needs to be rejected. I agree with Gillian Martin and Kate Forbes to this extent: that their proposals would lead us to a discussion about not just income tax but the wider approach to taxation. However, Kate Forbes framed that entirely as a complaint about the constraints that exist.

We need to recognise that, since 1999, we have had unfettered power to levy taxes for local services. Local taxation has been constrained only by the political paralysis in this Parliament and the unwillingness to move to reform and replace council tax and non-domestic rates with something that is fairer and more progressive.

We will oppose the Government's amendment, just as we will continue to oppose the Government's regressive position on ADT. In the long run, we will continue to argue for a shift in our taxation away from income and towards addressing wealth inequalities, which are even more grotesque in our society than income inequality is.

16:39

**Dean Lockhart (Mid Scotland and Fife) (Con):** It has been an interesting and, at times, entertaining debate. From the Conservative side of the chamber, we have watched the other parties clambering over each other to declare their high-tax, left-wing credentials. From Labour, we heard from the Corbynites. They want to increase tax for everyone. From the SNP, we heard from the Corbyn lites. We all know that they want to increase tax, but they will not come off the fence to admit it.

That is what has been remarkable about the debate: every party, except for the SNP Government, has explained its income tax policy. Alex Rowley made it clear that Labour wants to increase income tax for everyone who earns over £11,500, which is a tax increase for more than 2.5 million people in Scotland, and to raise the top rate to 50 pence.

**Derek Mackay:** Will the member take an intervention?

**Dean Lockhart:** I will later.

For the Greens and the Liberals, Patrick Harvie and Willie Rennie confirmed that they are also part of the high-tax bonanza. As for the SNP, instead of debating its income tax policy in the chamber, Derek Mackay told us that he wants to have an informed discussion.

There we have it. Just two weeks after the SNP published its programme for government promising a bold and ambitious vision for a modern and dynamic economy, we discovered, from Derek Mackay, that the Government does not have an income tax policy.

We should not be surprised, as the SNP has shown that level of confusion on tax before. After all, it is the party that wants to cut air departure tax because it will boost the economy, and that has repeatedly warned against increasing the top rate of tax because, in the words of the First Minister, as Bill Bowman noted, to do so

“would be reckless. ... It would be daft.”—[*Official Report*, March 23 2016; c 47.]

At the same time, the SNP is the party that increased the land and buildings transaction tax, causing a loss in revenues of more than £800 million, and that, two weeks ago in the programme for government, called for the innovators of the world to come to Scotland, only now to tell them that they will be taxed more in Scotland than elsewhere in the UK.

Our amendment to the Labour motion reflects the fiscal reality that higher income tax in Scotland will not deliver more funding or investment for public services in Scotland.

**Derek Mackay:** Will Dean Lockhart take an intervention now?

**Dean Lockhart:** I will later. First, I will explain why higher income tax will not result in higher tax revenues.

Under the fiscal framework that was agreed by the SNP, the level of public spending that will be available in Scotland will be directly linked to the performance of the Scottish economy relative to the UK economy. We found out today from a Fraser of Allander institute report that the Scottish economy is forecast to underperform that of the rest of the UK for years to come. The same report stated that consumer confidence in Scotland remains negative.

**Derek Mackay:** Will the member take an intervention on that point?

**Dean Lockhart:** I will just finish this point. The report said that consumer confidence in Scotland

remains lower than in the rest of the UK, and that earnings and disposable income in Scotland—[*Interruption.*]—continue to fall, leading to negative multiplier effects in the economy. Higher tax will only make the situation worse. I will take an intervention from Mr Mackay.

**The Deputy Presiding Officer:** It is up to members whether and when they take an intervention.

**Derek Mackay:** My apologies, Presiding Officer. I thank Dean Lockhart for taking the intervention.

Does he agree with the Scotland Office that the UK Government is responsible for the Scottish economy?

**Dean Lockhart:** There is a long answer to that. The UK Government is responsible for monetary policy and there are record low interest and mortgage rates under the current Government. However, the Scottish Government is responsible for enterprise policy and for growing that part of the economy and, for 10 years under the SNP, the Scottish economy has underperformed that of the rest of the UK, with the same parameters.

As Alison Harris said, instead of listening to the failed left-wing consensus, of which Willie Rennie might be a part, we should listen to the experts. For example, the Scottish Chambers of Commerce said:

“Growing the Scottish economy, not squeezing the last drops out of existing businesses and workers, will generate more tax revenues.”

Another negative consequence of increasing tax will be behavioural change; we have heard about that in other debates. It would take only 1,000 top-rate taxpayers to transfer their tax base out of Scotland for there to be a decline in overall tax revenues. That was recognised by Kezia Dugdale, who said that raising the top rate of tax to 50 pence could

“raise zero because of the mechanisms by which people can avoid paying tax”.

Such concerns were also raised yesterday at the Economy, Jobs and Fair Work Committee meeting, when we heard that taxpayers at the additional rate, as well as at the higher rate, could incorporate and take their income streams out of the Scottish tax system altogether, which a higher rate in Scotland compared to the rest of the UK would encourage.

**Patrick Harvie:** Will the member give way?

**Dean Lockhart:** I do not have time.

As a number of members have said, tax policy does not operate in isolation, and the Conservatives agree. Therefore, it is incumbent on all parties to recognise the reality that we are in

tax competition with the rest of the UK, as well as with the rest of the world.

For those reasons, our amendment to the motion makes our policy position clear: there is no case for raising income tax rates in Scotland above those that are payable elsewhere in the UK, and that to provide reassurance to the lowest paid, a rise in the basic rate of income tax should be ruled out immediately.

On that basis, we look forward to hearing the finance secretary say in his closing remarks whether he is willing to confirm the pledge made in the SNP manifesto last year that it would freeze the basic rate of income tax throughout the next parliamentary session to protect those on low and middle incomes. The hard-working people of Scotland deserve an answer.

**The Deputy Presiding Officer:** I call Derek Mackay. You have absolutely no more than seven minutes, cabinet secretary.

**Johann Lamont:** Aww.

16:45

**Derek Mackay:** Thank you, Presiding Officer. I can hear that Johann Lamont is disappointed that she will get to hear from me for only seven minutes.

During last year's budget, when the Government approved more than £900 million of extra expenditure on Scotland's public services, there was a cry from the other political parties that we should listen closely to them on the subject of tax. Now that I am listening to them, there is a united outcry from some of the Opposition parties: how dare the Scottish Government enter into an informed debate about tax in this country?

Willie Rennie asked important questions about the context of the debate and the discussion paper.

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

**Derek Mackay:** I will finish my point.

The reason why I think that it is important to add confidence to the discussion paper is so that every political party can appreciate that what I am trying to do is fairly model their propositions. Incidentally, it will be the chief economist who does that, so it is up to members how much they trust the chief economic adviser of Scotland to do the calculations that will inform the paper and the debate that will present all policies fairly and equally. That will be a helpful intervention.

I heard a member in the chamber ask why we are bothering with all this modelling of propositions. If we are about to make a tax

proposition, it is important that we know what revenue it will raise and the impact that it might have on our society. The discussion paper should therefore be evidence-based and understand the propositions put by the political parties.

**Patrick Harvie:** Will the cabinet secretary give way?

**Derek Mackay:** I am committed to taking an intervention from Johann Lamont.

**Johann Lamont:** Will the cabinet secretary confirm that, in saying that he is now willing to enter into a fair debate on taxation, the previous debate was not fair? It concluded with the idea that taxation was taking money from the poorest when, in fact, we know that progressive taxation will benefit the poorest through public spending, the creation of jobs and social and economic opportunity. Will the cabinet secretary now apologise for the way in which he previously characterised taxation policy and will he enter into a serious debate about the need for progressive taxation?

**Derek Mackay:** The problem for the Labour Party is that we had a serious debate about how to use our powers responsibly, how to invest in our public services, and how to give stability to our economy. Tax powers are not a set of toys to be played with; they should be used to raise revenue to spend on our public services, and in a way that is congruent with the kind of Scotland that we seek and that can support business growth.

During last year's budget debate, I made the point that we committed to and are delivering more than £900 million of extra investment in this country, in the teeth of opposition from the Labour Party and the Tories.

**Patrick Harvie:** Will the cabinet secretary take an intervention?

**Derek Mackay:** I would like to make more progress.

I listened carefully to what the Labour Party said in outlining its tax position, which includes raising the basic rate, and it was completely unaware of the people who that would reach. I appreciate that the Labour Party has put forward a position. We have been in office for 10 years and I think that Labour—

**The Deputy Presiding Officer:** Excuse me cabinet secretary. Can we have a bit of parliamentary respect from those who are shouting from their seats?

**Derek Mackay:** I respect the position of the Labour Party but I am left wondering which Labour leader I have to go to to get the tax policies to model to inform the debate.

I have tried to stress the importance of the block grant adjustment—the relationship between tax in the UK and tax in Scotland does matter—to ensure that we raise the revenue that is required.

The Liberal Democrats have set out a position. It might well be viewed as a tax-and-spend commitment or as ring fencing for education, but I assure them that, if they engage positively, we will at least have a well-informed debate in which we will have choices to make. That will be a constructive approach.

**Iain Gray:** Will the member take an intervention?

**Derek Mackay:** No, thank you.

Earlier, I wanted to intervene to ask the Conservatives whether it was still their position to reduce the land and buildings transaction tax, council tax and tax on higher-value homes and to reduce the large business supplement. Those proposals stick to the Tories' theme that they will protect only the richest in society. That is exactly why I want the Tories' proposition to fairly model what that actually means, which will enable us to have a fair debate.

**Murdo Fraser:** Will the member take an intervention on that point?

**Derek Mackay:** Not right now. I have very little time left.

A number of members have fairly asked about the position of the Government. As I said in my opening remarks, if the SNP simply produces our manifesto commitment and puts it to the chamber, we will not win, because this is a Parliament of minorities. That is exactly the reason why we should engage in a well-informed, evidence-based debate about the powers that we have and how they can be used in a reasonable and responsible way.

**Patrick Harvie:** Earlier, the cabinet secretary made an important point about the modelling that he expects to be done by his officials of the proposals that come from other parties. Can he confirm that that modelling will consider not only the revenue that is to be raised but also the impact on income inequality in our society, and that the propositions of each party—including his own—will be tested against that as a principled objective?

**Derek Mackay:** Yes, I believe that that is a fair contribution to a well-informed debate about how we should use our tax powers. I say again that if we want to have a well-informed debate, we have to understand the basics. That is why I am surprised that many members in the chamber did not appreciate the importance of the block-grant adjustment, the importance of where wealth is in this country and why other powers matter in that regard.

**Iain Gray:** Will the member take an intervention?

**The Deputy Presiding Officer:** Mr Mackay is in his last minute.

**Derek Mackay:** Alex Rowley said that he accepted that we could have a well-informed and rational debate, and that we should all engage in it in that spirit. Of course, many of his colleagues sitting behind him asked about the need to tackle Westminster. I need to return to this point: before the UK Government and the Chancellor of the Exchequer set their budget, we have an opportunity to oppose the dodgy DUP deal, oppose austerity and have a proper approach to public sector pay. We must not give up on that battle as we approach our own budget and our own tax decisions.

I will continue to take decisions responsibly and reasonably and I offer the other parties the opportunity to engage in this discussion, so that we can have a debate on income tax that we can be proud of.

16:52

**James Kelly (Glasgow) (Lab):** I welcome the opportunity to close this afternoon's debate. It has been important because it has allowed the parties to set out the parameters of their tax policies ahead of the publication of the draft budget, which comes later in the year. That is important because what we raise in taxes and what we set the budget at have a direct impact on the services that we provide communities with and on our ability to grow Scotland's economy.

The debate has been good in the sense that we have heard from most of the parties what their position is. The Tories have set out a position of no income tax rises. Willie Rennie has advocated the Liberal Democrats' long-held position of using a penny on income tax to support investment in education. Patrick Harvie has set out a policy of using different rates to collect taxes. What has been disappointing is the Government's position—in essence, it has sat on the fence. The position that the Labour Party has tried to set out is that we agree that we will raise income tax in order to produce greater investment in public services, and the SNP has backed away from answering that question today.

The importance of that question can be seen when we look at the landscape of public services in Scotland. For example, in July, 300 operations were cancelled in the NHS. Last week, a constituent told me that there would be 21 months between their diagnosis and getting a hip replacement. That is totally unacceptable.

On education, we heard Alex Rowley outline the 4,000 fewer teachers that we have. That has direct impacts, as we saw last week when the headteacher of Trinity academy asked for volunteers to fill the gaps in the teacher resource in the school—and that is not the first time that that has happened.

Then there is the situation in councils, where 7,000 jobs were lost in 2015-16 alone, as the SNP Government piled on the public spending cuts in Scotland's communities. It is just not on, Presiding Officer.

The fairness of the taxation policies that are being pursued by the SNP Government is a real issue. As has been pointed out, millionaires are paying only £2 more in tax per week than they were before. As Neil Findlay pointed out, not only will the proposed reduction in ADT result in £190 million being taken out of the Scottish budget but, as the think tank Fellow Travellers pointed out, those who will benefit will be the top 10 per cent of taxpayers, while the bottom 10 per cent of taxpayers suffer a disadvantage. There is a lack of fairness in the taxation policies that are being produced and considered by the SNP.

**Joan McAlpine:** Will the member explain to me why Labour councils have not taken the opportunity that they have to raise the council tax in order to meet some of the challenges that he describes?

**James Kelly:** Councils all across Scotland have faced £170 million in cumulative cuts because of the votes of those on the SNP benches who are here today. The reality is that when Derek Mackay tells us that he wants a debate about taxation, he has an army full of civil servants and yet he asks the other political parties to come up with their suggestions on taxation—it comes down to, "Send your answer on a postcard, please, to Derek Mackay, care of St Andrew's House."

One disappointing aspect of how the SNP handles the taxation issue is that one of the last times the Scottish Government produced modelling on local income tax, it went to court to stop the results being published. When modelling comes out this time, let the SNP publish it and let us have full transparency. What we need is an open and honest debate, and what we have heard from the SNP benches is a litany of excuses—the SNP cannot face up to the issue by taking an honest position on taxation.

The Tories' position of not supporting income tax rises is clear and is rooted in their beliefs. They would quite gladly cut taxes back to the bare minimum, because they are not particularly interested in investing in the public sector, which they see as something of a handicap. That belief underpins their whole ideology. I think that their

argument that taxation does not equal economic growth is flawed. The recent survey produced by Technology Scotland makes the point that there is a skills gap in Scotland that we need to address. I would genuinely argue that the way to do that is to invest more in schools and colleges to ensure that we get more college and university graduates in information technology and engineering. That would fill the skills gap and raise more in taxes to promote economic growth.

To sum up, this is not only a debate about taxation; it is a debate about what sort of country we want Scotland to be. If we really want to see a more passionate and dignified country, we need to be prepared to invest in services and to raise taxation in order to make that difference. If we want to treat our old people with dignity; if we want our youngsters to have the opportunities to graduate from college and university and earn decent wages; and if we want to address the housing crisis, we need to face up to the decisions that are required. Members should support the Labour motion at 5 o'clock. Let us invest in our public services and raise taxation to make that happen.

## Business Motions

17:00

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of two business motions. First, business motion S5M-07778, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, sets out a business programme.

*Motion moved,*

That the Parliament agrees—

(a) the following programme of business—

Tuesday 26 September 2017

2.00 pm Time for Reflection  
*followed by* Parliamentary Bureau Motions  
*followed by* Topical Questions (if selected)  
*followed by* Public Petitions Committee Debate: PE1319 on Improving Youth Football in Scotland  
*followed by* Business Motions  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business

Wednesday 27 September 2017

2.00 pm Parliamentary Bureau Motions  
 2.00 pm Portfolio Questions Education and Skills  
*followed by* Ministerial Statement: Air Quality: Delivering Improvements for Public Health and the Environment  
*followed by* Scottish Government Debate: Paisley/Dundee Cities of Culture  
*followed by* Business Motions  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business

Thursday 28 September 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 Members' Business  
*followed by* Stage 1 Debate: Domestic Abuse (Scotland) Bill  
*followed by* Business Motions  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time

Tuesday 3 October 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 4 October 2017

2.00 pm Parliamentary Bureau Motions  
 2.00 pm Portfolio Questions Health and Sport  
*followed by* Scottish Government Business  
*followed by* Business Motions  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business

Thursday 5 October 2017

11.40 am Parliamentary Bureau Motions  
 11.40 am General Questions  
 12.00 pm First Minister's Questions  
 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

and (b) that, in relation to First Minister's Questions on 28 September, in rule 13.6.2, insert at end "and may provide an opportunity for Party Leaders to question the First Minister".—[*Joe FitzPatrick*]

*Motion agreed to.*

**The Presiding Officer:** Business motion S5M-07779, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, is on an extension to a stage 1 timetable.

*Motion moved,*

That the Parliament agrees that consideration of the Civil Litigation (Expenses and Group Proceedings) (Scotland) Bill at stage 1 be extended to 1 December 2017.—[*Joe FitzPatrick*]

*Motion agreed to.*



## Parliamentary Bureau Motion

17:00

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of motion S5M-07780, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, on designation of a lead committee.

*Motion moved,*

That the Parliament agrees that the Finance and Constitution Committee be designated as the lead committee in consideration of the legislative consent memorandum in relation to the European Union (Withdrawal) Bill (UK Legislation).—[*Joe FitzPatrick*]

## Decision Time

17:01

**The Presiding Officer (Ken Macintosh):** We turn to decision time and I remind members that if the amendment in the name of Derek Mackay is agreed, all the other amendments will fall.

The first question is, that amendment S5M-07750.4, in the name of Derek Mackay, which seeks to amend motion S5M-07750, in the name of Alex Rowley, on finance, 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, 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)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (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)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Todd, Maree (Highlands and Islands) (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)  
 Ballantyne, Michelle (South Scotland) (Con)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 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)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (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)  
 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)  
 Mason, Tom (North East Scotland) (Con)  
 McArthur, Liam (Orkney Islands) (LD)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Rennie, Willie (North East Fife) (LD)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Rumbles, Mike (North East Scotland) (LD)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, John (Ayr) (Con)  
 Scott, Tavish (Shetland Islands) (LD)

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)  
 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 61, Against 63, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** I remind members that if the amendment in the name of Murdo Fraser is agreed to, the subsequent amendments will fall. The next question is, that amendment S5M-07750.1, in the name of Murdo Fraser, which seeks to amend motion S5M-07750, in the name of Alex Rowley, be agreed to. Are we agreed?

**Members:** No.

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

### For

Balfour, Jeremy (Lothian) (Con)  
 Ballantyne, Michelle (South Scotland) (Con)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 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)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Harris, Alison (Central Scotland) (Con)  
 Kerr, Liam (North East Scotland) (Con)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 Mason, Tom (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Scott, John (Ayr) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Stewart, Alexander (Mid Scotland and Fife) (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, 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)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Fee, Mary (West Scotland) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 Finnie, John (Highlands and Islands) (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)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (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)  
 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)  
 Rumbles, Mike (North East Scotland) (LD)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)

Russell, Michael (Argyll and Bute) (SNP)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, Tavish (Shetland Islands) (LD)  
 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)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Todd, Maree (Highlands and Islands) (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 30, Against 94, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** I remind members that if the amendment in the name of Patrick Harvie is agreed to, the amendment in the name of Willie Rennie will fall. The next question is, that amendment S5M-07750.3, in the name of Patrick Harvie, which seeks to amend motion S5M-07750, in the name of Alex Rowley, 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**

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Balfour, Jeremy (Lothian) (Con)  
 Ballantyne, Michelle (South Scotland) (Con)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 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)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Fee, Mary (West Scotland) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Golden, Maurice (West Scotland) (Con)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Greene, Jamie (West Scotland) (Con)  
 Griffin, Mark (Central Scotland) (Lab)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire)

(Con)  
 Harris, Alison (Central Scotland) (Con)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Kelly, James (Glasgow) (Lab)  
 Kerr, Liam (North East Scotland) (Con)  
 Lamont, Johann (Glasgow) (Lab)  
 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)  
 Mason, Tom (North East Scotland) (Con)  
 McArthur, Liam (Orkney Islands) (LD)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Rennie, Willie (North East Fife) (LD)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Rumbles, Mike (North East Scotland) (LD)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, John (Ayr) (Con)  
 Scott, Tavish (Shetland Islands) (LD)  
 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)  
 Tomkins, Adam (Glasgow) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)

#### Abstentions

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, 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 Kinrossshire) (SNP)  
 Denham, Ash (Edinburgh Eastern) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (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)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

**The Presiding Officer:** The result of the division is: For 6, Against 58, Abstentions 60.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that amendment S5M-07750.2, in the name of Willie Rennie, which seeks to amend motion S5M-07750, in the name of Alex Rowley, be agreed to. Are we agreed?

**Members:** No.

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

#### For

Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 McArthur, Liam (Orkney Islands) (LD)  
 Rennie, Willie (North East Fife) (LD)  
 Rumbles, Mike (North East Scotland) (LD)  
 Scott, Tavish (Shetland Islands) (LD)

#### Against

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Balfour, Jeremy (Lothian) (Con)  
 Ballantyne, Michelle (South Scotland) (Con)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Chapman, Peter (North East Scotland) (Con)  
 Corry, Maurice (West Scotland) (Con)  
 Davidson, Ruth (Edinburgh Central) (Con)  
 Dugdale, Kezia (Lothian) (Lab)  
 Fabiani, Linda (East Kilbride) (SNP)  
 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)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (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)  
 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)  
 Mason, Tom (North East Scotland) (Con)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (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)  
 Tomkins, Adam (Glasgow) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)  
 Wightman, Andy (Lothian) (Green)

#### Abstentions

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, 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)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (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)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

**The Presiding Officer:** The result of the division is: For 5, Against 59, Abstentions 60.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that motion S5M-07750, in the name of Alex Rowley, on finance, 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)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 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)  
 McArthur, Liam (Orkney Islands) (LD)  
 McNeill, Pauline (Glasgow) (Lab)  
 Rennie, Willie (North East Fife) (LD)

Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Rumbles, Mike (North East Scotland) (LD)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, Tavish (Shetland Islands) (LD)  
 Smith, Elaine (Central Scotland) (Lab)  
 Smyth, Colin (South Scotland) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)  
 Wightman, Andy (Lothian) (Green)

#### Against

Balfour, Jeremy (Lothian) (Con)  
 Ballantyne, Michelle (South Scotland) (Con)  
 Bowman, Bill (North East Scotland) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 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)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Harris, Alison (Central Scotland) (Con)  
 Kerr, Liam (North East Scotland) (Con)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 Mason, Tom (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Scott, John (Ayr) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Tomkins, Adam (Glasgow) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)

#### Abstentions

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, 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 Kinrossshire) (SNP)  
 Denham, Ash (Edinburgh Eastern) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (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)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

**The Presiding Officer:** The result of the division is: For 33, Against 30, Abstentions 61.

#### *Motion agreed to,*

That the Parliament believes that income tax should be increased to allow greater investment in public services.

**The Presiding Officer:** The final question is, that motion S5M-07780, in the name of Joe FitzPatrick, on designation of a lead committee, be agreed to.

#### *Motion agreed to,*

That the Parliament agrees that the Finance and Constitution Committee be designated as the lead committee in consideration of the legislative consent memorandum in relation to the European Union (Withdrawal) Bill (UK Legislation).

**The Presiding Officer:** That concludes decision time.

## Tax Collection (Jobs)

**The Deputy Presiding Officer (Christine Grahame):** The final item is a members' business debate on motion S5M-06672, in the name of Linda Fabiani, on fighting for tax jobs, fighting for tax justice. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament welcomes the Public and Commercial Services Union report, *Fighting for Tax Jobs, Fighting for Tax Justice*, which it believes is a comprehensive and considered response to what it believes is the UK Government's rash and poorly consulted proposals, *Building Our Future*, and notes the view that these plans will seriously damage Scotland's economy by undermining its capacity to collect taxes effectively, decimating and destroying a skilled and experienced workforce, overestimating the benefits and underestimating the costs of digitisation, failing to take account of the challenges posed by Brexit, neglecting the support needs of the most vulnerable in society, including poor, disabled and older people, and affecting disproportionately communities such as East Kilbride, which it believes will bear the heaviest job losses and knock-on effects for the local economy.

17:08

**Linda Fabiani (East Kilbride) (SNP):** My motion begins with the standard "Parliament welcomes" for the Public and Commercial Services Union report, "Fighting for Tax Jobs, Fighting for Tax Justice: A Worker's Alternative". I welcome the information and clarity that the report brings in relation to the United Kingdom Government's rash and poorly consulted-on proposals, I welcome the opportunity to air again this Parliament's disquiet and serious concern, and I welcome the cross-party commitment to questioning the UK Government proposals.

However, I do not welcome the fact that a debate is necessary about the slashing of taxation expertise and the effects that that will have on our country, and especially on some of our communities, including East Kilbride, which is the town that I am privileged to represent.

The PCS report was published following the UK Government putting forward its business case—a modernisation plan that is intended to move the service to new online services, data analytics, new techniques, new skills and new ways of working. Of course, the main plan is to save money by closing local offices and replacing them with regional centres. Here in Scotland, the current HMRC sites will be reduced to three, and East Kilbride is being dumped.

There has been an HMRC presence in EK since 1969. It is commonly known as Centre 1 and the workforce has expertise that has been built up over those many years. I am sure that other

members will say the same of the HMRC offices in their communities.

It is all very well for HMRC centrally to make assumptions about staff relocating to its regional centres—for example, East Kilbride workers relocating to Glasgow—but as the PCS makes clear, there has been no consultation of staff. PCS has held extensive workshops across Scotland and has proposed collective solutions to the crisis in HMRC and tax delivery. However, there has been no real attempt by HMRC or the UK Government to question the logistics of the moves that they are talking about. There is no recognition that expertise will be lost, or of the dearth of experience that will result.

That is all happening at a time when uncertainty and change through Brexit are facing Scotland and the rest of the UK. In the past week, the head of the UK tax authority has warned that border and tax checks post-Brexit could require an extra 5,000 staff, and that it could take between five and seven years to put in place a new streamlined system to deal properly with imports and exports.

In January, the National Audit Office concluded that costs for the original plans had risen by more than £0.5 billion—more than half of which is the expense of funding new buildings. That is all against a backdrop of UK Government pledges to tackle tax avoidance and evasion, a Tory manifesto pledge to keep jobs in local communities and recognition across the board that the aspirations for digitisation are unrealistic and potentially damaging to many people. Recent research by a number of universities predicts that for a number of reasons up to 35 per cent of people will not be able to use digital services.

As far as East Kilbride is concerned, there has been no Government impact assessment. It is not just that jobs will be removed from the town; there will be the further impact on the local economy, which has already suffered from losing major employers Motorola and Rolls-Royce. One in 10 jobs in East Kilbride is based in the tax office and research indicates that one in four jobs in the town will be affected if the plans go ahead.

As Scott Clark, who is the PCS branch organiser in East Kilbride said, 2700 people no longer contributing to the East Kilbride economy is "a big hit to local businesses".

As East Kilbride task force representative, former Councillor Chris Thompson, made clear, East Kilbride stands to lose between £16.3 million and £30.7 million from its economy.

It is not just local representatives who have made the case that the HMRC business case for relocation is fundamentally flawed. A House of Commons Public Accounts Committee report from

earlier this year is very critical about the lack of robust business planning, and goes as far as calling for a complete rethink of the business case. It has no faith in the savings that have been projected by HMRC, it is sceptical about basing regional hubs in “expensive cities”, and it is concerned that HMRC’s plan carries a high risk of disruption to its core business of collecting tax and serving customers.

East Kilbride is a vibrant community that includes established tax expertise, but it is clear from the correspondence that I have received via the UK Government that to “Stay in EK” has not even been considered as an option.

The plans are wrong-headed, and they are disrespectful to our town, its workers and their families. Surely it would make sense for HMRC—as was noted by the House of Commons Public Accounts Committee—to reconsider whether moving to major city centres is the optimal way to deliver its objectives and achieve value for money. HMRC should compare the costs and benefits of its chosen approach and for the selected locations with those of alternative sites. I know that that has been done for other locations in the United Kingdom: the same respect should be shown to Scotland and to East Kilbride.

I end by noting that the “Stay in EK” campaign was launched last week by our local paper, the *East Kilbride News*, and I have no doubt that the campaign will be supported by everyone in our town. A petition is under way.

I ask the Scottish Government to continue to press the UK Government to consider the excellent report by the PCS union and HMRC local staff, and to listen to the many voices that genuinely believe that the HMRC plans are wrong-headed. I ask the Scottish Government to urge the UK Government not to carry on regardless, and not to shorten the closure timescales—as is rumoured. I ask the Scottish Government to support our call. Stay in EK.

17:16

**Clare Haughey (Rutherglen) (SNP):** I congratulate Linda Fabiani on lodging an important motion for debate.

Under reorganisation plans that were announced back in November 2015, 17 HMRC tax offices in Scotland will be closed by 2026, including Plaza tower and Centre 1 in East Kilbride. The intention is to replace those 17 offices with just two centres, in Glasgow and Edinburgh, which will mean staff numbers falling from just under 8,000 to somewhere between 5,700 and 6,300. Therefore, under the proposals, something in the region of 2,000 jobs will be lost, including hundreds of jobs in East Kilbride.

That will affect a significant number of people throughout my constituency of Rutherglen who are employed there. Apart from the effect on the people who would lose their jobs and the working lives of those who are retained—who will be working in a pressured environment, with a quarter fewer staff—the closures will have a significant effect on both tax collection capability and service to the public.

Tax collection and administration of the tax system are core responsibilities of government, and generate the income that is required to provide the public services that we rely on, including the health service, education, infrastructure and economic stimulation, as well as the responsibilities that are currently reserved to the UK Government.

The current understaffing of HMRC is a major contributing factor to tax evasion and avoidance. The ability of large corporations and some individuals to play the complex tax system in order to avoid paying the level of taxation that they are expected to pay is deplorable. Although tax avoidance is legal, it is morally indefensible. According to the House of Commons library’s recent analysis, it cost at least £12.8 billion between 2010 and 2015.

Tax evasion is another area in which billions of pounds are lost to the UK Government each year. Evasion is, of course, illegal, and one of the core responsibilities of HMRC is to investigate and recover those missing moneys for the public purse.

Between aggressive tax avoidance, evasion and other reasons why tax may go uncollected, it is estimated that the public purse loses out by approximately £34 billion every year. At a time when the UK Government is focused on continuing austerity, which has meant a decline in living standards and rising levels of poverty, that is a stark statistic. Those missing billions, if they were collected, would solve many of the problems that are currently facing our society, including health inequality and having a fair and dignified social security system throughout the UK, as well as providing justice for the WASPI women—women against state pension inequality—who have been unfairly robbed of their rightful pensions.

That is exactly why we need to retain trained and skilled tax collectors, who have the specialist knowledge to investigate fraud and who help to increase the tax take. Although enhanced computer and online systems have their place in making the service more efficient, we also need people to exercise judgment.

As the PCS union has pointed out in its report “Fighting for Tax Jobs, Fighting for Tax Justice”,



the HMRC's plans have been drawn up with little or no consultation of the Scottish Government. That is unacceptable—especially given the transfer of some income tax powers to this Parliament. The PCS has also highlighted the risks that the plans might present for collection of the Scottish income tax and the potential consequences for the Scottish Government's tax take.

The centralisation to two new Scottish megacentres in Glasgow and Edinburgh will disadvantage communities and taxpayers in other areas of Scotland; it will make the service more remote and inaccessible for many customers and, at the same time, deprive tax collectors of vital local knowledge.

Prior to the independence referendum three years ago, the security of HMRC jobs was held up as a reason for Scots to vote against independence. Like so many other vows that were made by the better together campaign, that promise lies in tatters.

The proposals have been decried by the Scottish Government, unions and the National Audit Office, which has said that the HMRC plans are “unrealistic” and show no understanding of the impact on services. The plans will have a disproportionate impact on many communities and will have no tangible benefit. They will deprive Scotland of a vast wealth of skills and experience of tax administration, and will pile additional pressure on staff, leading to a potentially disastrous decline in customer service.

On all those counts and more, the HMRC should be sent home to think again.

17:21

**Graham Simpson (Central Scotland) (Con):** I thank Linda Fabiani for bringing the debate to the Parliament. Linda and I have quite different political views, but we are evidence that it is possible—quite regularly, actually—for people in different parties to work together.

Linda is the constituency MSP for East Kilbride and I live there.

**The Deputy Presiding Officer:** Can you please use the full name of the member?

**Graham Simpson:** I did.

**The Deputy Presiding Officer:** No, you are saying “Linda”. You are not using the full name. It is one of the protocols—it is for the official report.

**Graham Simpson:** Linda Fabiani is the constituency MSP for East Kilbride and I live there. I was a councillor there for 10 years and was instrumental in setting up the East Kilbride task

force that was formed when Rolls-Royce announced that it was pulling out of the town.

East Kilbride, Scotland's first new town, which was built 70 years ago, has, like many other places, suffered its share of job losses, but I still believe that it is a vibrant town with a great future. HMRC has announced that it wants to close down its huge operation there although it is part of the fabric of East Kilbride. Right from the start, I said that I would back any campaign to keep those jobs in East Kilbride. However, I also made it plain that, if there were to be banner-waving protests, I would be an observer only.

I have had private discussions with a Government minister before the general election and with HMRC officials, and I will revive that contact. My view is that HMRC, like any organisation, is perfectly entitled to review its operations from time to time and to conclude that it needs to change the way in which it works. That is normal in private businesses and it need be no different in the public sector. However, I think that its solution—closing its East Kilbride operation by 2025, as well as its Cumbernauld site, to move jobs to Glasgow city centre—is misguided.

In April, MPs on the Public Accounts Committee produced a pretty damning report. Its summary reads:

“HMRC ... is one year into a 10 year plan to transform the way it collects tax. As part of this it plans to reduce its 170 offices nationwide to 13 large regional hubs in city centres. We do not believe that it will save as much money as HMRC has predicted and we are concerned that it has not thought through all the negative costs to the wider economy of its approach and the impact on local employment.”

Its first conclusion is highly relevant. It states:

“HM Revenue & Customs has yet to demonstrate that it has a realistic and affordable plan to deliver such a radical change to its estate, and we do not believe that it needs to be based in expensive cities across the UK.”

I agree with that. Glasgow city centre is expensive. The report also states:

“The Government Property Unit should set out the rationale for having regional hubs and mini-hubs and for determining their locations. It should also explain how it is taking into account the impacts on local economies when deciding how the government estate should be configured.”

**Fulton MacGregor (Coatbridge and Chryston) (SNP):** Will the member take an intervention?

**Graham Simpson:** I am sorry, but I am out of time.

It is the local impact that most concerns me and, so far, I have not seen any evidence that it will be mitigated. However, Jon Thompson, HMRC chief executive, makes clear in his 16 June letter to the committee that HMRC is intent on proceeding.

In December 2016, Mr Thompson told me:

“Whilst East Kilbride might offer very competitive rent costs, it would not be right for HMRC to simply opt for the location that offers the cheapest property if an alternative site, with slightly higher property costs, offers a better overall net return for the Exchequer.”

I find that staggering. Mr Thompson also said:

“as the local higher education facilities offer training in the skills HMRC needs”,

Glasgow would provide

“better access to a pipeline of talent that HMRC can attract and retain in future.”

That will be news to South Lanarkshire College and the University of the West of Scotland.

I will continue to do all that I can to assist the “Stay in EK” campaign, and I will work with all parties in doing so.

17:26

**Neil Findlay (Lothian) (Lab):** I, too, thank Linda Fabiani for bringing the motion before Parliament today. Presiding Officer, with your indulgence, I will leave shortly after I have made my speech for another appointment.

I declare an interest as chair of the PCS parliamentary group and highlight that PCS represents HMRC staff. I thank PCS for all its good work in so many areas, with the “Fighting for Tax Jobs, Fighting for Tax Justice: A Worker’s Alternative” report evidence of that.

The UK policy to close tax offices impacts on communities from Wick to Brighton. Many communities will be—or have been—affected by the ill-thought-out and damaging proposals that are set out in HRMC’s “Building our future: Transforming the way HMRC serves the UK” document, which includes closing 160 tax offices across the UK and leaving 13 regional hubs. We cannot build the future by destroying a vital public service that collects the taxes that pay for schools, hospitals, police and fire services and all the rest of the services that civilise our communities.

In my region, the planned office closures are Barbara Ritchie house in Livingston, the office at the Pyramids business park in Bathgate, and Elgin house, Grayfield house and Meldrum house in Edinburgh. Well over 1,000 jobs—the figure is probably nearer to 2,000—from West Lothian alone will be centralised to a new-build office in the most expensive part of central Edinburgh. How on earth does that make any financial or operational sense?

The consequences for West Lothian will be grim. Each of those workers contributes £1,000 a year by spending locally in shops, bars, petrol stations and other places. All that money will be

gone. In addition, each morning, more workers and more traffic will be directed on to the already brutal journey into central Edinburgh along the M8. Of course, the displaced staff can take the train at £9.30 a day for a return ticket, or £46.50 a week.

The proposals take no account of people’s caring duties, the environmental impact or a series of other knock-on effects.

I commend PCS branches up and down the country, which have been working with councils, businesses and communities, for fighting this madness.

Public sector jobs are being decimated across the board—tens of thousands of jobs have gone in local government because of the Tories’ austerity policies, which are compounded by the Scottish Government’s policies. The fire service, the police and our colleges and councils have seen jobs shed across the board, but no SNP back benchers have called for a debate to defend those jobs.

I have worked across the parties, including with Fiona Hyslop, Angela Constance and the Green Party—I will work with any politician—since HMRC made its announcement. I will continue to do that. However, we do not see any SNP members attending PCS parliamentary group meetings or getting involved in our campaigns. Quite rightly, they put the boot into the Tories on issues such as the one that we are debating, when the responsibility lies with the UK Government, and I am more than happy to join them in doing so, but when it is their party’s Government that is responsible for holding down Scottish civil servants’ pay or imposing cuts on pensions or cuts in posts, they are nowhere to be seen.

**Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** Will the member take an intervention?

**The Deputy Presiding Officer:** Excuse me. I appreciate some of the points that you are making, Mr Findlay, but you are drifting more and more off the topic of the debate.

**Neil Findlay:** I am not.

**The Deputy Presiding Officer:** Yes, you are, Mr Findlay. This is not a debate between you and me.

**Neil Findlay:** Okay—no problem.

I hope that the situation that I described changes.

PCS is quite right to demand that a full equalities and economic impact assessment be carried out of these appalling and damaging proposals. Jobs in the public sector should be located in areas in such a way that they spread the economic benefit and support jobs and services; they should not be centralised with the result that they further erode the stability of local

economies that have served our country's tax system well over the years.

I thank Linda Fabiani for supporting PCS members in their campaign, and I hope that she will do so again when the employer is her own Government.

17:30

**Alison Johnstone (Lothian) (Green):** I, too, thank Linda Fabiani for bringing this debate to the chamber and allowing us once again to raise our concerns about the HMRC proposals—to close tax offices and centralise the jobs—that are set out in the optimistically titled “Building our Future: Transforming the way HMRC serves the UK”. Hmm. I think that “Dismantling our Future” might be more appropriate.

Linda Fabiani eloquently expressed the devastating impact that the proposals will have on communities across Scotland. Given the importance of tax collection and its administration to society as a whole, the lack of consultation is, quite frankly, breathtaking. The lack of appropriate public and parliamentary scrutiny is deeply worrying. What about the health and wellbeing of the staff who have been placed in this precarious position? It has been entirely disregarded.

The proposals are determined that efficiency lies in replacing people with technology, yet the international evidence suggests that digital technology has aided tax collection when it has been accompanied by increases rather than decreases in staff numbers. That point is forcefully made in the excellent PCS report. More cannot be done with less money and fewer people. How can we possibly close the tax gap that is created by our failure to collect tax if we lose expertise that has been accumulated over decades of work and which raises much-needed revenue in this country? “Fighting for Tax Jobs, Fighting for Tax Justice”, the comprehensive and well-researched report that we are debating this evening, rightly states that digitalisation is no alternative to human oversight and knowledge gained over decades, and it never will be.

We have previously debated—in a members' business debate that Neil Findlay secured—the proposal to close HMRC offices in West Lothian and move the jobs to Edinburgh, and the points that I and other members made in that debate are worth repeating, not least because those who are responsible for the decision do not appear to be listening. I should say that I will willingly join colleagues from other parties in carrying a banner if we need to protest further against the decision, because it cannot go unnoticed.

Jobs should be shared across the country rather than being centralised further in the central belt. I

represent Lothian, from West Lothian to Musselburgh in the east. We need jobs across Lothian, so why suck more into the centre? I simply cannot see how the centralisation that will take place just five minutes from here at New Waverley makes sense. The notion that offices off the Royal Mile that are minutes from Princes Street and Edinburgh castle are a cost saving and less expensive than the current offices in Bathgate and Livingston is ridiculous. We really need to see the numbers, because taxpayers are paying for this.

The keep work in West Lothian campaign has done much to defend those workers who are based in Bathgate and Livingston and has made the case many times that increased travel times and childcare requirements will mean workers taking a pay cut of 8 per cent, or an average of £1,300 out of a salary of £21,000. Concerns have been raised with me that those who are eligible for cash for excess fares might subsequently lose out on tax credits.

The people of West Lothian have the education, the skill and the expertise; that is proven, as is their commitment to the work. Moreover, the costs to the local economy will be damaging, with many small local businesses losing out. After all, folk pop into shops to buy a sandwich or petrol, or they pop into local pubs at the end of the day.

As for the impact of increased travel on our roads, Glasgow Road is one of the most congested in the United Kingdom. Indeed, it is second, I believe, outside London, and I would like David Mundell to try commuting on it any day this week. It takes an incredibly long time and, as Neil Findlay has pointed out, the train is an expensive option.

The term “regional hub” is a misnomer and a strange description of city centre centralisation. The case for this package of cuts has not been made—far from it. Let us stop it and have a rigorous and independent review now.

17:35

**Maree Todd (Highlands and Islands) (SNP):** I thank Linda Fabiani for bringing this important issue to the chamber this evening. Her motion highlights the devastating impact of these job losses on communities such as East Kilbride, and I hope that all of us in the chamber can express support for PCS, wish it all the best in its negotiations with HMRC and thank it for its excellent “Fighting for Tax Jobs, Fighting for Tax Justice” report.

Unfortunately, for folks in the Highlands, it is too late to save their jobs. Every member of staff in the Inverness HMRC office has accepted redundancy; some have already left and the office

will close in the next few months. Over 60 highly skilled jobs have gone. I hope that members will indulge me as I focus on my constituents' experience in this Tory Government centralisation scheme.

To prepare for the debate, I spoke to a PCS union rep about the closure of the Inverness office. I heard about people facing real uncertainty in their lives, their situation seemingly worsened by the way in which things have been handled. Since 2015, the staff of the Inverness HMRC office have been facing the reality of being made redundant as a result of the building our future programme. The nearest regional centres will be located in Edinburgh, Glasgow and Belfast, and most Inverness staff are unable to take up posts there.

Staff were promised support from HMRC; in reality, however, the level of support that has been provided has fallen far short of what employees have needed and wanted. Some employees in Inverness have accepted that their futures do not lie with HMRC and, since late 2016, they have sought to upskill themselves with little or no support from HMRC. Although employees were advised at the time that they would be leaving HMRC in the spring of 2017, they have only just received their voluntary redundancy offers. Having come to terms with the changes lying ahead, many had started to move forward and had even started to submit CVs and apply for jobs, but because of the changes to the timeline that employees were given and HMRC changing when their employment would end, lots of them have had to turn down offers of future employment.

For over two years, the staff have faced uncertainty about their jobs, their financial security and the impact on them and their families. This is how years of excellent public service end: people not being informed and not being supported and HMRC moving the goalposts. It is making employees feel undervalued and stressed. The process of redundancy is inevitably stressful, but when the process is not run properly, it can have a serious impact on employees' mental as well as financial wellbeing.

One of the most baffling aspects of the whole episode is the way in which the events of the past few years have unfolded—I have mentioned that in the chamber before. I know of folk who were promised that, if they voted no in the independence referendum that was held three years ago this week, their jobs would be safe. They have not forgotten those promises and it is yet another aspect of this whole episode that they find tough to take.

I finish by again thanking Linda Fabiani and PCS for their tireless work on this issue. I hope that the folk of East Kilbride can be spared the

human cost of this centralisation. If so, it will prove some comfort to their colleagues in the north.

17:39

**Bill Bowman (North East Scotland) (Con):** I, too, thank Linda Fabiani for bringing forward the debate. I represent North East Scotland and I am all too familiar with the effect of job losses on communities. The last thing that my constituents want is further job losses. Aberdeen and Dundee are amazing cities in which to live and do business, and both have had more than their fair share of job losses.

Although the announcement of the location of the new social security office in Dundee is most welcome, recent months have not been good for Dundee, where HMRC employs more than 500 people, because of a number of recent job losses. More than 250 jobs have been lost from Lloyds and, just a few weeks ago, almost 100 jobs were lost from the Scottish Electric Group. Unfortunately, HMRC plans to close one office in Dundee, and jobs from another office are to be transferred to the Department for Work and Pensions, although—thankfully—it seems that most of those jobs will be kept.

I recognise that HMRC must adapt to changing circumstances and that it is perfectly reasonable for it, like any other organisation, to examine how it operates in order to improve. That is fair enough.

**Clare Haughey:** Bill Bowman echoed his colleague Graham Simpson in saying that it is perfectly reasonable for HMRC to review its business model but, having heard what he has heard from me, Linda Fabiani and Maree Todd about how HMRC has treated its staff and the trade union involved, does Bill Bowman still accept that it is acting in a perfectly reasonable manner?

**Bill Bowman:** It is equally fair to examine the process and raise questions about areas that we have concerns about—for example, how the effects of closures on local employment and economies will be properly addressed. There are also questions about the potential loss of specialised local knowledge and the impact that that might have on excise and tax avoidance work. Local impacts will be felt most keenly, and we must engage with one another if we are to find solutions for the communities that are affected.

Sadly, neither the motion nor the report that it is based on lends itself to inspiring an environment of co-operation in the chamber. The language is extreme and the tone is hostile, and the motivation of the organisation that is behind the report is political. The report is not a considered response; it is a cynical response. Management is seen only as being bad, and it is implied that Edinburgh is

undeserving of new jobs because of the relatively high average disposable income in the city.

**Alison Johnstone:** Does Bill Bowman acknowledge that there has been a woeful lack of consultation and that such a lack of consultation and such disregard of the views of those who work in the service are bound to be met with a degree of frustration? I do not share his interpretation of the report.

**Bill Bowman:** The language that Alison Johnstone just used is quite extreme. If we are trying to find a way to move forward, we need to use language that we can all adopt. I have read the report, which I hope that Alison Johnstone has read, too. As I said, it says that Edinburgh is undeserving of new jobs because of the relatively high average disposable income in the city. Does that mean that everyone in Edinburgh is rich? The report writers also threw in a bizarre reference to private schools for good measure. None of that helps to raise support for the jobs that Linda Fabiani is concerned about, and the people who will be affected deserve better.

Do I have extra time, Presiding Officer?

**The Deputy Presiding Officer:** Yes—you have taken two interventions.

**Bill Bowman:** Thank you.

The fundamental principle to consider should be how best to protect local jobs, address valid concerns in the workforce and support our communities. Those things will not be achieved by pushing party politics on the issue, suggesting that some are less deserving of jobs than others are or promoting a trade union's radical political objectives; they will be accomplished by co-operation, by consensus, by reasoned and rational debate and by standing up for the people who matter most—our constituents.

As my colleague Graham Simpson is ready to do in East Kilbride, I stand ready to work alongside other parties to keep jobs in the north-east and other communities, and I hope that others do, too.

17:44

**The Minister for Employability and Training (Jamie Hepburn):** I join other members in thanking Linda Fabiani for bringing the debate to the chamber. I do not particularly welcome the fact that the debate is necessary—she said at the outset that she does not welcome that fact, either—and I very much regret that we are having it, but it is necessary and right that we should have the chance to discuss the issue.

I welcome almost universally the contributions that have been made—I will come to Mr Bowman's contribution in a few moments. The

tenor of the debate has reflected the debate that Parliament held in October 2016, when there was cross-party consensus and concern about the impact of the changes.

I will pick up on the language that was deployed by Mr Bowman and Mr Simpson, with the caveat that I welcome the general thrust of Mr Simpson's contribution, which I will return to. They both said that it was appropriate for HMRC to review its business model, and in some senses I do not disagree with that general point. However, to take on board the points that Alison Johnstone made, at a time when—rightly—we see very public concerns that too many taxes go uncollected because of significant tax avoidance, surely we must question the sense of a business model that will mean further reductions in the number of HMRC employees, as will be the case under the current programme.

Through the creation of what are euphemistically referred to as two regional centres—Clare Haughey deployed the terminology “megacentres”, which is rather more apt, and Alison Johnstone was right to say that the term “regional hub” is somewhat strange—HMRC anticipates accommodating between 5,700 and 6,300 staff. We know that more than 8,000 HMRC staff are employed in Scotland, so there will be a headcount reduction that continues the trajectory of a reduced number of employees in HMRC over a number of years. I concede that that was not begun by the current UK governing Administration; it was begun by the previous Labour Administration.

**Graham Simpson:** Will the minister accept that I said that it is perfectly right for any organisations, including Governments, to review how they operate, but that I also said that I disagree with the review's conclusions, which I am entitled to do as a locally elected politician? I think that the review's conclusions are wrong.

**Jamie Hepburn:** I concede that and, with all due respect to Mr Bowman, that is why I drew a distinction between Graham Simpson's contribution and that of his esteemed colleague Mr Bowman.

On reviewing business models, we have heard a clear and compelling case that should cause the UK Government to pause for thought. I am responding to the debate on the Scottish Government's behalf with a clear ministerial interest, given my responsibility for employability. The changes will have a direct impact on employment across Scotland. I also speak as a constituency representative, because the second-largest single HMRC site that will be affected—after Centre 1, which is in Ms Fabiani's constituency—is located in my constituency. That is causing considerable concern to the workforce.

I thank PCS for its work on the report that it has laid before us and submitted for the consideration of the UK Government and of the Scottish Government, as well—I will come to that. That is where Bill Bowman's contribution was extraordinary and rather peculiar. For him to suggest that what PCS has laid out is extreme with a radical political agenda is—to be frank—one of the most extraordinary things that I have heard set out by any member in my time in the chamber. The Public and Commercial Services Union is representing the interests of its members. It is acting in the fashion in which we would expect a trade union to act. That is not a radical political agenda; it is representing its members, and we should put that on the record.

I see PCS representatives in the public gallery, who may well write to Mr Bowman. I thought that it was strange for him to say that PCS had set out that Edinburgh is undeserving of additional jobs.

**Bill Bowman:** Have you read the report?

**Jamie Hepburn:** I have. I stand to be corrected if I have got this wrong—I read the report quickly—but nowhere in the report do I see the word “undeserving”. The report reflects the concern about some existing communities—Bathgate and Livingston are the primary examples—that benefit by having HMRC jobs located there, and it asks why they should have to suffer the disbenefit of those jobs being relocated to a location that might not be as economically disadvantaged as those communities are. I pay tribute to my colleagues—including Fiona Hyslop, who is sitting next to me—for the campaigning that they have undertaken for their communities in West Lothian.

I concede that the report calls on the Scottish Government to undertake certain actions, including interacting with the UK Government and asking it to halt the current process. We have done that; the First Minister spoke personally to the permanent secretary of HM Revenue and Customs, and the Cabinet Secretary for Economy, Jobs and Fair Work wrote to the Financial Secretary to the Treasury to seek a meeting to discuss the matters in some detail. I have to say that the response was rather negative. However, it was interesting to hear that Mr Simpson has been able to secure a meeting to discuss the matter in private with the relevant UK Government minister. I look forward to Mr Simpson's assistance in ensuring that the Scottish Government, too, can set out its position to the UK Government.

The report considers whether HMRC in Scotland should continue to be under the UK Parliament's control or whether its powers should be transferred to Holyrood. The Scottish Government supports the aim of transferring those powers here. I am clear that powers to collect and manage all taxation that is raised in Scotland

should become the preserve of the Scottish Government and the legislative responsibility of the Scottish Parliament. The report also calls for the abandonment of costly private finance initiative programmes for office buildings, which the Scottish Government also supports and which is a policy that we have put in place through our programme of construction.

I very much welcome the PCS report, but it is unfortunate that PCS had to produce it. I very much regret the approach that the UK Government has taken on the matter. Linda Fabiani has called on the Scottish Government to continue to press the UK Government on the matter, and I reassure her that we will continue to do that.

*Meeting closed at 17:52.*

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

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